



PHUMELELA MUNICIPALITY
IDP REVIEW 2015/2016
1st DRAFT – MARCH 2015

MAYOR'S FOREWORD

Dear residents of the Phumelela, the last few months presented a very challenging, yet revealing experience for myself as Mayor, and the rest of Council as we engaged with stakeholders, you whom we represent on the issues and services that matters to both you and us. We travelled across the entire Phumelela affording us an opportunity to view the impact and difference we made as collective also getting your view on what works for you and whether our level of service is acceptable. Indeed the past year has not been easy, though I can safely say that we are slowly turning this ship around. I am thus grateful for your openness and the positive spirit with which you embraced and engaged this consultation phase, during our integrated planning process.

We are very aware of the numerous challenges we face ranging from differing levels of living conditions; informed by limited opportunities within both the public and private sectors which we are definitely redressing. Our direct consultation with you formed the foundation for our Five year plan, of which this particular year plan is the last review. The main focus of our current IDP together with the review of our Spatial Development Framework links strongly to our Provincial Growth and Development Strategy as well as our National Development Plan for better coordinated and integrated development planning in collaboration with all neighbouring municipalities, sector departments and national departments rendering services within the Phumelela municipal area. Council thus directed the development of a Vision 2035 to unlock and direct future potential in benefit of you as the decision-makers of the community. is currently directed towards the upgrade of our bulk infrastructure which potentially can unlock major growth opportunities for the Phumelela and beyond. An imperative that remains is to mobilise required resources and skills in critical areas to enable us to deliver the best available services to all areas of community be available at the ideal time when opportunities presents itself in our municipality. Though as government we are not directly responsible for the creation of jobs, we have the responsibility to create conducive conditions and we are acting seriously on that responsibility as we currently in the process of reviewing our Local Economic Development Strategy that in all certainty create a more structured and coordinated economic environment. Together with all relevant role-players we will thus develop a Tourism Plan for the entire municipal area to create more and better opportunities for our local community.

The Municipal Manager has taken bold steps to improve our revenue collection, through with his liaison with Provincial Treasury we are in the process of ensuring all government officials owning property in the Phumelela municipal area own up to that responsibility of paying for the services they receive. We are now collectively taking responsibility for creating better integrated communities, and that responsibility stretches across sectors with which we are forming lasting relationships to redress social and economic imbalances by providing opportunities for all concerned. I have mandated the municipal manager with the responsibility of leading our Vision 2035 and the review of our SDF is certain proof that we are synchronising our planning towards a better future. His visionary leadership and management has assisted this municipality on many levels a manager of rare qualities and insight on future planning and harnessing the limited resources towards realising that goal.

I look forward to the year in planning, knowing that together we will create a better life for all.

This IDP sets the tone for coordinated transformed government missioned to effect fundamental change.

Yours sincerely,
Councillor John Motaung
(Mayor)

PHUMEMELA MUNICIPALITY: VISION AND MISSION

The Visionary approach to the development of the municipality is captured in the vision, mission and strategic objectives

VISION

Well governed, peaceful and prosperous local municipality where all residents actively benefit from sustainable economic growth, service delivery, health and education.

MISSION

Maintain highly committed and motivated politicians and employees who are prepared to serve communities by ensuring quality service delivery, financial viability and accountability, manage assets and resources efficiently as well as to encourage community participation in developmental initiatives through:

1. To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014
2. To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014
3. To ensure that identified internal roads in the Phumelela municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality
4. To ensure good waste management in the Phumelela municipal area, as measured in terms of the outcome indicators listed below
5. To ensure good that 100% of households in the Phumelela municipal area have access to electricity by 2014
6. To ensure effective management of graveyards and cemeteries in the Phumelela municipal area
7. To ensure access to quality sport and recreational in the Phumelela municipal area
8. To ensure effective firefighting in the Phumelela municipal area
9. To create employment opportunities in the Phumelela municipal area
10. To facilitate institutional transformation and development in the Phumelela local
11. To facilitate the financial viability of the Phumelela local municipality
12. To ensure good governance in the Phumelela local municipality

Set of Abbreviations

The following abbreviations are found in this document and represent processes, institutions of government, programs and plans of different spheres of government playing an active role or form an integral part of the Technical Services Department of local government.

PLM	Phumelela Local Municipality
TMDM	Thabo Mofutsanyana District Municipality
EXCO	Executive Committee
PGFS	Provincial Government of the Free State
COGTA	Department of Cooperative Governance and Traditional Affairs
NATIONAL	National Government
DBSA	Development Bank of Southern Africa
SALGA	South African Local Government Association
MIG	Municipal Infrastructure Grant
NT	National Treasury
PT	Provincial Treasury
MSA	Municipal Systems Act
MSA	Municipal Structures Act
IDP	Integrated Development Plan
PMS	Performance Management System
SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development Plan
EPWP	Expanded Public Works Program
EEP	Employment Equity Plan
WSP	Workplace Skills Plan
SDF	Spatial Development Framework
EMP	Environmental Management Plan
IWMP	Integrated Waste Management Plan
WSDP	Water Services Development Plan
ITP	Integrated Transport Plan

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CHAPTER 1: INTRODUCTION

1.1 Integrated Development Planning

The Constitution of the Republic of South Africa, Act 108 of 1996 and the Municipal Systems Act, Act 32 of 2000 mandate municipalities to fulfill its developmental role when it conducts planning and implementation of services on behalf of the citizens it serves. The principle planning instrument of Phumelela Municipality is referred to as the Integrated Development Plan or in short the IDP which aims to fundamentally shift the gear of integrated service delivery in a cohesive manner. Our daily operational management and development actions are therefore fundamentally informed by our IDP. Our IDP reflects a commitment, based on political will and administrative execution to realize the developmental agenda of local government..

On 1 July 2015 Phumelela municipality will be implementing the last Reviewed 3RD Generation IDP plan to inform and guide the elected public representative leadership; council, during their term as the order of day. The key focus of this document is to deliver on the strategic ethos of council, mobilizing all available resources to systematically fulfill its mission via action plans as reflected in the Service Delivery Budget Implementation Plan (SDBIP) in support of our objectives. The IDP supported by our SDF under review will be the basis for our future planning; as directed by the political leadership, management and the public whom we all serve. This IDP gears all resources and processes towards achieving this goal.

The IDP inevitably links to a financial plan or budget which over a specified term reflects financial support and investment to stimulate better growth and developmentally focused on redressing economic imbalances also providing opportunities for all. Monitoring and evaluation of the IDP is further linked to performance management system, ensuring the strategy remains effective and efficient. The service delivery budget implementation plan or SDBIP flows from the IDP process, which the executive mayor signs-off after approval of both the IDP and budget. Performance management is not confined to the administrative component of the municipality, also extending towards performance measurement of the legislative authority. The key to delivery is regular monitoring of IDP implementation by way of regular review and feedback on services and service quality levels as formulated in a performance management system, regulated by chapter 6 of the Municipal Systems Act.

This IDP review is in accordance with legal and municipal policy prescripts; allowing the municipality to reflect on its successes, identify areas which require improvement interventions, due to dynamism of the environment within which it operates. The objective is to reflect on successes made in respect of the Five-year plan and activate required adjustments to effect or realise strategic objectives of the municipality in the most effective and efficient manner. Scheduled financial reporting to the Executive mayor as per legislation, also provides critical information that serves as an early warning signal in terms of performance.



Figure 1: Interrelation Planning Budgeting & Implementation

The IDP is a life-changing experience for many councilors and communities as some of our programs are synchronized to effect better delivery with limited resource base. The priorities and actions identified in this IDP will be different this year as more sector departments are collaboration to change the face of Phumelela for the better.

1.2 Integrated Development Planning Review Structure

This last IDP Review of the cycle sets the foundation for a new Era as many governmental activities are incorporated into the municipal mandate and structure placing much more strain on the limited resources currently experienced here and across the municipal divide. This IDP should not only be credible but also realistically implementable to change the face of local governance as we collectively focus on transforming Phumelela:

- the consolidated long term developmental strategy of all the other strategic documents that exists on municipal level, such as the sector plans, ward based plans and the various master plans
- Include plans per town/area to address the needs of the specific towns / areas and seeks for targeted investment in government and other resources to address inequalities and the needs of the community in an integrated manner.
- Serve as a basis for the municipality to prioritise its resources for long-term change, while expanding the overall economic, municipal and social infrastructure already in place in line with our long-term vision
- A vital tool to ensure the integration of the municipality's activities with other spheres of development planning at provincial, national and international levels, by serving as a basis for communication and interaction with the establishment of Inter-governmental relations platform

This IDP is therefore structured in such a manner to promote the involvement of government, the community and local leadership to enhance infrastructure and socio-economic development in the Phumelela municipal area. The document will address the following:

- The IDP and the planning process.
- An analysis of the Phumelela area and the current status.
- The strategic intent beyond one and five year planning cycles.
- Consolidated community's inputs
- The financial recovery plan and the development of long-term financial investment plan
- The strategic focus linked to provincial and national strategic focus
- The IDP related monitoring and evaluation activities over the years ahead.

1.3 Development and Implementation of the IDP

The IDP has been compiled in terms of Chapter 5 of the Local Government: Municipal Systems Act (Act 32 of 2000).

The IDP was developed in terms of an IDP process plan to ensure that the IDP process complies with certain minimum quality standards, to ensure that proper coordination between and within the spheres of government is established and that communities are engaged during the preparation of the IDP. The process plan is in effect a "plan to plan". Council approved the process plan for 2015 / 2016 on 30 August 2014 resolution number..... that set out the methods and approached according to which the IDP planning process to be conducted.

A series of sessions were held with stakeholders and the public in Warden, Vrede and Memel to solicit inputs and comments on the IDP/Budget process including capacity building programs to empower communities, stakeholders. Upon approval the process plan were disseminated to relevant departments, communities, CBO's, Forums, Ward Committees, and key stakeholders to engage meaningfully with the process and also to allow coordinated planning.

Limited resources does not allow for all stated needs and requests to be accommodated, due to limited budget, viability and the Constitutional mandate that restricts local government to concentrating on those functions allocated to it in terms of Chapter 7. Community needs that are the function of other spheres of government such as district, provincial and national are referred to that level of government for their interventions.

The IDP was compiled based on the inputs received from municipal stakeholders, national and provincial policy directives, the current status of service delivery, various strategic plans completed and resources available. The municipal draft budget was prepared based on the municipal strategic objectives, the requirements applicable to the municipality in the IDP and hereby attaches resources to the IDP requirements.

The IDP and Budget will inform the formulation of the implementation plan (SDBIP) and performance indicators for the Phumelela municipality, which will be used to monitor the implementation of the municipal strategies and annual budget. The performance of the municipality will then be assessed and reported on quarterly as well as annually in the municipality's annual report.

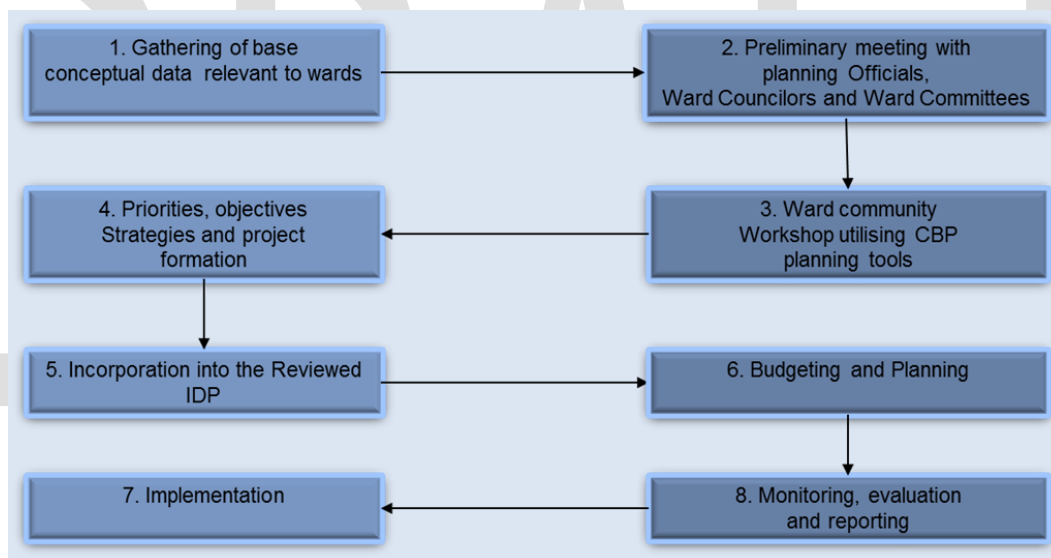


Figure 2: Planning Process

1.4 Status of the IDP

This 2015/16 IDP Review is the last review of the Five Year strategic plan for Phumelela municipality. The planning cycle starts with the development and adoption of a process plan, see annexure-A guiding implementation of the process plan. All stakeholders identified and processes reflected are reflected in the approved process plan.

The most critical element of developmental planning includes consultation sessions with the public and/or public representative structures which guides the areas of focus based on the immediate needs existing in different communities or defined wards. In the context of Phumelela; elected representatives serving as support structures to ward councilors, ward committees plays a significant/integral part to the planning process. This process is completely dealt with in the chapter following, detailing activities undertaken to reflect a representative, responsive and realistic plan for the Phumelela.

CHAPTER 2: PUBLIC PARTICIPATION

The speaker of Council, Cllr Zwane has political oversight on public participation, including all structures that enhance the involvement of community in the affairs of council. Ward committees are in this instance the sole structure which institutionally falls within the ambit of the oversight responsibility. The operational functionality of ward committees is the responsibility of the administration under the direct control of the accounting officer.

2.1 Legislation

The Municipal Systems Act, Act 32 of 2000, *Chpt. 4, Section 17 (2)* regulates that municipalities must establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality. Chapter 5, Section 29 Subsection 1 (b) provides for consultation with the community on its development needs and priorities; the community therefore participating in the drafting of the integrated development plan.

2.2 Background to Public Participation Process

With the clear legislation guidelines on the consultation mechanisms and processes which can and must be followed; Phumelela municipality, hereafter referred to as PM, incorporated these core principles in the Process Plan as presented to and approved by Council on 30 August 2014. The process preceding Council's adoption of the IDP during 2014 allowed for thorough consultation with all 8 wards, informed by a comprehensive community developmental needs list as currently captured in our approved 3rd Generation IDP.

2.3 Mechanisms and processes

2.3.1 IDP/Budget Steering Committee

The IDP/Budget Steering Committee guides and coordinates the development and implementation of the IDP/Budget process from conception to preparation of both IDP and Budget for council's consideration. This committee determines the framework and principles to be considered during the preparation/planning process.

The IDP/Budget Steering committee is established upon the prerogative of the Mayor and administratively coordinated by the Municipal Manager. The political representatives are selected by the mayor and the mayor directs the municipal manager on which administrative officials should form part of the process. The terms of reference is therefore set by the mayor in collaboration with the municipal manager.

The mayor calls and leads all meetings of the steering committee, whilst the administration takes responsibility for minutes and recording of minutes during and after meetings. The table following describes the list of active participants and respective designation in the IDP / Budget Steering committee.

	Name	Surname	Portfolio
1	John	Motaung	Mayor
4.	Bruce	Kannemeyer	Municipal Manager
5.	Sello	Nyapoli	Chief Financial Officer
6.	Nomvula	Malatjie	Director Corporate Services
7.	Hope	Mthembu	Acting Director Technical Services
8.	Charles	Chordnum	Manager IDP / PMS

Table 1: IDP/Budget Steering Committee

Stakeholder Engagement

Stakeholders/Ward Committees are established to represent the interests of ward/community AND provide active support to ward councillors during the execution of their functions as the leading elected ward representative in council.

The involvement of stakeholders/ward committees as elected representative structures in the IDP Review process is regarded as significant in presenting a 'bird's eye view' on their respective wards and the developmental needs. Stakeholders/Ward committees plays an instrumental and significant role in the IDP / Budget process and are capacitated during the planning process to allow better understanding of the IDP and budget process, including how they should articulate their roles after the plans were approved by council.

In the context of the IDP/Budget process, ward committees as official mechanism of council were mandated and tasked to identify the most important existing community needs in their wards and prioritise them in order of priority, advising that the top five priorities would be considered for budget preparation.

Date	Stakeholder	Town/Area	Venue	Time
16 MARCH	AFASA	Vrede	Town Hall	10H00
17 MARCH	COMMUNITY	Vrede	Town Hall	10h00
18 MARCH	COMMUNITY	Warden	Warden Town Hall	10H00
19 MARCH	COMMUNITY	Memel	Memel Town Hall	10H00
20 MARCH	FARMERS	Phumelela	Vrede Town Hall	10H00
24 MARCH	GOVT DEPTS	Phumelela	Vrede Town Hall	10H00

Table 2: Scheduled Stakeholder Sessions

The consultation sessions in all towns were done under the political leadership of the mayor and councillors, technically supported by the municipal manager and his senior management team. The Speaker's office provided logistical support with the arrangements of meetings in the Warden and Memel towns. The turn-out and/or attendance of these respective meetings are reflected as per table below, with illustrative pictures of the actual meetings and the engagement process.



Stakeholders of Vrede

Stakeholders of Memel

Stakeholders of Warden

The sessions with stakeholders were held to allow input on the support stakeholders may provide to the municipality to affect better service delivery, also to allow ascertain what support council can provide to our stakeholders. The prioritizing of needs will be done in accordance with the municipal strategic framework.

- To provide information to the communities regarding the IDP/Budget process
- To prioritise existing recorded community needs
- To develop top five priorities to be focussed on in the 2014/15 financial year as guided by ward councillor and ward representative structure; i.e ward committee
- To provide Ward Committees and opportunity to engage councillors and senior officials on ward needs which should be prioritised for the financial year in planning.

2.3.2 Public Engagements

Phumelela municipality engagements take place in accordance with our approved public participation policy to promote and stimulate participatory democracy. The public engagement sessions scheduled as reflected in table xxx below was amended to accommodate a requested workshop with council on the draft IDP and budget, facilitated by the administration. All scheduled public meetings were adjusted and a complete schedule of meetings was advertised in local press for public information and participation. In support of advertised public meetings, public notification of meetings was also conducted via pamphlets distributed in identified wards, loud hailing meeting announcements in denser residential areas as requested.

The public consultation sessions mainly focused on the consolidated community needs list, progress made in terms of recorded needs and the municipal budget response to prioritized needs.

The scheduled community meetings as reflected in the approved IDP/Budget Process plan applies.

DATE.....	TIME	CONSTITUENCY	VENUE
17 March 2015	10h00	VREDE	Town Hall
	16h00	THEMBALIHLE	Mhlabunzima Memorial Hall
18 March 2015	10h00	WARDEN CENTRAL	Town Hall
	16h00	EZENZELENI	Ezenzeleni Community Hall
19 March 2015	10h00	MEMEL CENTRAL	Town Hall
	16h00	ZEMANI	Community Hall
STAKEHOLDER MEETINGS			
16 March 2015	10h00	AFASA	Vrede Town hall
20 March 2015	10h00	Farmers Association	Vrede Town Hall
24 March 2015	10h00	All government departments in PLM	Vrede Town Hall

Table 3: Scheduled IDP/Budget Consultation Sessions

The 2015 consultation session towards the draft IDP resulted in the following turn-out and participation at the scheduled venues and times as advertised in the local press.

MEETING	DATE	VENUE	NUMBER OF INPUTS	ATTENDANCE
Stakeholders meeting	19-03-2015	Memel Council Chamber	39 Inputs	28
Stakeholders meeting	18-03-2015	Warden Town Hall	17 Inputs	51
Stakeholders Meeting	17-03-2015	Vrede Town Hall		46

Table 4: IDP Stakeholder Meeting Participation Analysis

IDP Public meetings were conducted at town level as reflected below.

MEETING	DATE	VENUE	ATTENDANCE
Public meeting	17-03-2015	Vrede Town Hall	Re-scheduled
Public meeting	18-03-2015	Ezenzeleni Town Hall	262
Public Meeting	19-03-2015	Zamani Town Hall	149

Table 5: IDP Public Meeting Participation Analysis

Public consultation remains a challenge in Phumelela municipality as much as similar challenges are experienced in most municipalities across the country. Various differing reasons may be of the contributing factors to low levels of participation in council public activities, PM however commits to initiate a proper survey, to establish the public view on our public meetings and what they regard as important considerations for public participation in the affairs of PM. What remains disturbing is the non-attendance and low turn-out of white residents specifically in the Vrede and Memel consultation sessions.

The minutes of public consultation is available for public scrutiny, and where relevant comments and/or requests were incorporated into this IDP. It remains the intent of PM to provide feedback to the public on ward issues, where these sessions will be conducted/ incorporated into the procedural public/ward meetings of respective ward councilors. The governing party during the year conducted consultation sessions with the public during door-to-door visits on issues of service delivery and consolidated needs resulting from this session will also be incorporated into the IDP Needs Assessment list.

2.4 Levels of Involvement

To enable the municipality to develop a strategic IDP document, the municipality promotes broader community participation within its municipal services area by utilising a number of mechanisms. These mechanisms strengthen internal and external communication:

Structure/ Publication	Frequency	Stakeholders	Objectives/ functions
Stakeholders Forum / IDP Representative Forum	.Monthly / Quarterly	<input type="checkbox"/> 1 Nominated ward committee member per ward <input type="checkbox"/> 1 Ward Councillor <input type="checkbox"/> Mayor & Speaker <input type="checkbox"/> IDP/Budget MMC <input type="checkbox"/> Municipal Manager and Senior Management <input type="checkbox"/> Budget Manager <input type="checkbox"/> Manager IDP / Performance Management	<input type="checkbox"/> Monitor IDP and budget process <input type="checkbox"/> Monitor IDP implementation process <input type="checkbox"/> Provide final input to IDP after ward/public consultation process.
Public meetings on IDP & Budget	Quarterly Annually	<input type="checkbox"/> Mayor and Councillors <input type="checkbox"/> Senior management personnel of municipality <input type="checkbox"/> Community	<input type="checkbox"/> To inform the community of council decisions, community rights and duties, municipal affairs etc. <input type="checkbox"/> To enable the community to inform the councillors and officials of their issues. <i>Inputs received during these engagements have been dealt with as described above.</i>
Council meetings (open to public)	Monthly / Quarterly	<input type="checkbox"/> Mayor and Councillors <input type="checkbox"/> Senior management personnel of municipality	<input type="checkbox"/> To inform the community of council decisions, community rights and duties, municipal affairs etc.
Municipal Website	Continuously updated	<input type="checkbox"/> Mayor and Councillors <input type="checkbox"/> Community <input type="checkbox"/> Personnel of municipality	<input type="checkbox"/> To provide comprehensive information of municipal affairs <input type="checkbox"/> Advertise public engagements <input type="checkbox"/> Publish Adopted IDP & Budget

Table 6: Public Participation Mechanisms

Phumelela Municipality further endorses the following principles for public participation in the IDP process planning cycle namely:

- Elected councillors are the ultimate decisions-making body
- The processes followed should be structured and ensure an equal right to participate
- The process should allow sufficient room for diversity
- The process should create conditions to promote and encourage participation especially with regard to disadvantaged and marginalized groups and gender equity

(I) Municipal Sectors

The senior management team (Mayor and Executive Committee, the Municipal Manager and the Directors) of the municipality of Phumelela municipality plays an integral role in the preparation of the IDP. Their main role and function is to:

- Engage in strategic discussions regarding implementing the IDP for the respective functional areas.
- Evaluate progress made in the implementation of the process plan and initiate corrective action where necessary.
- Evaluate the impact of the Integrated Development Plans.
- Review and refine the vision for the Phumelela municipality. Ensure that the vision is incorporated into the IDP Representative Forum and the Integrated Development Plan.
- Refine and review IDP objectives, strategies and projects for consideration by Phumelela Stakeholders Forum / IDP Representative Forum and the incorporation thereof into the Integrated Development Plan.

- Consider the development of an Infrastructure Investment Plan

The IDP planning process included strategic engagements with the political executive and senior management team:

Content of Strategic Session/Workshops and Meetings
<ul style="list-style-type: none"> <input type="checkbox"/> Strategic analysis with the respective directorates, regarding internal and external issues which impacts on service delivery, hence the development of the Key Tasks List and the Back2Basics Report <input type="checkbox"/> Provide strategic direction to planning process <input type="checkbox"/> Initiate strategic interventions to support strategic direction of PLM, district and provincial targets <input type="checkbox"/> Overarching development issues as indicted in the strategic analysis

Table 7: Municipal Strategic Sessions/Workshops and Meetings

(II) Structured Community Consultation

One of the main features of the IDP process is to promote and effect the broader stakeholder involvement, which culminated in a session with the Vrede Stakeholders as scheduled all over municipal space. The purpose is to ensure that the IDP addresses relevant stakeholders' needs and strengthen participatory democracy and delivery. Stakeholder engagements will be initiated throughout the financial year in line with our planning and implementation processes.

(III) National and Provincial Sector Departments

Municipalities must take cognizance of national and provincial agenda, ensuring that its planning is aligned and relevant to the higher tiers of government. The IDP should be based on its mandate as determined by Chapter 7 of the Constitution and consulted community needs also ensuring that identified community needs, which are within the ambit of national, and provincial government are timeously communicated for appropriate response.

Chapter 3, Section 41 *h (ii & iii)* guides that different spheres of government must; assist and support one another, inform one another of, and consult one another on matters of common interest. To give effect hereto, sound government strategy must strive towards effectiveness and efficiency, ensuring all developmental intentions, are well coordinated horizontally and vertically within the realm of good governance. Phumelela municipality partook in the coordinated efforts of the Provincial Government of the Free State (PGFS), as lead by the COGTA during its bi-annual inter-governmental planning process better known as the provincial IDP Indaba. At the IDP indaba all municipalities within a demarcated region congregates with sector departments in coordinated planning to optimise resource efficiency amidst scarce resources at municipal levels. This process also enhances opportunity for engagement by municipalities and sector departments to communicate identified community needs with the relevant sector departments also allowing municipalities to source resource support.

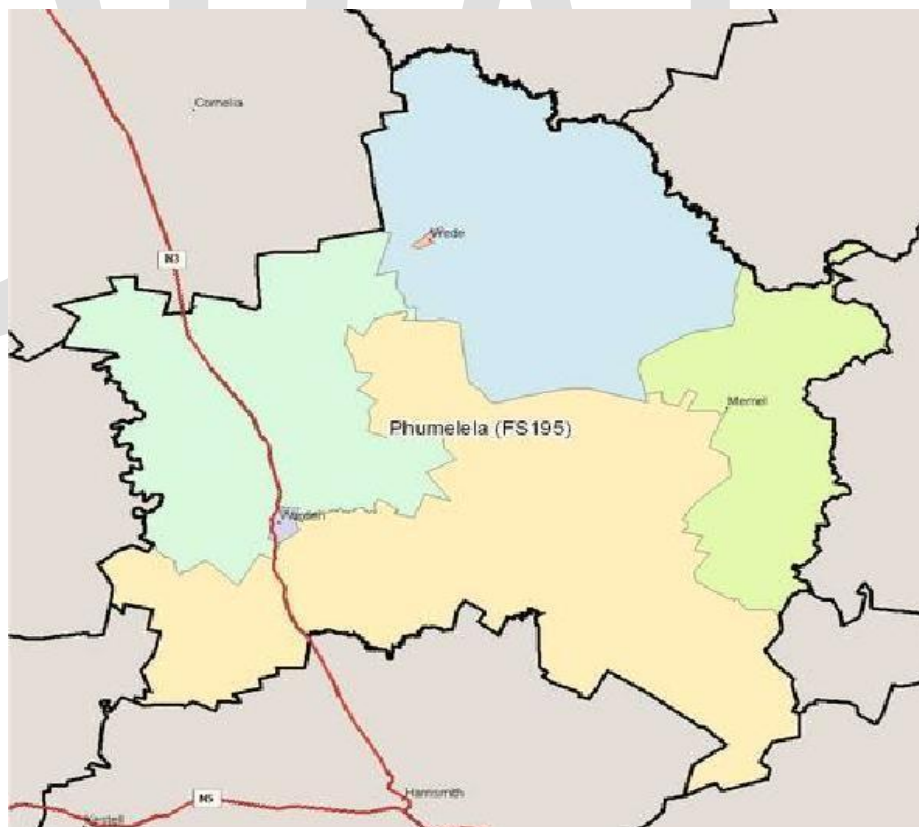
NOTE! Please note that this section is incomplete as we await information from sector and national departments!

CHAPTER 3: MUNICIPAL PROFILE

The Phumelela Municipality covers an area of approximately 8183 km² including the following towns of Vrede, Warden and Memel as well as the rural part of the Riemland and Drakensberg TRC. The municipality is home to an estimated 47,772 people approximately 7% of the Thabo Mofutsanyane District population to which it forms part. The current households registers at 12 888, consisting of both urban 75% and farming 25%. It is part of the Thabo Mofutsanyana District municipality. Phumelela municipality's head office is located in Vrede. The Phumelela has a vibrant economy, based on strong agricultural, manufacturing and tourism sectors. The commercial and service sectors are also well-developed.

The terrain indicates that the most eastern part of Phumelela including Memel and a stretch of the ground towards the north-west consists of low mountains. The Warden and Vrede areas are strongly undulating irregular land. The entire Phumelela local municipality grounds fall in the Vaal River Catchment drainage region.

The political and administrative centre of Phumelela Municipality is situated in the town of Vrede, though Council from time to time congregates in Warden and Memel as part of each outreach program.



Map 1: Phumelela Municipal Area

DRAFT

Map 2: Phumelela municipality wards

3.1 Demographic Information

3.1.1 Population Information

Population size provides an indication of the volume of demand for government services in a particular geographical space. It also serves as a planning measure to assist budget planners to match available resources to address the relative demand for services. Phumelela has a population of 47 772 according to the 2011 census.

The breakdown of Phumelela municipality's population per ward using 2011 Census data provides the following breakdown. Evident is that ward 8 has the highest population number of 10301 though showing negative growth rate of -3.5%.

Geography	Total population		Growth rate (1996-2001)	Total population 2011	Growth rate (2001-2011)
	1996	2001			
Phumelela	46657	51928	2.3	47772	-0.8
Ward 1	806	858	1.3	2320	17.0
Ward 2	3382	6951	21.1	6371	-0.8
Ward 3	3221	2822	-2.5	4128	4.6
Ward 4	6895	6024	-2.5	5512	-0.8
Ward 5	9192	9926	1.6	6878	-3.1
Ward 6	2263	2598	3.0	5784	12.3
Ward 7	6787	6971	0.5	6477	-0.7
Ward 8	14112	15778	2.4	10301	-3.5

Table 8: Phumelela Municipality's population per ward comparison

Geography	Persons			Percentages			Sex ratio
	Male	Female	Total	Male	Female	Total	
Phumelela	23162	24611	47772	48.5	51.5	100.0	94.1
Ward 1	1078	1242	2320	46.5	53.5	100.0	86.8
Ward 2	2952	3419	6371	46.3	53.7	100.0	86.3
Ward 3	1935	2193	4128	46.9	53.1	100.0	88.2
Ward 4	2535	2977	5512	46.0	54.0	100.0	85.2
Ward 5	3461	3418	6878	50.3	49.7	100.0	101.3
Ward 6	2739	3046	5784	47.3	52.7	100.0	89.9
Ward 7	3307	3171	6477	51.0	49.0	100.0	104.3
Ward 8	5156	5146	10301	50.0	50.0	100.0	100.2

Table 9: Gender representation per ward (Census 2011)

3.1.2 Educational statistical information

(I) Learner Enrolment

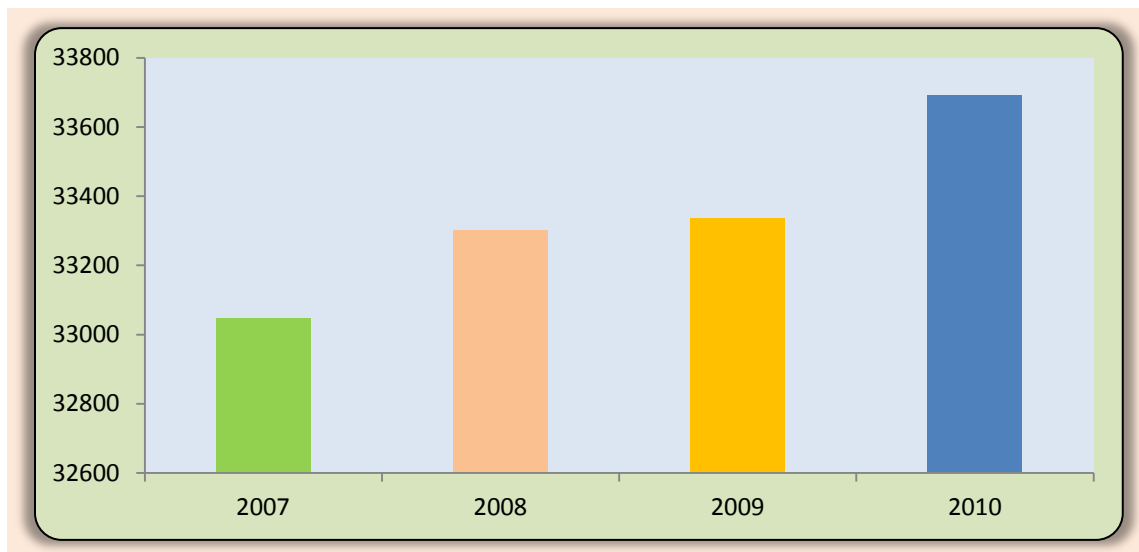
Population dynamics, which include knowledge of the current population profile and projected learner growth, provide a basis for sound education planning. Knowing the learner enrolment numbers of a municipality enables the Free State Education Department (WCED) to determine the level of demands placed on schools for the current year as well as anticipated demands for future years. It also provides useful information for future planning in terms of education facilities. Municipalities and the business can utilize to assess the current and potential skills base in the region.

In 2010, 33692 pupils enrolled at schools within the Phumelela municipal area. In 2010 there were fifty five schools in Phumelela; including thirty seven were no fees schools.

	Grade R – 3	Grade 4 - 7	Grade 8-12
No of learners			
%			

Table 10: Learner enrolment figures for 2010

There has been a steady increase of% in the enrolment figures from 2007 to 2010 at schools within the municipal area.



Graph 1: Learner enrolment figures

(II) Levels of Education

The levels of education provide an indication of the income potential and standard of living of residents in a particular geographic area. Municipalities may further use the information of the education profiles to attract businesses to the area while providing specific motivation for the retention of specific types of businesses and industries already in the municipal. The most significant difference in the level of education between the males and females lies in tertiary education. Males account for % and % of graduates and post-graduates respectively. Females on the other hand account for % and % of graduates and post-graduates.

Geography	Persons						
	No schooling	Some primary	Completed primary	Some secondary	Grade12/ Std 10	Higher	Total
Phumelela	3113	6629	1641	8938	5335	1796	27452
Ward 1	123	286	61	398	266	103	1237
Ward 2	505	725	219	1287	595	72	3404
Ward 3	136	320	124	765	721	471	2537
Ward 4	400	609	127	1097	739	209	3182
Ward 5	555	1352	292	1277	578	229	4283
Ward 6	225	829	223	1115	574	119	3085
Ward 7	288	789	199	1284	926	319	3806
Ward 8	881	1718	395	1714	934	274	5917

Table 11: Education attainment levels of residents 20 years and older

(III) Literacy Rate

In 2007,% of the Phumelela population was estimated to be literate. The Department of Social Development indicated people aged 14 years and older are seen as literate if they have successfully completed seven years of formal education (passed Grade 7/ Standard 5). An illiterate person would therefore be someone aged 14 years and older with less than 7 years of formal education completed.

3.1.3 Health statistical information

This section of the profile highlights the current health infrastructure, human resource capacity in the public health sector and burden of disease in the Phumelela municipal area.

(I) Access to Health Facilities

Municipality	Comm Health Centres	Comm Day Centres	Clinics	Satellite Clinics	Mobile Clinics	District Hospitals	Regional Hospitals	Total
Phumelela (2010)								
Thabo Mofutsanyana (2010)								

Table 12: Health care facilities located in Phumelela 2014

In the 2010, a total of primary health care facilities are located in the entire Thabo Mofutsanyana District. Phumelela Municipality has a total of primary health care facilities including ...fixed clinics, ..district hospital.. satellite, ... mobile clinics and ... community day centre.

(II) Human Resource Capacity - Health

Having adequate numbers of health professionals to serve at the primary health care facilities is a further determinant of quality health care.

Professional	2009	2010
Primary healthcare doctors		
Number of doctors at District Hospitals		
Sub-Total Doctors		
Primary Healthcare – Professional Nurses		
Number of Professional Nurses at District Hospitals		
Sub-total: Professional Nurses		
Total		

Table 13: Phumelela Medical Staff

The table above shows that ...doctors and ... professional nurses has been employed by the Department of Health to render health services to patients attending the PHC facilities in Phumelela in 2010. It should be noted that these totals exclude health professionals employed within the private sector.

(III) Burden of Disease

In terms of the 'burden of disease' the table shows immunization for children under the age of .. for three categories – fully, tuberculosis and measles.

Category	% Immunized		
	2006/7	2007/8	2008/9
Fully Immunized			
Municipality			
Thabo Mofutsanyana District Municipality			
BCG (TB)			
Phumelela Municipality			
Thabo Mofutsanyana District Municipality			
Measles			
Phumelela Municipality			
Thabo Mofutsanyana District Municipality			

Table 14: Immunization of children under the age of 1 year

The immunization coverage for full immunization increased from ..% in 2006/07 to ...% in 2009/10. The immunization rate in Phumelela municipality is below the average immunization rate for the Thabo Mofutsanyana District Region which is at 96.9% in 2009/10.

The immunization coverage for tuberculosis increased from% in 2006/07 to% in 2009/10. The immunization rate for tuberculosis in Phumelela municipality is above the average immunization rate for tuberculosis for the Thabo Mofutsanyana District Region which is at% in 2009/10.

Immunization coverage for measles increased from ...% in 2006/07 to % in 2009/10. The immunization rate for measles in Phumelela municipality is above the average immunization rate for measles for the Thabo Mofutsanyana District Region which is at ...% per cent in 2009/10.

In 2010, Thabo Mofutsanyana Municipality had .. ART (anti-retroviral treatment) service sites registered in its area and ... tuberculosis clinics.

3.1.4 Safety and Security

All four major towns in the Phumelela municipal area has police stations, these stations also service the surrounding rural areas. High crime levels deter investment and erode social capital. It is important that planning take cognizance of the importance of security and justice in building livable communities. The table below only indicates crime limited to murder, sexual related crimes, drug related crimes and property related crimes, within Phumelela Police Precincts from 2003-2010.

Crime Category	April to March						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Murder							
Total Sexual crimes							
Burglary at residential Premises							
Drug related crime							
Driving under the influence alcohol/drugs							

Table 15: Crime in Phumelela Police Precincts (2013)

The number of murders decreased by an annual average rate of% from 2011 to 2013. The number of sexual crimes has been increasing annually since 2011 to 2013 and in/decreased again in 2011 to 2013 and de/increased again in 2011 to 2013

Over the entire period burglaries at residential premises decreased by an annual average rate of% per cent from to

Drug related crime has de/increased significantly from to incidents from 2011 to 2013. Phumelela continues to experience a similar trend with crimes relating to driving under the influence of alcohol and drugs which increased by an annual average rate of% from to incidents from in 2011 to 2013.

3.1.5 Household income

Household income informs the municipality as to the level of poverty, which has policy implications with respect to the municipality's indigent, poverty relief and tariff policies. It also provides information pertaining to the standard of living of a particular community, i.e. whether it is predominantly poor, middle income or a rich community.

In 2001, households with an annual income of R30000 – R96000 accounted for the largest concentration of households (.....%) of a total of households. In 2011, the category R19 601 – R..... accounted for the smallest/largest concentration of households (.....%) of a total of households.

3.1.6 Social Grants

The social security system is one of the governments' initiatives to address poverty, inequality and unemployment. It has two main objectives:

- To reduce poverty among groups who are not expected to participate fully in the labour market: the elderly, those with disabilities and children.
- To increase investment in health, education and nutrition.

There are five major social security grants in South Africa and each grant is dependent on an income-based means test. The grants are implemented and administered by a separate national government agency, the South African Social Security Agency (SASSA).

The table below illustrates the distribution of social grants by category in the Phumelela municipal area. Of the total social grant beneficiaries in 2007,% of all social grant recipients receive the child support grant, followed by the old age pension grant (.....%) and disability grant (....%).

Graph 2: % of Social grants per category

3.1.7 Labour - Statistical Information

In 2001, persons of the Phumelela population was registered as official unemployed according to census, whereas the 2011 census reveals the number of unemployed persons being registered as persons. The drop in unemployed persons seen in accordance with the current economic situation reveals positive, also cognisant of the population growth experienced from 2001 until 2011.

Geography	Employment status			Unemployment rate	Total
	Employed	Unemployed	Not economically active		
Free State	649661	313793	832466	32.6	1795920
DC19: Thabo Mofutsanyane	144129	77939	239128	35.1	461195
Phumelela	10681	3624	15461	25.3	29765
Ward 1	506	83	736	14.1	1325
Ward 2	1034	607	2224	37.0	3866
Ward 3	1042	372	1209	26.3	2623
Ward 4	846	439	2034	34.2	3319
Ward 5	2417	351	1712	12.7	4480
Ward 6	789	555	2231	41.3	3574
Ward 7	1543	402	2309	20.7	4254
Ward 8	2503	815	3006	24.6	6324

Table 16: Labour status in terms of employment and skills of labour force in Phumelela area

(I) Unemployment by Gender

In 2001, of the labour force was unemployed according to the Census recording, while of this proportion there were more men unemployed than women, the 2011 census revealed that of the labour force is currently unemployed of which are men and are females.

Graph 3: Unemployment by Gender

(II) Skill Profile of the Unemployed

The labour force is classified into three main categories namely, high skilled, skilled, low skilled and unspecified. Low skill occupations are defined as individuals employed in elementary occupations; skilled occupations include clerks, service workers, skilled agricultural & fishery workers, craft & related trades workers as well as plant and machine operators and assemblers. The high skilled category includes legislators, senior officials and managers, professionals, technicians and associate professors.

The Census 2011 does not indicate Phumelela’s labour force skill levels which previously recorded at% as skilled workers,% as low skilled and% high skilled workers. In the Phumelela a total number of people have been recorded as currently employed based on the latest census.

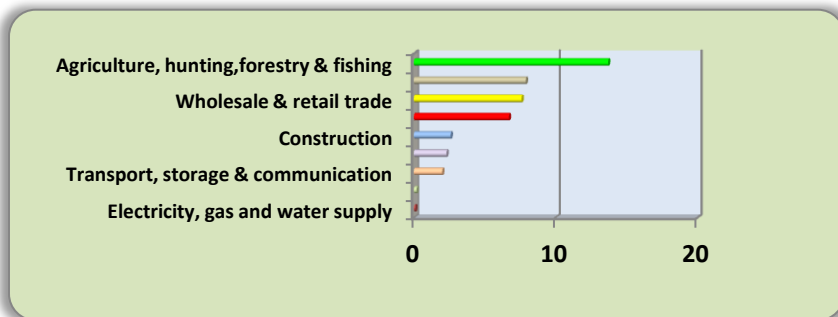
3.1.8 Key Economic Sectors & Employment by Industry

Various types of economic activities can be found within the Phumelela municipal area of which the biggest specified employment contributors in 2007 were agriculture (..... Corporate Services (.....%), finance (.....%) and manufacturing (.....%).

Industry	% Contribution
Agriculture	
Corporate Services	
Finance	
Manufacturing	
Trade	
Transport	
Construction	
Electricity	
Mining	

Table 17: Sectors % contribution to Phumelela’s economy

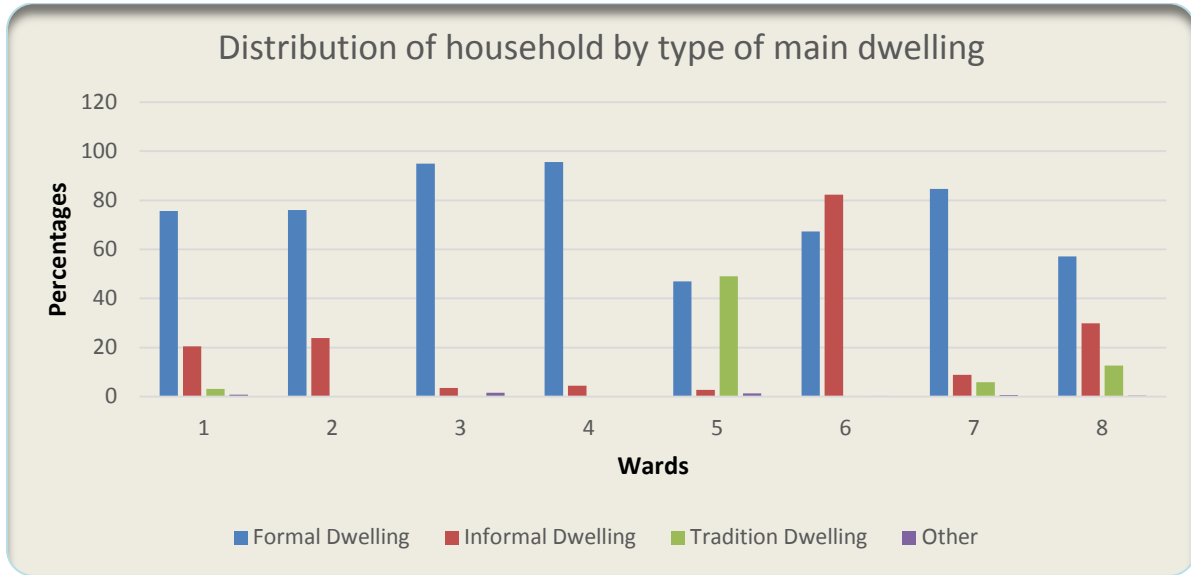
The biggest employment contributors to the labour force are: agriculture, hunting, forestry & fishing (..... per cent), community, social & personal services (..... per cent) and wholesale & retail trade (..... per cent).



Graph 4: Contribution to employment by industry

3.1.9 Human Settlement

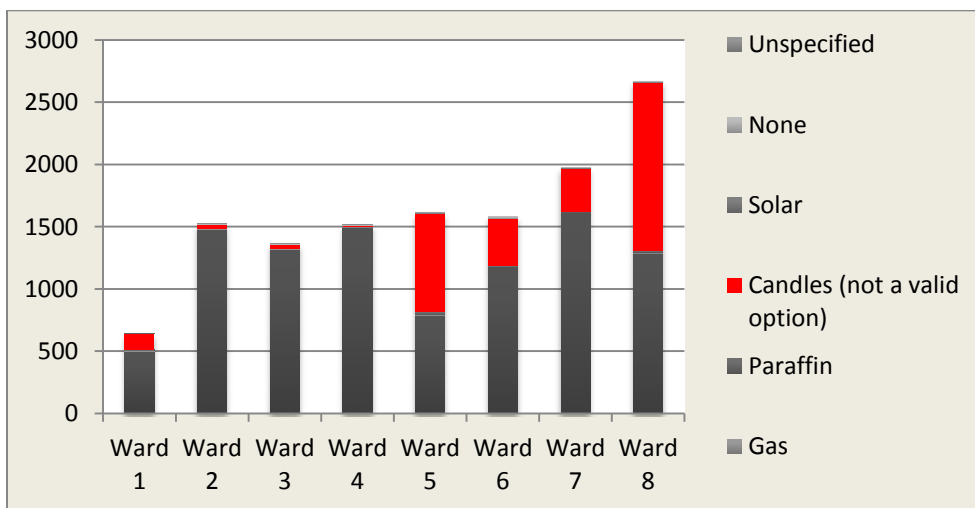
There are approximatelyhouseholds in Phumelela municipal area. This section reflects services available to households of Phumelela.



Graph 5: Distribution of household by type of main dwelling

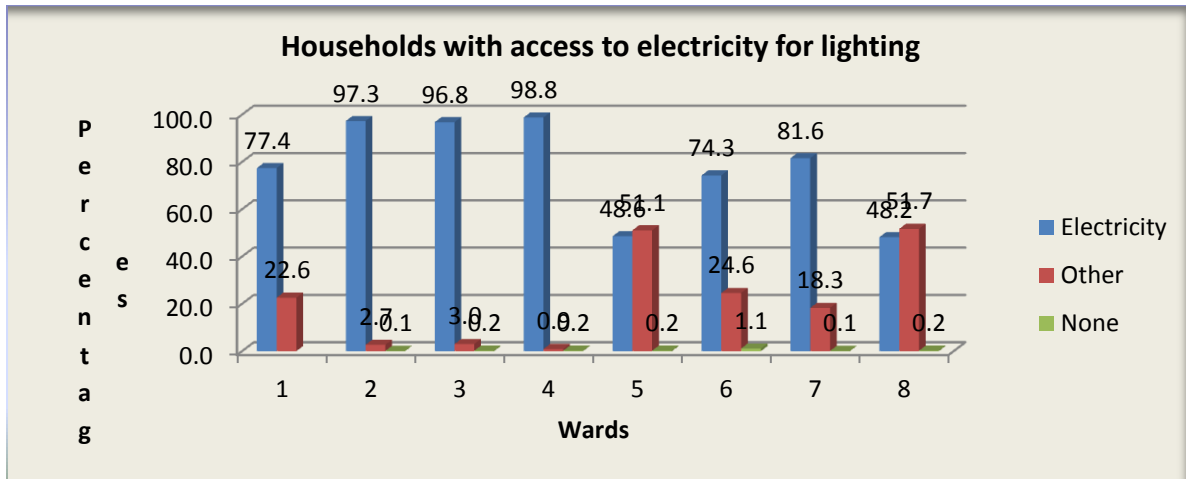
(I) Electricity

Electricity and street lighting are provided to all formal and electricity and street or high mast lights to most informal areas in the Phumelela region. Electricity is the main source of energy and lighting, ...% of households in Phumelela municipality has electricity available for lighting and energy, while ...% still uses candles. Currently the power outages (both planned and unplanned) are within acceptable norms. The areas mostly affected by unplanned outages are the rural areas where overhead line systems are exposed to storms and lightning.

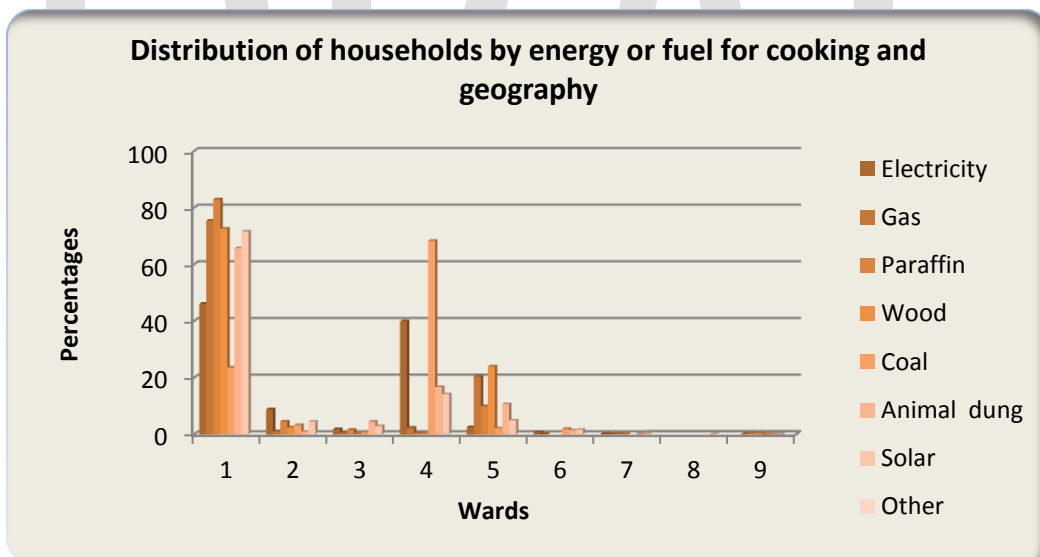


Graph 6: Source of energy usage (CENSUS 2011)

As illustrated above electricity usage decreased from % of households in 2001 to % of households in 2011, with the usage of paraffin increasing from 4% of households to % of households in 2011. The increase in electricity tariffs is a contributing factor to the decrease in electricity usage including the increase in informal residential areas, where energy dependency is mainly reliant on paraffin and candles as primary sources.



Graph 7: Households with access to electricity for lighting (Census 2011)



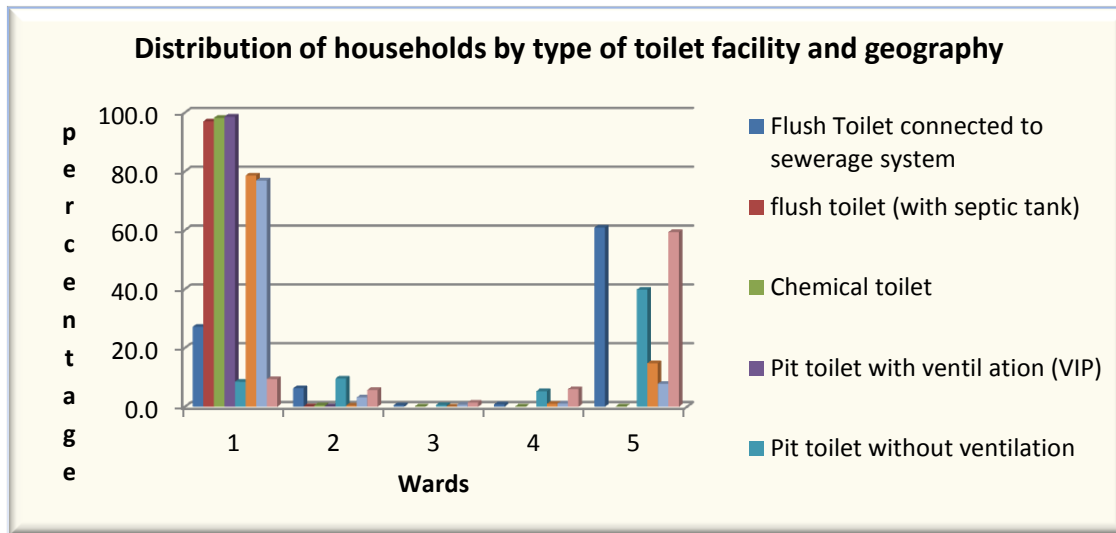
Graph 8: Distribution of households by energy or fuel for cooking and geography (Census 2011)

The quality of electricity supply is mainly dependant on the ability the municipality has to maintain its assets properly, also requiring the corporation of local residents to ensure that electrical service stations are not vandalised and electrical supply points is not accessed without authority. The municipality has must established a hotline call-in line, where residents can call-in to report any illegal or unauthorised incident, which threatens service delivery across the Phumelela.

(IV) Sanitation

Good sanitation services exist in the municipal area where the majority of the residential areas have waterborne sanitation. More than 87.51 % of households in the urban area had access to flush toilets, flush septic tanks or chemical toilets in 2011.

The municipality has also experienced an increase in the use of the bucket toilet system from ...% to ...% of households. This is a concern against the backdrop of the national policy drive of eradicating the bucket toilet system. Although there had been an improvement in access to sanitation,% of households still did not have access to sanitation in 2011.

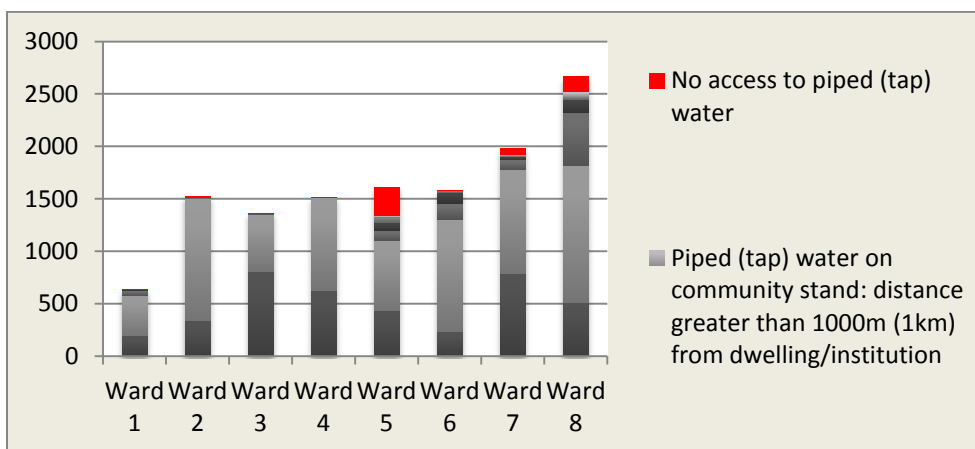


Graph 9: Distribution of households by type of toilet facility and geography

The comparative graphs above illustrate access to sanitation services in 2001 in relation to current access to sanitation as recorded during the 2011 census. Access to sanitation is mainly dependent on formalised structures, where required infrastructure get provided to support services provided to link municipal systems for billing as well as maintenance purpose.

(V) Water Supply

Access to portable water is the norm in Phumelela municipality. The percentage share of households with access to piped water (or potable water) dropped from 99.1% per cent in 2007 to ...% in 2011. Phumelela residents' experienced a significant shift from access to potable water inside yard/or outside yard to inside dwelling. Access to piped water inside the dwelling dropped from ...% in 2007 to ...% in 2011. The percentage share of households in Phumelela accessing alternative water sources has decreased from ...% to ..% in 2007.



Graph 10: Access of households to piped (tap) or community stand water

(VI) Refuse Removal

The majority of households in Phumelela have access to refuse removal. Refuse removal takes place on a weekly basis in terms of a collection programme compiled by the municipality. Refuse removal services by local authority/private company is the leading source of refuse removal for households in Phumelela Municipality distributed at ward level reflects below. . The households that use their own refuse dump reflects at 3334 as at 2011. The households that did not have access to refuse removal reflect at 460.

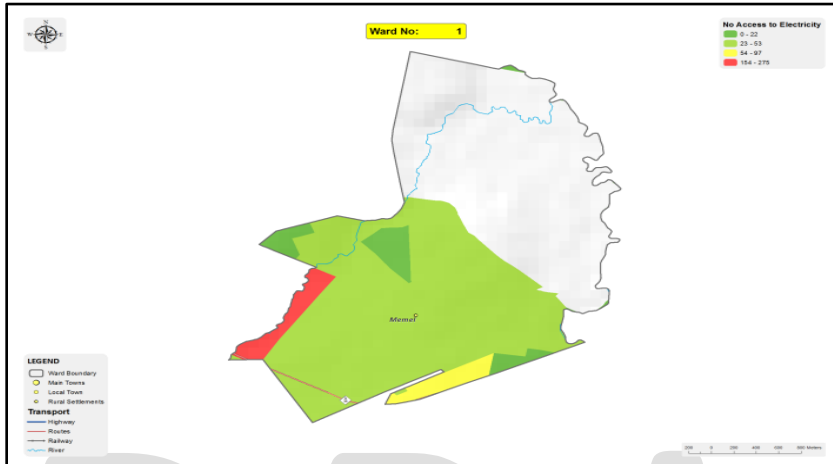
Geography	Household						Total
	Removal by local authority/private company at least once a week	Removal by local authority/ private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	
Phumelela	8390	58	586	3334	460	60	12888
Ward 1	511	3	20	106		1	642
Ward 2	1499	4	1	16	2		1522
Ward 3	1336	8	3	8	4	3	1362
Ward 4	1507	1		4		3	1515
Ward 5	21	14	36	13291	193	22	1615
Ward 6	1264	5	166	131	13	5	1585
Ward 7	1487	14	52	319	95	12	1978
Ward 8	765	8	307	1422	153	14	2669

Table 18: Refuse removal by type removal and geography (Census 2011)

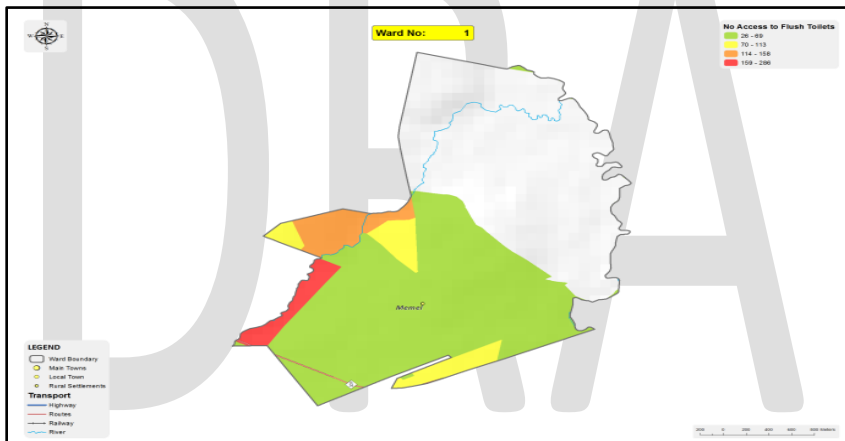
(VII) Roads

The total roads area that cover Phumelela Municipality amount to kilometres of roads. The total amount of roads comprise of (....%) kilometres of surfaced roads and (....%) kilometres of gravel roads.

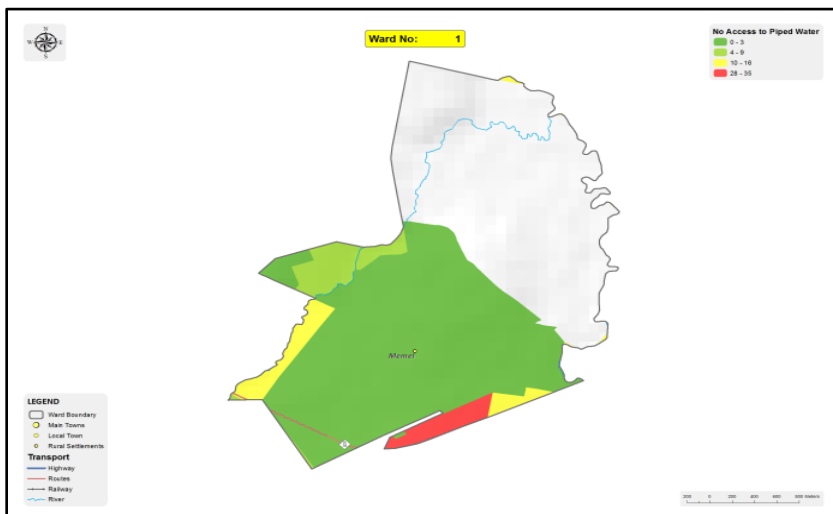
3.1.10 Phumelela basic services: Spatial reflection of access to basic services per ward –Ward 1



Ward Basic Services Spatial Outlook 1: Electricity

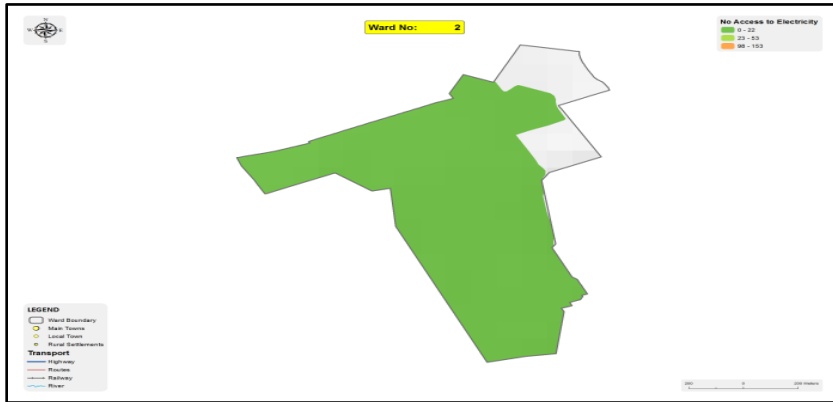


Ward Basic Services Spatial Outlook 2: Toilets

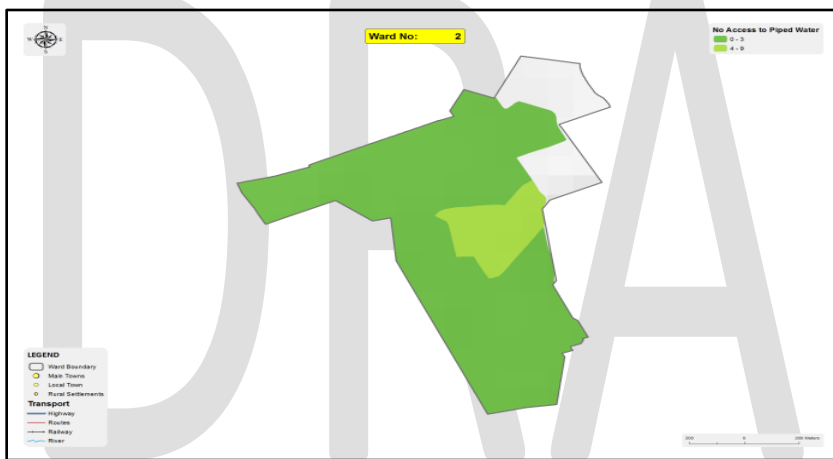


Ward Basic Services Spatial Outlook 3: Piped Water

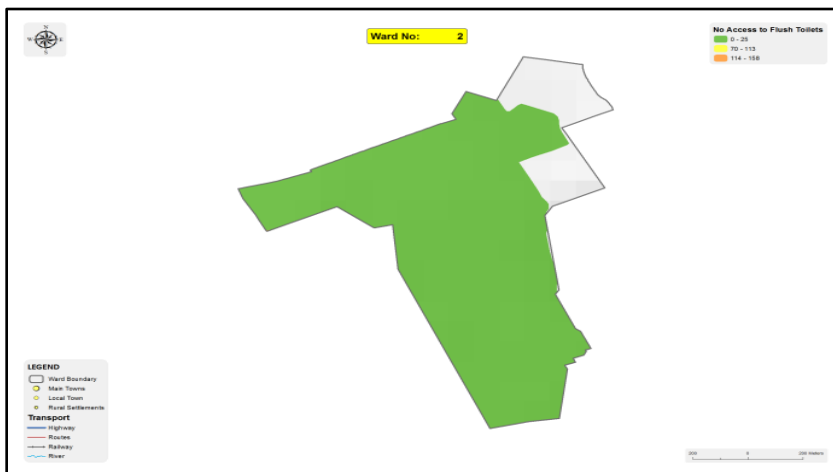
3.1.11 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 2



Ward Basic Services Spatial Outlook 4: Electricity

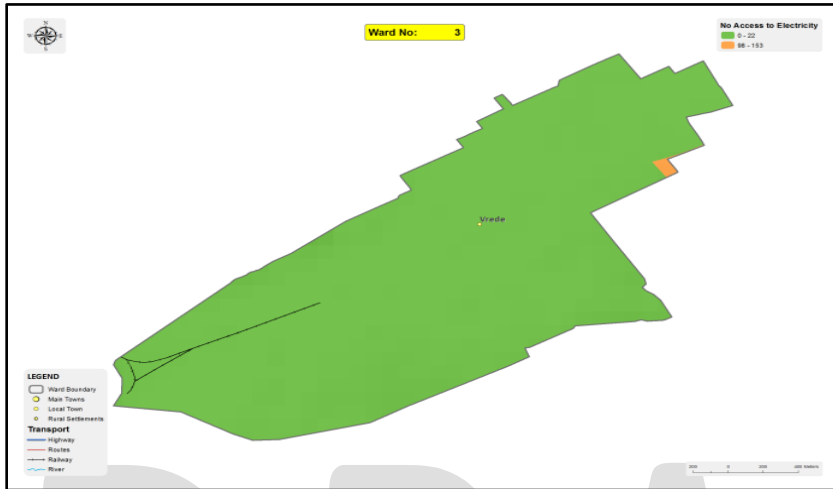


Ward Basic Services Spatial Outlook 5: Piped Water

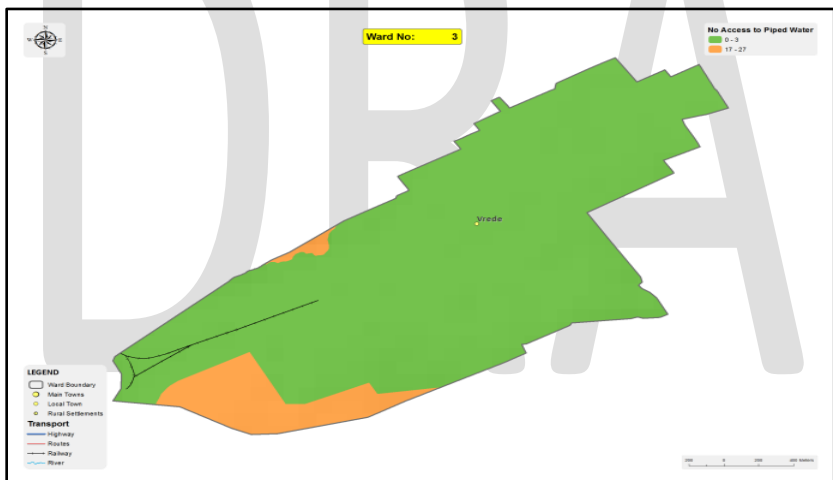


Ward Basic Services Spatial Outlook 6: Flush Toilets

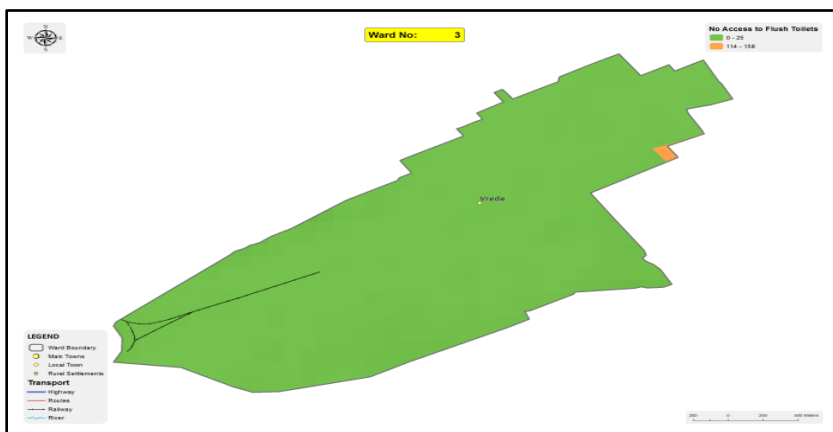
3.1.12 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 3



Ward Basic Services Spatial Outlook 7: Electricity

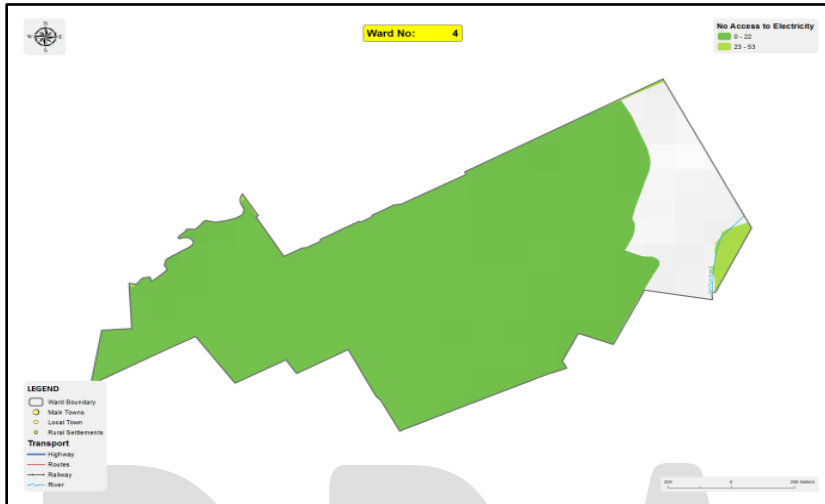


Ward Basic Services Spatial Outlook 8: Piped Water

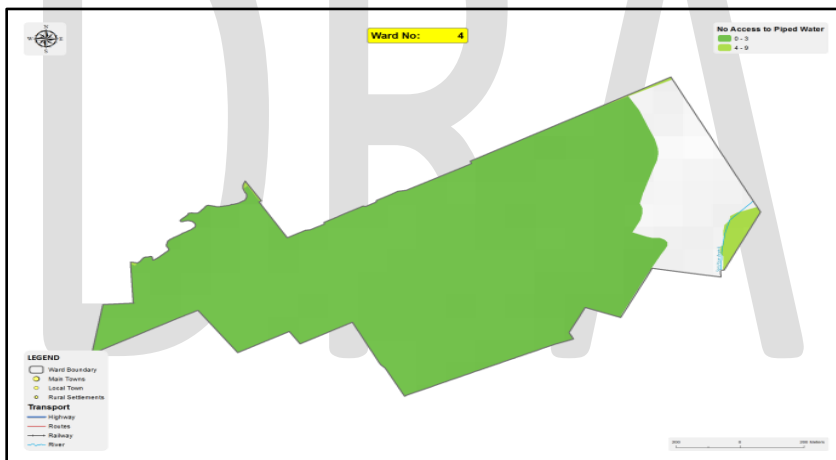


Ward Basic Services Spatial Outlook 9: Flush Toilets

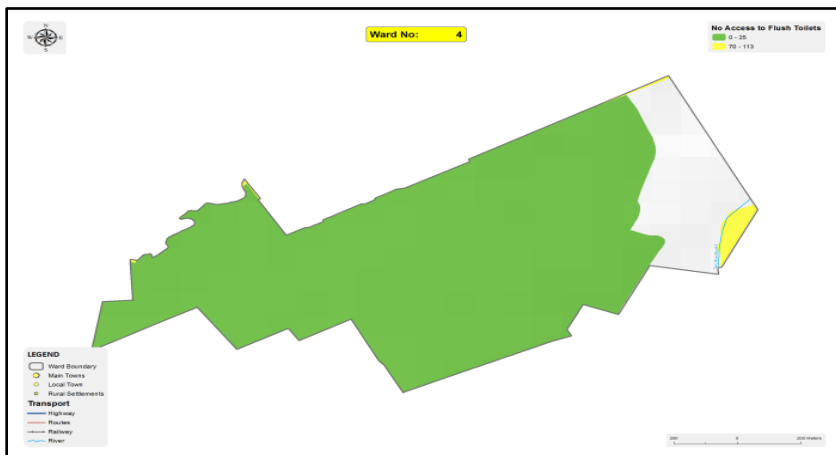
3.1.13 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 4



Ward Basic Services Spatial Outlook 10: Electricity

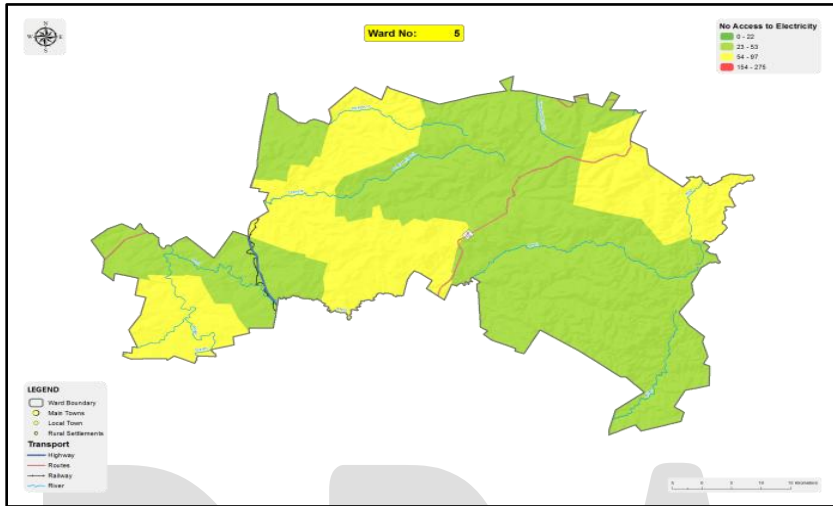


Ward Basic Services Spatial Outlook 11: Piped Water

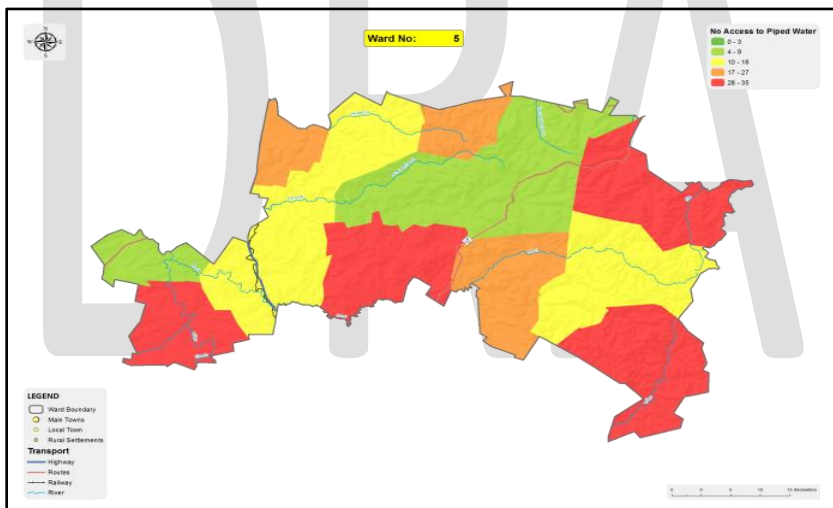


Ward Basic Services Spatial Outlook 12: Flush Toilets

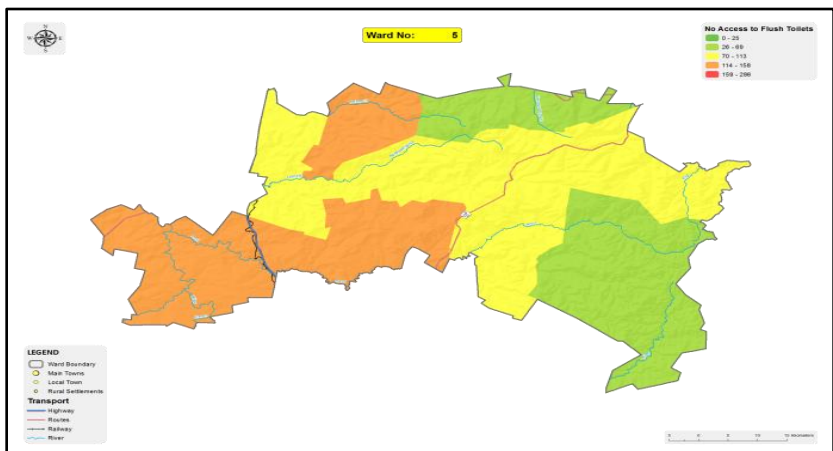
3.1.14 Phumelela basic services: Spatial reflection of access to basic services per ward-ward 5



Ward Basic Services Spatial Outlook 13: Electricity

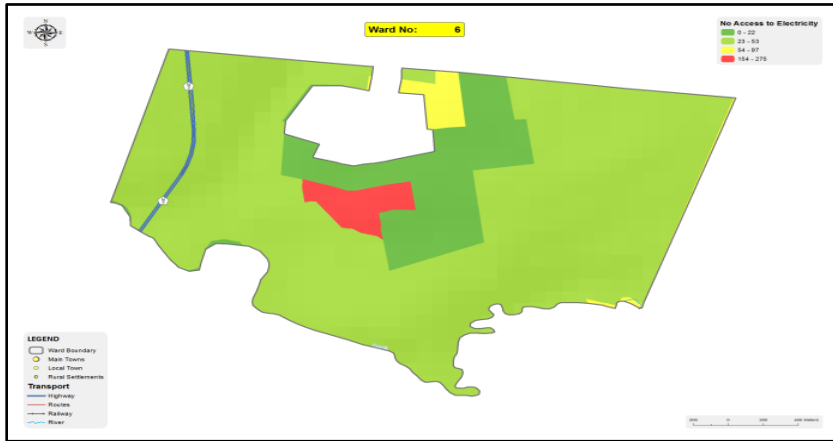


Ward Basic Services Spatial Outlook 14: Piped Water

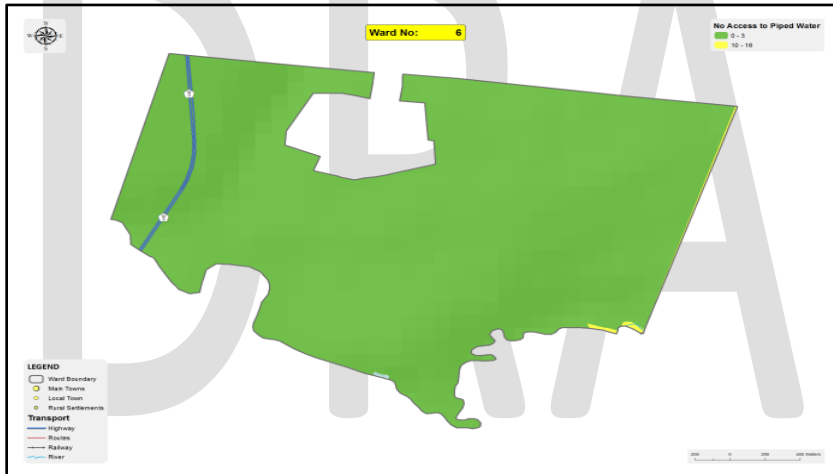


Ward Basic Services Spatial Outlook 15: Flush Toilets

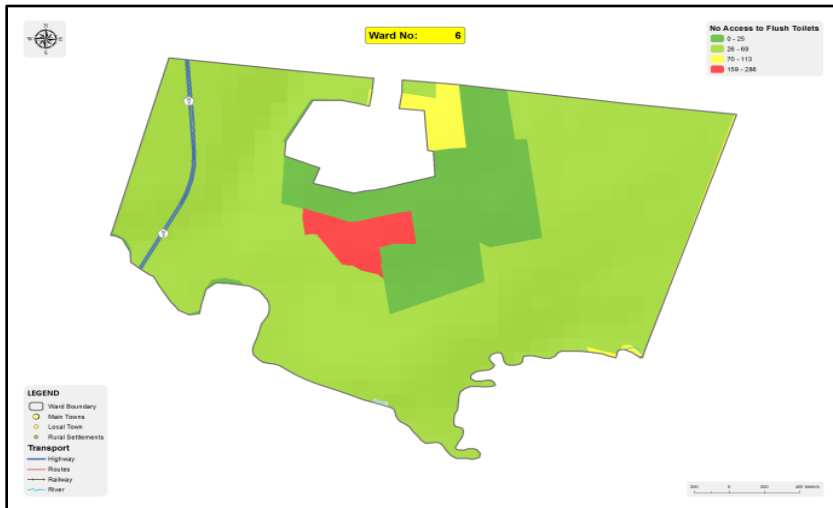
3.1.15 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 6



Ward Basic Services Spatial Outlook 16: Electricity

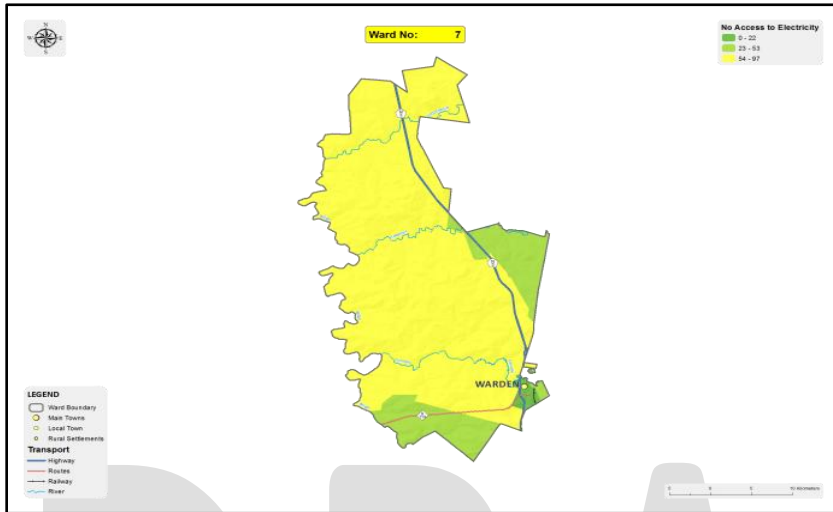


Ward Basic Services Spatial Outlook 17: Piped Water

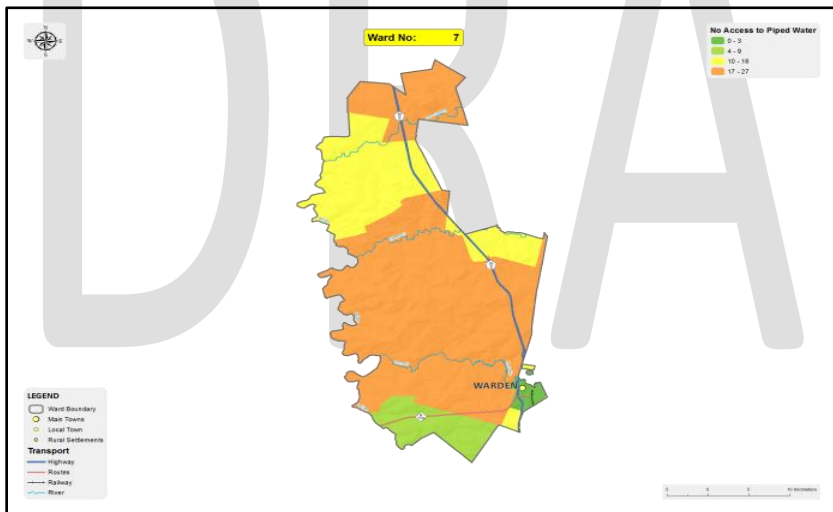


Ward Basic Services Spatial Outlook 18: Flush Toilets

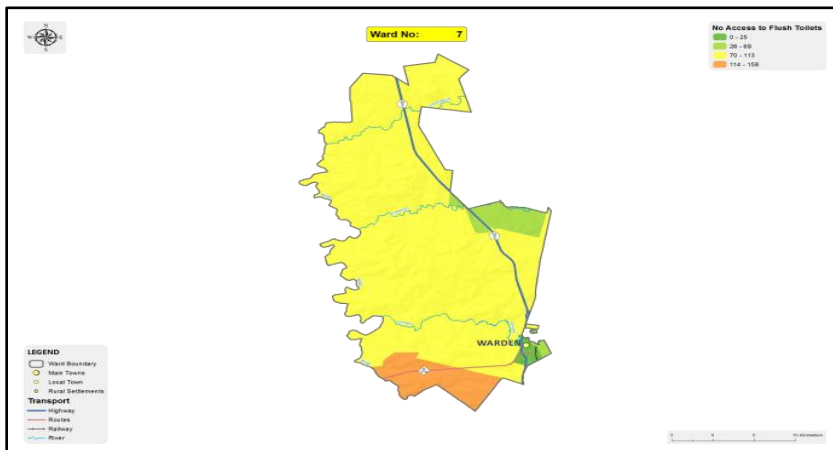
3.1.16 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 7



Ward Basic Services Spatial Outlook 19: Electricity

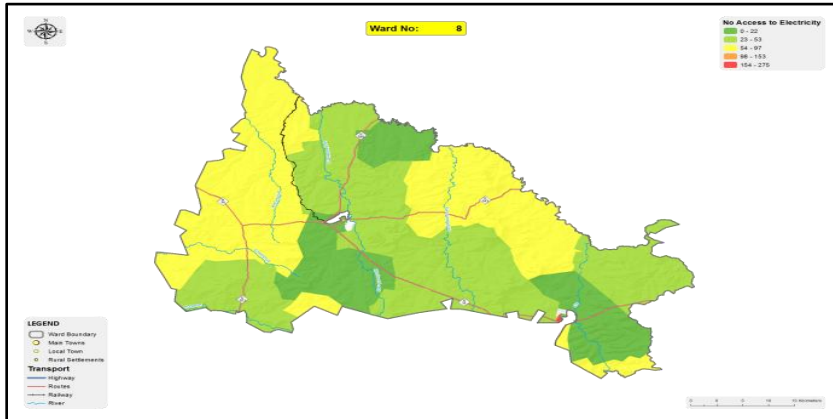


Ward Basic Services Spatial Outlook 20: Piped Water

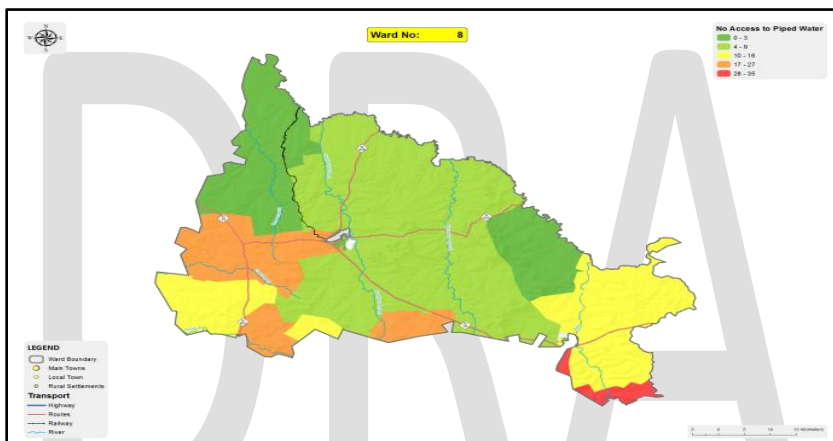


Ward Basic Services Spatial Outlook 21: Flush Toilets

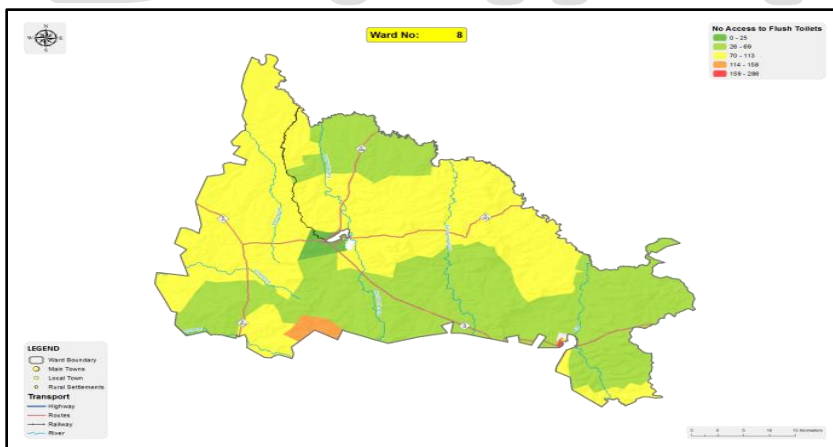
3.1.17 Phumelela basic services: Spatial reflection of access to basic services per ward-ward 8



Ward Basic Services Spatial Outlook 22: Electricity



Ward Basic Services Spatial Outlook 23: Piped Water



Ward Basic Services Spatial Outlook 24: Flush Toilets

CHAPTER 4: STATUS QUO

The purpose of this chapter is to identify the major strengths and weaknesses of the geographical area as well as ascertaining the available information and current development initiatives being undertaken. The projects and programmes identified for the next five years are informed by the current status.

4.1 Financial Performance

The financial performance against the budgets of the municipality during the past IDP period is summarised in the table below:

	2011/2012	2012/2013	2013/14
Revenue			
Operating Expenditure			
Capital expenditure			
Funding of Capital Expenditure			
Government grants, subsidies and transfers			
Public contributions and donations			
Own funding			
Other			

Table 19: Revenue and Expenditure growth analysis

The revenue and operating expenditure has increased during the past IDP period. The funding of capital projects and maintenance schedules remains a challenge for the municipality and a long term financial plan will be developed during the next IDP period to address this matter.

4.2 Performance against IDP Objectives

The performance against the IDP objectives has been summarised per national key performance area.

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
Good Governance and Public Participation	To ensure good governance in the Phumelela local municipality	<ul style="list-style-type: none"> ❑ New Audit Committee was appointed and is fully operational ❑ The Internal Audit Unit is ineffective due to insufficient staff, budget & and understanding of its importance. ❑ Compliance with legislative timeframes in terms of the budget & IDP 	<ul style="list-style-type: none"> ❑ The lack of proper Office Space with adequate equipment ❑ PLM does not have an MPAC, currently making use of the Shared Service from provided by the District ❑ Optimal utilisation of the ward committee system as one of the vehicles to strengthen community participation. ❑ Capacitating of ward committees and the provision of a Ward Office
Municipal Transformation and Organisational Development	To facilitate institutional transformation and development in the Phumelela local municipality	<ul style="list-style-type: none"> ❑ The development and approval of various Human Resources Policies by Council ❑ Skills Audit forms were completed for each employee ❑ 100% spending of allocation for the workplace skills plan for 2013/14 ❑ Employment Equity plan in place for the 	<ul style="list-style-type: none"> ⇒ The impact of the training in the Minimum Competency Modules, prescribed by National Treasury, on Technical Services Department and performance. ⇒ Develop Organisation Structure linked to Institutional Plan

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
		<p>period 2013/14</p> <ul style="list-style-type: none"> <input type="checkbox"/> A total of 37 staff members were trained in accordance with the skills development plan 	<ul style="list-style-type: none"> ⇒ Stabilising of the management structures within departments and developing a strong middle management cadre ⇒ Capacity challenges emanating from: ⇒ The structure of the institution e.g. duplication, unclear roles inadequate posts on organogram etc. ⇒ The systems of the institution e.g. out dated technology, modern but inappropriate technology, inadequate flow of information etc. ⇒ The Local Labour Forum not functioning ⇒ Human resources capacity challenges due to inappropriate or inadequate skilled human resources or a counter-productive culture or way of work
Municipal Financial Viability and Management	To facilitate the financial viability of the Phumelela local municipality	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Financial statements submitted on time <input type="checkbox"/> 100 % of total conditional capital grants spent <input type="checkbox"/> SCM policy reviewed annually <input type="checkbox"/> SCM system managed effectively - no successful appeals 	<p>Debt recovery rate</p> <ul style="list-style-type: none"> <input type="checkbox"/> Credit challenges: <ul style="list-style-type: none"> ⇒ High debt exposure ⇒ Financing requirements for its large capital expenditure budget <input type="checkbox"/> Good stable credit rating <ul style="list-style-type: none"> ⇒ Improvement only possible through broadening of the Tax base via Local Economic Development. ⇒ Ensure also decrease in debt exposure. <input type="checkbox"/> Constant planning and maintenance of the budget reforms and processes to comply with new requirements <input type="checkbox"/> Constant improvement in the control processes to uphold and improve the asset management process through a proper asset register <input type="checkbox"/> Daily bank reconciliations that result in accurate monthly bank reconciliations are done <input type="checkbox"/> Limited tax base: <input type="checkbox"/> Clean Audit reports <ul style="list-style-type: none"> ⇒ To ensure that the Municipality achieve a clean audit report in according to the requirements in future. ⇒ To adhere to legislative, governance, internal audit, performance management and GRAP requirements. <input type="checkbox"/> Ensure that proper planning, prioritization and control take place as far as budgets are concerned. <input type="checkbox"/> Implementation of an electronic SCM system. <input type="checkbox"/> Enhancement of debt recovery strategy: <ul style="list-style-type: none"> ⇒ Review of the current system and processes will be done and new dimensions will be implemented to enhance the debt recovery rate etc.

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
			<ul style="list-style-type: none"> <input type="checkbox"/> The global economic meltdown had a definite impact on the municipality. It is quite evident in last 6 months where outstanding debt increased. The above can be attributed to: <ul style="list-style-type: none"> ⇒ The general economic decline ⇒ Unaffordable rates and service charges ⇒ The shifting of the tax incident from the disadvantaged to the more affluent areas <input type="checkbox"/> Increasing staff costs. Staff costs as a % of expenditure relates to 36%. The national norm is 30%. <input type="checkbox"/> Approximately 5.8% of budget is spent on maintenance; this is below the national standard of 10%.
Basic Service Delivery	To ensure that 100% of households in the Phumelela municipal area have access to electricity by 2014	<ul style="list-style-type: none"> <input type="checkbox"/> 93.4% of capital budget spend on capital projects <input type="checkbox"/> 100% of households has access to a basic service level of water <input type="checkbox"/> 94.3% of households has access to a basic service level of sanitation <input type="checkbox"/> 100% of households with access to a basic service level of electricity <input type="checkbox"/> 100% of households with access to basic service level of solid waste removal 	<ul style="list-style-type: none"> <input type="checkbox"/> Capacity and training of existing personnel and the availability and retention of skilled personnel <input type="checkbox"/> Lack of supervisory personnel <input type="checkbox"/> Budget inadequate to alleviate backlogs <input type="checkbox"/> Accessing alternative funding sources i.e. Department of Water Affairs and Department of Human Settlement. <input type="checkbox"/> Life expectancy of municipal roads at a critical levels
<p><u>Electricity:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> 950 Indigent households in ESCOM areas receive free basic electricity <input type="checkbox"/> Indigent households receive 50Kwh free electricity per month from the municipality <input type="checkbox"/> 100% of households in formal areas are connected to the national grid <input type="checkbox"/> 100% of all households have access to basic level of electricity <input type="checkbox"/> households receives electricity at minimum service level and above 		<ul style="list-style-type: none"> <input type="checkbox"/> No Electrical / Energy Master Plan <input type="checkbox"/> Electricity losses 	
<p><u>Solid Waste:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> ...of indigent households receive free basic refuse removal <input type="checkbox"/> All households have access to a basic level of solid waste removal <input type="checkbox"/> households receive a refuse removal service that adheres to the minimum service level standard and above (refuse removed at least once a week) 		<ul style="list-style-type: none"> <input type="checkbox"/> Upgrading and cleaning of open public spaces <input type="checkbox"/> Increase in illegal dumping <input type="checkbox"/> Unlicensed Landfill Sites <input type="checkbox"/> Re-claimers (scavengers) on landfill sites <input type="checkbox"/> Management of medical waste <p><u>Backlog:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Backlog of 3 981 households exist pertaining to a once a week at site refuse removal service 	
<p><u>Water and Sanitation:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> In 2014 – 5 560 indigent received free basic water (6kl free water per month) <input type="checkbox"/> 5 560 Indigent receive a specific rand value for free basic sanitation per month (R145) 		<ul style="list-style-type: none"> <input type="checkbox"/> Compliance of Water and Waste water quality to meet required standards <input type="checkbox"/> Technical skills capacity shortage and funding 	

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
		<ul style="list-style-type: none"> <input type="checkbox"/> From 2007/2011, 1 648 households gained access to water service for the first time <input type="checkbox"/> From 2007/2011, 1 461 households gained access to sanitation service for the first time <input type="checkbox"/> 10954 households receives a minimum water service level and above <input type="checkbox"/> 7 639 households have access to a flush toilet (connected to sewerage) and 429 households have access to a flush toilet (connected to septic tank). <input type="checkbox"/> 68 households have access to a chemical toilet 	<ul style="list-style-type: none"> <input type="checkbox"/> Elaborative administrative requirements for Blue Drop Status – administrative capacity constraints <p><u>Backlog:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Water backlog of 3 918 households <input type="checkbox"/> 801 households have no toilet facilities
		<p><u>Roads & Stormwater:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Tarred / Fixing of Potholes municipal roads (2013/14): ⇒ 1.5km of existing tar roads potholes were fixed ⇒ 321.4km of tar roads were maintained <p><u>Paved Roads:</u></p> <ul style="list-style-type: none"> ⇒ Thembalihle 2km paved road <input type="checkbox"/> Municipal gravel roads (2013/14): ⇒ 17km of existing gravel roads were graded or maintained 	<p><u>Backlog:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Roads and Storm water backlog of 3 918 households
Local Economic Development	To create employment opportunities in the Phumelela municipal area	<ul style="list-style-type: none"> <input type="checkbox"/> The following local economic initiatives were implemented during 2013/14: ⇒ Community members continuously receiving training in tourism <input type="checkbox"/> Job creation through EPWP clean-up projects 	<p><u>Backlog:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> The number of housing beneficiaries are currently 561 <input type="checkbox"/> <ul style="list-style-type: none"> <input type="checkbox"/> Review of the LED Strategy in line with review of SDF <input type="checkbox"/> Lack of incentives hampering the attraction of investment. <input type="checkbox"/> Suitable land availability for development. <input type="checkbox"/> Lack of capacity to spearhead development potential and initiatives.

Table 20: Performance against 2014 IDP Objectives

4.3 Institutional Performance

An institutional performance review of the current status provides critical information pertaining to the current status & critical service needs, highlights and challenges. The information can provide value insight for the management team and guidance to engage in a meaningful planning process to improve service delivery within the municipal area.

The highlights of the past IDP period are summarised per directorate, in the tables below.

Directorate:	Office of the Municipal Manager
Sub Directorates:	Unit Management (Warden and Memel) - Internal Audit & Risk Management - IDP & Performance Management
IDP Strategic Objective:	<ul style="list-style-type: none"> <input type="checkbox"/> Assure financial viability and sustainable growth <input type="checkbox"/> To ensure a healthy and productive work environment – happy employees supported by a productive accountable leadership team <input type="checkbox"/> To ensure a safe, healthy, clean and sustainable external environment for all Phumelela's people <input type="checkbox"/> To provide an maintain basic services and ensure social upliftment of the Phumelela community <input type="checkbox"/> To create an enabling environment for employment and poverty and poverty eradication through proactive economic development and tourism
	<input type="checkbox"/> Creating of approximately temporary employment opportunities for residents across Phumelela.
	<input type="checkbox"/> Amendment of the Ward Committee policy – Council approval of out of pocket expenses for ward committee members
	<input type="checkbox"/> Development and approval of ward based plans for specific wards in collaboration with COGTA
	<input type="checkbox"/> The appointment of Audit Committee
	<input type="checkbox"/> Development and implementation of the Performance Management System in Phumelela Municipality
	<input type="checkbox"/> Development of strategic risk register

Table 21: Institutional Performance - Office of Municipal Manager

Directorate:	Technical Services Department
Sub Directorates:	Electricity - Water (Bulk & Networks) - Sewerage (Purification and Network) - Municipal Roads - Storm water - Refuse removal (Disposal, Landfill sites, Recycling and Public toilets) - Planning (Building Control, GIS, and Town Planning) - Resort, Commonage, Cemeteries, Building Maintenance and Recreational Facilities - Environmental Management
IDP Strategic Objective:	<ul style="list-style-type: none"> <input type="checkbox"/> To ensure 100% of households in formal settlements in PLM have access to basic level of water <input type="checkbox"/> To ensure 100% of households in formal settlements in PLM have access to basic level of sanitation
	<ul style="list-style-type: none"> <input type="checkbox"/> SEWER – Memel / Zamani: Sewer Outfall Pumps and Rising Main <input type="checkbox"/> Thembalihle: Extension 4 Construction of Sewer Network – 1827 Stands <input type="checkbox"/> Zamani / Memel: Installation of Sewer Network, Phase 1
	<input type="checkbox"/> WATER – Memel / Zamani: 2ML Reservoir Rising Main and Pump Station
	<input type="checkbox"/> ROADS – Thembalihle: Construction of 2km Paved road
	<input type="checkbox"/> SPORT & RECREATIONAL – Thembalihle Extension 2: Upgrade of Sport Recreational Facilities

Table 22: Institutional Performance - Technical Services

Directorate:	Financial Services
Sub Directorates:	Financial Planning – Revenue - SCM (logistics, expenditure and procurement) – Valuations
IDP Strategic Objective:	<input type="checkbox"/> To facilitate financial viability of PLM <input type="checkbox"/> Tabling of the budget in line with the legislative required timeframes <input type="checkbox"/> Review of the budget related policies

Table 23: Institutional Performance - Financial Services

Directorate:	Corporate Services
Sub Directorates:	Corporate Support - Human Resources - Legal Services – ICT - Logistical Services – Housing
IDP Strategic Objective:	<input type="checkbox"/> To actively participate in determining the future of our country <input type="checkbox"/> To ensure a healthy and productive work environment – happy employees supported by a productive accountable leadership team <input type="checkbox"/> To ensure a safe, healthy, clean and sustainable external environment for all Phumelela’s people <input type="checkbox"/> To provide an maintain basic services and ensure social upliftment of the Phumelela community
⇒ Housing development in Extension 4	

Table 24: Institutional Performance - Corporate Services

4.4 Stakeholder input

4.4.1 Community Engagements and Needs

The public consultation process was successfully rolled-out in all of the towns of Phumelela municipality, reflecting significant improvement in the turn-out at these meetings, though in both Vrede and Warden the turn-out of white residents was very low and very disappointing. The municipality provided all possible logistical support in the arrangements of these meetings i.e. Transporting members of the public to and from meetings, providing communities open opportunity to engage council on the prevalent needs existing in Phumelela. The community consultations conducted in all towns across Phumelela were thus very successful and gave insight to the tremendous challenges which both government and clients are facing.

The consultation process recorded the following list of needs all of which does not necessarily constitute or is within the mandate of local government; such needs outside of our mandate were communicated to the relevant sphere of government and/or institution responsible for the core service. The list of community needs per ward is indicated in the following table as in order of priority.

Ward	Order	Priority per Ward	Department
1	1	Title deeds	Corporate Services
1	2	Change of ownerships	Corporate Services
1	3	Clinic	Department of Health
1	4	Fixing of Potholes	Technical Services
1	5	Pave roads	Technical Services
1	6	Sports Facility	Technical Services
1	7	Sanitation	Technical Services
1	8	Youth Development and bursaries	Corporate Services
1	9	Unemployment	Office of The Municipal Manager

1	10	Street Lights	Technical Services
1	11	Toilets	Technical Services
1	12	Cleaning Of dumping sites	Technical Services
1	13	Creation Of Parks	Technical Services
1	14	Electricity for households	Technical Services
1	15	Maintenance of tractors	Technical Services
1	16	RDP Houses	Corporate Services
2	1	Pave Roads	Technical Services
2	2	Improving of water services	Technical Services
2	3	Maintenance of gravel roads	Technical Services
2	4	Sports facilities	Technical Services
2	5	New sites	Technical Services
2	6	Title deeds	Corporate Services
2	7	Housing for middle income	Corporate Services
2	8	Social and youth development programs	Corporate Services
2	9	Educational Bursaries	Corporate Services
2	10	Shortage of doctors and nurses	Department of Health
2	11	Church sites	Corporate Services
2	12	Business sites	Corporate Services
2	13	High and fluctuation rates of municipal services	Financial Services
2	14	Electrical solar system for poor	Technical Services
2	15	Local Economic development /Employment opportunity	Office of The Municipal Manager
2	16	Skills development for community	Corporate Services
2	17	Projects (co-operatives)	Office of The Municipal Manager
2	18	Refuse removal	Technical Services
2	19	Cleaning of illegal Dumping sites	Technical Services
2	21	Toilets in grave yard	Technical Services
2	22	Employment of securities in governmental institutions	Corporate Services
2	23	Bridge	Technical Services
2	24	Change of community hall to recreational hall	Technical Services
2	25	Greening of townships	Technical Services
3	1	Pave Roads	Technical Services
3	2	Improving of water services	Technical Services
3	3	Maintenance of gravel roads	Technical Services
3	4	Sports facilities	Technical Services
3	5	New sites	Corporate Services
3	6	Title deeds	Corporate Services
3	7	Housing for middle class	Corporate Services
3	8	Social and youth development programs	Corporate Services
3	9	Educational Bursaries	Corporate Services
3	10	Shortage of doctors and nurses	Department of Health
3	11	Church sites	Corporate Services
3	12	Business sites	Corporate Services
3	13	High and fluctuation rates of municipal services	Financial Services
3	14	Electrical solar system for poor	Technical Services
3	15	Local Economic development /Employment opportunity	Office of The Municipal Manager
3	16	Skills development for community	Corporate Services
3	17	Projects (co-operatives)	Office of The Municipal Manager
3	18	Refuse removal	Technical Services
3	19	Cleaning of illegal Dumping sites	Technical Services
3	20	Toilets in grave yard	Technical Services
3	21	Employment of securities in governmental institutions	Corporate Services
3	22	Bridge	Technical Services
3	23	Change of community hall to recreational hall	Corporate Services
3	24	Greening of townships	Technical Services
4	1	Pave Roads	Technical Services
4	1	Improving of water services	Technical Services
4	2	Maintenance of gravel roads	Technical Services
4	3	Sports facilities	Corporate Services
4	4	New sites	Corporate Services
4	5	Title deeds	Corporate Services

4	6	Housing for middle class	Corporate Services
4	7	Social and youth development programs	Corporate Services
4	8	Educational Bursaries	Corporate Services
4	9	Shortage of doctors and nurses	Department of Health
4	10	Church sites	Corporate Services
4	11	Business sites	Corporate Services
4	12	High and fluctuation rates of municipal services	Financial Services
4	14	Electrical solar system for poor	Technical Services
4	15	Local Economic development /Employment opportunity	Office of Municipal Manager
4	16	Skills development for community	Office of Municipal Manager
4	17	Projects (co-operatives)	Office of Municipal Manager
4	18	Refuse removal	Technical Services
4	19	Cleaning of illegal Dumping sites	Technical Services
4	20	Toilets in grave yard	Technical Services
4	21	Employment of securities in governmental institutions	Corporate Services
4	22	Bridge	Technical Services
4	23	Change of community hall to recreational hall	Corporate Services
4	24	Greening of townships	Technical Services
5	1	Pave Roads	Technical Services
5	2	Sports facility	Technical Services
5	3	Water	Technical Services
5	4	Educational Bursaries	Corporate Services
5	5	Employment of PRO	Office of Municipal Manager
5	6	Skills Development for business people	Office of Municipal Manager
5	7	By-laws for business	Office of Municipal Manager
5	8	Eradicate eviction problems	Office of Municipal Manager
5	9	RDP Houses	Office of Municipal Manager
5	10	New Sites	Technical Services
5	11	Functionality of Ward Committees	Office of Municipal Manager
5	12	Theft of scrap metals	South African Police Services
5	13	Functionality of fire fighters	Corporate Services
5	14	Creation of tourism board	Office of Municipal Manager
5	15	By-laws to control foreigners business	Corporate Services
5	16	Registration of business	Corporate Services
5	17	Electricity back to ESKOM	Financial Services
5	18	Maintenance of existing roads	Technical Services
6	1	Pave Roads	Technical Services
6	2	Sports facility	Corporate Services
6	3	Water	Technical Services
6	4	Educational Bursaries	Corporate Services
6	5	Employment of PRO	Corporate Services
6	6	Skills Development for business people	Office of Municipal Manager
6	7	By-laws for business	Corporate Services
6	8	Eradicate eviction problems	Corporate Services
6	9	RDP Houses	Corporate Services
6	10	New Sites	Corporate Services
6	11	Functionality of Ward Committees	Corporate Services
6	12	Theft of scrap metals	South African Police Services
6	13	Functionality of fire fighters	Corporate Services
6	14	Creation of tourism board	Office of Municipal Manager
6	15	By-laws to control foreigners business	Corporate Services
6	16	Registration of business	Corporate Services
6	17	Electricity back to ESKOM	Financial Services
6	18	Maintenance of existing roads	Technical Services
7	1	Pave Roads	Technical Services
7	2	Sports facility	Corporate Services
7	3	Water	Technical Services
7	4	Educational Bursaries	Corporate Services
7	5	Employment of PRO	Corporate Services
7	6	Skills Development for business people	Office of Municipal Manager

7	7	By-laws for business	Corporate Services
7	8	Eradicate eviction problems	Corporate Services
7	9	RDP Houses	Corporate Services
7	10	New Sites	Corporate Services
7	11	Functionality of Ward Committees	Corporate Services
7	12	Theft of scrap metals	Corporate Services
7	13	Functionality of fire fighters	Corporate Services
7	14	Creation of tourism board	Office of Municipal Manager
7	15	By-laws to control foreigners business	Corporate Services
7	16	Registration of business	Corporate Services
7	17	Electricity back to ESKOM	Technical Services
7	18	Maintenance of existing roads	Technical Services
8	1	Title deeds	Corporate Services
8	2	Change of ownerships	Corporate Services
8	3	Clinic	Department of Health
8	4	Fixing of Potholes	Technical Services
8	5	Pave roads	Technical Services
8	6	Sports Facility	Corporate Services
8	7	Sanitation	Technical Services
8	8	Youth Development and bursaries	Corporate Services
8	9	Unemployment	Corporate Services
8	10	Street Lights	Technical Services
8	11	Toilets	Technical Services
8	12	Cleaning Of dumping sites	Technical Services
8	13	Creation Of Parks	Technical Services
8	14	Electricity for households	Technical Services
8	15	Maintenance of tractors	Technical Services
8	16	Water	Technical Services

Table 25: Community Needs List (2015)

WARD NUMBER	1	2	3	4	5	6	7	8	PRIORITY NUMBER RELEVANT TO THE SECTOR PER WARD	
Title deeds										
Clinic , Shortage of doctors and nurses										
Fixing of potholes										
Pave roads										
Sports facility										
Sanitation										
Youth development and bursaries										
Street lights										
Cleaning of illegal dumping sites										
Creation of parks										
Electricity of household										
Maintenance of tractors										
RDP Houses										
Improving of water services										
Business sites										
High and fluctuation rates of municipal services										
Bridge										
Local Economic development, projects for cooperatives address unemployment										
Skills development										
Middle Income housing										
Refuse removal										
Toilets in grave yards										
Change of community hall to recreation hall										
Greening of towns										
Maintenance of gravel roads										
Youth development										
Electrical solar system for poor										
By-laws for business										
By-laws to control foreign business people										
Electricity back to ESKOM										
Functionality of fire fighters / ward committees										
Theft of scrap metals										
Functionality of ward committees										

4.4.2 National and provincial Government's departments footprint in Phumelela municipal service area

Chapter 5 of the Municipal Systems Act, Act 32 of 2000, in particular, provides instruction on co-operative governance, encouraging municipalities to develop their strategies in line with other organs of state so as to give effect to the five-year strategic plan. It goes further to inform that the IDP must link, integrate and co-ordinate development plans for the municipality. Resources and capacity must align with the implementation of the plan, forming the foundation on which the annual budget must be based. The plan must also be compatible with national development plans and planning requirements binding on the municipality in terms of legislation.

The IDP should therefore guide where sector departments allocate their resources at local government level. The municipality should however also take into consideration the sector department's policies and programmes when developing its own policies and strategies. For this reason is it in the interest of the sector departments to participate in municipal IDP planning process to ensure alignment between programs.

The following national and sector departments programs and projects reflecting below is part of the provincial and national footprint for the financial years as indicated.

- To provide municipalities with project and programme information that are implemented by provincial sector departments in the municipal area
- To provide municipalities an opportunity to indicate their priority needs and issues raised at community engagements
- To get a better understanding of the rationale behind investment decisions of sector departments and for municipalities to have indication of funding investments within their areas
- To ensure IDP's incorporate funded sector department projects

Department Rural Development & Land Reform

PROJECT DESCRIPTION
Assist with Review of PLM SDF
Assist with SPLUMA Implementation

Table 26: Department Rural Development and Land Reform FS

Department Integrated Human Settlement

PROJECT DESCRIPTION

Table 27: Department Human Settlement

COGTA

PROJECT DESCRIPTION
ASSIST WITH THE REVIEW OF PHUMELELA LED STRATEGY
ASSIST WITH DEVELOPMENT OF PHUMELELA TOURISM PLAN

Table 28: COGTA - Projects and programs

Department POLICE, ROADS & TRANSPORT

PROJECT DESCRIPTION
Repair of bridge structures in entire free state
Upgrade of transport route – vrede
Milling, resealing and fogspray of entire free state
Pothole repair entire free state
Road signs for entire free state
Rehabilitation of vrede – memel road
Road safety education – schools & municipalities

Table 29: Department Police, Roads & Transport

4.5 BACK TO BASICS

The Back2Basics strategy, an initiative by the Department of Co-orporative Governance and Traditional Affairs (COGTA) was approved by the Cabinet for municipal implementation to improve service delivery. The overall aim of the strategy was to identify the drivers of distress in local government and mechanisms needed to effectively and efficiently address them. A provincial-wide assessment of all municipalities was conducted by COGTA together with their provincial counterparts. The complete diagnostic report is included as Annexure F.

The management of PLM conducted an analysis of the Institution, based on resources available, organizational performance, revenue base, projected revenue against actual collections and other important variables that contribute towards effective and efficient service delivery. The areas are governance, financial management, service delivery and infrastructure, labour matters, spatial conditions and local economic development. This analysis was done in support of our long term vision and our ability as a small rural municipality to realize such vision in collaboration with all stakeholders. The following Key Tasks were highlighted and presented to the Mayor, whom in turn decided to escalate the report to council. A number of these strategic interventions required are also highlighted in the Back2Basics Report.

Phumelela municipality have identified the following short term priorities in the approved Back to Basics and Key Tasks consolidated, these priorities will be included in the operational activities of departments:

ASSESSMENT	ACTIONS	MUN & PROV DEPT	TIMEFRAMES
The existence, and level of functionality, of a complaints management system	To have a fully-fledged staffed complaints management system in the Unit Managers Office and the head office Review complaints manual	MM & DTS	June 2015
Level of Implementation of Batho Pele Service Standards Framework for Local Government. (Displayed)	The municipality to develop a service delivery charter and service delivery improvement plan The service charter will be displayed at all the three units	DCS & COGTA	June 2015
The municipality conducts effective Public participation programs that are both structured (provided for by law) and the non-structured through such activities as mayoral imbizos.	Keep an annual calendar of public meetings that is adhered to by everybody	DCS & COGTA	June 2015
The rate of service delivery protests and approaches to address them	Establish petition management committee with guidelines	MM & COGTA	April 2015
The municipality do not have a public participation policy	Develop the Public Participation plans and Policy	DCS & COGTA	June 2015

ASSESSMENT	ACTIONS	MUN & PROV DEPT	TIMEFRAMES
Does the municipality have a public communication strategy and systems in place	Develop Communication Strategy	DCS & COGTA	June 2015
Do gap analysis between available policies and requirements	Develop the register of existing by-laws and policies highlight those subject to review.	DCS & COGTA	June 2015
Is there a detailed internal audit plan in place? If so, review the plan for comprehensiveness	Review the plan	Office MM & COGTA	March 2015
Has the municipality conducted a comprehensive Risk Assessment? Review quality and completeness as well as mitigation plans	Appointment of risk champions	Office MM & COGTA	March 2015
Politicization of labour force, platforms to engage organized labour to minimise disputes and disruptions	To have a functional LLF and adhere to the schedule of meetings. Management to include this in their performance agreements and such reports are to be submitted to reports council whenever performance is reported	DCS & COGTA	June 2015
Does the municipality have Human Resources Policies and Practices in place? Review for completeness and review how current these are. Furthermore review if they meet the municipality's needs (Policies should include at minimum the Remuneration -, Recruitment-, Performance management -, Leave -, Travel -, Training and Development Policies as well as a Code of conduct)	Review the policy	DCS	June 2015
Is there an approved establishment? Obtain details.	Review the current Organogram	DCS	June 2015
Review the technical capacity in place at the municipality and the levels of competence for the technical positions.	Review organizational structure and recruit and retain in line with the policy	DCS	March 2015
At which levels is the PMS implemented (staff and management levels)	The PMS to be cascade to middle Management	Office of MM	July 2015
Review training regarding the PMS. Up to date, regular	A complete in-house training/education program on IDP and PMS to be included as part of WSP for the new financial year	DCS & Office of MM	Ongoing
Are there any restrictions for the municipality on acquiring staff now or in the future?	The intervention by CoGTA to take over the salaries of Section 54 & 56 Managers	MM & COGTA	June 2015
Does the municipality have reliable internet access?	Speed upgrade to 4Mbps	DCS & PT	June 2015
Review PMO (for management of the projects) in detail and review gaps and risks in the PMO management at the municipality	Develop and review PMO gaps and risks annually	MM & Acting DTS	Feb 2015

Table 30: PLM Back to Basics & Key Task List

CHAPTER 5: INSTITUTIONAL PERSPECTIVE

The Phumelela Municipality is an organ of state within the local sphere of government exercising legislative and executive authority within its area of jurisdiction as determined in terms of the Local Government: Municipal Demarcation Act, 1998. The municipality is categorized as a category B municipality by the Demarcation Board and has an Executive Committee system. The purpose of this chapter is to discuss the governance structure and to put the institutional structure required to deliver on the objectives in the IDP, into perspective.

1.1 Council

The Council of the Phumelela Municipality comprises of 15 elected councillors, made up from 8 ward councillors and 7 proportional representation (PR) councillors elected on the basis of proportional of votes casts for the respective parties. The portfolio committees are made up of councillors drawn from all political parties. Below is a table that categorised the councillors within their specific political parties and wards:

	Councillors		Political Party
1	Cllr Tlokotsi J.	Motaung	ANC
2	Cllr Topsy R.	Zwane	ANC
3	Cllr Dume M.	Kobeni	ANC
4	Cllr David M.	Nkabinde	ANC
5	Cllr Smody E.	Tshabalala	ANC
6	Cllr Thandi N.	Masiteng	ANC
7	Cllr Ouma.A.	Mokoena	ANC
8	Cllr Josina.M.	Mofokeng	ANC
9	Cllr Julia M.	Sithebe-Ngwenya	ANC
10	Cllr Obed.S.	Tshabalala	ANC
11	Cllr Siboniso.M.	Zwane	ANC
12	Cllr Thokozani.E.	Radebe	ANC
13	Cllr Doctor.A.	Radebe	DA
14	Cllr Lehlohonolo.M.	Msimanga	DA
15	Cllr Doreen A.	Wessels	DA

Table 31: Composition of council

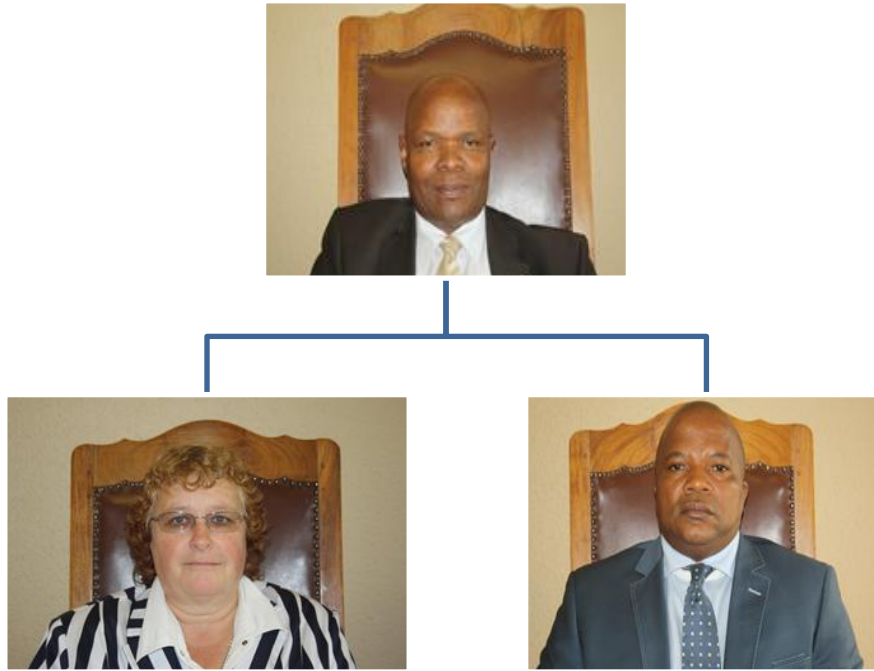


Figure 3: Executive Committee

Name of Member	Capacity
The Mayor: Cllr. J Motaung	Chairperson
Cllr. Wessels	Member
Cllr. Kobeni	Member

Table 32: Composition of Executive Committee

The portfolio committees' primary responsibility is to exercise oversight over the executive arm of the municipality's governance structure. These committees monitor the delivery and outputs of the executive and may request Directorates to account for the outputs of their functions. Executive Councillors account for executive decisions and Technical Services Department performed in general policy framework agreed to by Council and although the portfolio committees play an oversight role, they have limited decision-making powers. These committees are responsible for submitting their reports to the Mayoral Committee.

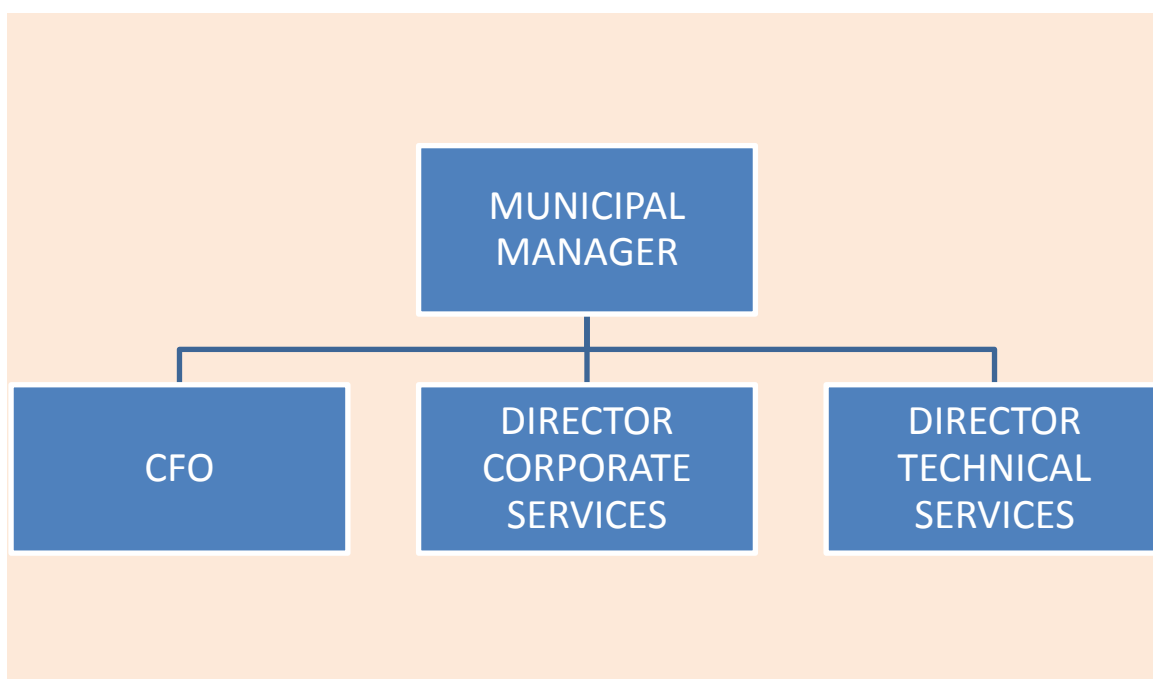


Figure 4: Organisational Structure on Macro Level

1.2 The Senior Management structure

The Administration arm of Phumelela Municipality is headed by the Municipal Manager, who has four (3) Section 57 Directors who report directly to him. The officials responsible for Internal Audit, Risk Management and IDP & Performance Management report directly to the Municipal Manager.

The municipal manager as head of the administration is responsible and accountable for tasks and functions as provided for in Section 55 of the MSA, other functions/tasks as provided for in legislation as well as functions delegated to her by the Executive Mayor and Council. He is supported by a team of 4 directors appointed in terms of the section 57 of the MSA. The Office of the Municipal Manager consists of the following:

- The Municipal Manager;
- Unit Management;
- Internal Audit & Risk Management;
- IDP & Performance Management;
- Strategic Services; and
- Local Economic Development Strategy

1.3 Departmental Functions

Phumelela Municipality has four departments and the functions of each of the four departments can be summarized as follows:

Department	Core Function
Financial Services	Financial Services manages the financial affairs of Council and ensures the optimum use of all Council assets. It is the protector and custodian of public money as it levies and collects taxes and charges from the public. It further administers the expenditure of those taxes and charges on goods, services and assets on behalf of the public.
Corporate Services	<p>Corporate Services is the secretariat of Council and supports the legislative and executive functions of Council. It is also responsible for cultivating a culture of good governance and administration and to ensure administrative processes take place in an environment which promotes productivity.</p> <p>The department is responsible for the implementation of fire, rescue and disaster management services, traffic and law enforcement services and the provision of Corporate Services i.e. library & information services and arts & cultural activities. The applicable services are provided in an integrated and coordinated effort with other stakeholders within the municipal service area.</p>
Technical Services	<p>The department is responsible for the provision of bulk infrastructure and services which include planning, project management, municipal roads, water supply and distribution, sewerage management, refuse collection and sites for the disposal of waste in compliance with all applicable legislative and regulating requirements. It is also responsible for the safe and efficient distribution of electricity to customers within the municipal service area, in compliance with the Occupational Health and Safety Act and the Electricity Regulation Act and the management of the electricity infrastructure. The department is also responsible for public amenities namely resorts and swimming pools, public toilets, recreational facilities and cemeteries.</p> <p>The department is also responsible for all town planning activities (GIS, building control and local economic development) within the municipality and compliance with zoning and other aspects of planning legislation.</p>

Table 33: Departmental functions

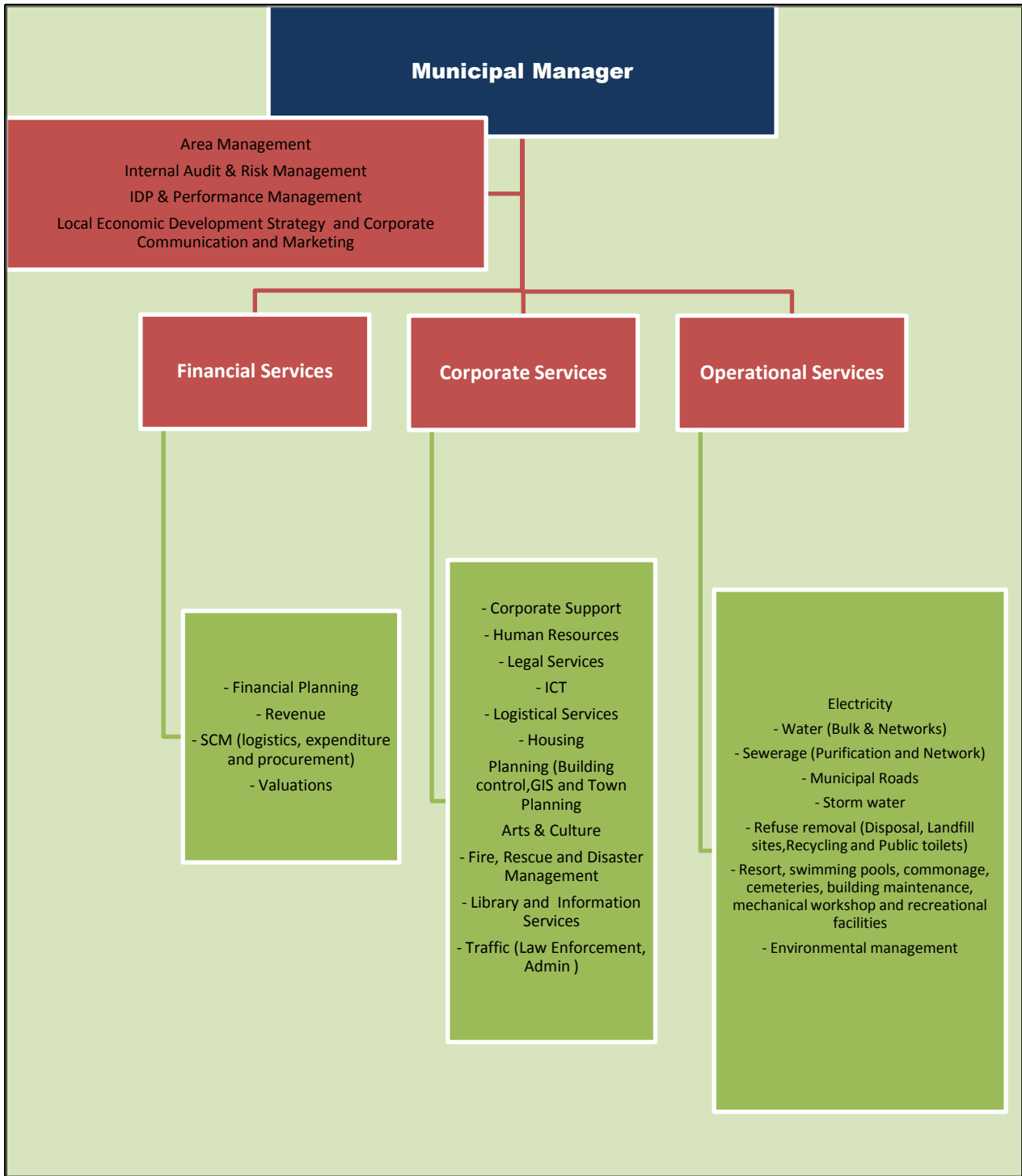


Figure 5: Macro Structure

The macro organizational structure with departmental functions is indicated in the diagram above.

1.4 Municipal Workforce

Based upon the strategic and policy decisions made by Council, the senior management team develops service plans for integration with other sectors within the strategy for the Municipality. They must measure performance according to agreed indicators, analyse and report regularly. They inform decision makers timeously of any risk to service delivery initiatives and conduct review of service performance against plans before other reviews. The senior management team of Phumelela municipality is supported by a municipal workforce of 939 permanent employees and non-permanent employees, which is structured in the departments to implement the IDP strategic objectives.

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. The organisational structure should be revisited after the approval of the IDP and budget to ensure that the municipality still deliver services in the most productive and sufficient manner. Phumelela municipality is currently in the process of reviewing its macro structure and organogram. The new staff establishment will be developed in line with normative human resource practices, taking cognisance of the transformation targets and requirements as stated in the Basic Conditions of Employment Act. The recruitment of employees is also conducted in terms of the municipality's recruitment and selection policy.

Category	Target	Actual	Target	Actual
	2012/13	2012/13	2013/14	2013/14
Africans				
Whites	0	0	0	0
Coloured / Asian	0	1	1	1
Employees with Disabilities	0	0	0	0

Table 34: Recruitment and Selection

Below is a table that indicates the number of employees within the specific occupational categories:

Directorate	Total	Legislators, S e	Clerks	Technicians and Associate	Craft and related Trade Workers	Elementary Occupations
Legislators	15					
Technical Services	20	1	1	3	-	-
Finance	32	2	28	3	-	-
Corporate	48	2	1	2	-	2
Municipal Manager's Office	5	3	1	1	-	-
Total:2013	30					
Total: 2012/13	32					
Total: 2011/12	30					

Table 35: Staff complements (Annual Report 2013/14)

The municipality reviews its employment equity status annually and prepares a plan that the municipality try to implement and report on annually. Council has set itself a target to align the staff equity with the demographics of the community of the Phumelela region and to maintain this position.

The actual positions filled are indicated in the tables below by post level and by functional level. 138 Posts were vacant at the end of 201/12. Below is a table that indicates the vacancies within the municipality:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations
Technical Services	9	1	1	4	0	3
Chief Financial Officer	9	4	5	0	0	0
Corporate Services	9	7	2	1	0	0
Municipal Manager's Office	3	3	0	0	0	0
Total:2013/14			5		0	0
Total:2012/13			5		0	0
Total: 2011/12			5		0	0

Table 36: Staff positions filled (Annual Report 2014/14)

1.5 Skills Development

The municipality is committed to developing the skills of the human resource capacity and therefore prepares a workplace skills plan annually. The municipality will complete the implementation of a staff performance management system for all staff by 2017 and the performance plans will be aligned with the strategic objectives and the TASK job functions. Training and skills development gaps will be identified and the training plans will be focusing on the needs identified. Members of the management team are currently involved in a National training programme for senior managers of municipalities and the programme will be completed by 2014.

This section of Human Resources is governed by various Acts and regulations; including the Skills Act, Skills Levies Act etc.

The acts referred to above guide implementation by way of various regulations prescribing the manner and procedures that should be institutionalized, specific to training within an organisation. The regulations further stipulate the annual submission of a Work Place Skills plan by institution.

This plan, the WSP must currently be submitted on the last working day of June of each year, (regulation has now been amended as of 2014, the WSP must be submitted in April) allowing for much better integration of the WSP into the broader planning processes of the municipality.

The WSP is consists of various core elements; namely the EQUITY section specific in terms of the equity profile of the organisation, linkage of the WSP to the municipal IDP objectives, and the academic qualification profile of the organisation.

WSP Process

The sections requiring most research and consultation are the training (projected) implemented, as well as forecast or future training. This process requires the issue of each employee with a skills plan for completion and submission to our Training department, for processing.

Consultation with the managers and training committee proceeds to establish organisational needs, where after the prioritisation follows.

The WSP is then submitted.

The WSP is a basis for training in the financial year in planning, informed by prioritised training and secured funding. Individual needs are also addressed by the municipal Employee Assistance program (bursaries for employees), where individual needs do not form part of the prioritised list.

1.6 Municipal Administrative and institutional capacity

The municipality has the following policies and service delivery improvement plans to support the workforce in delivering on the strategic objectives:

Name of Policy, Plan or System	Status	Responsible Department
HR Policy on procedure Manua;	Approved	Corporate Services
Occupational Health and Safety Policy	Approved	Corporate Services
Attendance and Punctuality	Approved	Corporate Services
Succession Planning	Approved	Corporate Services
Bursary Policy	Approved	Corporate Services
Scarce Skills Policy	Approved	Corporate Services
Training and Development Policy	Approved	Corporate Services
Incapacity Policy	Approved	Corporate Services
Leave Policy	Approved	Corporate Services
Recruitment and Selection Policy	Approved	Corporate Services
Asset management	Approved	Financial Services
Fund & reserves	Approved	Financial Services
Cash & investment	Approved	Financial Services
Standby allowance	Approved	Financial Services
Overtime	Approved	Financial Services
Property rates	Approved	Financial Services
Tariff Policy	Approved	Financial Services
Customer care and management	Still to be developed	Corporate Services
Credit control	Approved	Financial Services
Debt collection	Approved	Financial Services
Indigent	Approved	Financial Services
Cell phone	Approved	Financial Services
Acting allowance section 57 employees	Approved	Financial Services
Supply chain management	Approved	Financial Services
Anti-corruption strategy	To be approved	Office of the Municipal Manager
Fraud prevention strategy	To be approved	Office of the Municipal Manager

Table 37: Schedule of policies

Policies still to be developed	
HIV and AIDS policy	Corporate Services
Smoking policy	Corporate Services
Essential users scheme policy	Corporate Services

Table 38: Policies to be developed

1.7 Municipal administrative and institutional capacity

The municipality foster relations with other spheres of government and participate in various intergovernmental activities to promote a closure working relationship between the various spheres of government. Council is of view that these relationships can assist in enhancing government's services to the communities of the Phumelela Municipal Area.

The municipality delegated officials and councillors to the following forums:

Forum	Frequency	Responsibility
Municipals Managers Forum	Quarterly	Municipal Manager
SALGA Working Groups	Quarterly	Director and portfolio councillor specific to working group
District Coordinating Forum	Quarterly	Mayor
Premiers Coordinating Forum	Quarterly	Mayor
Provincial and District Managers IDP Forums	Quarterly	Municipal Manager – IDP
Disaster Management Forum	Quarterly	Public Safety and Corporate Services
Human Resources Forum	Quarterly	Corporate Services
Legal Advisors Forum	Quarterly	Corporate Services
Environmental Health Forum	Quarterly	Technical Services Department
Local Economic Development Forum	Quarterly	Technical Services Department

Table 39: IGR Involvement

CHAPTER 6: OUR STRATEGY AND AGENDA

The Phumelela municipality developed and adopted a 5-year strategy plan (IDP) for the period 1 July 2012 to 30 June 2017. The IDP therefore is central to the long term sustainable management of the municipality and informs key processes, developments and decisions within the municipal service area landscape, namely:

- the annual budget of the municipality;
- the budgets and investment programmes of all sector departments (national and provincial) which implement projects or provide services within the municipality;
- the business plans of the municipality;
- land-use management decisions;
- economic promotion measures;
- the municipality's organizational set-up and management systems; and
- The monitoring and performance management system.

2.1 Vision, Mission and Values

The Vision describes where Phumelela wants to be as a municipality and within the greater Thabo Mofutsanyana area. The vision can therefore be described as *'Well governed, peaceful and prosperous local municipality where all residents actively benefit from sustainable economic growth, service delivery, health and education..*

The Mission of the municipality offers the people of Phumelela the following: *'Maintain highly committed and motivated politicians and employees who are prepared to serve communities by ensuring quality service delivery, financial viability and accountability, manage assets and resources efficiently as well as to encourage community participation in developmental initiatives.*

Phumelela municipality is committed and embraces the Batho Pele principles and subscribes to the following values:

Reliability
Accountability
Commitment
Communication
Punctuality
Respect
Transparency
Responsibility
Honesty
Integrity

2.2 Strategic Objectives

Phumelela municipality also developed strategic objectives to realize its vision and mission in line with the national key performance areas and provincial strategic objectives. The strategic objectives are underpinned by key performance indicators. The strategic objectives have been developed to address the challenges identified during the IDP development process and are linked to service areas and pre-determined objectives.

STRATEGIC OBJECTIVES	
SO 1	To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014
SO 2	. To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014
SO 3	To ensure that identified internal roads in the Phumelela municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality
SO 4	To ensure good waste management in the Phumelela municipal area, as measured in terms of the outcome indicators listed below
SO 5	To ensure good that 100% of households in the Phumelela municipal area have access to electricity by 2014
SO 6	To ensure effective management of graveyards and cemeteries in the Phumelela municipal area
SO 7	To ensure access to quality sport and recreational in the Phumelela municipal area
SO 8	To ensure effective firefighting in the Phumelela municipal area
SO 9	To create employment opportunities in the Phumelela municipal area
SO 10	To facilitate institutional transformation and development in the Phumelela local
SO 11	To facilitate the financial viability of the Phumelela local municipality
SO 12	To ensure good governance in the Phumelela local municipality

Table 40: Strategic Objectives

Section 24 of the Municipal Systems Act states:-

"(1) The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution.

(2) Municipalities must participate in national and provincial development programmes as required in section 153(b) of the Constitution."

Phumelela municipality aims to align its strategic objectives with national and provincial development programmes. A detail discussion of the national and provincial strategic directives is provided in more detail in Chapter 2. The following table illustrates the alignment of Phumelela municipality's strategic objectives with the key national, provincial and regional strategies.

Millennium Development Goals	Vision for 2030	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Phumelela Strategic Objectives
Eradicate extreme poverty and hunger	An economy that will create more jobs	Speed up economic growth and transform the economy to create decent work and sustainable livelihoods	Decent employment through inclusive economic growth	Economic Growth, Development and Employment	SO 9 To create employment opportunities in the Phumelela municipal area
	Improve & expand infrastructure	Massive programme to build economic and social infrastructure	An effective, competitive and responsive economic infrastructure network	Economic Growth, Development and Employment	SO 3 To ensure that identified internal roads in Phumelela municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality
	Transition to a low-carbon economy			Social and Human Development	
Transform urban and rural spaces	Comprehensive rural development strategy linked to land and agrarian reform and food security	Vibrant, equitable and sustainable rural communities and food security			
Ensure environmental sustainability	Reversing the spatial effects of apartheid	Build cohesive, caring and sustainable communities Sustainable resource management and use	Sustainable human settlements and improved quality of household life Protection and enhancement of environmental assets and natural resources	Social and Human Development	SO 2 To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014 SO 1 To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014
Achieve universal primary education	Improve education and training	Strengthen the skills and human resource base	Improve the quality of basic education A skilled and capable workforce to support inclusive growth	Development and Employment	SO 10: To facilitate institutional transformation and development in the Phumelela local municipality
Reduce child mortality	Provide quality health care for all	Improve the health profile of society	Improve health and life expectancy	Social and Human Development	SO 10 To facilitate institutional transformation and development in the Phumelela local municipality
Improve maternal health		Intensify the fight against crime and corruption	All people in South Africa protected and feel safe	Justice and Crime Prevention	
Combat HIV/AIDS, malaria, and other diseases	Building safer communities				

Millennium Development Goals	Vision for 2030	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Phumelela Strategic Objectives
	Build a capacity State	Build a developmental state including improvement of public services and strengthening democratic institutions	A development-orientated public service and inclusive citizenship	Efficient governance & Administration	SO12 To ensure good governance in the PLM.
	Fighting corruption and enhance accountability		A responsive and, accountable, effective and efficient local government system		SO:10 To facilitate institutional transformation and development in the Phumelela local municipality
Promote gender equity and empower women Develop a global partnership for development	Transform society and unite the country	Pursue regional development, African advancement and enhanced international co-operation	A better South Africa, a better Africa and world	Development and Employment	SO 10: To facilitate institutional transformation and development in the Phumelela local municipality

Table 41: Alignment of Strategic Objectives

2.3 Strategic focus areas and functional priorities

The table below aligns Phumelela municipality's strategic objectives with national, provincial and district strategic directives. It also links with municipal functions and objectives that will ensure implementation by the organisation. These strategies and objectives will also inform the distribution of resources (financial / human capacity resources) in the municipal structure.

Municipal Strategic Objective	SO 1– To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014
National Key Performance Area	Basic Service Delivery & Infrastructure
National Outcomes	A responsive and accountable, effective and efficient local government system Vibrant, equitable and sustainable rural communities and food security
National Development Plan	Provide quality health care for all Building safer communities Transform urban and rural space An economy that will create jobs
Provincial Strategic Objectives	Social and Human Development Economic Growth Development and Employment
Municipal Function	Technical Services Corporate Services Financial Services
Applicable Departmental Objectives	To implement a bulk water scheme to entire Warden community Building of 3MgL Reservoir in Thembalihle Extension 4 <input type="checkbox"/> Build a dam in Warden / Ezenzeleni <input type="checkbox"/> Provide water meters for all Phumelela households
Functional priorities	Basic Services

Table 42: Strategic Objective 1

Municipal Strategic Objective	SO2 – To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014.
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Social and Human Development Economic Growth, Development and Employment
Municipal Function	Technical Services Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> Provide technical sanitation services to PLM <input type="checkbox"/> Provide water borne sewer network in Zamani for 500 stands
Functional priorities	<input type="checkbox"/> Basic Services

Table 43: Strategic Objective 2

Municipal Strategic Objective	SO3 – To ensure that identified internal roads in the Phumelela municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Economic Growth, Development and Employment
Municipal Function	Technical Services Office of Municipal Manager
Applicable Departmental Objectives	<input type="checkbox"/> Construction of 2.8 km paved road in Thembalihle, Extension 4
Functional priorities	Basic Services

Table 44: Strategic Objective 3

Municipal Strategic Objective	S04 – To ensure good waste management in the Phumelela municipal area.
National Key Performance Area	Basic Service Delivery
National Outcomes	All people in South Africa protected and feel safe Sustainable human settlements and improved quality of household life Protection and enhancement of environmental assets and natural resources
National Development Plan	Building safer communities Reversing the spatial effects of apartheid Transform urban and rural space
Provincial Strategic Objectives	Social and Human development
Municipal Function	Corporate Services Technical Services
Applicable Departmental Objectives	<input type="checkbox"/> Scheduled refuse collection from households to landfill site <input type="checkbox"/> Monthly rehabilitation of landfill site
Functional priorities	Basic Services

Table 45: Strategic Objective 4

Municipal Strategic Objective	S05 – To ensure that 100% of households in the Phumelela municipal area have access to electricity by 2014
National Key Performance Area	Building safer communities Reversing the spatial effects of apartheid Transform urban and rural space
National Outcomes	Increasing safety Developing integrated and sustainable human settlements
National Development Plan	Public Safety and Community Development Housing Planning
Provincial Strategic Objectives	Economic Growth, Development and Employment
Municipal Function	Technical Services
Applicable Departmental Objectives	Provision of electricity to Warden / Ezenzeleni households
Functional priorities	Basic services

Table 46: Strategic Objective 5

Municipal Strategic Objective	S06 – To ensure effective management of graveyards and cemeteries in the Phumelela municipal area
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Social and Human Development
Municipal Function	Technical Services
Applicable Departmental Objectives	Maintenance of Cemeteries; cutting of grass and cleaning cemeteries
Functional priorities	Basic Service Delivery

Table 47: Strategic Objective 6

Municipal Strategic Objective	S07 – To ensure access to quality sport and recreational in the Phumelela municipal area.
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Social and Human Development
Municipal Function	Technical Services Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> Providing sport facilities in Warden / Ezenzeleni <input type="checkbox"/> Maintenance of sport facilities <input type="checkbox"/> Planting of trees in sport facilities
Functional priorities	Basic Services

Table 48: Strategic Objectives 7

Municipal Strategic Objective	SO8 – To ensure effective firefighting in the Phumelela municipal area.
National Key Performance Area	Provide a safe and healthy environment
National Outcomes	
National Development Plan	
Provincial Strategic Objectives	Efficient governance & Administration
Municipal Function	Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> Develop Disaster and implement management plan <input type="checkbox"/> Provide operational support
Functional priorities	

Table 49: Strategic Objective 8

Municipal Strategic Objective	SO9 – To create employment opportunities in Phumelela municipal area.
National Key Performance Area	Local Economic Development
National Outcomes	Decent employment through inclusive economic growth
National Development Plan	An economy that will create jobs
Provincial Strategic Objectives	Economic Growth, Development and Employment
Municipal Function	Office of Municipal Manager All municipal departments
Applicable Departmental Objectives	<input type="checkbox"/> To promote tourism and economic development and reduce unemployment and poverty in the municipal area
Functional priorities	<input type="checkbox"/> Develop / Review and implement LED Strategy <input type="checkbox"/> Market Phumelela as a tourism destination and a preferred area for business investment <input type="checkbox"/> Build partnerships with local economic development initiatives <input type="checkbox"/> Strengthen relations with private sector

Table 50: Strategic Objective 9

Municipal Strategic Objective	SO10 – To facilitate institutional transformation and development in PLM
National Key Performance Area	Municipal Transformation and Institutional Development
National Outcomes	A responsive and accountable, effective and efficient local government system A skilled and capable workforce to support inclusive growth
National Development Plan	Build a capacity State Fight corruption and enhance accountability
Provincial Strategic Objectives	Efficient Governance & Administration
Municipal Function	Office of the Municipal Manager Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> To create a functional organization that enables optimal performance by developing and retaining a skilled representative workforce <input type="checkbox"/> To manage the municipality to deliver services in terms of the legislative requirements <input type="checkbox"/> To align performance of the municipality to the strategy of council and continuously assess progress made and corrective action required <input type="checkbox"/> To implement and maintain processes to facilitate compliance with legislation and best practices
Functional priorities	<input type="checkbox"/> Organizational review and design of the municipal staff establishment (organogram) <input type="checkbox"/> Implement change management processes to realign the municipality human resource capacity to become a more productive workforce <input type="checkbox"/> Strengthening of performance management processes to improve productivity <input type="checkbox"/> Review and approve the Employment Equity Plan <input type="checkbox"/> Develop and introduce a professional fleet management programme and strategy

Table 51: Strategic Objectives 10

Municipal Strategic Objective	SO11 – To ensure financial viability of the PLM
National Key Performance Area	Municipal Financial Viability and Management
National Outcomes	A responsive and accountable, effective and efficient local government system
National Development Plan	Fight corruption and enhance accountability
Provincial Strategic Objectives	Efficient Governance & Administration Economic Growth, Development & Employment
Municipal Function	Financial Services
Applicable Departmental Objectives	<input type="checkbox"/> To procure goods and services in time to the end user <input type="checkbox"/> Broadening and improve the revenue base <input type="checkbox"/> Assure a sustainable future through sound financial management
Functional priorities	<input type="checkbox"/> Develop a long-term financial strategy <input type="checkbox"/> Develop and implement a strategy to identify additional sources of revenue for financing major capital projects and maintenance of assets <input type="checkbox"/> Improve the debt collection rate by reviewing and implementing the debt collection policy <input type="checkbox"/> Improve in the monitoring of the financial health of the municipality <input type="checkbox"/> Develop a system to address all audit findings and work towards achieving a clean audit by 2016

Table 52: Strategic Objective 11

Municipal Strategic Objective	SO12 – To ensure good governance in the Phumelela local municipality
National Key Performance Area	Good Governance and Public Participation
National Outcomes	A responsive and accountable, effective and efficient local government system
National Development Plan	Build a capacity State
Provincial Strategic Objectives	Efficient Governance & Administration
Municipal Function	Office of the Municipal Manager Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> To provide a support service for meetings of council <input type="checkbox"/> Entrench culture of community / public reporting <input type="checkbox"/> Explore alternative / additional consultation mechanisms
Functional priorities	<input type="checkbox"/> Strengthening the oversight role and function of council structures <input type="checkbox"/> Improve council and committee monitoring and implementation of council resolutions <input type="checkbox"/> Implement specific mechanism to improve communication and public participation in municipal affairs: <input type="checkbox"/> Restructuring and training of the ward committees <input type="checkbox"/> Establishment of a IDP Representative Forum <input type="checkbox"/> Launching of a Municipal Newsletter <input type="checkbox"/> Hosting of community imbizo's and multi-sectorial forums meetings

Table 53: Strategic Objective 12

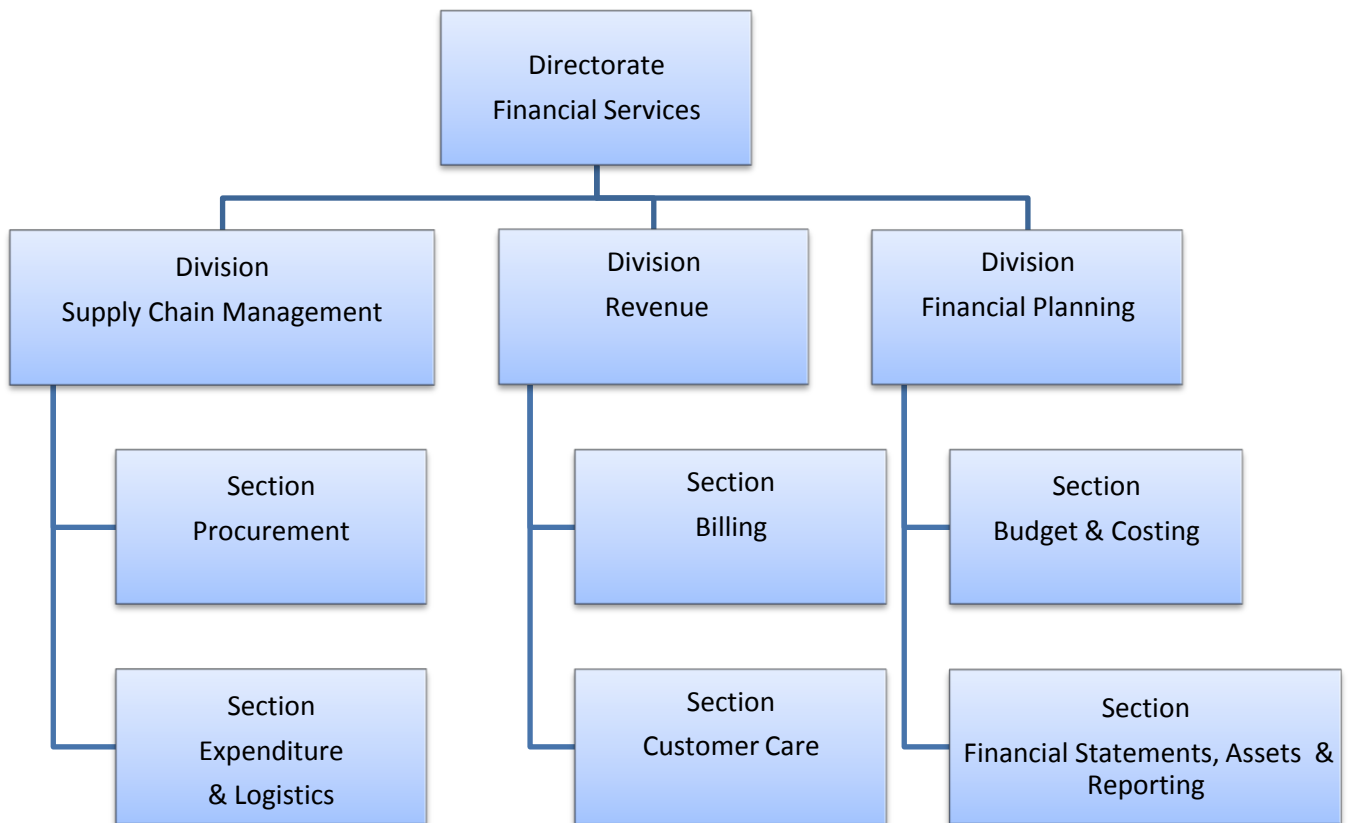
CHAPTER 7: FINANCIAL AND FUNCTIONAL PERSPECTIVE

3.1 FINANCIAL STRATEGY (Debt Recovery Plan)

Background

Phumelela municipality is situated in the Free State Province

The micro organisational structure for the directorate finance focus resources on accomplishing the strategic objective; *to assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practises*, reflect as below:



Important factors investors consider on options to relocate to a different area are the ability of the municipality to demonstrate; adequate provision of services, financial discipline, affordable tariffs, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports.

Legislative framework

- Constitution section 152 (Objects of local government);
(IMPORTANT, section 152(2) "A municipality must strive within its financial and administrative capacity to achieve its objects. Structures Act 117 of 1998;
- Systems Act 32 of 2000;
- Municipal Finance Management Act 56 of 2003;

- Municipal Property Rates Act 6 of 2004;
- Municipal Fiscal Powers and Functions Act 12 of 2007;
- Public Audit Act, 2004;
- National Treasury MFMA circulars and guidelines; and
- Accounting Standards.

Rating Information

The Phumelela Municipality baseline credit assessment reflects a rating of Ba1 that are strongly influenced by the South Africa's sovereign rating. The rating of Phumelela as done by Moody's reflects the following credit strengths and challenges:

Credit Strengths

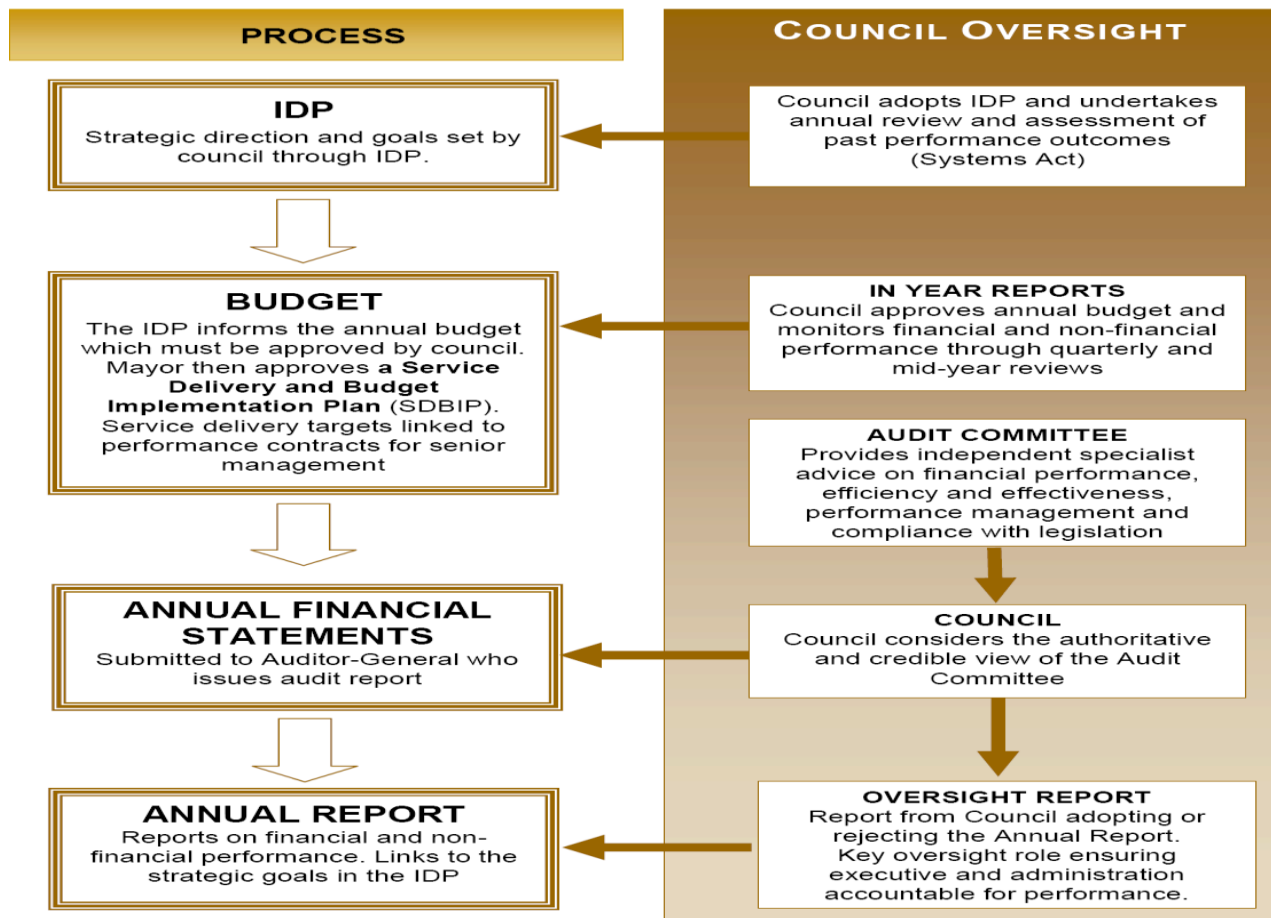
- Good / Bad liquidity position; and
- Strong administrative capacity to maintain high revenue collection levels.

Credit Challenges

- High debt exposure;
- Financing requirements for its large capital expenditure budget; and
- Narrow and concentrated economic base.

Accountability Framework

The financial management and oversight processes of the Phumelela are subjected to the Accountability Framework as prescribe by National Treasury as reflected beneath:



3.2 BUDGET

3.2.1 STRATEGIC FINANCIAL PLANNING

The Phumelela municipality does (not) fully subscribe to a process of proper planning and strategy of resources that should be fully considered in the context of effectiveness, efficiency and economy.

The funding and reserves framework of the Phumelela aimed at;

- Ensuring that the municipality has sufficient and cost-effective cash funding;
- Ensuring that provisions and reserves are maintained at the required level to avoid future year unfunded liabilities;
- Ensure the achievement of the Municipal objectives through the implementation of its operating and capital budgets.

The main purpose of the framework as align with the financial management strategy is as follows:

- This policy sets out the assumptions and methodology for estimating the following:-
 - Projected billings, collections and all direct revenues;
 - The provision for revenue that will not be collected based on past trends and payment rates;
 - The funds the municipality can expect to receive from investments;
 - The proceeds the municipality can expect to receive from the transfer or disposal of assets;
 - The municipality's borrowing requirements; and
 - The funds to be set aside in reserves.

FUNDING OF THE ANNUAL BUDGET

An annual budget may only be funded from:-

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years surpluses and reserves not committed for any other purpose;
- Borrowed funds but only for purposes of the capital budget; and
- Grant Funding Gazetted.

Spending on a capital project may only occur if:-

- The money for the project, excluding the cost of feasibility studies, has been appropriated in the budget;
- The project, including the total cost, has been approved by Council;
- The sources of funding have been considered, are available and have not been committed for other purposes;
- Council has considered:-
 - The projected cost covering all financial years until the project is operational; and
 - The future Technical Services Department costs and revenue on the project, including municipal tax and tariff implications.

3.2.2 DEBT MANAGEMENT

- Debt is managed in terms of the Council's Credit Control Policy.
- The provision for revenue that will not be collected is adequately budgeted as an expense (bad debt provision) and must be based on the projected annual non-payment for services.

3.2.3 CASH MANAGEMENT

- The availability of cash is one of the most important requirements for financial sustainability and must be closely monitored to ensure a minimum cash days on hand of ninety (90) days for daily Technical Services Department.
- Changes in the municipal environment that may have an impact on the municipal cash position include:-
 - Changes in revenue levels as a result of changes in consumption patterns (water restrictions, load shedding etc.);
 - Reduced growth as a result of economic conditions;
 - Increase in non-payment rate due to economic conditions or political reasons;
 - Implementation of electricity industry pricing policy (inclining block tariffs and time of use tariffs); and
- Surplus cash not immediately required for operation purposes is invested in terms of the Council's Investment Policy so as to maximise the returns on the investments.

3.2.4 OPERATING BUDGET

- The operating budget provides funding to departments for their medium term expenditure as planned. The Municipality categorizes services rendered to the community according to its revenue generating capabilities as follows:-
 - Trading services (services that generate predetermined surpluses that can be used to fund other services rendered by the Municipality);
 - Economic services (services that should at least break-even, but do not necessarily generate any surpluses to fund other services rendered by the Municipality);
 - Rates and General (services that are funded by property rates, government grants or surpluses generated by the trading services).
- In accordance with Section 18 of the MFMA, the operating budget can only be funded from realistically anticipated revenue. Amounts for the provision of Bad Debt and Depreciation, although non-cash items are not to be used to "balance" operating shortfalls.
- The operating budget is funded from the following main sources of revenue:-
 - Property rates;
 - Service charges;
 - Government grants and subsidies;
 - Other sundry revenue, such as fines, interest received etc.; and

- Cash backed accumulated surpluses from previous years not committed for any other purposes.

- The following guiding principles apply when compiling the operating budget:-
 - The annual budget must be cash backed. This implicates that apart from expenditure being budgeted it must always be cash funded (provision for bad debt must therefore be equal to actual payment levels);
 - Growth parameters must be realistic, taking into account the current economic conditions;
 - Tariff adjustments must be realistic, taking into consideration affordability, bulk increases and future projected growth according to the approved Integrated Development Plan (IDP);
 - Revenue from government grants and subsidies must be in line with allocations gazetted in the Division of Revenue Act and Provincial Gazettes;

- Revenue from public contributions, donations or any other grants may only be included in the budget if there is acceptable documentation that guarantees the funds such as:-
 - A signed service level agreement;
 - A contract or written confirmation; or
 - Any other legally binding document.

- Property rates are levied according to the Municipal Property Rates Act and Property Rates Policy based on the market values. The budget is compiled using the latest approved Valuation Roll and any Supplementary Roll, consistent with current and past trends. Property rates tariffs and rebates are determined annually as part of the tariff setting process;

- Property rates rebates, exemptions and reductions are budgeted either as revenue foregone or as a grant as per MFMA Budget Circular 51 depending on the conditions thereof;

- Projected revenue from service charges must be realistic based on current and past trends with expected growth considering the current economic conditions. The following factors must be considered for each service:-

- Metered services comprising of electricity and water:-
 - the consumption trends for the previous financial years;
 - envisaged water restrictions or load shedding when applicable; and
 - actual revenue collected in previous financial years.

- Refuse removal services:-
 - the actual number of erven receiving the service per category; and
 - actual revenue collected in previous financial years.

- Sewerage services:-
 - the actual number of erven receiving the service per category and the consumption trends per category; and
 - actual revenue collected in previous financial years.

- Rebates, exemptions or reductions for service charges are budgeted either as revenue foregone or as a grant as per MFMA Budget Circular 51 depending on the conditions thereof;

- Other projected revenue is charged in terms of the approved sundry tariffs and fines considering the past trends and expected growth for each category.

- Provision for revenue that will not be collected is made against the expenditure item working capital/debt impairment and is based on actual collection levels for the previous financial year and the latest projected annual non-payment rate.

- Transfers from the accumulated surplus to fund only Capital expenditure will only be allowed for specific once-off projects and with no recurring operating expenditure resulting thereof.

- Interest received from actual long-term and or short-term investments are based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends.

- 3.2.5 Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer is made from the accumulated surplus. However this is limited to the deemed fair value of assets

previously funded from grants and donations. In addition the annual cash flow requirement for the repayment of borrowings must be fully taken into consideration with the setting of tariffs.

- A detailed salary budget is compiled on an annual basis. All funded positions are budgeted for in total and new and/ or funded vacant positions are budgeted for nine (7) months only of the total package considering the time for the recruitment process. As a guiding principle the salary budget should not constitute more than 35% of annual operating expenditure.
- To ensure the health of the municipal asset base, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels as maintenance budgets are normally lower than the recommended levels. As a guiding principle repair and maintenance should constitute at least between 5% and 10% of total operating expenditure and should annually be increased incrementally until the required targets are achieved.
- Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over operating expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

3.2.6 CAPITAL BUDGET

- The capital budget provides funding for the Municipality's capital programme based on the needs and objectives as identified by the community through the Integrated Development Plan and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.
- Provisions on the capital budget will be limited to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:-
 - Cash backed accumulated surpluses;
 - Borrowings;
 - Government grants and subsidies;
 - Public donations and contributions; and
 - Operating revenue.
- The following guiding principles apply when considering sources of funding for the capital budget:-
- Government Grants and Subsidies:-
 - Only gazette allocations or transfers as reflected in the Division of Revenue Act or allocations as per Provincial Gazettes may be used to fund projects;
 - The conditions of the specific grant must be taken into consideration when allocated to a specific project; and
 - Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.
- In the case of public contributions, donations and/or other grants, such capital projects may only be included in the annual budget if the funding is guaranteed by means of:-
 - A signed service level agreement;
 - A contract or written confirmation; and/or
 - Any other legally binding document.
- Public donations, contributions and other grants are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.
- The borrowing requirements are used as a basis to determine the affordability of external loans over the Medium Term Revenue and Expenditure Framework. The ratios to be considered to take up new borrowings include:-
 - Long-term credit rating of at least BBB;
 - Interest cost to total expenditure not to exceed 9%;
 - Long-term debt to revenue (excluding grants) not to exceed 50%;
 - Payment rate of above 95%;
 - Percentage of capital charges to operating expenditure less than 15%.
- Allocations to capital projects from Cash Backed Accumulated Surpluses (subject to the provisions of paragraph 9 below) will be based on the available funding for each ring-fenced reserve according to the conditions of each reserve as follows:-
 - Capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc. must be funded from own generated revenue from the operating budget for that specific year;
 - Infrastructure projects to service new developments and the revenue received through the sale of erven must be allocated to the Capital Reserve for Services;
 - Capital projects to replace and/or upgrade existing assets will be allocated to the Capital Replacement Reserve; and
 - Capital projects to upgrade bulk services will be allocated to the Capital Bulk Contributions Reserve for each service.
- In accordance with Section 19 of the MFMA, the Municipality may spend money on a capital project only if:-

- The money for the project has been budgeted (excluding feasibility study cost).
- The project, including the total cost, has been approved by Council.
- Compliance with section 33 (contracts with future budgetary implications) to the extent that the section may be applicable to the project.
- The sources of funding have been considered, are available and have not been committed for other purposes.
- Before approving a capital project the Council must consider:-
 - The projected cost covering all financial years until the project is operational;
 - The future operational costs and revenue on the project, including municipal tax and tariff implications.
- All capital projects have an effect on future operating budgets. The following cost factors must therefore be considered before approval:-
 - Additional personnel cost to staff new facilities once operational;
 - Additional contracted services, such as security, cleaning etc.
 - Additional general expenditure, such as services cost, stationery, telephones, material etc.
 - Additional other capital requirements to operate the facility, such as vehicles, plant and equipment, furniture and office equipment etc.
 - Additional costs to maintain the assets;
 - Additional interest and redemption in the case of borrowings;
 - Additional depreciation charges;
 - Additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

3.2.7 RESERVES

- To ensure that funding is readily available for future development and the timeous replacement of Infrastructure responsible for service delivery it will be prudent for the Municipality to create dedicated reserves that are cash backed at all times.
- All Reserves are "ring fenced" as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognized Accounting Practices (GRAP).
- The following ring fenced reserves should be established and cash backed over a period of time:-
 - Capital Reserve for New Developments

This reserve will be used to fund capital expenditure to service new developments. Each development is ring fenced within this reserve. The valuer determines the price for the erven to be sold and the revenue generated through the sale of erven is then allocated to the specific development. This reserve must be cash backed at all times to ensure the availability of cash to fund the capital expenditure required to service the erven.

- Capital Replacement Reserve

Funding for capital budgets of future financial years are generated through contributions from the operating budget. Once the Municipality has reached its maximum gearing ability no further borrowings can be taken up. This necessitates that the Municipality also invests in a capital replacement reserve. However, it must be cash backed. This reserve once fully established will enable the Municipality to provide internal funding for its capital replacement and renewal programme.

Other contributions to the capital replacement reserve through the operating budget may include:

- interest received on investments;

- Bulk Capital Contribution Reserves

This reserve is intended to supplement capital expenditure for the necessary expansions and upgrading of bulk infrastructure due to new developments. Revenue generated through bulk services contributions are allocated to this reserve for each applicable service. This reserve must also be cash backed at all times.

3.2.8 PROVISIONS

- A provision is recognized when the Municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.

- The Municipality should have the following provisions:-
 - Leave Provision
 - Liabilities for annual leave are recognized as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are to be redeemed for cash at once, only 15% of the leave provision is cash backed.
 - Landfill Rehabilitation Provision
 - The landfill site rehabilitation provision is created for the current operational site at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the landfill site. This provision must be cash backed to ensure availability of cash for rehabilitation on closure.
 - Long Services Awards
 - Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash at once, only 30% of the long service leave provision is cash backed.
 - Post-Employment Medical Care Benefits
 - The Municipality provides post-retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be cash backed to ensure the availability of cash for the payment of medical aid payments.

3.2.9 ITEMS TO BE CASH BACKED

- Donations, Public Contributions, Unspent Conditional Grants

Revenue received from conditional grants, donations and funding is recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Unspent amounts in relation to donations, public contributions and unspent grant funding are therefore retained in cash and are not available to fund any other items on the operating or capital budget other than that for which it was intended for.

- Consumer Deposits

Consumer deposits are partial security for a future payment of an account. Deposits are considered a liability as the deposit is utilized on the account once the service is terminated. Therefore the funds are owed to consumers and can therefore not be utilized to fund the operating or capital budget. Consumer deposits should be retained in cash. Due to the fact that it is not likely that all of the consumer deposits will be redeemed at once, only 50% is cash backed.

- Operational financing

Phumelela's policy is to fund operating expenses from normal revenue streams with short term borrowing being used as a last resort. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings.

- Working Capital

It is Phumelela's intention to create sufficient cash reserves by way of good financial management including the setting aside of adequate provisions for working capital.

3.2.10 REVENUE MANAGEMENT STRATEGIES

The Phumelela Municipality has the following revenue enhancement and improvement strategies in mind:

- Improvement in the payment ratio of the area that can be found in the credit control and debt collection policy. This policy highlights the procedures to be followed in the collection of all money owed to the Municipality;
- To ensure through Local Economic Development employment opportunities, this will enable families to start paying for services and also to broaden the Taxbase;
- To create a climate for investment in the area which will in turn also generate employment opportunities;
- To ensure that the information in respect of families that qualify in terms of the indigent policy, are correct so as to qualify for an increased amount from National Government;
- To introduce a system through which services payment by employed people is guaranteed by having such payments deducted by their employers before salaries are paid out;

- The installation of prepaid meters is essential in securing future payment for services by residents;
- To enlarge the revenue base of the municipality, by ensuring that all properties are correctly zoned. (The property rates tariffs are based on the zoning); and
- To enlarge the revenue base of the municipality, by negotiating with Eskom, to take over the electricity supply in areas currently under Eskom's control. This will also improve the credit control capabilities of the municipality.

3.2.11 EXPENDITURE MANAGEMENT STRATEGIES

The Phumelela Municipality has the following expenditure management strategies in mind:

- To reduce expenditure on non-core functions, by considering more economical, effective and efficient ways of resource management even to the extent of considering Public Private Partnerships;
- To limit operating and capital expenditure to essential items through a proper process of prioritisation and reprioritisation;
- To investigate and limit water and electricity losses in order to either illuminate or decrease the losses to the utmost minimum;
- To limit employee related expenditure and improve the effective usage of the human resource capacity by introducing a finger print time and attendance system;
- To introduce a fleet management system to reduce fuel and other operating vehicle related cost and ensure the effective use of available fleet for cost benefit purposes; and
- To reduce interest and redemption expenditure, by exploring alternative ways (possible grant funding), to pay off the long term liabilities regarding infrastructure.

3.2.12 IDP/BUDGET STEERING COMMITTEE PRIORITIES

The Phumelela Municipality through the budget steering committee set the following priorities as important within its framework of service delivery, bearing in mind the limited resources:

- Address the uncontrollable growth of the informal settlements;
- Ensure proper law enforcement in the Phumelela;
- Enhance tourism in the Phumelela;
- To ensure proper prioritization of limited resources. Do more with less;
- To acknowledge cleaning as important;
- To address the bad conditions of our current road infrastructure;
- To keep tariff increases reasonably low, to ensure affordability;
- To align the budget with the IDP in a realistic way;
- Address the IDP needs prioritised by different wards.
- Be realistic with projected revenue and expenditure & ensure financial health;
- Be innovative in our approaches towards service delivery;
- Address the organizational structure of the municipality;
- Review current practices like fleet management, travelling & subsistence, telephone cost, management of our overtime, security etc.;

- Enhance our approach to human settlements;
- Do public education programs with regards to littering & illegal dumping
- Enhancement of the EPWP (Expanded Public Works Programme);
- Explore all other sources of funding, etc.

It is indeed clear that the Budget Steering Committee priorities are aligned with the long term financial intentions and strategic objectives of the Phumelela.

3.2.13 INTERNAL CONTROL FRAMEWORK

The main focus of the finance directorate is to ensure that the Phumelela accomplishes clean audit outcomes that mean that we need to do the following:

- That the financial statements are free from material misstatements
- There are no material findings on the annual performance report
- There are no material findings with regards to laws and regulations, such as the MFMA (Municipal Finance Management Act), Municipal Systems Act, Municipal Structures Act, etc.

The outcome of the municipality's audit performance for the past years reflects the following:

Phumelela Municipality Implemented the MGRO (Municipal Governance Review Outlook) process initiated by Provincial Treasury with the main focus to work towards a clean audit proses.

MGRO (Municipal Governance Review & Outlook) and the approach towards it are contextualized in the already institutionalized processes that have outcomes in mind, such as:

- A clean Audit by 2016
- Improvement on FGRO (Financial Governance Review; Outlook) outcome to a minimum level 3 assessment;
- A 360° approach to improve Financial Management & Internal Control/ Governance

3.3 Financial Perspective

The overall strategy of the Phumelela regarding its finances is, to stay financially sound & healthy in a sustainable manner. The Phumelela municipality conducts and plans its business on the basis of a going concern. The municipality's strategic intention is to broaden its tax base through proper economic development. The municipality also aspires to align its resources in the most effective, efficient and economical way in order to enhance basic service delivery.

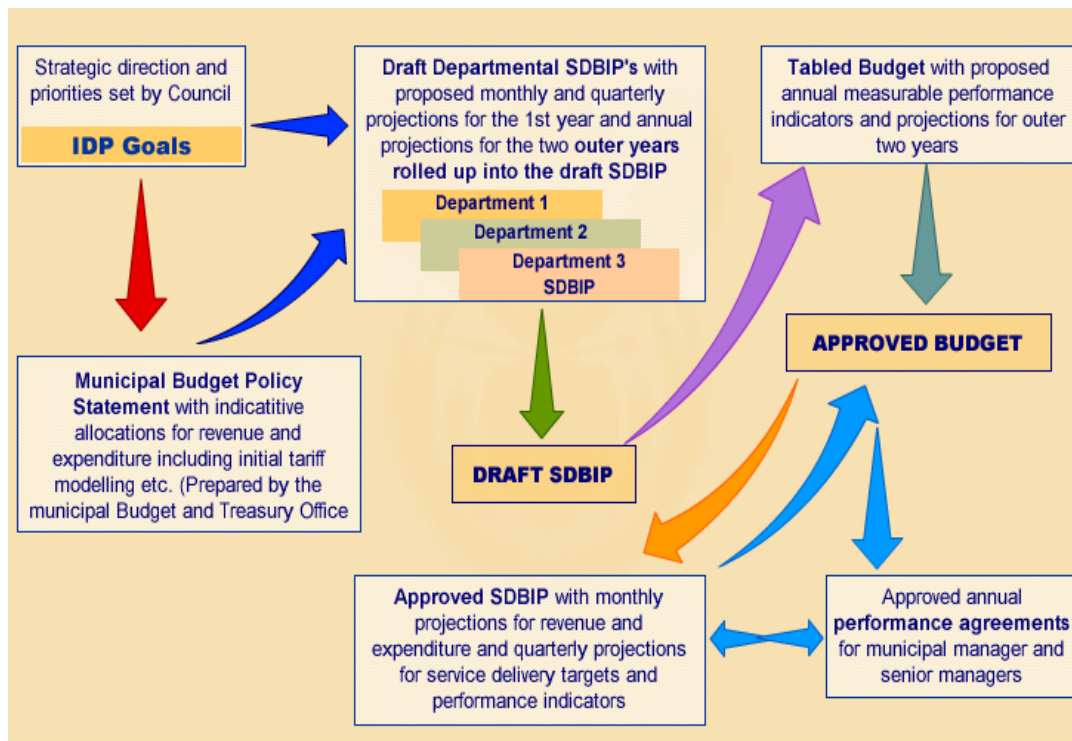


Figure 6: Financial Perspective

Through the above intentions the Phumelela intends to accomplish the following Budget/ Resource Criteria:

- **Credible Budget:**
 - Activities consistent with the IDP and vice versa, ensuring that the IDP is realistically achievable given the financial constraints of the Municipality
 - Financial viability of municipality not jeopardised – ensure that the financial position is maintained/ improved within generally accepted prudential limits and that obligations in short term and long term can be met.
 - Capacity to spend the budget- Institutional capacity (Staff; Infrastructure; Institutional functioning; PMS operational/ PDO/ KPI's) & Budget assumptions applied
- **Sustainable Budget:**
 - Financial sustainability/ overall financial health of Municipality and to what extent is it sustained?
 - Revenue budgeted realistic / realisable? (Both Operating and Capital)
 - The intention of this is to determine whether the Municipality has sufficient revenue and adequate financial stability to fund and deliver on its proposed budget.
- **Responsive Budget:**
 - To the needs of the community / public.
 - Alignment of IDP – LED Strategies – Budget, and to what extent does it give effect to provincial and national priorities?
 - Is the Budget appropriately responsive to economic growth objectives and the socio- economic needs of the community
 - Process followed to identify strategic priorities/priority interventions in the IDP
- **Affordability / Tariffs:**
 - Tariffs must not be increased unreasonably, and consumers must be able to afford to pay. There should be a balance between affordability and level of service.
- **Funding of Budget:**

Budget to include Cash-flow budget to ensure that expenses are funded from realistically anticipated revenue or cash backed accumulated funds from previous years surpluses' not committed for other purposes, or borrowed funds, but only for the capital budget.

- Budget Summary
- Five Year Financial Plan
- Five Year Capital Investment Programme

3.3.1 Phumelela Municipality Investment Plan

The Phumelela municipality do not have a financial plan or an investment plan. The municipality will ensure that the available cash in the bank account are invested in such a way that maximum interest are received without putting the municipality at risk to fulfil its obligated liabilities. The municipality will focus its attention in the next 3-years on the following five critical financial issues:

- Development of a Financial Viability Plan and an Investment Plan
- Revenue management
- Collecting of outstanding debt
- Underpricing of services
- Under spending of repairs and maintenance
- Spending on non-priorities

3.3.2 Financial Information

- **Revenue:** Phumelela’s main source of income is electricity ± 41%. The table below gives a breakdown of revenue sources.

Income Source	%
Electricity	6.52%
Property rates & collection charges	6.8%
Sanitation	8.36%
Water	6.84%
Refuse	6.46%
Rental of facilities & Equipment	1.60%
Interest earned	10.53%
Licenses and Permits	0.01%
Transfers – operational	53.27%
Revenue foregone	-1.93%

Table 54: Revenue by Source

Graph 11: Revenue by source 2015/16

The municipality has in total pay points in the four major towns of the municipal area, ... in Vrede,Warden andMemel each have pay points. In total the municipality has water meters and electricity meters distributed within is municipal service area as indicated in the map.

Map : Municipal Pay Points

Map 2: Water and electricity meters

- **Expenditure:** Phumelela's will spend ...% of the budget on bulk purchases and% on employee related costs. Main source of income is electricity%. The table below gives a breakdown of expenditure.

Expenditure by type	%
Employee related costs	36%
Bulk purchases	15%
Other expenditure	0%
Depreciation of asset impairment	5%
Finance charges	1%
Remuneration of councillors	3%
Debt impairment	7%
Contract services	3%
Repairs & Maintenance	7%
General Expenditure	24%

Table 55: Expenditure by Type

Capital Projects budgeted for in 2015/16:

The following capital projects have been identified as critical projects and specified special projects were also prioritised for the 2015/16.

PROJECT DESCRIPTION	Budget 2015/16	Budget 2016/17	Budget 2017/18
PMU	1039 800,00	1056 700,00	1106 700,00
Vrede / Thembalihe Ext 1: Upgrading of Sports Facility, Phase: 3	210 000,00	1 562 522,68	
Zamani: 2ML Reservoir rising main & pump station	365 941, 60	-	-
Thembalihle: Construction of 2km paved road	712 500,00	290 355,81	-
Ezenzeleni/Warden: Construction of 1.5km paved road and storm water	410 000, 00	5 303 493, 67	562 455, 53
Zamani/Memel: Construction of 2km Paved Road	9 160 000,00	9 907 750,52	5 936 249, 48
Ezenzeleni / Warden: Upgrading of Sport Facility	3 119 000,00	1 531 516, 32	3 320 100,00
Installation of Water meters in Phumelela	1 220 4242,78	1 000 000,00	10 606 094,99
Reservoir and Pipeline in Thembalihle Ext 4	4 229 333,62	-	-
Trading Services Other	-	481 650,00	602 400,00
Upgrading of Rural Electricity lines in Ezenzeleni	7 500 000,00	5 000 000,00	10 000 000,00
Construction of Dam in Warden	20 000 000,00	27 440 000,00	28 616 000,00
Total	47 967 000,00	53 574 000,00	60 750 000,00

Table 56: Capital projects 2015/16

3.4 Municipal Functions, Sector Plans and Projects Roll-out 2015/16

Phumelela municipality is responsible for the delivering of municipal functions as specified in Schedule 4B and 5B of the Constitution. All the strategic planning processes to address these functions should be aligned and fully integrated to ensure sustainable growth and development. It is therefore required that all the sector plans are considered as these plans should guide the departments on specific issues to be addressed during planning and implementation of the IDP

Phumelela municipality is responsible for delivering the following services:

Municipal Function	Municipal Responsibility
Constitution Schedule 4, Part B functions:	
Air pollution	
Building regulations	
Electricity reticulation	
Fire fighting services	
Local tourism	
Municipal planning	
Municipal public transport	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	
Storm-water management systems in built-up areas	
Trading regulations	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	
Billboards and the display of advertisements in public places	
Cemeteries, funeral parlours and crematoria	
Cleansing	
Control of public nuisances	
Local amenities	
Local sport facilities	
Municipal abattoirs	
Municipal parks and recreation	
Municipal roads	
Noise pollution	
Public places	
Refuse removal, refuse dumps and solid waste disposal	
Street trading	
Street lighting	
Traffic and parking	

Table 57: Municipal functions

The sector plans available at the municipality focuses on specific sectors within the context of local government. The alignment of sector plans between all spheres of government is important in ensuring integration of programmes and maximum utilization of available resources. It should be noted that information provided in this chapter originates from existing sector plans and/or operational plans.

The following table highlights the status of the sector plans where after each of the sector plans are discussed in more detail:

Strategic / Sector Plan	Status of Plan
Phumelela Vision 2035	In
Long Term Financial Plan	In Progress
Spatial Development Framework	Under Review
Land Use Management Plan	Under Review
Urban Revitalization Plan	Still needs to be drafted
Local Economic Development Strategy	Under Review
Disaster Management Plan	Still need to be developed
Electricity Master Plan	Still need to be developed

Strategic / Sector Plan	Status of Plan
Integrated Infrastructure Maintenance Plan	Still need to be developed
Water Services Development Plan	Will be developed in collaboration with DWA
Integrated Infrastructure Investment Plan	Still need to be developed
Water and Sanitation Master Plan	Still need to be developed
Integrated Waste Management Plan	Still need to be developed
Pavement Management System	Still need to be developed
Integrated Transport Management Plan	Still need to be developed
Integrated Human Settlement Plan	Still need to be developed
Performance Management Policy Framework	Approved and in process of being implemented
Risk Management Plan & Strategy	Approved?
Air Quality Management Plan / Environment Management Plan	Still need to be developed
Organization structure and organogram	Currently under review and re-design to be approved not later than December 2016

Table 58: Strategic / Sector Plan Status

CHAPTER 8: PERFORMANCE MANAGEMENT

This Chapter deals with the implementation and monitoring of the IDP projects and programmes aimed at achieving the vision and objectives of Phumelela municipality as set out in this document. The IDP and Budget are implemented through a Service Delivery and Budget Implementation Plan (SDBIP). The Top Layer SDBIP is used as a scorecard to measure, monitor, evaluate and report on institutional performance (monthly, quarterly, bi-annual and annual basis). The Departmental SDBIP measures the performance of the departments and performance agreements and plans are used to measure the performance of employees.

4.1 Performance Management

The Performance Management System implemented at Phumelela Municipality is intended to provide a comprehensive, step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PM System serves as primary mechanism to monitor, review and improve the implementation of the municipality IDP and eventually the budget.

The performance management policy framework was approved by Council which provided for performance implementation, monitoring and evaluation at organisational as well as individual levels. The Performance Management Framework of the Municipality is reflected in the diagram below:

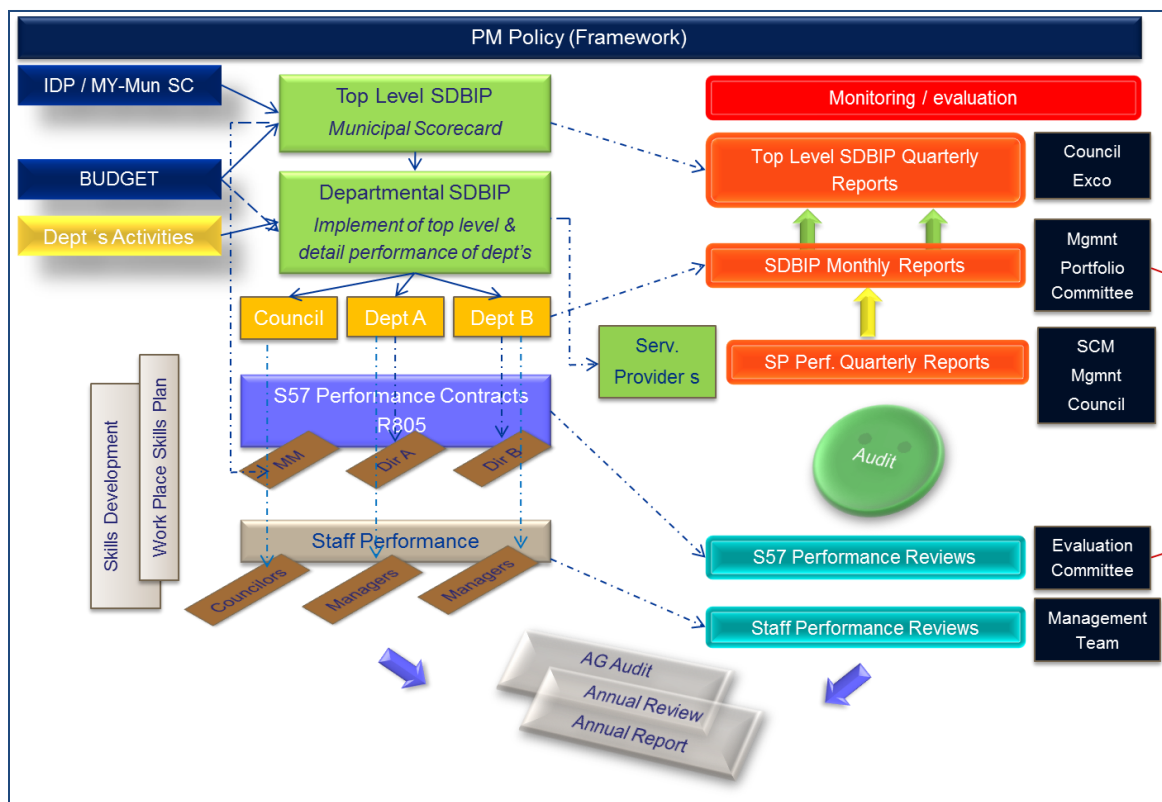


Figure 7: Performance Management System

4.2 Organizational Level

The organisational performance of the municipality is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels. The Top Layer SDBIP set out consolidated service delivery targets and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

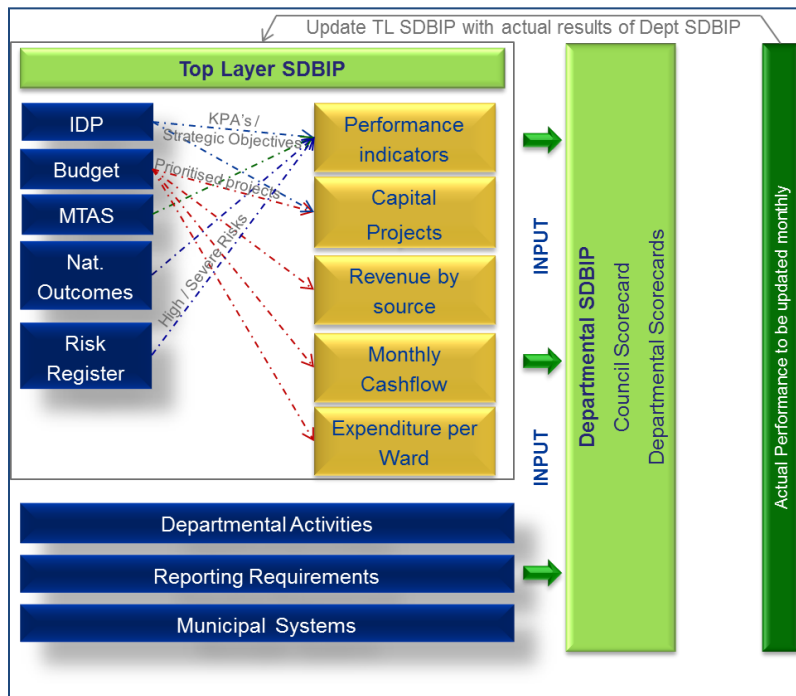


Figure 8: Organisational Performance

The departmental SDBIP capture the performance of each defined department which reflects on the strategic priorities of the municipality. The SDBIP provides detail of each outcome for which the senior management is responsible for, in other words a comprehensive picture of the performance of that directorate/sub-directorate.

4.3 Individual Level

The municipality is in process of implementing a performance management system for all its senior managers. This has led to a specific focus on service delivery and means that:

Each manager has to develop a scorecard which is based on the balanced scorecard model.

At the beginning of each financial year all the senior managers (Section 57 employees) sign Performance Agreements

4.4 Key Performance Indicators (KPIs)

Section 38 (a) of the Systems Act requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the community development priorities and objectives set out in its Integrated Development Plan. Section 9 (1) of the Regulations to this Act maintains in this regard, that a Municipality must set key

performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

Every year, as required by Section 12 (1) of the Regulations to the Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated.

4.5 Performance Reporting

Performance is reported on a regular basis and it includes the evaluation of performance, the identification of poor performance and corrective actions to improve performance.

4.5.1 Quarterly Reports

Reports on the performance in terms of the Top Level SDBIP are generated from the system and submitted to Council. This report is published on the municipal website on a quarterly basis.

4.5.2 Mid-Year Assessment

The performance of the first 6 months of the financial year should be assessed and reported on in terms of section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of KPI's, if necessary.

The format of the report must comply with the section 72 requirements. This report is submitted to Council for approval before 25 January of each year and published on the municipal website.