

# LUKHANJI LOCAL MUNICIPALITY



*INTEGRATED DEVELOPMENT PLAN*

**REVIEW - 2016 / 2017**

## TABLE OF CONTENTS

MAYOR'S FOREWORD .....	i
EXECUTIVE SUMMARY .....	ii
CHAPTER 1 - PREPLANNING .....	1
1.1 Introduction.....	1
1.2 Legal Framework.....	1
1.3 Pre-Planning.....	3
1.3.1 Organisational Arrangements in the IDP Development and Review Processes .....	3
1.3.2 Roles and Responsibilities of Each Role Player.....	3
1.3.3 Approved schedule for the IDP / PMS and Budget Review Process Plan – 2014 / 2015.....	7
1.4 Comments from the MEC on the IDP 2014/15 .....	13
1.5 Lukhanji Summary of assessment for the past five years.....	17
CHAPTER 2: SITUATIONAL ANALYSIS .....	18
2.1 Locality Context.....	18
2.2 Population Size.....	20
2.2.1 Population Gender & Age Distribution.....	23
2.2.2 Household dynamics .....	24
2.2.3 Child Headed Households.....	25
2.2.4 Education .....	26
2.2.5 Safety and Security .....	27
2.2.6 Health.....	29
2.3 Economic Development Profile.....	29
2.3.1 Overview of economic development in Lukhanji .....	30
2.3.2 Economic Development Indicators.....	31
2.3.3 Human Development Index.....	32
2.3.4 Unemployment.....	32
2.3.5 Comparative advantage .....	35
2.3.6 Household Expenditure .....	35
2.4 Environmental Challenges & Context for Environmental Responsibilities .....	36
2.5 Environmental Management and Greening Revolution .....	37
2.5.1 Climate.....	38
2.5.2 Vegetation and Soil Types .....	38
2.5.3 Hydrology .....	38
2.5.4 Summary of the Key Environmental Challenges .....	39
CHAPTER 3: OVERVIEW OF THE KEY PERFORMANCE AREAS .....	40
A. BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT.....	40
3.1 Infrastructure Development .....	<b>Error! Bookmark not defined.</b>

3.2	Neighbourhood Development Partnership Grant (NDPG) .....	58
3.3	Electricity .....	58
3.3.1	Electricity Master Plan .....	59
3.3.2	Electrical Infrastructure Protection .....	<b>Error! Bookmark not defined.</b>
3.3.3	Distribution Section .....	<b>Error! Bookmark not defined.</b>
3.4	Water and Sanitation .....	<b>Error! Bookmark not defined.</b>
3.4.1	Source of supply and provision .....	<b>Error! Bookmark not defined.</b>
3.5	Mechanical workshop .....	<b>Error! Bookmark not defined.</b>
3.6	Project Management Unit (PMU).....	<b>Error! Bookmark not defined.</b>
3.7	Roads and Storm Water .....	<b>Error! Bookmark not defined.</b>
3.7.1	Road Condition – Surfaced Roads.....	<b>Error! Bookmark not defined.</b>
3.8	Environment Management .....	59
3.8.1	Integrated Waste Management Plan (IWMP).....	59
3.8.2	Cemeteries.....	64
3.8.3	Lukhanji Parks.....	65
3.8.4	Bio-physical Environment.....	66
3.9	Game Reserves.....	67
3.10	Community Facilities (Halls) .....	68
3.10.1	Sports and Recreation .....	68
3.11	Library Services.....	70
3.12	Pound management .....	72
3.12.1	Commonages .....	72
3.12.2	The condition of the commonages:.....	72
3.13	Public Safety.....	73
3.14	Human Settlement and Land Development.....	73
3.14.1	Housing.....	77
3.14.2	Land.....	77
3.14.3	Entertainment Facilities.....	78
3.14.4	Property Rentals .....	78
3.14.5	Spatial Planning .....	78
3.14.6	Small Town Revitalisation.....	79
3.15	Local Economic Development .....	79
3.15.1	Local Economic Development Strategy .....	80
3.15.2	Key Economic Sectors.....	80
3.15.3	Chris Hani Hexagon Memorial.....	87
3.15.4	Establishment of the Jazz Museum .....	87
3.15.5	SMMEs and Cooperative Development.....	88
3.15.6	Revitalisation of the Small Business Centres.....	88
3.15.7	Cooperatives Development support.....	89
3.15.8	Manufacturing .....	89
3.15.9	Mining .....	90
B.	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT .....	91

3.16	Human Resources Management.....	92
3.16.1	Skills Development .....	92
3.16.2	Recruitment and Selection.....	93
3.16.3	Review of the Organogram .....	93
3.16.4	Occupational Health and Safety within the municipality.....	94
3.16.5	Leave management .....	94
3.16.6	Employee Relations .....	95
3.16.7	Payroll.....	96
3.16.8	Equity Plan.....	96
3.17	Administration.....	96
3.17.1	Records Management.....	96
C.	GOOD GOVERNANCE AND PUBLIC PARTICIPATION.....	97
3.18	Integrated Development Planning .....	97
3.19	Performance Management System .....	98
3.20	Council support.....	99
3.21	Information and Communications Technology .....	99
3.22	Policy Development.....	100
3.23	Political Governance.....	100
3.24	Administrative Governance .....	101
3.25	Community and Public Participation.....	101
3.26	Traditional Leaders.....	101
3.27	Audit Committee .....	102
3.27.1	Audit Opinions For The Past 5 Years .....	102
3.28	Risk Management.....	102
3.29	Communications, Marketing and Municipal Branding.....	103
3.30	Inter-Governmental Relations.....	103
3.31	Special Programs Unit (SPU) .....	104
3.32	Municipal Publics Accounts Committee.....	105
D.	FINANCIAL VIABILITY AND MANAGEMENT .....	113
3.33	Budget and Financial Reporting .....	<b>Error! Bookmark not defined.</b>
3.34	Asset Management.....	<b>Error! Bookmark not defined.</b>
3.35	Expenditure Management .....	<b>Error! Bookmark not defined.</b>
3.36	Payroll.....	<b>Error! Bookmark not defined.</b>
3.37	Creditors.....	<b>Error! Bookmark not defined.</b>
3.38	Supply Chain Management.....	<b>Error! Bookmark not defined.</b>
3.39	Bid Committees .....	<b>Error! Bookmark not defined.</b>
3.40	Revenue section.....	<b>Error! Bookmark not defined.</b>

3.41	Credit control .....	205
3.42	Valuation.....	205
CHAPTER 4: FINANCIAL PLAN .....		206
4.1	Introduction.....	<b>Error! Bookmark not defined.</b>
4.2	Operating and Capital Budget .....	<b>Error! Bookmark not defined.</b>
4.2.1	Budget assumptions.....	<b>Error! Bookmark not defined.</b>
4.2.2	General inflation outlook and its impact on the municipal activities...	<b>Error! Bookmark not defined.</b>
4.2.3	Interest rates for borrowing and investment of funds .....	<b>Error! Bookmark not defined.</b>
4.2.4	Rates, tariffs, charges and timing of revenue collection .....	<b>Error! Bookmark not defined.</b>
4.2.5	Electricity tariffs .....	<b>Error! Bookmark not defined.</b>
4.2.6	Cost Reflective tariffs .....	<b>Error! Bookmark not defined.</b>
4.2.7	Collection rates for each revenue source and customer type .....	<b>Error! Bookmark not defined.</b>
4.2.8	Average salary increases.....	<b>Error! Bookmark not defined.</b>
4.3	Government Grants .....	<b>Error! Bookmark not defined.</b>
4.3.1	Municipal Infrastructure Grant .....	<b>Error! Bookmark not defined.</b>
4.3.2	Municipal System Improvement Programme.....	<b>Error! Bookmark not defined.</b>
4.3.3	Local Government Financial Management Grant.....	<b>Error! Bookmark not defined.</b>
4.3.4	Infrastructure Skills Development Grant.....	<b>Error! Bookmark not defined.</b>
4.3.5	Expanded Public Works Programme .....	<b>Error! Bookmark not defined.</b>
4.4	Operating three year projects aligned with IDP .....	<b>Error! Bookmark not defined.</b>
4.5	Capital Budget for the next three years .....	<b>Error! Bookmark not defined.</b>
4.6	Revised Budget Policies.....	<b>Error! Bookmark not defined.</b>
CHAPTER 5: THE MACRO STRATEGY .....		243
5.1	Municipal Vision.....	243
5.2	Mission .....	243
5.3	Values.....	243
5.4	Vision 2030.....	244
5.5	Office Precinct .....	244
5.5.1	Process Undertaken.....	245
5.6	Regional Industrial Hub .....	246
5.7	Local Government Turn Around Strategy.....	246
5.7.1	Background .....	247
5.8	Development Priorities 2014-2030 .....	247
5.8.1	National Development Plan.....	248
5.8.2	Provincial Development Plan .....	250
5.8.3	The Chris Hani District Development Agenda .....	252
5.8.4	Lukhanji Local Municipality and the District Development Agenda .....	252
5.9	Lukhanji Municipality's Overall Priorities.....	253
5.9.1	Key Priorities for 2016/2017 .....	254

5.10	Strategic Partnerships .....	255
CHAPTER 6: OBJECTIVES & STRATEGIES.....		256
6.1	Local Economic Development .....	256
6.2	Institutional Development .....	<b>Error! Bookmark not defined.</b>
6.3	Financial Viability & Management.....	262
6.4	Good Governance and Public Participation.....	267
6.5	Basic Services and Infrastructure Development.....	271
CHAPTER 7: LIST OF LUKHANJI PROJECTS .....		278
7.1	Capital Budget for the next three years .....	<b>Error! Bookmark not defined.</b>
7.2	Service Delivery Projects: Sector Departments.....	278
7.2.1	Chris Hani District Municipality Capital Programmes 2014/15 Up To 2016/17.....	278
7.2.2	Regional Bulk Infrastructure Grant.....	280
7.3	Rural Development and Agrarian Reform.....	280
7.4	Lukhanji LETSIMA Programme 2014\15.....	282
7.4.1	Department of Roads and Public Works .....	282
7.4.2	LETSIMA Budget R8 601 000.....	283
7.4.3	Department Of Human Settlements .....	284
7.4.4	New Approved Housing Projects.....	292
7.5	Department of Roads & Public Works .....	293
7.5.1	Budget Overview 2014/2015.....	293
7.5.2	Regravelling Projects .....	294
7.5.3	Blading Projects .....	294
7.5.4	Projects Implemented by Community Works Programme.....	295
7.5.5	Department of Sport; Recreation, Arts and Culture.....	296
7.6	Economic Development Environmental Affairs & Tourism Projects [2015\2016] .....	299
7.7	Department Of Health.....	299
7.8	ESKOM:14/15 MTEF .....	299
CHAPTER 8 – SECTOR PLANS: BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT .....		300
8.1	Housing Sector Plan.....	300
8.2	Local Economic Development Sector Plans.....	360
8.3	Public Participation Process and Needs Analysis .....	377
8.4	Inputs and Comments Raised in the Mayoral Outreach Programme for the 2015/16 IDP and Budget 385	
8.5	Spatial Development Framework.....	392
CHAPTER 9: APPROVAL PHASE .....		<b>Error! Bookmark not defined.</b>

## LIST OF GRAPHS

Graph 1: Population Size .....	21
Graph 2: Population Pyramid .....	23
Graph 3: Household Dynamics .....	24
Graph 4: Settlement Type .....	25
Graph 5: Housing Ownership Status.....	25
Graph 6: Child Headed Households .....	26
Graph 7: Education .....	27
Graph 8: Safety & Security.....	28
Graph 9: HIV/AIDS impact projections .....	29
Graph 10: Income Distribution .....	31
Graph 11: Human Development Index.....	32
Graph 12: Unemployment Rate .....	33
Graph 13: Labour Overview .....	33
Graph 14: Gross Value Add by Sectors .....	34
Graph 15: Gross Value Adds .....	34
Graph 16: Economic Competitiveness .....	35
Graph 17: Household Income .....	36
Graph 18: Distribution by Expenditure Items.....	36
Graph 19: Sources of Water .....	<b>Error! Bookmark not defined.</b>
Graph 20: Access to Sanitation.....	<b>Error! Bookmark not defined.</b>
Graph 21: Debtors Analysis .....	205
Graph 22: How the Revenue is made up .....	<b>Error! Bookmark not defined.</b>
Graph 23: How Total Expenditure is allocated .....	<b>Error! Bookmark not defined.</b>

## LIST OF FIGURES

Figure 1: Lukhanji Locality Map .....	19
Figure 2: Visual Assessment Condition (surfaced Roads .....	<b>Error! Bookmark not defined.</b>
Figure 3: Road Condition – Gravel Roads .....	<b>Error! Bookmark not defined.</b>
Figure 4: Unsurfaced Roads - Condition Assessment .....	<b>Error! Bookmark not defined.</b>
Figure 5; Tractor & Trailer Combination Servicing Skips in Businesses .....	60
Figure 6: Before Cleaning & Beatification .....	62
Figure 7: After Cleaning & Beatification with a “No” Dumping Sign.....	62
Figure 11: Budget vs Projections .....	<b>Error! Bookmark not defined.</b>
Figure 12: Development Goals .....	251

Figure 13: Chris Hani District Development Agenda.....	252
Figure 14: Migration Patterns.....	318
Figure 15: Population composition per area type.....	320
Figure 16: Informal and Traditional Settlements .....	322
Figure 17: Thembani Existing and Planned Settlement .....	323
Figure 18: Startegic Land Parcels - Queenstown.....	331
Figure 19: Startegic Land Parcels - Sada .....	332
Figure 20: Households that do not meet piped water requirements.....	335
Figure 21: Electricity Distribution.....	336
Figure 22: Electricity Distribution Network.....	338
Figure 23: Health Facilities.....	340
Figure 24: Health and Schools.....	341
Figure 25: SDF Proposals.....	356
Figure 26: Lukhanji SDF Proposals: Whittlesea & 1 Generation.....	357
Figure 27: Logistics Hub .....	362
Figure 28: Arial View of Queenstown.....	392

## LIST OF TABLES

Table 1: Roles and Responsibilities Role Players.....	6
Table 2: Action Plan.....	13
Table 3: Comments- IDP Assessment.....	16
Table 4: 5 Year Assessment Summary.....	17
Table 5: Safety & Security Facilities.....	29
Table 6: Community Facilities .....	68
Table 7: Political Party Representation .....	101
Table 8: Five Year Audit Opinions .....	102
Table 9: Budget Assumptions Table 2015/16 .....	<b>Error! Bookmark not defined.</b>
Table 10: Transfers and Grants Receipts .....	<b>Error! Bookmark not defined.</b>
Table 11: Grants Expenditure Performance 2013/14.....	<b>Error! Bookmark not defined.</b>
Table 12: Medium term revenue and expenditure framework for the next three years (2015-2018).....	<b>Error!</b> <b>Bookmark not defined.</b>
Table 13: Operating three year projects aligned with IDP.....	<b>Error! Bookmark not defined.</b>
Table 14: Capital Budget for the next three years.....	<b>Error! Bookmark not defined.</b>
Table 15: Strategic Objectives - LED .....	259
Table 16: Strategic Objectives - Institutional Development.....	261
Table 17: Strategic Objectives - Financial Viability .....	266



Table 18: Strategic Objectives - Good Governance & Public Participation.....	270
Table 19: Strategic Objectives - Basic Services & Infrastructure Development.....	277
Table 20: Lukhanji Capital Budget for the next three years .....	<b>Error! Bookmark not defined.</b>
Table 22: CHDM Water Projects.....	279
Table 23: Regional Bulk Infrastructure Grant.....	280
Table 24: Rural Development and Agrarian Reform .....	282
Table 25: Department of Roads and Public Works .....	283
Table 26: Human Settlements.....	284
Table 27: New and Approved Housing Projects.....	292
Table 28: Community Works Projects .....	295
Table 29: Current and Proposed Housing Projects.....	305
Table 30: Rectification Housing Projects .....	306
Table 31: SEZ Concept.....	365
Table 32: Constitutionally Allocated Functions.....	377
Table 33: Needs identified by Wards .....	385
Table 34: IDP/Budget Outreach Programme .....	390

## **ABBREVIATIONS COMMONLY USED IN THIS DOCUMENT**

1. ABCD - Assets Based Community Development
2. CBO - Community Based Organisations
3. CHDM – Chris Hani District Municipality
4. CPF – Community Police Forum
5. DEDEAT – Department of Environment, Economic Development and Tourism
6. ECDC – Eastern Cape Development Corporation
7. GDP – Gross Domestic Product
8. GDV - Gross Development Value
9. HDI – Human Development Index
10. IPED - Integrated Planning and Development
11. NDP – National Development Plan
12. NEMA – National Environmental Management Act
13. NGO - Non Government al Organisation
14. NT - National Treasury
15. PDP – Provincial Development Plan
16. PGDS - Provincial Growth and Development Strategy
17. PMU - Project Management Unit
18. RDP – Reconstruction and Development Program
19. SAPS – South African Police Services
20. SDF – Spatial Development Framework
21. SEZ - Special Economic Zone
22. SITA – State Information Technology Agency
23. SMME - Small Medium Sized Enterprise

24. SPLUMA – Spatial Planning and Land Use Management Act
25. WSA – Water Services Authority
26. WSP – Water Services Provisioning

## **MAYOR'S FOREWORD**

This is the last review of the 2012- 17 IDP that was adopted by Council in 2012. For all intents and purposes, it cannot be described as an easy term.

**CLLR N. MAKANDA**

**EXECUTIVE MAYOR**

**EXECUTIVE SUMMARY**

**N. GQIBA**

**MUNICIPAL MANAGER**

### 1.1 Introduction

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

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

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

During the development of this IDP, the institution conducted an in-depth assessment of the existing developmental levels of the municipality so as to have a profound understanding of the dynamics and needs assessment.

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

This IDP review should therefore be understood as an interpretation of strategy and political priorities into a Municipal Plan that is to become the basis for budget choices and actual outcomes for residents. Annual plans, in this context, are seen as implementation tools.

### 1.2 Legal Framework

1. **The Constitution of the Republic of South Africa, 108 of 1996** as stipulated in Chapter 7, objects of local government.

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

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

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

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

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

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

### 1.3 Pre-Planning

#### 1.3.1 Organisational Arrangements in the IDP Development and Review Processes

##### Role players

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

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

#### 1.3.2 Roles and Responsibilities of Each Role Player

NO	ROLE PLAYER	ROLES AND RESPONSIBILITIES	COMPOSITION
1	<b>The Executive Mayor</b>	Must ensure that the IDP is developed Must ensure that the IDP is reviewed annually Chairs the IDP/PMS and Budget Representative Forum Chairs the IDP/PMS and Budget Steering Committee	Office of the Executive Mayor
2	<b>The Mayoral Committee</b>	The Mayoral Committee assists the Executive Mayor to develop and review the IDP in line with the targets set in the IDP Process Plan of each financial year.	Executive Mayor and Portfolio Heads

NO	ROLE PLAYER	ROLES AND RESPONSIBILITIES	COMPOSITION
3	<b>The Municipal Manager</b>	<p>The Municipal Manager provides technical support to the IDP/PMS and Budget Steering Committee. He / She co-ordinates the IDP development and review processes through relevant technical structures and performs the following activities:</p> <p>Preparing the process plan</p> <p>Undertaking the overall management and co-ordination of the planning process by ensuring:</p> <p>Participation and involvement of all different role players</p> <p>That time frames are adhered to</p> <p>That the planning process is aligned to the Provincial Growth and Development Strategy</p> <p>Conditions for community participation are provided</p> <p>That the results of the planning and IDP review process are documented.</p> <p>Responding to comments on the draft IDP from the public and other spheres of Government to the satisfaction of the Municipal Council</p> <p>Accommodates and considers IDP comments and proposals from the office of the MEC for Local Government and Traditional Affairs</p>	Municipal Manager and Senior Managers
4	<b>IDP/PMS and Budget Technical Steering Committee</b>	<p>IDP/PMS and Budget Technical Steering Committee does the technical ground work and provides information to the IDP/PMS and Budget Steering Committee</p> <p>Terms of Reference</p> <p>The committee shall be responsible:</p> <p>Collect and collate information for IDP, PMS and Budget Steering Committee</p> <p>Conduct research and</p> <p>Advises the IDP, PMS and Budget Steering Committee</p>	<p>The committee shall be composed of the following members of the municipal administration:</p> <p>Municipal Manager</p> <p>All Directors and Strategic Managers</p> <p>All Divisional Managers</p>
5	<b>IDP / PMS and Budget Steering Committee</b>	<p>The IDP / PMS and Budget Steering Committee assists the Executive Mayor in guiding the development and review process of the IDP.</p> <p>Terms of reference</p> <p>The terms of reference for the IDP / PMS and Budget Steering Committee shall be the following:</p> <p>Establish sub-committees</p> <p>Commission research studies</p> <p>Consider and comment on:</p> <p>Inputs from sub-committees, study teams and</p>	<p>It comprises of the following members:</p> <p>Executive Mayor (Chairing)</p> <p>Council Speaker</p> <p>All Members of the Mayoral Committee</p> <p>Chief Whips of political parties represented in Council</p> <p>Municipal Manager</p> <p>All Directors and Strategic Managers</p> <p>Manager: IDP and PMS</p> <p>Manager: Budget and Financial Reporting</p>



NO	ROLE PLAYER	ROLES AND RESPONSIBILITIES	COMPOSITION
		<p>consultants  Inputs from provincial sector departments and support providers  Processes, summarize and document inputs  Make content recommendations  Define the terms of reference for the IDP / PMS and Budget Representative Forum  Inform the public about the establishment of the IDP / PMS and Budget Representative Forum  Identify stakeholders to be part of the Forum in such a way that the public is well represented  Providing relevant technical, sector and financial information for analysis and for determining priority issues  Provide political guidance in the consideration of financial strategies and identification of projects  The IDP / PMS and Budget Steering Committee may delegate some or all its responsibility to the IDP / PMS and Budget Technical Steering Committee.</p>	
6	<p><b>IDP, PMS and Budget Representative Forum</b></p>	<p>The IDP / PMS and Budget Representative Forum of Lukhanji Local Municipality is the organizational mechanism for discussions, negotiations and decision-making between stakeholders within our municipal area.</p> <p>Terms of Reference  The terms of reference for the IDP / PMS and Budget Representative Forum shall be as follows:  Represent the interests of their constituents in the IDP process  Provide an organizational mechanism for discussion, negotiation and decision-making between stakeholders including municipal government  Ensure communication between all stakeholders including municipal government  Monitor the performance of the planning and implementation process.  Provide a platform for engagement, input and feedback to stakeholders on the IDP and PMS.</p>	<p>It is envisaged that the following organizations and/or stakeholders may be involved:  Councillors  Ward Committees  Community Development Workers  Inter-Governmental Forum  Traditional Leaders  Faith-based Organisations  Stakeholder Representatives of Organized Groups  Government department  Representatives of Political Organisations  Community Representatives  Resource Persons</p>
7	<p><b>IDP / PMS and Budget Clusters</b></p>	<p>The performance management system framework of the municipality provides for the establishment of Clusters in line with the five key performance areas [local government strategic agenda] to perform oversight responsibility over the implementation of the</p>	<p>The IDP Clusters are as follows:  Basic Infrastructural Development and Service Delivery:  Water and Sanitation</p>

NO	ROLE PLAYER	ROLES AND RESPONSIBILITIES	COMPOSITION
		IDP.	<p>Roads and public works Telecommunication Electricity Land and Housing Public Transport Public amenities Building Control Project management</p> <p>Socio-Economic Development Cluster Local Economic Development Solid Waste &amp; Environmental Management Libraries and Public amenities Law enforcement Primary health Education</p> <p>Municipal Transformation and Institutional Development: Special Programmes Municipal Administration Human Resources Information and Communication Technology Services Supply Chain Management</p> <p>Financial Viability Revenue and debt management Budget planning and financial reporting Expenditure Management Asset Management Good Governance and Public Participation Marketing, Communications and Branding IDP Co-ordination Performance Management System Research and policy development Public / Community Participation Internal Audit Legal Services Risk Management</p>

**Table 1: Roles and Responsibilities Role Players**

### 1.3.3 Approved schedule for the IDP / PMS and Budget Review Process Plan – 2016 / 2016

The below schedule was approved by Council in August 2015, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process.

A	<b>1. PREPLANNING PHASE 01 JULY – 04 SEPTEMBER 2015</b>		
	ACTIVITY	DATE	RESPONSIBLE PERSON/ DEPARTMENT
	Develop IDP/Budget and PMS process plan	01 – 31 July 2015	IPED& BTO
	Presentation of the first draft of IDP/Budget and PMS process to the senior management	13 July 2015	IPED and BTO
	Advertise invitation of registration of IDP REP Forum Stakeholders	31 July 2015	CHDM will advertise on behalf of all the local municipalities in the District
	Signing of performance agreements by Directors	31 July 2015	MM
	Presentation of the Annual Performance Report for 2014/2015 financial year to Senior Management	03 August 2015	IPED/MM
	Submit the IDP/ Budget and PMS process plan to the Standing Committee	07 August 2015	IPED
	IDP/PMS and Budget Technical Steering Committee to discuss draft IDP/Budget and PMS process plan	17 August 2015	IPED/MM
	Submit the IDP/ Budget and PMS process plan to the Mayoral Committee	20 August 2015	IPED

	CHDM IDP Rep Forum	27 August 2015	CHDM
	Special Council Meeting for the Approval of the IDP/Budget and PMS process plan And the Annual Financial Statements for 2014/2015	28 August 2015	IPED/ BTO
	Advertise Adopted IDP/Budget Process Plan	31 August 2015	IPED
	Submission of the AFS to Auditor General & Provincial Treasury , the Annual Performance Report and Presentation of the First Draft of the 2014/15 Annual Report to Council	31 August 2015	MM/CFO/IPED
	Submission of the IDP/Budget and PMS process to the District and other spheres of government	31 August 2015	IPED
	Publication of Annual Report	11 September 2015	IPED and MM's Office
	<b>Presentation of the Final Proclamation as per MDB</b>	<b>09 September 2015</b>	
	Political Change Management Committee	18 September 2015	Executive Mayor : CHDM
	Workshop on the IDP and budget processes and the introduction of the clusters	11 September 2015	
	IDP REP Forum meeting for the introduction of the process plan and launch of the clusters and presentation of the Annual Report	15 September 2015	IPED/MM
	Political Change Management Committee	18 September 2015	Executive Mayor : CHDM
	IDP Work stream: for the amendment of the adopted process plans	22 September 2015	CHDM Planning
	Workshop for community leaders on	15 – 30 September	IPED and MM's Office

	the IDP processes	2015	
	Council Meeting to adopt amended IDP process	October 2015	
<b>B. ANALYSIS PHASE- 01 JULY – OCTOBER 2014</b>			
	HODs to start with the review of each directorate situational analysis	01 July 2015 – 30 September 2015	All HODs
	Conduct ward based profiling	01 September – 30 September 2015	IPED
	Technical IGR Meeting	22 September 2015	MM
	Assessment and review of community needs in each ward	August – 30 September 2015	Ward Councillors & IPED
	Annual Report Road shows	October 2015	MM
	IDP/Budget /PMS Technical Committee: to review Q1 Performance report and situational analysis	19 October 2015	
	Cluster meetings	19 – 23 October 2015	
	IDP/Budget/ PMS Steering Committee meeting: Presentation of the situational analysis	27 October 2015	IPED
	MPAC: Audit Committee & Performance Audit Committee	28 October 2015	MM
	Submission of baseline budgets and supplemental requests from directorates: Final date for submission of all baseline operating budgets, capital budgets, reviewed tariffs and operational plans by directorates to the budget office	02 – 20 November 2015	All Directors
	IDP REP Forum	10 December 2015	IPED & MM
	CHDM Council Meeting :Draft Annual Report	11 November 2015	CHDM: M.M.
	IDP/Budget/ PMS Technical Steering	23 November 2015	

	committee: presentation and discussion of the situational analysis: Develop objectives, and strategies commences		
	Cluster meeting : presentation and discussion of the situational analysis: Develop objectives, and strategies commences	24- 26 November 2015	
	Technical IGR Meeting	27 September 2015	MM
	IDP/Budget/ PMS Steering committee: presentation and discussion of the situational analysis: Develop objectives, and strategies commences	30 November 2015	
	CHDM Annual Report Roadshows	08 – 11 December 2015	
	Council Meeting for the Oversight report	10 December 2015	MM
	CHDM Council Meeting	11 December 2015	CHDM: MM
<b>STRATEGIES PHASE: REFINED OBJECTIVES, STRATEGIES, PROGRAMMES &amp; PROJECTS: JANUARY – FEBRUARY 2015</b>			
	IDP/Budget/PMS Technical Committee to discuss the mid year performance report,	18 January 2016	
	Municipal Strategic Session: to present updated situational analysis, refined objectives and strategies and draft projects: Review strategic scorecard and prepare draft SDBSIP	19-21 January 2016	MM
	Council Meeting, Mid year report for 2015/2016	25 January 2016	MM
	CHDM Council Meeting: Final Annual Report: 2013/2014 and Mid- Year Performance Report for 2015/2016	27 January 2016	CHDM: MM

CHDM Institutional Strategic planning session. Adopt proposed overall direction of the 2016-2017 IDP - agree on main themes and key strategic objectives and key financial issues . Refine objectives, strategies, programmes and draft projects as necessary for MTEF period	02- 05 February 2016	CHDM
Mid Year Performance Assessments	08- 12 February 2016	MM
IDP/Budget/ PMS Technical Steering Committee: review progress on the draft projects and Budget	15 February 2015	MM
IDP Cluster meetings	16 – 19 February 2016	IPED
IDP/Budget Steering Committee Meeting Chaired by the Executive Mayor	23 February 2016	MM
CHDM Council Meeting	24 February 2016	
IGR Technical Committee Meeting	25 February 2016	CHDM: MM
IDP REP Forum meeting	26 February 2016	IPED
Council Meeting for the adoption of the Adjustment Budget and Review of the SDBIP	29 February 2016	
IDP/PMS and Budget Technical Steering Committee presentation of the draft IDP, Budget and PMS	14 March 2016	IPED
CHDM Council Meeting	17 March 2016	CHDM: MM
Cluster meetings for the presentation of the draft IDP/Budget and PMS	15 -18 March 2016	
CHDM Council Meeting: Adoption of the draft IDP and Budget	23 March 2016	CHDM: MM
IDP/Budget &PMS Steering Committee Meeting to include the inputs of the Mayoral Committee and finalize the 1 <sup>st</sup>	24 March 2016	IPED/BTO

	drafts of the IDP and Budget for 2016/2017		
	Special Council Approval of the 1 <sup>st</sup> draft of the IDP and the Budget for 2016/ 2017	31 March 2016	MM
	Advertise draft documents of the IDP and the Budget for 21 days comments period	01 April 2016	IPED/BTO
	Lukhanji & CHDM IDP/Budget road shows - public hearings	04- 15 April 2016	CHDM & Lukhanji MMs
	Submit draft IDP and budget to relevant departments	07 April 2016	IPED/BTO
	Submit 3 <sup>rd</sup> Quarter Performance report to the Executive Mayor ( Jan- March 2016)	08 April 2016	MM
	IGR Technical Committee Meeting	10 May 2016	MM
	CHDM IDP REP Forum	12 May 2016	CHDM
	IDP/ Budget/PMS Technical Committee to consider final drafts and inputs	16 May 2016	IPED
	Cluster meetings to consider final drafts and inputs	17 – 20 May 2016	IPED,MM and Budget
	IDP/Budget and PMS Steering Committee to consider final drafts and inputs	24 May 2016	MM
	CHDM Council Meeting: Approval of Final IDP Review and Budget	25 May 2016	
	Council Meeting for the adoption of the final IDP and Budget	31 May 2016	Corporate Services
	Publication of the two documents	10 June 2016	Communications
	IDP/ Budget and PMS Steering Committee for the finalization of the SDBIP	10 June 2016	All HODs



Submission of the SDBIP for 2016/2017 financial year to the Executive Mayor & Signing of performance agreements	28 June 2016	MM
Publicize SDBIP and Performance Agreements within 14 days after approval		

IDP/PMS Managers' Session	08 May 2015	CHDM
IPED Standing Committee to report progress on the IDP	10 May 2015	IPED
IGR Meeting	06 May 2015	MM
CHDM IDP REP Forum	19 May 2015	CHDM
Council Workshop on draft IDP and Budget	22 May 2015	IPED
CHDM Council Meeting for the Approval of the IDP and Budget	27 May 2015	CHDM
Council Meeting for the Approval of the IDP and Budget	28 May 2015	MM
IDP/ Budget and PMS Steering Committee for the finalization of the SDBIP	10 June 2015	All HODs
CHDM IDP REP Forum Meeting	19 May 2015	CHDM
Submission of the SDBIP for 2015/2016 financial year to the Executive Mayor & Signing of performance agreements	26 June 2015	MM
Publicize SDBIP and Performance Agreements within 14 days after approval		

**Table 2: Action Plan**

#### **1.4 Comments from the MEC on the IDP 2015/16**

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

The following comments on the IDP of 2015/16 were received from the department. The assessment was done on the 2015/2016 IDP that was approved by Council in May 2015.

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

NO	MEC COMMENT	ACTION TO DATE
1	<u>Spatial Development Framework</u> (i) The municipality must develop an integrated environmental management plan (ii) The SDF should have an Implementation plan to unlock land for future land uses	(i) SDF was reviewed and approved in May 2015 with the approval of the IDP and the Budget. (ii) The Municipality was supported by Department of Rural Development and Land Reform. (iii) Currently the municipality is in the process of finalising the
2	<u>Service Delivery and Infrastructure Planning</u> (i) The municipality must develop its own holistic and comprehensive infrastructure delivery plan (Master Plan) (ii) The municipality must establish a unit or employ an ISD Officer	(i) Has developed and approved an Electricity Master Plan (ii) The Municipality has commenced with the process of developing a holistic plan. (iii) The ISD Officer has been employed
3	<u>Access to Land and Human Settlements Development</u> (i) The municipality needs support to develop a land invasion policy (ii) The municipality must include housing sector plan in the IDP (iii) The municipality needs support to develop a migration plan, aligned to the housing sector plan (iv) The municipality needs to reflect on the outcome of the assessment of the community viability	(i) Invasion policy has not yet been developed (ii) Housing sector plan has been included in the IDP (iii) Migration plan forms an integral part of other related sector plans e.g. Housing, Land Use Management Plan, and Waste Management, Water Services Development, Electricity Master Plan.
4	<u>Roads, Transport and Storm Water</u> (i) The municipality must develop a Road Master Plan (ii) The municipality must indicate whether the Chris Hani District Integrated Transport plan is being used (iii) The municipality must develop and include a storm water management plan	(i) The municipality is in the process of developing a holistic infrastructure master plan which includes the storm water management plan (ii) The Chris Hani Integrated Transport Plan
5	<u>Waste Management Services</u> (i) The IDP should be supported by an Integrated Waste Management Plan (ii) Evidence of implementation of sustainable environmental practices for re-cycling should be included (iii) Proof of controls for illegal dumping	(i) An Integrated Waste Management Plan was developed and approved by Council (ii) Lukhanji Municipality makes use of private recycling companies to collect waste for recycling purposes (iii) Dumping signs are available in strategic sites, By-Laws and awareness campaigns
6	<u>Disaster Management and Fire Services</u> (i) A functional disaster management unit (ii) Has the municipality adopted a disaster management plan? (iii) Is the municipality operating a fulltime fire service? (iv) Is there a chief fire officer appointed? (v) Are fire services tariffs developed, adopted, implemented and periodically reviewed? (vi) Is there a plan to address veld and forest fires?	(i) The municipality has no designated disaster management unit and disaster management plan as this is the function of the District (ii) The municipality has established a fire services unit (iii) A dedicated team is in place to attend on fires (iv) Fire services tariffs are

NO	MEC COMMENT	ACTION TO DATE
		periodically reviewed (v) The Municipality has veld and forest fire plan
7	<u>Environment Management Plan</u> (i) Does the environment management plan address all environmental issues that affect the municipality? (ii) Is there a functional environmental unit in place to implement environmental plans?	(i) The municipality environmental management plan talks to waste management plan only and the municipality is in a process of reviewing an inclusive plan (ii) Yes
8	<u>Public Amenities and community facilities</u> (i) Has the municipality determined the extent of need for public amenities (ii) Has the municipality done an audit on the community facilities and public amenities?	(i) The municipality has determined the extent of need for public and community facilities, the municipality is establishing new cemeteries and extending others. (ii) The Municipalities is auditing the extent of usage and need of public amenities
9	<u>Safe and Secure Environment</u> (i) Does the municipality have an integrated community safety forum (ii) Does the municipality have an integrated community safety plan?	(i) The municipality have integrated community safety forums in place There is no plan in place, the custodians of the plan is SAPS
10	<u>Financial Planning and Budgets</u> (i) Are there by-laws and are they gazetted? (ii) In view of the global economic crisis, are there alternative mechanisms being sought to (a) Finance investment in infrastructure (b) Maintenance of old infrastructure and (c) Acquiring of new infrastructure? (iii) Does the municipality have a GRAP compliant infrastructure register?	(i) The municipality have no by laws in place, however the draft by-laws will be presented in budget approval meeting by-laws scheduled to take place on 28 May 2015 (ii) There are no mechanisms in place however lobbying with private financial investors have started. (iii) The municipality has a GRAP compliant register in place
11	<u>Expenditure</u> (i) Does the IDP reflect on the percentage of Municipality's last year's capital budget actually spent? (a) What percentage was spent in the past two financial years? (b) Included a table showing audited results each year? (ii) What is the extent of the own revenue and grant usage for infrastructure investment? (iii) What are some of the major observations that can be made in relation to operating and capital expenditure analysis for 2010 / 11? As per section 18 of the MFMA?	(i) The financial plan chapter reflects on the budget trends in the last financial years. (ii) The reviewed IDP includes financial plan chapter
12	<u>SDBIP</u> Is the draft SDBIP included in the IDP?	The draft SDBIP will be attached with the draft IDP to Council. the municipality is in the process developing one

NO	MEC COMMENT	ACTION TO DATE
13	<u>Supply Chain</u> (i) Does the municipality have a functional supply chain unit in compliance with the National standards in terms of BID Committees?	The municipality does have a functional supply chain unit
14	<u>Local Economic Development</u> Does the municipality have mechanisms to retain existing businesses and attract further investment?	The Municipality is currently reviewing its LED strategy in attempt to attract investment
15	<u>Good Governance and Public Participation, Labour</u> (i) Is there a complaint management system? (ii) Does the audit committee have a framework to regularly audit the implementation of the IDP?	(i) There is no comprehensive complaint management system. The Municipality has a draft complaint management system (ii) There is audit committee on shared services basis with its limitations. The Municipality is in a process of establishing its own committee
16	<u>Special Groups</u> (i) Is there evidence indicating that gender issues is mainstreamed in key plans of the municipality and in sector plans? (ii) Is gender equity promoted for access to economic opportunity? (iii) Is there evidence of sectoral plans addressing population concerns? (iv) Are there tools to assess the social impact of development interventions at community level?	(i) The Municipality is trying to mainstream gender issues on an ongoing basis e.g. HIV AIDS Plan (ii) Yes, our supply chain management policy addresses gender equity. (iii) Socio-economic analysis in the IDP reflects those concerns (iv) Through public participation these concerns are assessed while we seeking to improve our assessment tools
17	<u>Institutional Arrangements</u> (i) Is there a council approved HR Plan / Strategy that responds to the long-term development plans of the municipality as reflected in the IDP (ii) Is there an approved organisational organogram that is aligned to the core business of the municipality? (a) Is the structure affordable and sustainable? (b) Are the vacancies funded or unfunded? (c) Are the plans with deadlines to fill the vacancies? (iii) Does the workplace skill plan respond to the capacity challenges of the municipality? (iv) Does the municipality show evidence that it has a recruitment, training and retention strategy for scarce skills? (v) Is there evidence of a succession plan especially for key positions? (vi) Is there an organisational performance management systems (OPMS) and is it aligned with IDP as well as key performance indicators and targets in line with the MSA?	(i) Council has a draft HR Plan / Strategy in place; this will be reflected in the last reviewed IDP. The institution has reviewed and approved its organogram in 2015. (ii) Yes, it is sustainable and prioritised positions funded (iii) The Workplace skills plan is prepared annually and is not responding fully to the capacity challenges owing to lack of funds (iv) The municipality has developed policies relating to recruitment and are reflected on the Municipal Transformation section in the document. (v) No, there is a draft succession plan policy (vi) The PMS in place and aligned to the IDP with continuous improvement

**Table 3: Comments- IDP Assessment**

### 1.5 Lukhanji Summary of assessment for the past five years

KPA	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Basic Services and Infrastructure	Medium	Medium	Medium	Medium	Medium
Institutional Arrangements	High	Low	Low	Low	Medium
Local Economic Development	High	High	High	High	High
Financial Viability	Low	Low	Low	Low	Medium
Good Governance and Public Participation	High	High	High	High	High
Spatial Development Framework	High	High	Medium	Medium	Medium
Overall Scoring	High	Medium	Medium	Medium	Medium

**Table 4: 5 Year Assessment Summary**

## CHAPTER 2: SITUATIONAL ANALYSIS

### 2.1 Introduction

This chapter provides descriptive data across a range of socio economic indicators of Lukhanji Local Municipality.

It is necessary to acknowledge the need for both quantitative (data based) as well as qualitative data (participatory methods of analysis).

In some instances trends in the municipality have also been compared with trends at district level in order to understand these in their regional context. This is crucial as it provides the municipality and its social partners with deep insight into local socio-economic trends, patterns and development challenges.

The aim of a situation analysis study 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 situation analysis has as its main goal the identification of key developmental issues pertaining to the geographical area and to acquire a deeper understanding of these issues. The under mentioned aspects have been addressed during the situational analysis phase:

- status quo, trends and people's priority needs and problems
- knowledge on available and accessible resources and potentials.
- Understanding the nature/ dynamics or causes of these issues
- Spatial analysis

#### ***Various methods were used to conduct the situational analysis:***

##### **Desktop Study**

Various reports, statistics and sources of information were collected, collated and analyzed. This included financial reports, performance reports and other factual data.

- **Ward Verification Meetings and Workshops**

Several working sessions and meetings facilitated by the municipality were held with the various communities in Lukhanji Local Municipality. The purpose of these ward meetings and working sessions was to establish socio economic issues and to afford residents an opportunity to raise issues of concern which could be addressed during the IDP process.

- **Asset Based Community Driven Development**

Lukhanji was one of the pilot municipalities for the ABCD programme that was offered by GIZ. The programme was about shifting the mindset of the communities so that they can drive their own development. It also enhanced our public participation processes. A number of workshops were held with community leaders, which included ward councillors, ward committees, traditional leaders, CBOs and NGOs. Focus group sessions were held in all the wards. These were facilitated by the Eastern Cape Non-Governmental Organization and the IDP section of the municipality. The project was sponsored by GIZ. From the focus group session, 16 ward profiles were developed and 4 ward based plans were developed.

The information from these sessions was also used to review the Lukhanji situational analysis.

- **Outreach Programme on the Annual report for 2014/2015**

The information from the above sessions was also used to update the situational analysis.

- **Departmental Interviews and Working Sessions/meetings**

Departmental interviews and several working sessions were held with the Municipal Manager, Departmental Heads, and the Executive Committee.

## 2.2 Locality Context

Lukhanji is a category B municipality situated within the Chris Hani District of the Eastern Cape. It is made up of a combination of the greater Queenstown and surrounding farms and villages, Ilinge, Hewu/Whittlesea, Gwatyu Farms, Lesseyton and Zingquthu. Lukhanji is landlocked by the municipalities of Tsolwana and Inkwanca to the west, Emalahleni to the north and Intsika Yethu to the east, and Amahlathi to the south. Lukhanji occupies a strategic geographic position within the Chris Hani District Municipality and covers approximately 4 231 km<sup>2</sup>. According to Census 2011, the Lukhanji has a total population estimated at 190 723 (24% of the district population) in the Chris Hani district and comprises of 27 wards.

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



**Figure 1: Lukhanji Locality Map**

In terms of District Developmental agenda Lukhanji is viewed as the economic hub because of its strategic location. Its central location with arguably the largest urban centre (Queenstown) in the district attracts many people on a daily basis from surrounding municipalities of Tsolwana and Inkwanca to the west, Emalahleni to the north, Intsika Yethu to the east and Amahlathi to the south, Nkonkobe from the south as well as Nxuba Yethemba Municipality to the west.

Areas that constitute Lukhanji Local Municipality are:

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

### 2.3 Demographic Profile



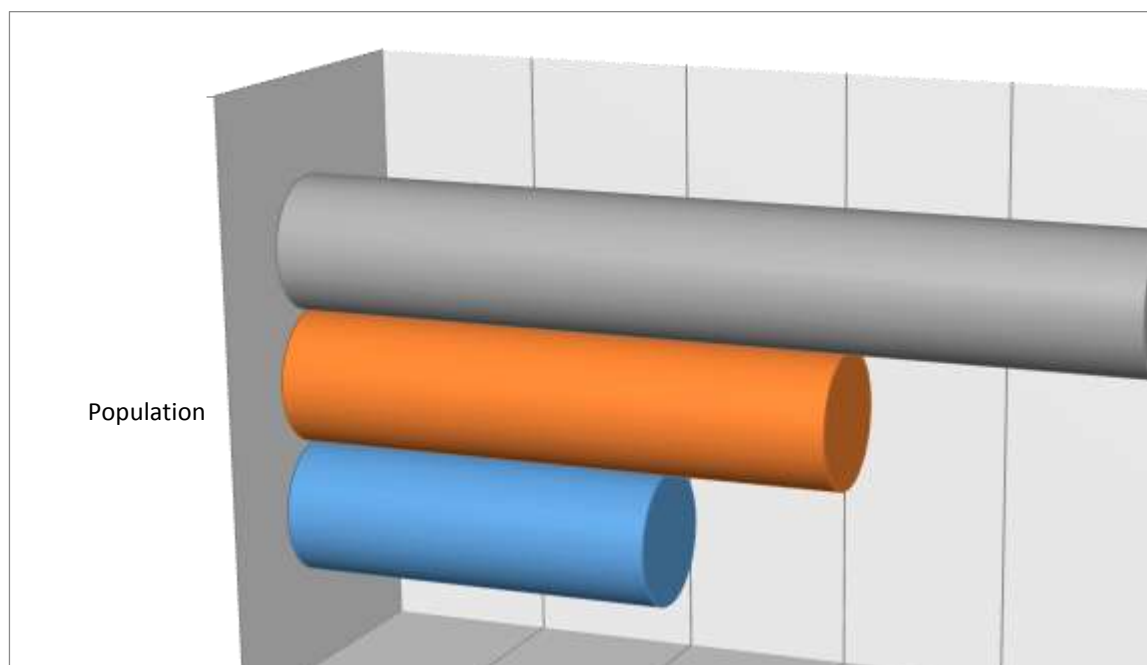
Demographics includes population groups, age and location. Distributions of values within a demographic variable, and across households, as well as trends over time are of interest. In this section, an overview is provided of the demography of Lukhanji Local Municipality.

Where applicable the data from Statistics South Africa Population Census 2001 and 2011 were used. Data from the Eastern Cape Socio- Economic Council (ECSESCC) and Global Insight was used.

## 2.4 Population Size

According to Census 2011 Lukhanji has a total population estimated at 190 723 and 51 173 households. Growth trend analysis shows that Lukhanji population had a marginal growth of 0.6% when comparing 2001 Census to 1996 Census results, and 0.5% when 2011 Census results are compared to 2001 Census. The marginal growth could be attributed to a variety of factors such as death, poverty, HIV/AIDS and/or family planning. On average there are about 3.5 persons per household. Of the population, 92,6% are black African, 3,8% are coloured, 2,7% are white, with other population groups making up the remaining 0,9%.

This explained on the graph depicted below:

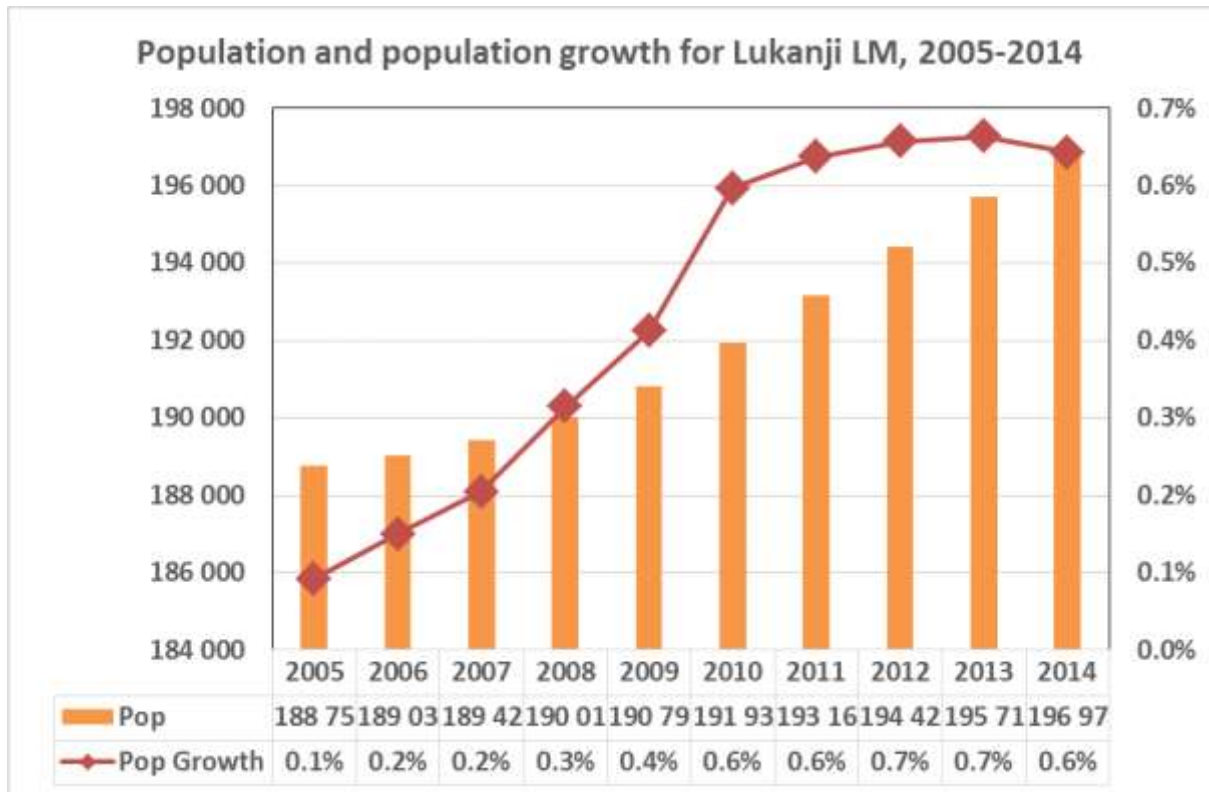


Graph 1: Population Size

(Source: Census 2011)

## 2.5 Population Growth

The chart below depicts population growth in Lukhanji Municipality



Population Growth: Sourced: Global Insight

The programmes and municipal plans have to take the demographic matters into consideration, population projections should also be considered.

The above graph shows that there has been a slight population growth in the Lukhanji Local Municipality. This has to be taken into account when planning for the municipality.

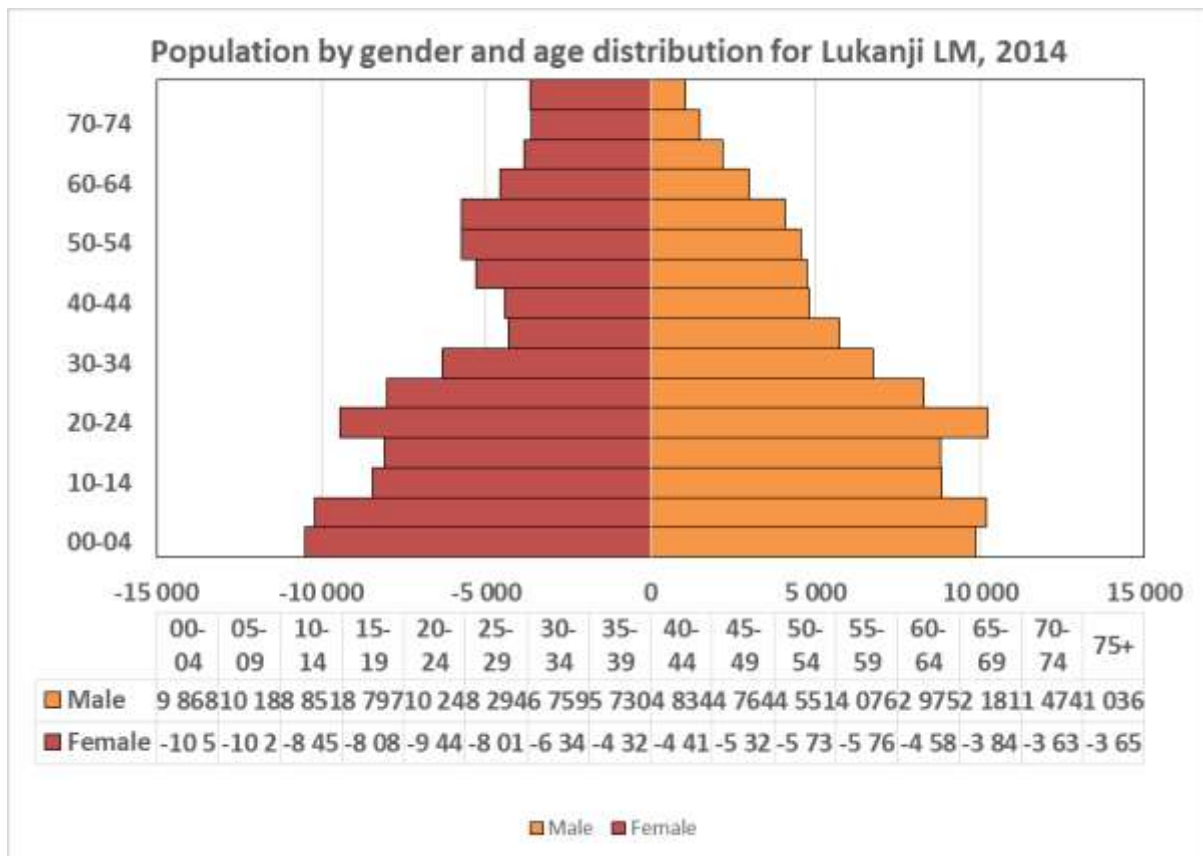
### ***Population of Chris Hani by its Local Municipalities***

LM Municipalities under Chris Hani DM	Population	% of Total Population
Inxuba Yethemba	67 779	8.4
Tsolwana	34 092	4.2
Inkwanca	22 829	2.8
<b>Lukanji</b>	<b>196 978</b>	<b>24.3</b>
Intsika Yethu	145 685	18.0
Emalahleni	121 074	14.9
Engcobo	156 415	19.3
Sakhisizwe	65 108	8.0

Source: Global Insight

### 2.5.1 Population Gender and Age Distribution

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



**Graph 2: Population Pyramid**

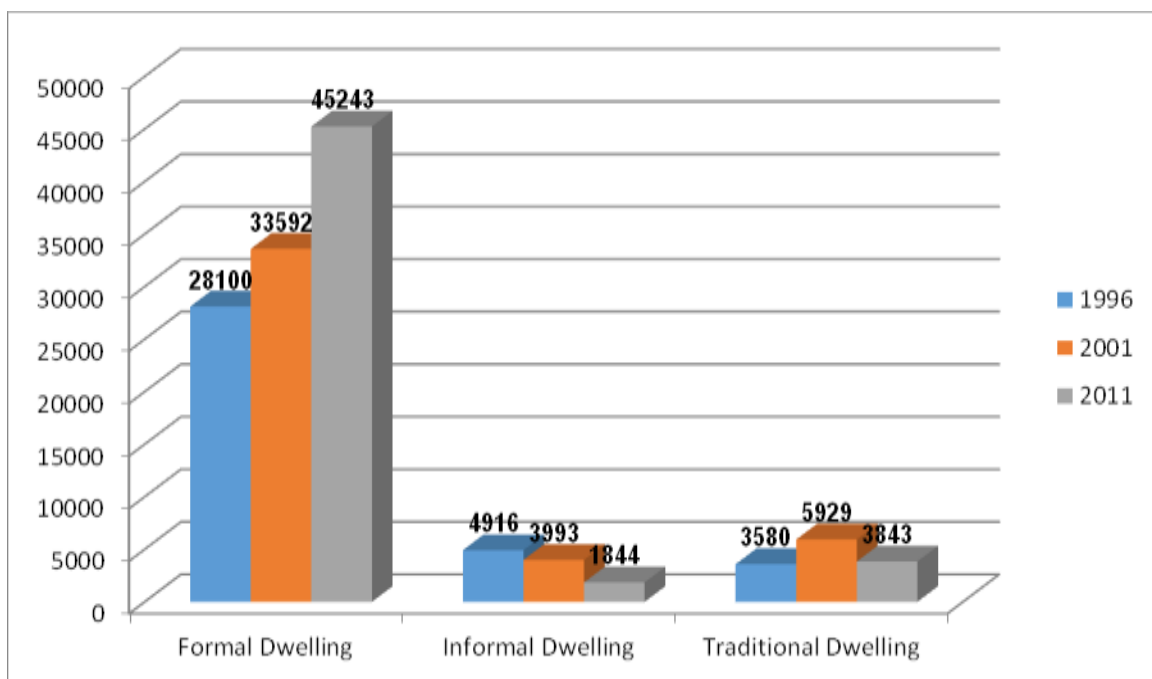
The above population pyramid reflects a perfect planning informant for the municipality. From this age distribution above, the following observations can be eluded:

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

Lukhanji Municipality population has a large representation of the youth (comprising of more than 34%) of the total population and the retired age group of age 64 and above represents 6.9% of the population. These two above points also pose a great challenge for the Lukhanji municipality because more than 50% of the population is both under 15 years and above 65 years and thus most likely economically inactive and reliant on social grants. The resultant of this compels the municipality to increase its commitment to Special Programmes.

### 2.5.2 Household dynamics

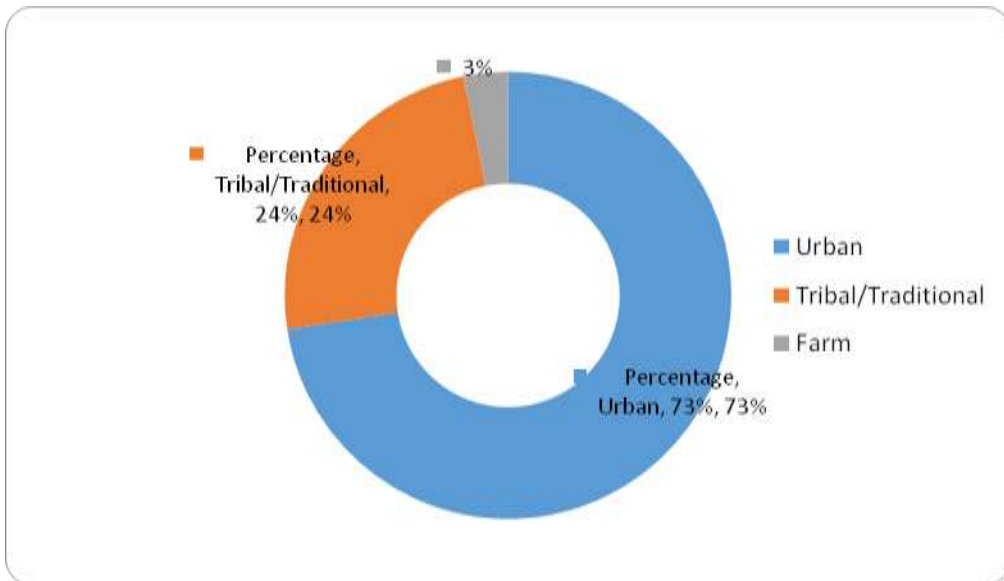
There are 51 173 households in the municipality, with an average household size of 3.5 persons per household. The majority of households in Lukhanji reside in urban formal dwellings and a small minority lives in rural and farm areas.



Graph 3: Household Dynamics

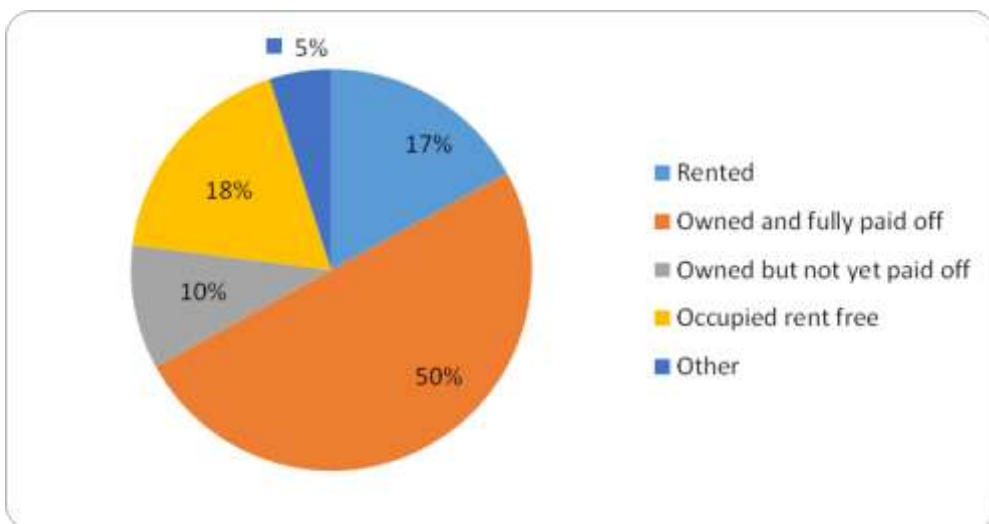
(Source: STATSSA 2011)

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



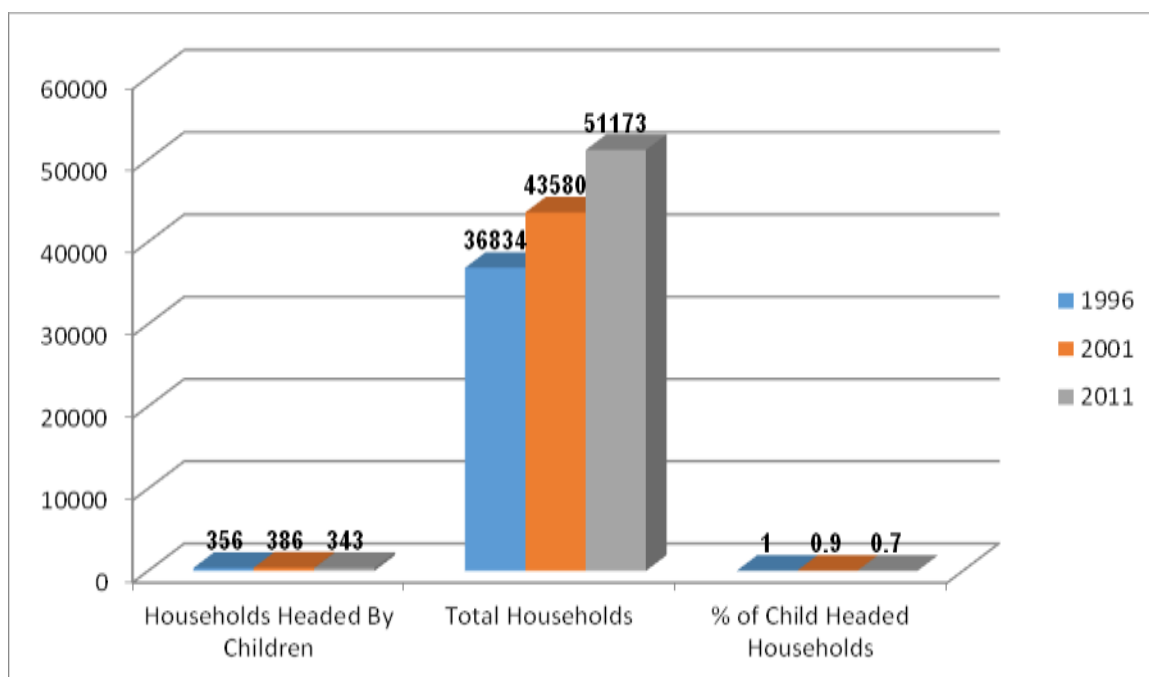
Graph 4: Settlement Type

(Source: STATSSA 2011)



Graph 5: Housing Ownership Status

### 2.5.3 Child Headed Households



Graph 6: Child Headed Households

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

#### Proportion of households with Access to Dwelling type in Lukhanji LM, 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013
	(%)								
Very Formal	29.2	31.2	33.4	35.4	36.6	37.1	38.1	39.3	40.7
Formal	48.0	47.2	46.4	45.6	45.3	45.0	44.5	44.2	43.5
Informal	5.7	5.2	4.8	4.5	4.2	3.8	3.6	3.4	3.3
Traditional	16.7	16.0	14.9	14.1	13.5	13.6	13.4	12.9	12.2
Other dwelling type	0.4	0.4	0.5	0.4	0.5	0.4	0.4	0.3	0.3

Source: Global Insight

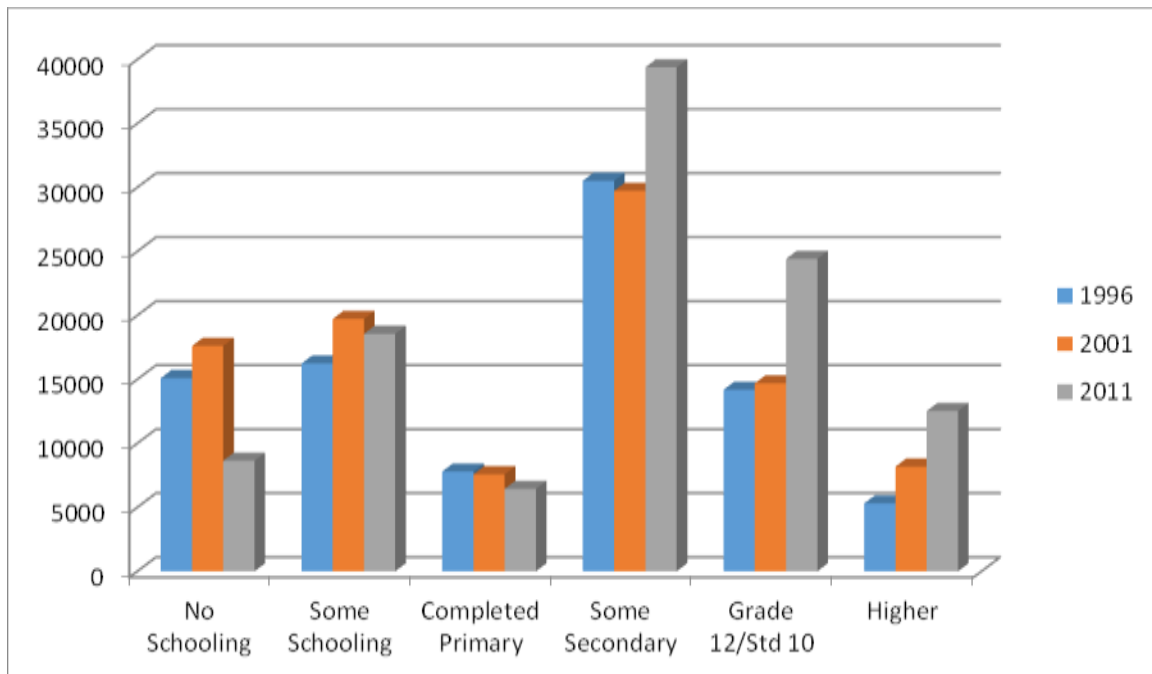
#### 2.5.4 Education

The role of the Lukhanji municipality in Education is to facilitate and cooperate with the Department of Education for the provision of schools, education programs as well as directly provide for erection of early childhood

learning facilities like crèches. The municipality needs to communicate information to relevant authorities in terms of key priority areas needing education infrastructure and services.

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

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

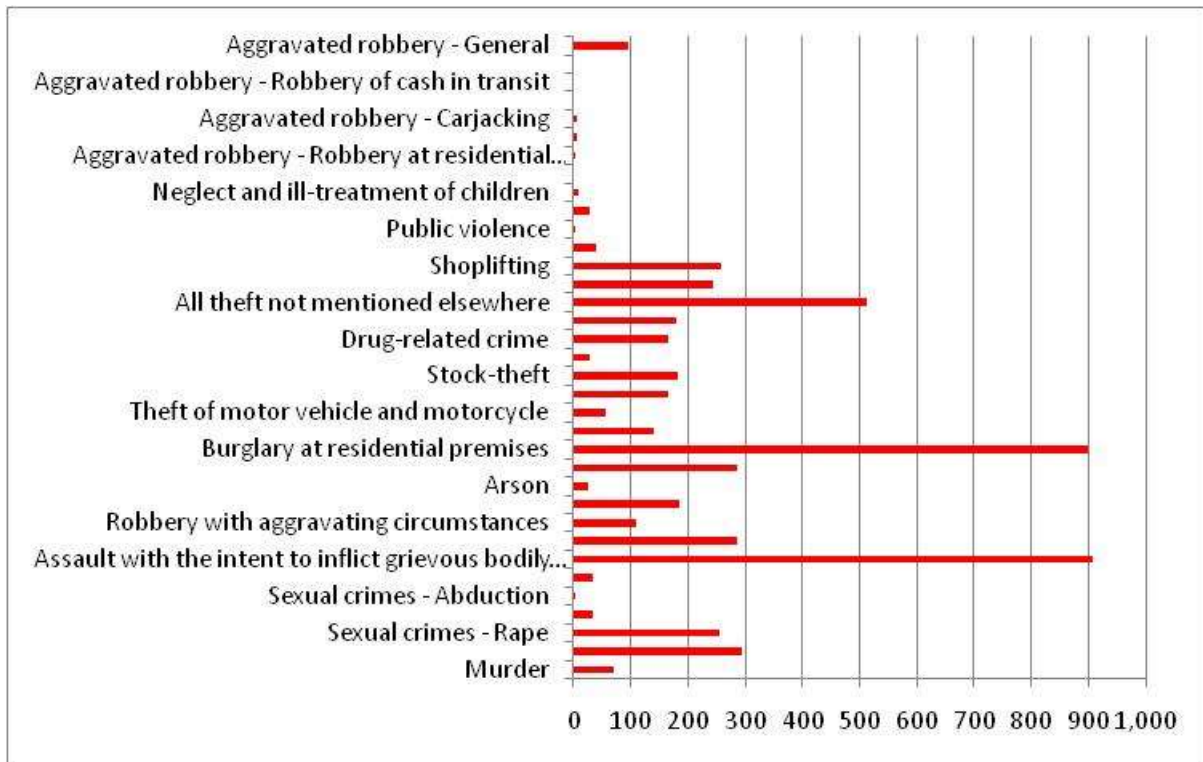


Graph 7: Education

### 2.5.5 Safety and Security

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

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



**Graph 8: Safety and Security**

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

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

**Below is a table list of existing facilities in Lukhanji.**

POLICE STATIONS	COURTS OF LAW
-----------------	---------------



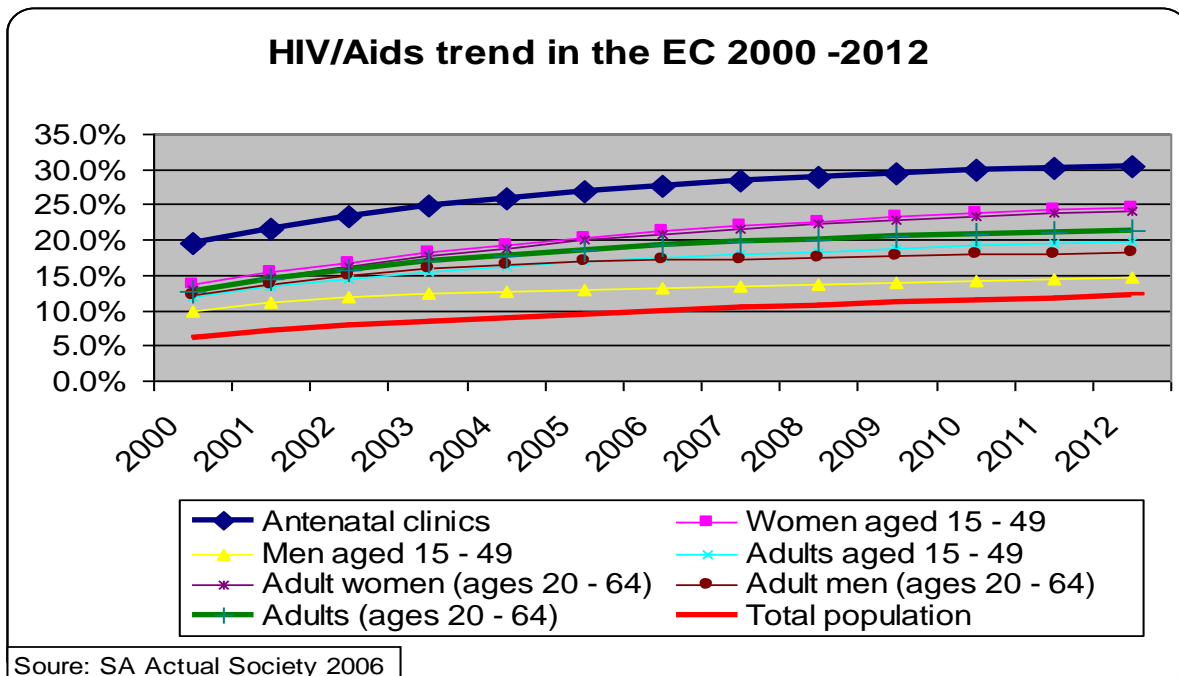
Bridge Camp	Queenstown
Ezibeleni	Whittlesea
Ilinge	Ezibeleni
Kolomane	
Queenstown	
Tylden	
Whittlesea	
Klein Bulhoek	
Mlungisi	

**Table 5: Safety and Security Facilities**

### 2.5.6 Health

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

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



Graph 9: HIV/AIDS impact projections

## 2.6 Economic Development Profile

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

**South African Constitution's** section 153 states that,

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

**1996 Local Government Transition Act** – This was the transitional arrangement is setting up the new form of local government in South Africa.

**Reconstruction and Development Programme (1996)** – This was a government policy adopted pre-1994 as part of building cohesion and healing the injustices of the past for all South Africans.

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

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

### **Municipal Systems Act 32 of 2000**

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

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

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

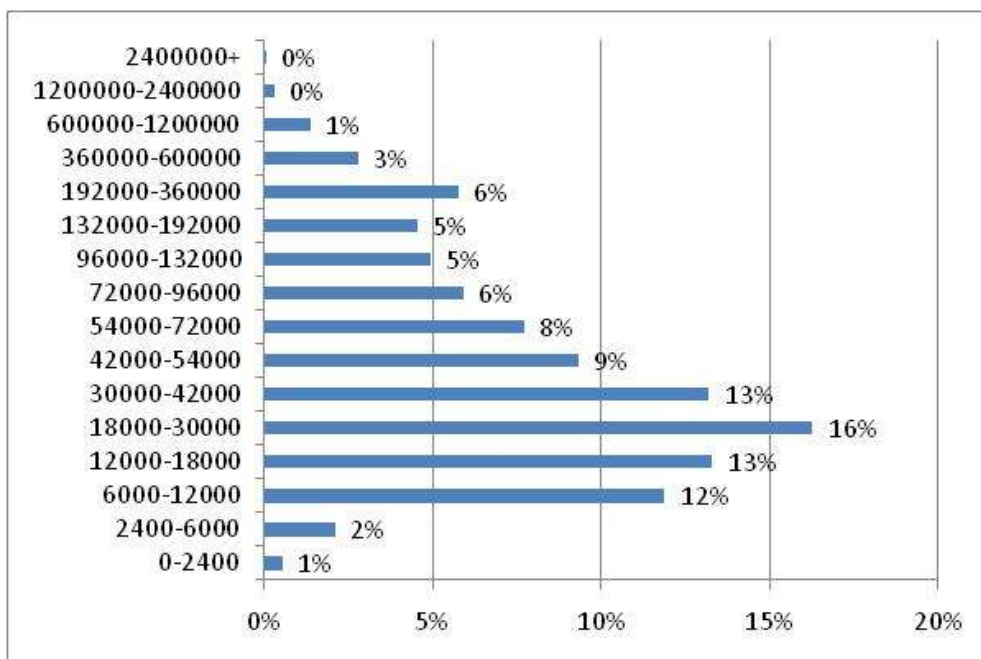
#### **2.6.1 Overview of economic development in Lukhanji**

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

## 2.6.2 Economic Development Indicators

### Household Income Distribution

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



Graph 10: Income Distribution

(Source: Global Insight 2008)

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

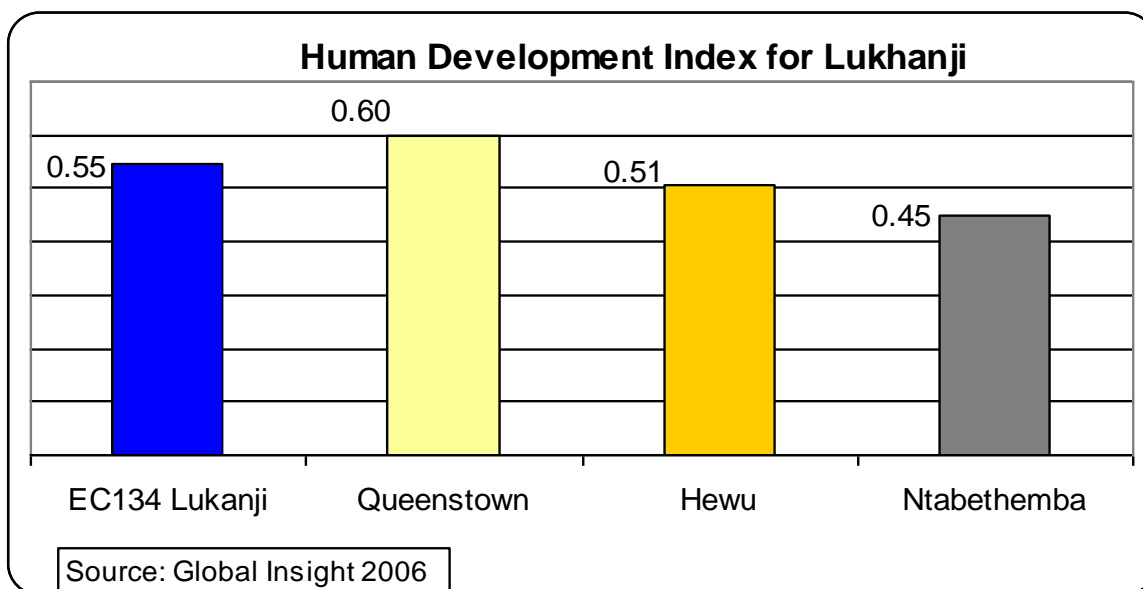
The reduction of households earning less than R1500 per month has reduced the number of households reliant on the indigent policy. With reduced pressure on subsidy requirements the municipality may have additional resources to utilise in other development priorities and needs. This must not be reason to be complacent since the challenge to reduce poverty remains high especially when considering the high unemployment rate.

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

### 2.6.3 Human Development Index

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

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

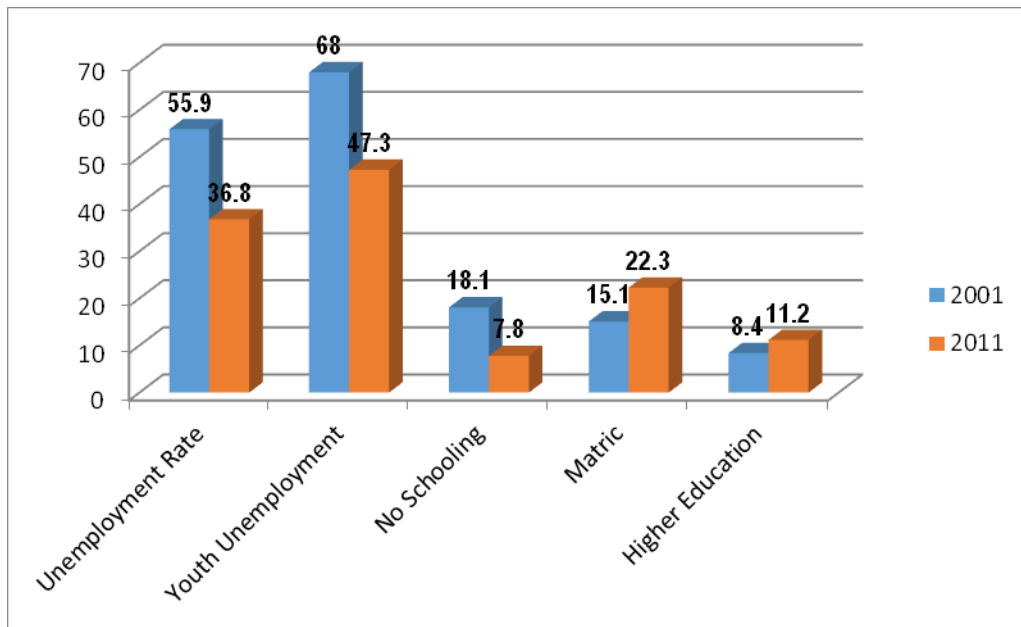


Graph 11: Human Development Index

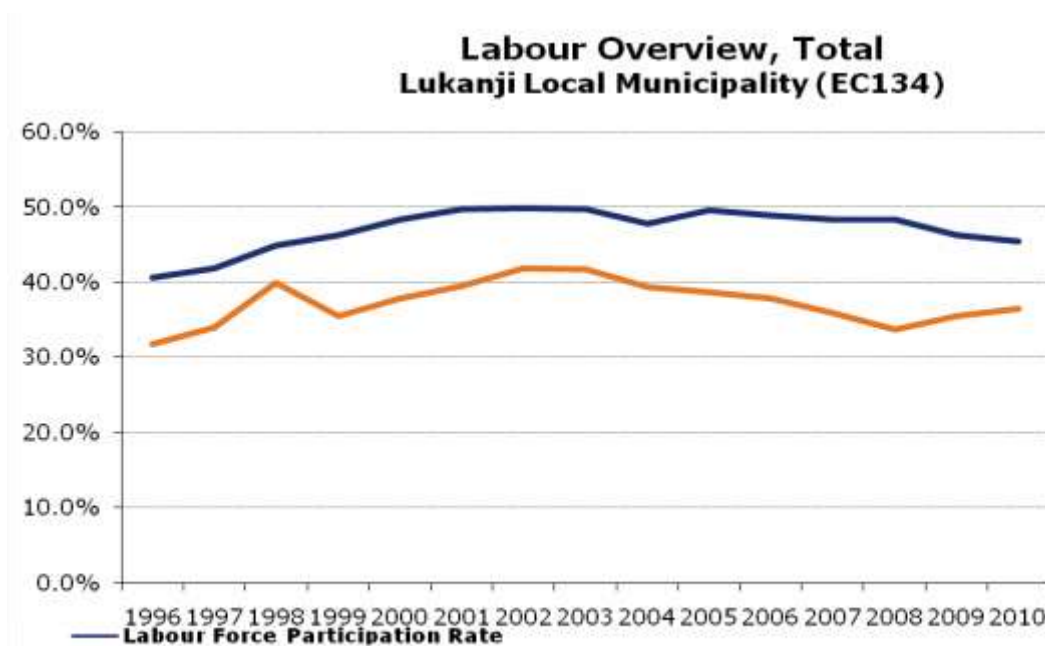
### 2.6.4 Unemployment

Unemployment is a major development challenge in Lukhanji. According to Census 2011 there are 33 651 employed persons in the municipality; the unemployment rate is estimated at 36.8%, which does not include the 10 066 discouraged work-seekers who have given up looking for work.

Amongst the youth (15–35 years) in the area, 13 342 are employed. The youth unemployment rate is estimated at 47.3%, which does not include 5 861 persons who fall within the discouraged work-seeker group.

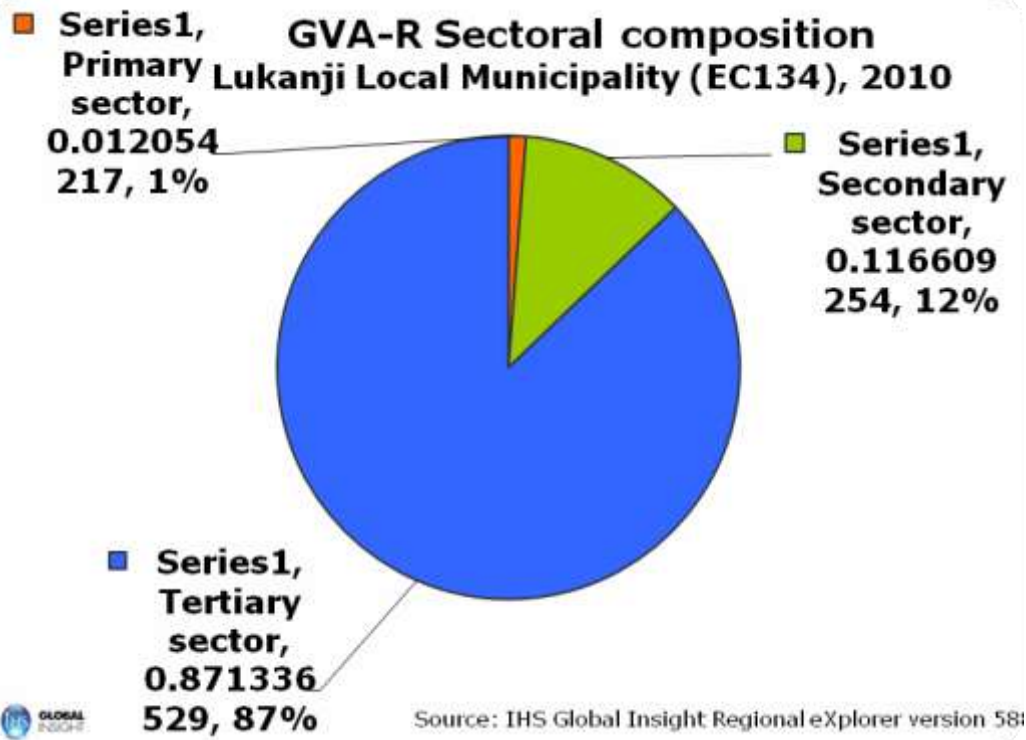


Graph 12: Unemployment Rate



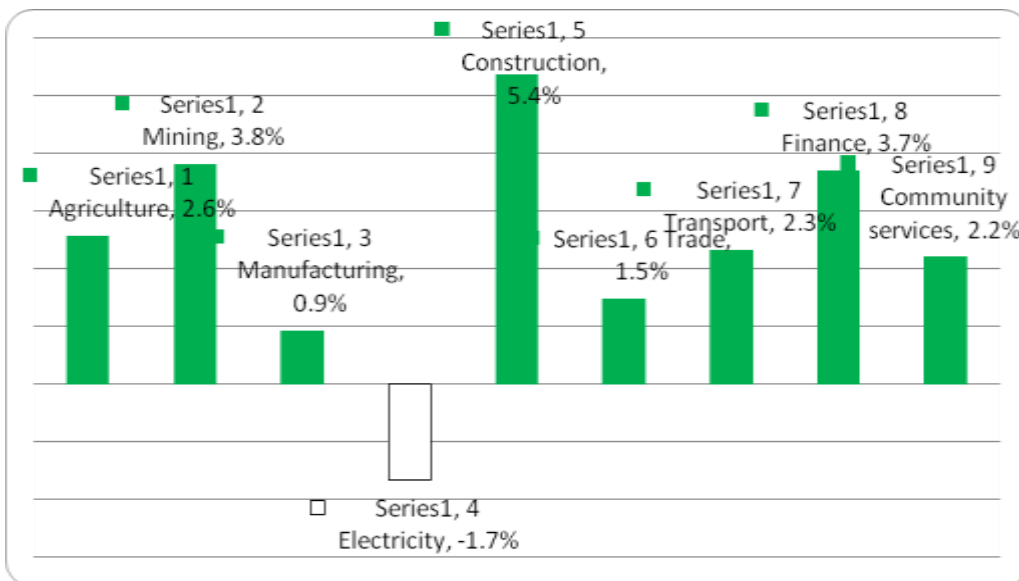
Source: IHS Global Insight Regional eXplorer version 588

Graph 13: Labour Overview



Graph 14: Gross Value Add by Sectors

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



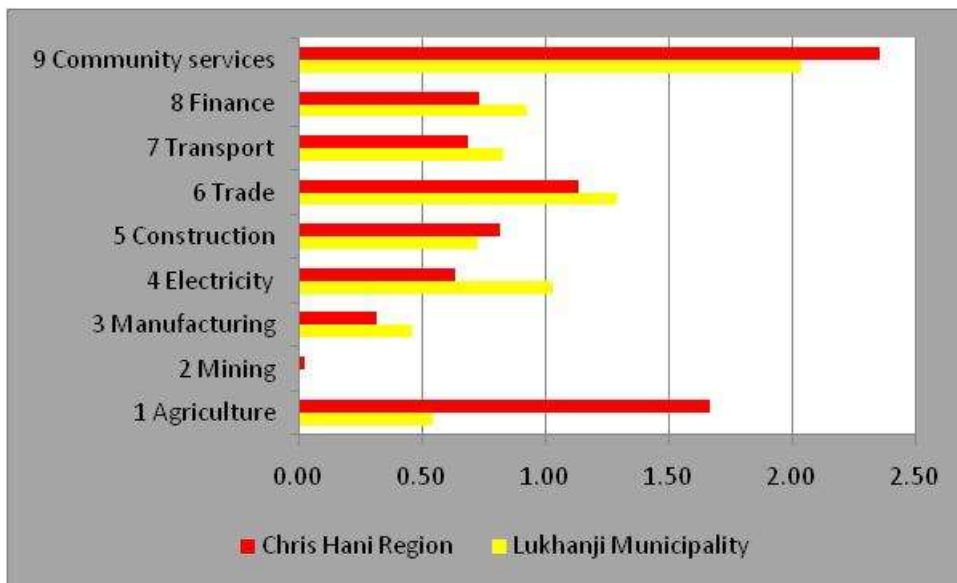
Graph 15: Gross Value Adds

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

### 2.6.5 Comparative advantage

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

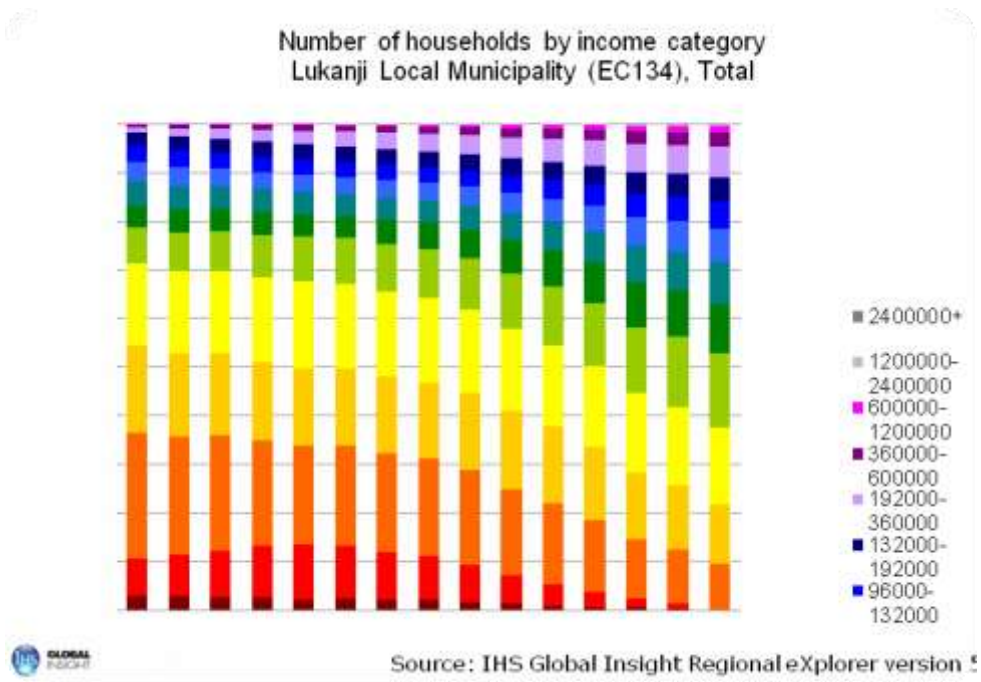
The figure below compares Lukhanji economic competitiveness to that of the Chris Hani District by nine broad economic sectors. It shows that Lukhanji economy compares better in the sectors of Trade (retail), Electricity, Finance, Transport and Manufacturing while Chris Hani compares better in Community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



Graph 16: Economic Competitiveness

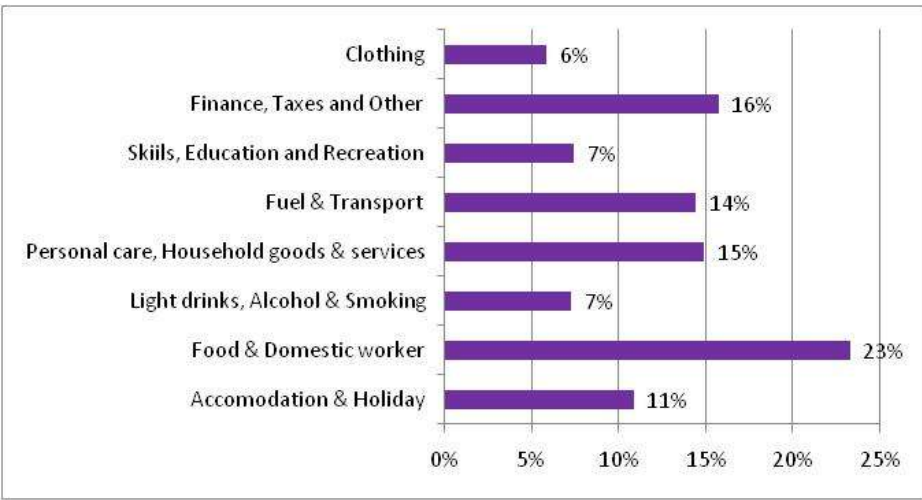
### 2.6.6 Household Expenditure

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



Graph 17: Household Income

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



Graph 18: Distribution by Expenditure Items

**2.7 Environmental Challenges and Context for Environmental Responsibilities**

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



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

## **2.8 Environmental Management and Greening Revolution**

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

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

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

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

### **2.8.1 Climate**

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

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

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

### **2.8.2 Vegetation and Soil Types**

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

### **2.8.3 Hydrology**

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

- Klipplaat/Waterdown Dam
- Bonkolo Dam
- Ovkraal Dam
- Shiloh River
- Black Kei River
- Berry Dam
- Komani River

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

#### **2.8.4 Summary of the Key Environmental Challenges**

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

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

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

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

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

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

## CHAPTER 3: OVERVIEW OF THE KEY PERFORMANCE AREAS

In terms of the section 152 (1b) of the Constitution, 1996 (Chapter 7), the objects of the local government are to ensure the provision of services to communities in a sustainable manner.

In terms of the section 73 (1c) Municipal Systems Act No. 32 of 2000, General duty – A municipality must give effect to the provisions of the Constitution and - ensure that all members of the local community have access to at least the minimum level of basic municipal service.

The directorate is responsible for the following:

- To provide an effective and efficient electricity supply to all households within the municipality.
- To ensure that all the roads and stormwater drains are maintained effective and efficiently.
- To provide a maintenance and repair service of all buildings and sportfield to other Directorates.
- To provide a project management service of all new infrastructure developments for the area of Lukhanji.
- To provide a building control service within the area of Lukhanji.
- To provide a maintenance and repair service of all fleet.

The Directorate execute the following priority area:

- 1) Electricity – Distribution and revenue sections
- 2) Infrastructure Development (PMU);
- 3) Civil Engineering - Building control, Civil, Roads sections
- 4) Workshop - Fleet maintenance

### ELECTRICAL DEPARTMENT

#### Distribution Section

##### Existing Infrastructure Services

Function: Responsible for maintenance of overhead lines, substations, cables, and public lighting

**Table 1: Existing infrastructure / fixed assets**

INFRASTRUCTURE	EXTENT	CONDITION
High Voltage (HV) lines - overhead	17 km	Fair state
Power transformers – ranging from 2,5 MVA 22/11kV to 15 MVA 66/11 kV	6	Past recommended useful life, have not been service for a while
Medium Voltage (MV) line - overhead	140 km	Poor state, past recommended useful life
Medium Voltage (MV) cable - underground	159 km	Poor state, past recommended useful life

Distribution transformers and minisubs – MV/LV	428	Poor state, past recommended useful life
Substations (MV switchgear, LV switchboards and substation buildings)	28	Poor state, old switchgear that has not been serviced poses danger to operating staff
Low voltage network (distribution kiosks, overhead LV line, underground cables, streetlights, and highmasts)	Not measured	Poor state, old streetlights. Highmast are recent

As already assessed in the Electricity Master Plan report the electrical network is generally in poor state. The positive aspect is that the recommendations have started for a phased implementation to address maintenance backlog as well as to strengthen the network.

Due to limited funds a significant maintenance backlog continues to exist. The impact of maintenance backlog is that it increases the risk of widespread / prolonged outages should part of large infrastructure fail.

Electricity infrastructure is costing R 14million and INEP funding from DoE of R 3million. According to the *Lukhanji Municipality Electrical Infrastructure MasterPlan 2013* it was estimated that the electrical infrastructure Asset Value is about R347m. Lukhanji Municipality needs to catch up on the maintenance backlog by implementing the recommendations of the MasterPlan.

There is challenge of unavailability of funds, for instance the 2015/16 MasterPlan implementation is unfunded. The Department of Energy's *Approach to Distribution Asset Management (ADAM)* recommends that a minimum of 6% of total asset value be budgeted annually for maintenance.

## **Relations with stakeholders**

### **Eskom**

The Distribution unit needs to work on improving the relations with the local Eskom office (both Customer Service and Technical Maintenance & Operations division). Currently it takes longer to follow up on outstanding matters – e.g. applications for new connections take longer and there is no follow up turnaround times).

## **Revenue Section**

### **Existing Infrastructure Services**

Function: The division is responsible for revenue management (installation, repair and testing of electricity meters), and testing of network protection schemes

**Table 1: Existing infrastructure / fixed assets**

INFRASTRUCTURE	QUANTITY	CONDITION / REMARKS
Credit meters 3Phase and Max Demand	754	Past recommended life, should consider automated meter reading
Credit meters 1 Phase	1 983	Past recommended life
Prepaid meters 1Phase	19 447	Combination of split meter and common base prepaid meters. Split meters are being by-passed at the pole at locations such as Nomzamo, New Vale, and Ezibeleni. Penalties are being applied to curb the problem
<b>Total meter points</b>	<b>22 84</b>	

With the high meter tampering occurring, it would appear that the staff complement in the Revenue Management section would need to be increased to enable them to curb the scourge. This is not sustainable, as a result only the suspect accounts are prioritised.

New technologies are being explored at including real time PLC-based prepaid meters and smart meters. Such technologies are able to indicate real-time meter tampering, such that real-time actions may be taken.

### Plant and Equipment

PLANT AND EQUIPMENT	REQUIRED	AVAILABLE	AGE	IDEAL AGE	SHORTAGE	DEFICIENCY / SHORTAGE IN %
Bakkies	4	4				

## PROJECT MANAGEMENT UNIT (PMU)

### Project Management and Contract Management

Function: Responsible for infrastructure projects or development mainly Municipal Infrastructure Grant (MIG) projects, own funds and other funding resources of infrastructure. Its main functions are contract administration, project management, and assists SCMU on contract management of all capital projects.

## **Existing Infrastructure Services**

There are no infrastructure services under this section. This is an implementing section of infrastructure project therefore no existing infrastructure services with the unit.

The section is getting 5% of the top slice of the Municipal Infrastructure Grant (MIG) allocation per year for the operational expenditure of the section. In terms of the MIG guidelines the 5% of the top slice is supposed to be utilised by the PMU section in which this is not the case.

### **Systems description: Policies, Procedure manuals etc.**

There are systems developed but needs Council/Management approval as follows:

- Condition applicable to Appointment of Consultants;
- Monthly report process plan;
- MoU between roads and stormwater section and PMU;
- Payment process plan and quality checklist;
- Capital Projects Management Policy;
- Project file checklist; and
- Variation Order Approval form;

## **Design and Drawing section**

This is a proposed new unit, where will focus on project feasibility studies, scoping reports, preliminary designs, detail designs, and approval of drawing plan designs. This will ensure that the intensive use of consultants is minimised.

## **CIVIL ENGINEERING DEPARTMENT**

### **Building Control**

Function: Responsible for law enforcement of the building regulations, Municipal building by-laws and advising the council/ Municipality on new regulations or updates.

There are no infrastructure services under this section. This is a law enforcement section of the building regulation and by-laws. The extent of the section is currently, mainly focusing on urban areas Whittlesea, Queenstown, Top town, eMlungisi, eZibeleni, Sourth Bourne, West Bourne, Sada, Ekuphumleni, Queenspark, Madeira Park and other developing areas. The areas of Ilinge, and part of Whittlesea are not attended to.

## **Plant and Equipment**

There is no equipment or plant for this section. This contributes negatively in the law enforcement whereby some of the functions of the section are not executed such the demolishing of illegal buildings, to make own layout plans or to eliminate encroachment and other activities that may need the use of plant and equipment.

## **Building Control**

The Building control unit has number of vacant positions both at the enforcement level and decision making level (Building control, land surveying, building inspectors, registered professional Architects). These are people who would provide much needed expertise in building law enforcement and control.

## **Plant and Equipment**

The following equipment is needed:

- No plan printer to supply copies of drawings to customers (A0-A2 paper)
- No GIS system in place to electronically file as space for filing of drawings creates a challenge.

## **Systems: Policies and Procedure Manuals**

No systems, procedure manuals, etc. in place. This section is governed by the National Building Regulations and Building Standards Act No. 103 of 1977, hence the application of the law and the municipality by-laws. The review process will further assist with aligning the activities of the department with other policies of the municipal department.

The section uses the following regulations for building compliance:

- Municipal Bylaws
- SANS 10400
- NHBRC guidelines
- National Building Act no. 103 of 1977

## **Roads and Storm Water**

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

This process seeks to assist municipalities to have a predetermination of the allocation of the MIG funding based on the current conditions of the road network. This will be applicable from 15/16 F/Y. From then onwards no municipalities will be allocated MIG funding for roads if the system is not in place as per the DORA requirements.

District municipalities receive the RRAMS grant to undertake the roads audit to all municipalities.



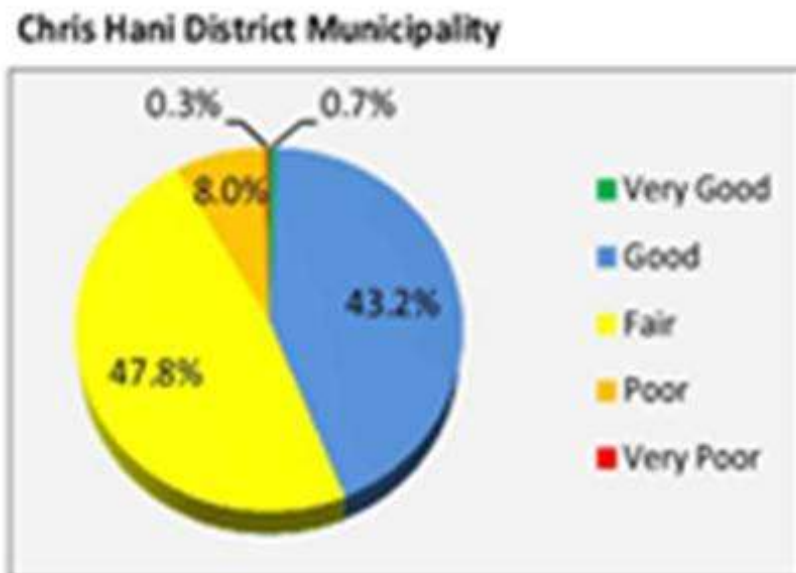
An inventory has been compiled to make the municipal asset register GRAP compliant. Progress report on the work completed thus far was presented to CHDM local municipalities on 12 March 2014.

### Road Condition – Surfaced Roads

The condition of our roads is as reflected in the pie charts below:

#### Surface Roads and Gravel Roads existing infrastructure:

- Road network 1176.3km (RAMS)
- Gravel roads: 971.67km
- Surface Roads: 204.63km.



**Figure 2: Visual Assessment Condition (surfaced Roads**

Lukhanji Local Municipality

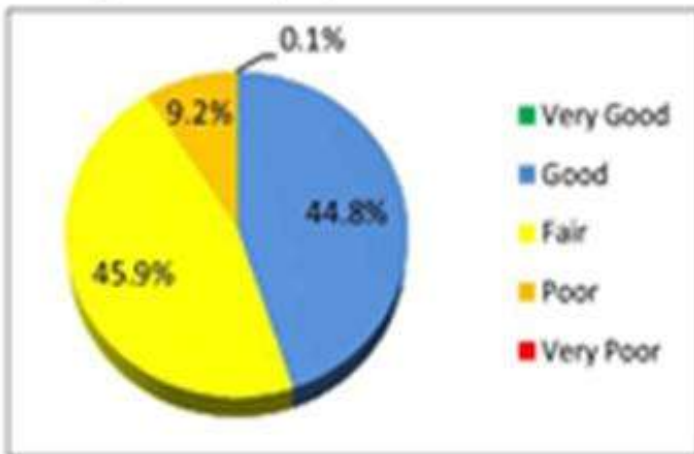
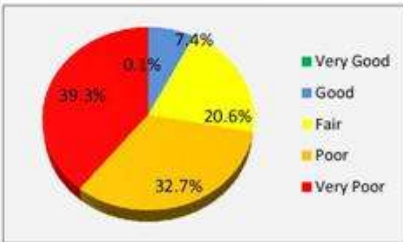


Figure 3: Road Condition – Gravel Roads

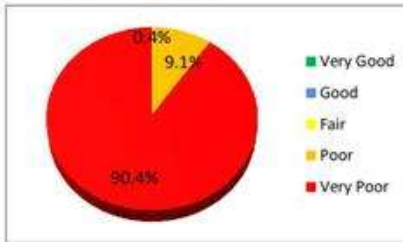
Below is the pie chart below depicts the picture of roads in both the district and Lukhanji

Visual Condition Assessment (Municipal Unsurfaced Roads)

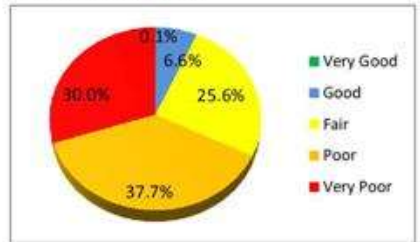
Chris Hanl District Municipality



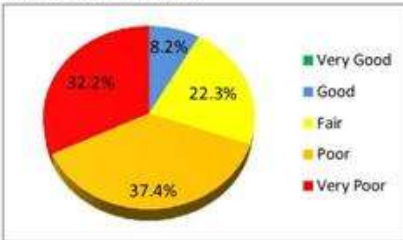
Emalahleni Local Municipality



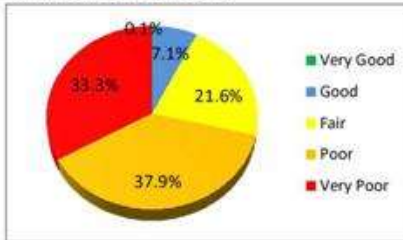
Engcobo Local Municipality



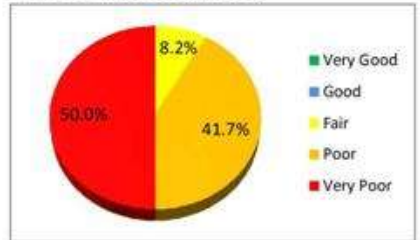
Inkwanca Local Municipality



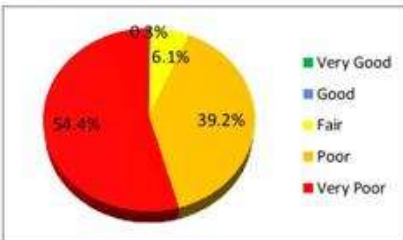
Intsika Yethu Local Municipality



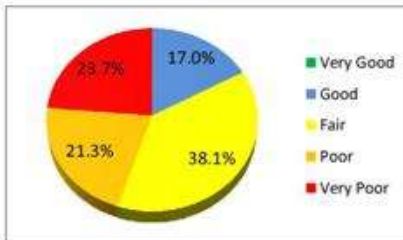
Inxuba Yethemba Local Municipality



Lukhanji Local Municipality



Sakhisizwe Local Municipality



Tsolwana Local Municipality

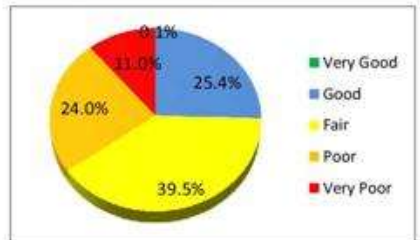


Figure 4: Unsurfaced Roads - Condition Assessment

## **Roads Maintenance Plan**

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

As part of the roads maintenance plan the municipality purchased 56 vehicles for utilisation by several municipal departments, of which the majority are for road maintenance and repair.

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

Personnel have been engaged to operate the new plant. However, this plant does not cover all the wards. The plant has been distributed into three clusters to service all 27 wards. The challenge is due to the backlog on maintenance and under development of roads resulting to the plant taking longer periods in addressing wards as a result service delivery is compromised.

Lukhanji Local Municipality is regarded as the transport hub of the District. It is critical that the logistical efficiencies in connecting Queenstown to East London, and Port Elizabeth be optimised, and that the role of the local airport is expanded.

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

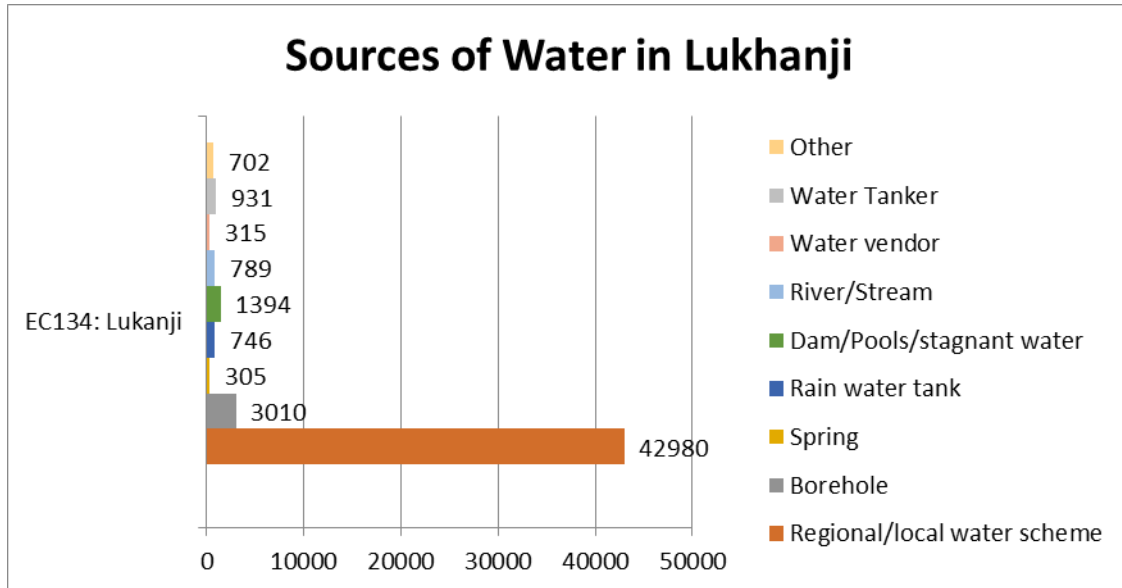
## **Water and Sanitation**

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

### **Source of supply and provision**

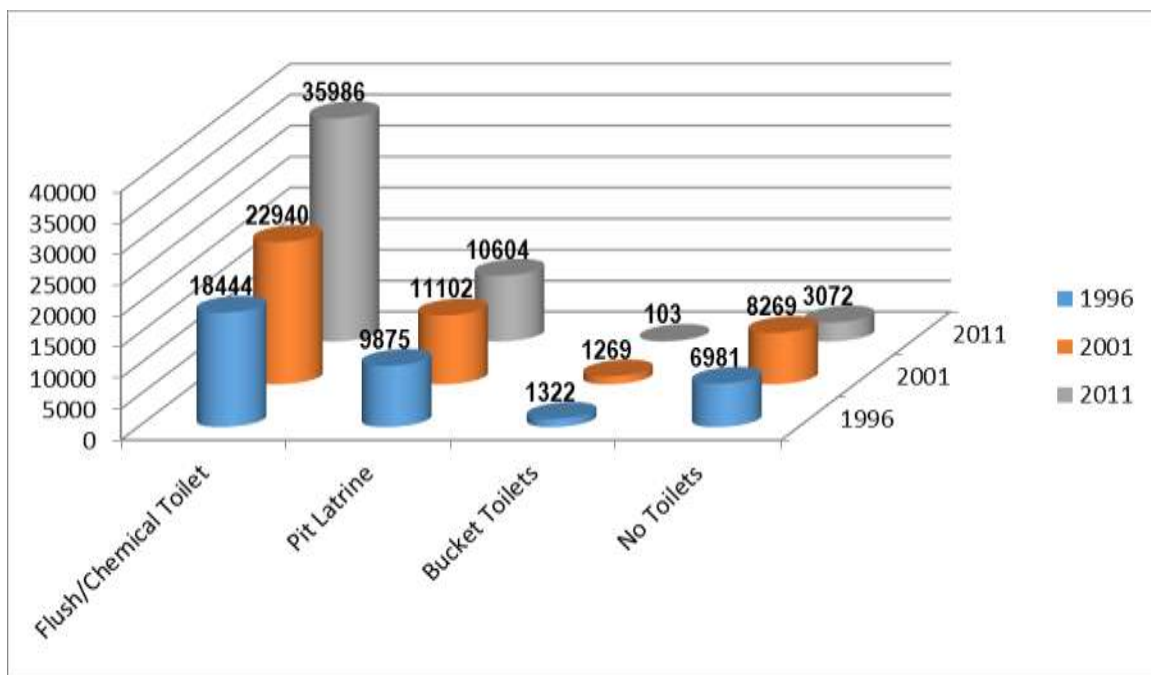
Bulk potable water is supplied from Waterdown and Bonkolo dams. While irrigation water is supplied from the Waterdown and Oukraal dams. As a potable water demand has reached available supply a new water scheme to bring water from the Xonxa dam to Queenstown has designed and is currently under construction for the next few months. Water Demand management is now being implemented by Chris Hani District which includes bringing down water losses.

Water for Queenstown is imported from Waterdown Dam and supplemented with water from Bonkolo Dam. Boreholes augment the water supply. The completion of the Xonxa dam project will benefit the communities that have limited access to water e.g. Ilinge Community. The figure below uses Global Insight statistics to understand extent of water supply connections in the Lukhanji areas.



**Graph 19: Sources of Water**  
(Created on 15 April 2013 - Statistics South Africa: Web page: [www.statssa.gov.za](http://www.statssa.gov.za))

Sanitation backlogs remain higher than that of water in especially the rural areas. The falling behind of basic sanitation is attributable to slow processes of VIP implementation in the last five years compared to water. The figure below compares a distribution of households by levels of access to sanitation services.



**Graph 20: Access to Sanitation**

The above diagram illustrates the number of households with access to the toilet facilities in the municipal area, with 72% having access to flush toilets (with septic tank) with 0.2% still using bucket toilets during year 2011. This is the information from STATSSA. However the bucket system in Lukhanji has now being eradicated.

### **Mechanical workshop**

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

In terms of the section 152 (1b) of the Constitution, 1996 (Chapter 7), the objects of the local government are to ensure the provision of services to communities in a sustainable manner.

In terms of the section 73 (1c) Municipal Systems Act No. 32 of 2000, General duty – A municipality must give effect to the provisions of the Constitution and - ensure that all members of the local community have access to at least the minimum level of basic municipal service.

The directorate is responsible for the following:

- To provide an effective and efficient electricity supply to all households within the municipality.
- To ensure that all the roads and stormwater drains are maintained effective and efficiently.
- To provide a maintenance and repair service of all buildings and sportfield to other Directorates.
- To provide a project management service of all new infrastructure developments for the area of Lukhanji.
- To provide a building control service within the area of Lukhanji.
- To provide a maintenance and repair service of all fleet.

The Directorate execute the following priority area:

- 5) Electricity – Distribution and revenue sections
- 6) Infrastructure Development (PMU);
- 7) Civil Engineering - Building control, Civil, Roads sections
- 8) Workshop - Fleet maintenance

## **ELECTRICAL DEPARTMENT**

### **Distribution Section**

#### **Existing Infrastructure Services**

Function: Responsible for maintenance of overhead lines, substations, cables, and public lighting

**Table 1: Existing infrastructure / fixed assets**

INFRASTRUCTURE	EXTENT	CONDITION
High Voltage (HV) lines - overhead	17 km	Fair state
Power transformers – ranging from 2,5 MVA 22/11kV to 15 MVA 66/11 kV	6	Past recommended useful life, have not been service for a while
Medium Voltage (MV) line - overhead	140 km	Poor state, past recommended useful life
Medium Voltage (MV) cable - underground	159 km	Poor state, past recommended useful life
Distribution transformers and minisubs – MV/LV	428	Poor state, past recommended useful life
Substations (MV switchgear, LV switchboards and substation buildings)	28	Poor state, old switchgear that has not been serviced poses danger to operating staff
Low voltage network (distribution kiosks, overhead LV line, underground cables, streetlights, and highmasts)	Not measured	Poor state, old streetlights. Highmast are recent

As already assessed in the Electricity Master Plan report the electrical network is generally in poor state. The positive aspect is that the recommendations have started for a phased implementation to address maintenance backlog as well as to strengthen the network.

Due to limited funds a significant maintenance backlog continues to exist. The impact of maintenance backlog is that it increases the risk of widespread / prolonged outages should part of large infrastructure fail.

Electricity infrastructure is costing R 14million and INEP funding from DoE of R 3million. According to the *Lukhanji Municipality Electrical Infrastructure MasterPlan 2013* it was estimated that the electrical infrastructure Asset Value is about R347m. Lukhanji Municipality needs to catch up on the maintenance backlog by implementing the recommendations of the MasterPlan.

There is challenge of unavailability of funds, for instance the 2015/16 MasterPlan implementation is unfunded. The Department of Energy's *Approach to Distribution Asset Management (ADAM)* recommends that a minimum of 6% of total asset value be budgeted annually for maintenance.

## Relations with stakeholders

### Eskom

The Distribution unit needs to work on improving the relations with the local Eskom office (both Customer Service and Technical Maintenance & Operations division). Currently it takes longer to follow up on outstanding matters – e.g. applications for new connections take longer and there is no follow up turnaround times).

## Revenue Section

### Existing Infrastructure Services

Function: The division is responsible for revenue management (installation, repair and testing of electricity meters), and testing of network protection schemes

**Table 1: Existing infrastructure / fixed assets**

INFRASTRUCTURE	QUANTITY	CONDITION / REMARKS
Credit meters 3Phase and Max Demand	754	Past recommended life, should consider automated meter reading
Credit meters 1 Phase	1 983	Past recommended life
Prepaid meters 1Phase	19 447	Combination of split meter and common base prepaid meters. Split meters are being by-passed at the pole at locations such as Nomzamo, New Vale, and Ezibeleni. Penalties are being applied to curb the problem
<b>Total meter points</b>	<b>23 84</b>	

With the high meter tampering occurring, it would appear that the staff complement in the Revenue Management section would need to be increased to enable them to curb the scourge. This is not sustainable, as a result only the suspect accounts are prioritised.

New technologies are being explored at including real time PLC-based prepaid meters and smart meters. Such technologies are able to indicate real-time meter tampering, such that real-time actions may be taken.

### Plant and Equipment

PLANT AND EQUIPMENT	REQUIRED	AVAILABLE	AGE	IDEAL AGE	SHORTAGE	DEFICIENCY / SHORTAGE IN %

Bakkies	4	4				
---------	---	---	--	--	--	--

## **PROJECT MANAGEMENT UNIT (PMU)**

### **Project Management and Contract Management**

Function: Responsible for infrastructure projects or development mainly Municipal Infrastructure Grant (MIG) projects, own funds and other funding resources of infrastructure. Its main functions are contract administration, project management, and assists SCMU on contract management of all capital projects.

### **Existing Infrastructure Services**

There are no infrastructure services under this section. This is an implementing section of infrastructure project therefore no existing infrastructure services with the unit.

The section is getting 5% of the top slice of the Municipal Infrastructure Grant (MIG) allocation per year for the operational expenditure of the section. In terms of the MIG guidelines the 5% of the top slice is supposed to be utilised by the PMU section in which this is not the case.

### **Systems description: Policies, Procedure manuals etc.**

There are systems developed but needs Council/Management approval as follows:

- Condition applicable to Appointment of Consultants;
- Monthly report process plan;
- MoU between roads and stormwater section and PMU;
- Payment process plan and quality checklist;
- Capital Projects Management Policy;
- Project file checklist; and
- Variation Order Approval form;

### **Design and Drawing section**

This is a proposed new unit, where will focus on project feasibility studies, scoping reports, preliminary designs, detail designs, and approval of drawing plan designs. This will ensure that the intensive use of consultants is minimised.



## **CIVIL ENGINEERING DEPARTMENT**

### **Building Control**

Function: Responsible for law enforcement of the building regulations, Municipal building by-laws and advising the council/ Municipality on new regulations or updates.

There are no infrastructure services under this section. This is a law enforcement section of the building regulation and by-laws. The extent of the section is currently, mainly focusing on urban areas Whittlesea, Queenstown, Top town, eMlungisi, eZibeleni, Sourth Bourne, West Bourne, Sada, Ekuphumleni, Queenspark, Madeira Park and other developing areas. The areas of Ilinge, and part of Whittlesea are not attended to.

### **Plant and Equipment**

There is no equipment or plant for this section. This contributes negatively in the law enforcement whereby some of the functions of the section are not executed such the demolishing of illegal buildings, to make own layout plans or to eliminate encroachment and other activities that may need the use of plant and equipment.

### **Building Control**

The Building control unit has number of vacant positions both at the enforcement level and decision making level (Building control, land surveying, building inspectors, registered professional Architects). These are people who would provide much needed expertise in building law enforcement and control.

### **Plant and Equipment**

The following equipment is needed:

- No plan printer to supply copies of drawings to customers (A0-A2 paper)
- No GIS system in place to electronically file as space for filing of drawings creates a challenge.

### **Systems: Policies and Procedure Manuals**

No systems, procedure manuals, etc. in place. This section is governed by the National Building Regulations and Building Standards Act No. 103 of 1977, hence the application of the law and the municipality by-laws. The review process will further assist with aligning the activities of the department with other policies of the municipal department.

The section uses the following regulations for building compliance:

- Municipal Bylaws
- SANS 10400
- NHBRC guidelines
- National Building Act no. 103 of 1977

### **Roads and Storm Water**

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

This process seeks to assist municipalities to have a predetermination of the allocation of the MIG funding based on the current conditions of the road network. This will be applicable from 15/16 F/Y. From then onwards no municipalities will be allocated MIG funding for roads if the system is not in place as per the DORA requirements.

District municipalities receive the RRAMS grant to undertake the roads audit to all municipalities.

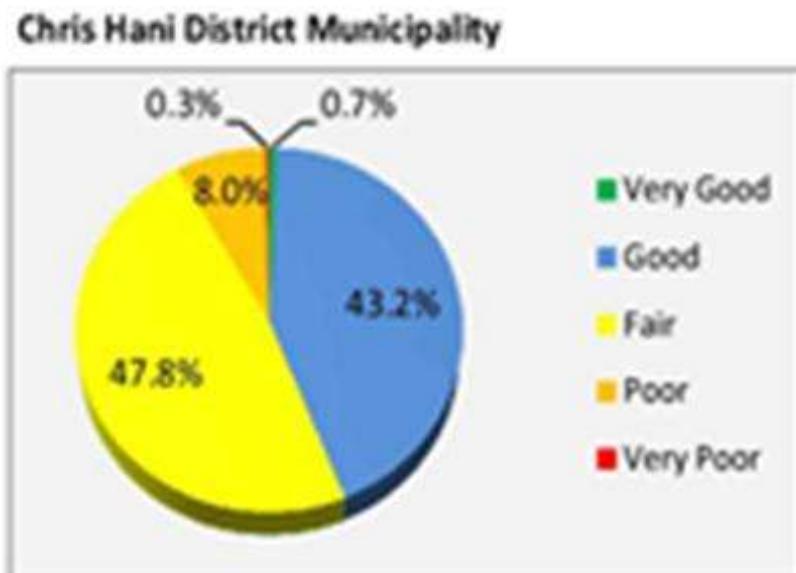
An inventory has been compiled to make the municipal asset register GRAP compliant. Progress report on the work completed thus far was presented to CHDM local municipalities on 12 March 2014.

### Road Condition – Surfaced Roads

The condition of our roads is as reflected in the pie charts below:

#### Surface Roads and Gravel Roads existing infrastructure:

- Road network 1176.3km (RAMS)
- Gravel roads: 971.67km
- Surface Roads: 204.63km.



**Figure 5: Visual Assessment Condition (surfaced Roads**

Lukhanji Local Municipality

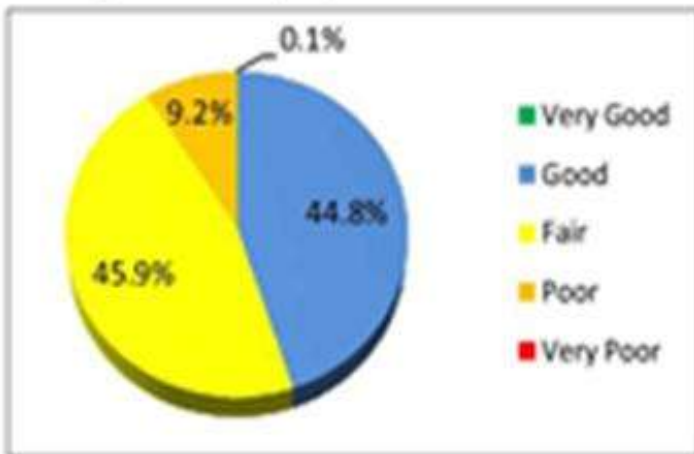
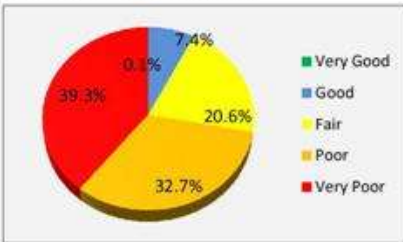


Figure 6: Road Condition – Gravel Roads

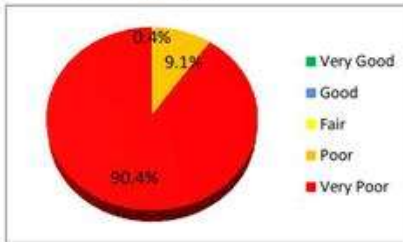
Below is the pie chart below depicts the picture of roads in both the district and Lukhanji

Visual Condition Assessment (Municipal Unsurfaced Roads)

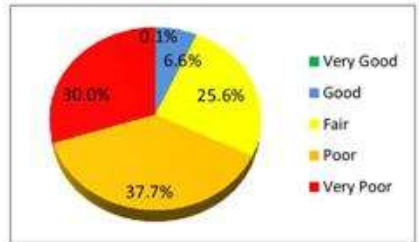
Chris Hanl District Municipality



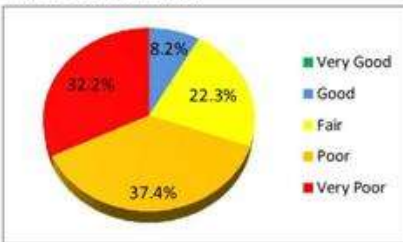
Emalahleni Local Municipality



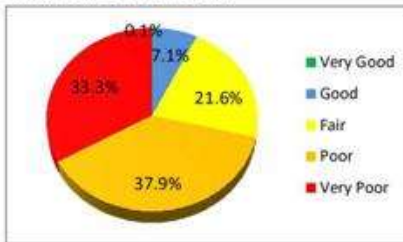
Engcobo Local Municipality



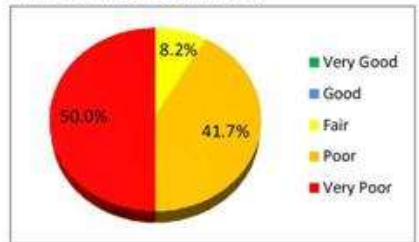
Inkwanca Local Municipality



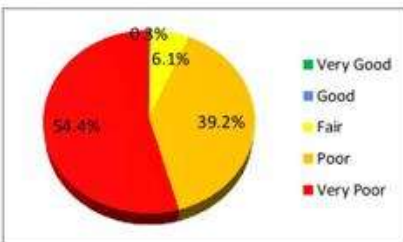
Intsika Yethu Local Municipality



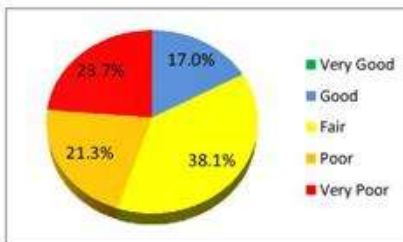
Inxuba Yethemba Local Municipality



Lukhanji Local Municipality



Sakhisizwe Local Municipality



Tsolwana Local Municipality

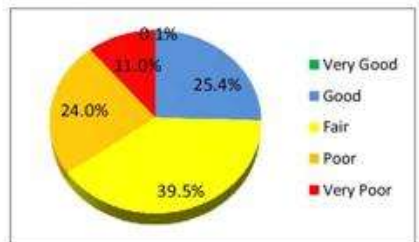


Figure 7: Unsurfaced Roads - Condition Assessment

## **Roads Maintenance Plan**

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

As part of the roads maintenance plan the municipality purchased 56 vehicles for utilisation by several municipal departments, of which the majority are for road maintenance and repair.

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

Personnel have been engaged to operate the new plant. However, this plant does not cover all the wards. The plant has been distributed into three clusters to service all 27 wards. The challenge is due to the backlog on maintenance and under development of roads resulting to the plant taking longer periods in addressing wards as a result service delivery is compromised.

Lukhanji Local Municipality is regarded as the transport hub of the District. It is critical that the logistical efficiencies in connecting Queenstown to East London, and Port Elizabeth be optimised, and that the role of the local airport is expanded.

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

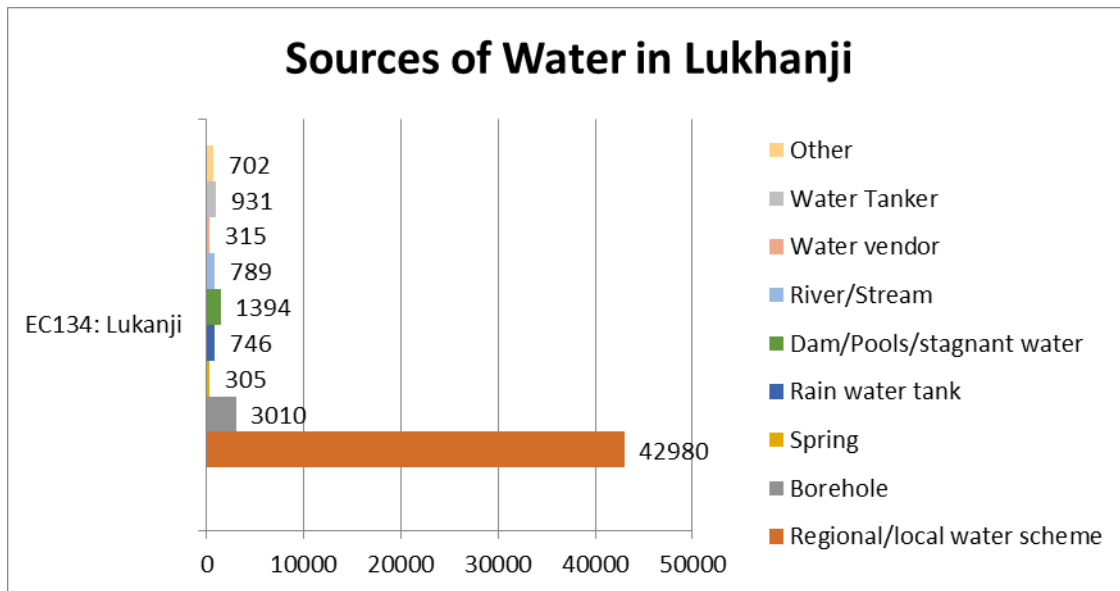
## **Water and Sanitation**

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

### **Source of supply and provision**

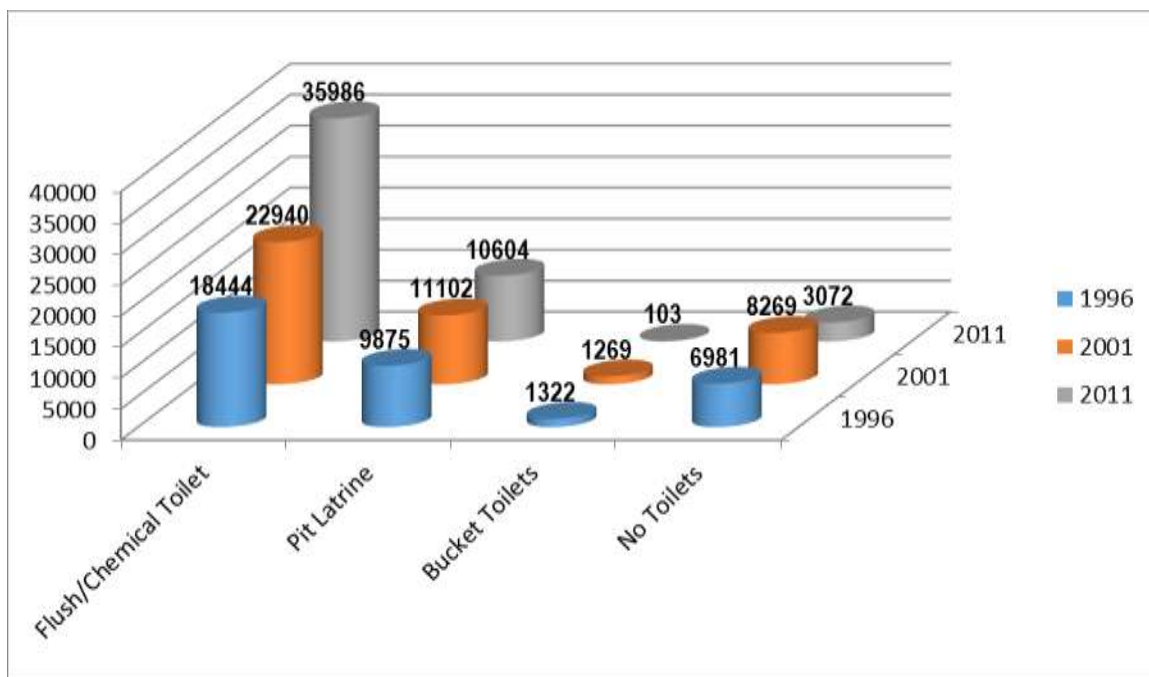
Bulk potable water is supplied from Waterdown and Bonkolo dams. While irrigation water is supplied from the Waterdown and Oxkraal dams. As a potable water demand has reached available supply a new water scheme to bring water from the Xonxa dam to Queenstown has designed and is currently under construction for the next few months. Water Demand management is now being implemented by Chris Hani District which includes bringing down water losses.

Water for Queenstown is imported from Waterdown Dam and supplemented with water from Bonkolo Dam. Boreholes augment the water supply. The completion of the Xonxa dam project will benefit the communities that have limited access to water e.g. Ilinge Community. The figure below uses Global Insight statistics to understand extent of water supply connections in the Lukhanji areas.



**Graph 21: Sources of Water**  
 (Created on 15 April 2013 - Statistics South Africa: Web page: [www.statssa.gov.za](http://www.statssa.gov.za))

Sanitation backlogs remain higher than that of water in especially the rural areas. The falling behind of basic sanitation is attributable to slow processes of VIP implementation in the last five years compared to water. The figure below compares a distribution of households by levels of access to sanitation services.



**Graph 22: Access to Sanitation**

The above diagram illustrates the number of households with access to the toilet facilities in the municipal area, with 72% having access to flush toilets (with septic tank) with 0.2% still using bucket toilets during year 2011. This is the information from STATSSA. However the bucket system in Lukhanji has now being eradicated.

### **3.1 Neighbourhood Development Partnership Grant (NDPG)**

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

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

### **3.2 Electricity**

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

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

### **3.2.1 Electricity Master Plan**

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

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

### **3.3 Environment Management**

#### **3.3.1 Integrated Waste Management Plan (IWMP)**

The Lukhanji Local Municipality is legally responsible for rendering refuse removal service within its area of jurisdiction and this includes residential areas; industrial areas; business areas and streets within the CBD. As part of the Green economy, waste management and recycling is very important. The IWMP was reviewed in the 2010/2011 financial year. The recommendations and Projects highlighted in the plan are integrated into the IDP.

The waste management section is currently rendering the following services:

- Refuse removal-once a week in households.
- Businesses on per agreed schedule.
- Street cleaning seven (7) days a week including a night shift service.
- Open areas-Cleaning of illegal dumping sites and pavements.
- Landfill site-management of waste dumped on the landfill site.

##### **3.3.1.1 Municipal Land Fill sites**

The Lukhanji LM has one operating solid waste landfill site in Queenstown and there is a permit to that effect and one tip site in Whittlesea. The Lukhanji landfill site receives high volumes of waste +/- 145 tons per day. The site is supposed to be operated as per minimum requirements of waste disposals by landfill and that implies waste must be compacted and covered on a daily basis. This is not done frequently as the section experience problems with the landfill compactor which breaks frequently. The municipality needs to purchase a new landfill compactor in order to meet the legislative requirements.

The Municipal landfill site in Queenstown is licensed and the transfer stations in other areas do not require permits because of the size. The Whittlesea site is an illegal quarry for which a closure permit was obtained from the DEDEA and the transfer station need to be fixed in order to be used. The plan is to transfer waste from the transfer station to the permitted site in Queenstown.

### 3.3.1.2 Equipment and fleet

The Lukhanji LM waste collection fleet consists of several vehicles that are responsible for waste collection in the two main towns of Queenstown and Whittlesea. At the present moment the service is being rendered with four (4) refuse compactor trucks out of thirteen (13) vehicles. Three (3) trucks are servicing Queenstown and one (1) truck is servicing Whittlesea.



**Figure 8; Tractor & Trailer Combination Servicing Skips in Businesses**

Figure 5 above shows some of the old fleet used by the municipality that needs to be replaced as they are expensive to maintain. The Municipality has budgeted for the replacement of these vehicles with the purchase of three new Rear End Loaders. The Municipality does experience a problem when the vehicles are being serviced due to the lack of any backup equipment.

There are plans to procure more fleet in the 2015/2016 financial year. The municipality needs to budget for; at the least two new refuse Compactor Truck per financial year to gradually replace the current old fleet. A budget has to be made available for the purchase of a new roll on/off container truck to service transfer stations in Whittlesea, Ilinge and Lesseyton. Due to challenges and obstacles, the Lukhanji Local Municipality decided to submit a business plan to secure funding for the following Solid Waste Management programmes:

- Waste Collection [collection vehicles and waste receptacles].
- Recycling [Waste Multi-Recycling buy-back Centres].
- Renewable energy [conversion of waste into energy].



The business plan covers each component in detail and also highlights what is needed to be done in order to overcome the current situation faced by Lukhanji Local Municipality. The Department of Environmental Affairs only approved funding for the Recycling Waste buy-back Centres project to be implemented in the 2015/16-2016/2017, 2017/2018MTEF cycle.

The current fleet for refuse removal is an old and poor condition. The fleet is being maintained by the Municipality and there is a big problem when there is a breakdown of fleet due to lack of back –up vehicles. This also shortens the wear and tear of other two [1995] Isuzu trucks and double diff Isuzu truck [2009] which have to do double or triple rounds a day.

Another problem which the municipality experiences is the condition of refuse containers which are being used by businesses. The Municipality is currently using the 1.75m<sup>3</sup> blue refuse bins [lifted by compactor trucks]; the 4.6m<sup>3</sup> yellow skips [lifted by tractor-trailer combination] and 18m<sup>3</sup> refuse containers [lifted by old Isuzu roll on/off truck] which were inherited from Queenstown Municipality. The problem with all the Municipal refuse removal receptacles is that they are:

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

These containers are also a health and safety hazard to the employees that handle them. The majority of businesses had already complained about the condition of those containers. The municipality is not in a position to service informal settlement with the limited number of 4.5m<sup>3</sup> skips. The Municipality urgently needs more skips in order to render refuse collection service within those informal settlements.

The condition of 1.75m<sup>3</sup> refuse bins is also a problem as the containers are falling apart and a health hazard to the businesses. These containers need to be replaced with the 1100L wheel bins in order to render this service to the businesses within CBD. The plan is to lease out old 1.75m<sup>3</sup> bins to the businesses in the industrial area. The street litter bins are damaged and without bottom. The bins need to be replaced and protected from misuse by businesses. The bins are meant to be used by the public to dispose litter but bins are without bottoms and are old.

### 3.3.1.3 Waste Recycling: Multi Recycling Buy Back Centers

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

The Lukhanji Local Municipality is also facing a problem of illegal dumping in public open spaces and pavements. The Lukhanji Landfill site is receiving high volume of waste [estimated to be +-145 tons per day] of which 70% of that waste can be recycled. The opening of Multi recycling buy back centres in will reduce waste collected by the Municipality in businesses and households and also reduce the volume of waste.



**Figure 9: Before Cleaning and Beautification**

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



**Figure 10: After Cleaning and Beautification with a "No" Dumping Sign**

The municipality sourced funding from the Department of Environmental Affairs on the environmental protection and infrastructure programme (EPIP). The project was approved and it has been phased in for implementation in

the 2014\15-18\19MTEF cycle. A number of cooperatives on waste recycling have received training as part of the project deliverables.

#### 3.3.1.4 Current waste categories and characteristics in LUKHANJI LM

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

#### 3.3.1.5 Renewable Energy [Conversion of Waste into Energy]

The intention of the Municipality is to move away from land-filling and convert waste into renewable energy. This will ensure that there is zero waste going to the landfill. The Municipal landfill site has cells that already filled with waste with new cells being dug-up for disposal of waste. The proposal will be to construct a plant within the landfill site that will be able to convert waste into renewable energy. The possibility of mining the already land filled waste can also be explored. The Municipal refuse collection vehicles will dispose the waste directly into the plant where the waste that cannot be recycled will be thrown into the plant and converted into renewable energy.

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

#### 3.3.1.6 Medical waste

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

of the Municipal landfill sites. The Provincial Department of Health has contracted Compass Waste Company for the medical waste management in hospitals and the local clinics. The Medical facilities are listed below.

- Frontier Hospital
- Komani Hospital
- Queenstown Private Hospital
- Queenstown Renal centre
- Queenstown cure care
- Private medical practitioners

### **3.3.1.7 Current projects**

- (a) Youth Jobs in Waste funded by Department of Environmental Affairs – the project focuses on raising environmental awareness and cleaning. Twelve (12) awareness campaigners and fifteen (15) general workers were employed for a period of two (2) years and contract extended until August 2015.
- (b) Lukhanji Recycling Project (Multi Recycling Buy Back Centres) also funded by Department of Environmental Affairs (EPWP). The Department appointed the Chris Hani Development Agency as the implementer for the project. The project budget is R30 million and the CHDA is busy with the Business Plan (first draft available and will be presented to Mayoral Committee for inputs).
- (c) Adopt a river programme funded by Department of Water Affairs (cleaning of river).The project focusses on cleaning the river. Fifteen (15) beneficiaries were recruited and are busy cleaning the river.
- (d) Eradication of alien plants: A programme was developed by CHDM to eradicate the Lapesi plant in the District, Lukhanji municipality is also a beneficiary to that programme. The Department of Rural Development and Agrarian Reform also support the municipality with the eradication of alien plants.

### **3.3.2 Cemeteries**

Through the community services department, the municipality is responsible for the provision of grave sites; furthermore the municipality is responsible for the digging of graves and maintenance of the cemeteries. Lukhanji Municipality only deals with the funeral undertakers regarding funerals. They apply to the municipality for a grave for a funeral and then provide the municipality with the necessary burial order and death certificate for the funeral to be conducted. Gravediggers dig the graves and the caretaker ensures that everything is in order for the funeral at the cemetery. Gravediggers close the grave after the funeral if requested.

Support is also given to those community members who cannot afford a costly funeral, through providing a pauper burial.

The Municipality have the following formal cemeteries:

- Queenstown cemetery,
- Lukhanji cemetery,
- Ezibeleni cemetery (old and new),
- Mlungisi cemetery,
- Sada cemetery,
- Ekupumleni cemetery,
- Whittlesea old cemetery.

The Sada cemetery is almost full to capacity. The process to establish a new cemetery in Sada, is in a deadlock situation due to a land claim on the identified site. The Lukhanji cemetery that became operational in July 2005 is going to reach its full capacity very soon, by the middle of 2015. Funding is currently sourced to extend this cemetery.

The following cemeteries are informal:

- Ilinge cemetery
- Lesseyton cemetery

The two cemeteries are also full. The establishing of the new cemeteries in these areas is in progress. A budget of R250 000,00 has been allocated for the Ilinge and Lesseyton. Whittlesea area. A service provider has been appointed to conduct the EIA.

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

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

### **3.3.3 Lukhanji Parks**

Queenstown has one (1) big Park (Public Gardens) that is maintained to a high standard. There are two smaller parks, the Hexagon and the Museum garden. There are a number of smaller gardens and islands in the CBD area that are also maintained by the municipality including the Sunshine Village for the aged.

Community parks are located in the following areas:

- Sada
- Ilinge
- Lesseyton (3)
- Ezibeleni:
- Mlungisi;

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

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

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

The project is completed. There are still challenges with regard to the project deliverables. The Department of Environmental Affairs is handling these with the implementer. Parks still has a number of challenges relating to equipment in the form of vehicles to be able to perform and provide an effective service delivery. The municipality has old vehicles which need to be replaced.

### **3.3.4 Bio-physical Environment**

The focus is on land care, pasture management, eradication of alien plants, indigenous afforestation in compliance with the National Environmental Management Biodiversity Act, 2004. The municipality sourced funds from the Department of Environmental Affairs for the environmental management programme. An amount of R20 million was allocated by the Department for the Komani River clean up and beautification project. The project is not yet handed over to the municipality. There are still some deliverables that are still outstanding as per the business plan.

The project focuses on the following:

- The establishment and beautification of community parks in 5 different areas in the municipality

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

### 3.4 Game Reserves

#### The Lawrence de Lange Game Reserve

Important work is being done on education regarding the animals, birds and the environment in the Game Reserve. Lawrence de Lange game reserve also attracts tourism, schools are taken out on guided tours through the Game Reserve. Hunting and selling of animals generates income for the game reserve and the municipality. The Birding Club and the Environmental Club of one of the schools do important work on the Game Reserve. Honorary Game Rangers help to patrol the Game Reserve and other tasks that are necessary. There are Rhinos, Giraffe and a variety of buck species in the reserve. There is tight security to avoid rhino poaching. Building of chalets in the Game Reserve can enhance revenue as they get a lot of tourists visiting the Game Reserve. A business plan was submitted to the Department of Tourism to support with the construction of the chalets. A new 4x4 vehicle is needed for the game reserve.

Another tourist attraction to be found in the game reserve is the presence of a fossil site.

The Municipality has a unique plant, the Tamboekie that grows on the mountains surrounding Queenstown. It is the only place in the world where it is found. It is called the *Erythrina Acanthocarpa* or Tambookie thorn. Investigation is required on how Lukhanji area can derive benefit from this unique occurrence.

#### 3.4.1.1 Bonkolo Dam and Berry Dam

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

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

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

### 3.5 Community Facilities (Halls)

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

#### Number of halls in the Lukhanji area

Name of the Hall	Ward	Area
Town Hall	6 and 26	Queenstown
Skweyiya	22	Mlungisi
Lesseyton	27	Lesseyton
Ekuphumleni Community Hall	16	Whittlesea
Ezibeleni	4	Zone 2
Shiloh	9	Whittlesea
Ezibeleni Community Hall	15	Ezibeleni
Ilinge Community Hall	2	Ilinge
Machibini Community Hall	3	Mtebele
Machibini Community Hall	3	
Thambo Community Hall	18	Thambo
Hackney Community Hall	12	Hackney
Ashley Wyngaart Community Hall	19	Parkville
Sada Community Hall	10	Sada

**Table 6: Community Facilities**

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

The following areas do not have halls

Ward	Comments	Progress
Ward 5	None	MIG Registered
Ward 4	None	MIG Registered

#### 3.5.1 Sports and Recreation

Sports arts and cultural heritage services are a primary competence of the Department of Sports, Arts and Culture. Lukhanji municipality plays a facilitative role in the identification of needs and cooperates with the



Department of sports arts and culture in the implementation of such services. Most of the existing community sports facilities need repair and the majority of wards do not have well planned sporting facilities.

### 3.5.1.1 Sport Stadiums

The municipality has the following sports and recreational facilities:

- **Tobi Khula Sport Centre** – Maintenance of the grounds, fields and the halls and ablution facility.
- **Mlungisi Sport Stadium** – Maintenance of the grounds, fields and the ablution facility. The tennis court at Mlungisi needs upgrading – nets to be constructed around the courts and to be resurfaced. The palisade fence surrounding the stadium needs to be extended to cover the whole area. There is an athletics track but it needs to be upgraded.
- **Dumpy Adams Stadium** – Maintenance of the grounds, fields and the ablution facilities. An artificial soccer field was built by SAFA at Dumpy Adams. The construction of the cricket pitch was completed. The curbing around the soccer field was completed. We now need curbing on the outside of the athletic track so to clearly demarcate the athletic track. The netball courts needs resurfacing. There are no spectator stands around the Soccer field. We need to have it constructed.
  - Three tennis courts need to be upgraded with nets and a new surface.
- **Ezibeleni Sport Stadium:** the ablution facility was upgraded during the 2014/2015 financial year. This soccer field needs a good topdressing and drainage of the field to be rectified. Proper netball courts at this stadium still need to be constructed.
- **Sada Sport stadium:** The ablution facility was upgraded during the 2014/2015 financial year. The challenge is that the concrete fence around the facility is vandalised and needs repairs.
- **Queenstown Public Swimming Pool:** The pool needs major repair work to be done to it. The pool building is being vandalised during the winter months when it is not in use.
- **Ilinge Sport Stadium** – An amount of 3,5 million has been earmarked for the 2015/2016 fiscal year.
- **Lesseyton Sport Stadium** – Maintenance of the fields. A dual purpose field for soccer and rugby and a netball court with fencing and an ablution block is going to be constructed. A budget needs to be allocated for that.
- **Mc Bride Sport Stadium** – The field require maintenance.

### 3.5.1.2 Playgrounds

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

### **3.6 Library Services**

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

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

The Lukhanji Library Services is required to serve the total population of the Lukhanji Municipal area, which is 190 723 over an area of 4 231 km<sup>2</sup> - 30 % of the population are 14 years and younger (Stats SA).

There are five libraries within Lukhanji Municipality viz:

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

#### **Institutions of Higher Learning**

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

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

#### **Mobile Library Services**

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

#### **Mzansi Libraries on - line**

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

### **Library for the Blind**

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

### **New Library**

DSRAC have indicated that a modular library will be built at Mceula, near Whittlesea, during the 2015/16 financial year. This will be of great benefit to all as there is currently no library in the area.

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

### **Challenges**

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

### **3.7 Pound management**

The municipality provides the service of impounding the animals that are straying onto the roads on behalf of the Department of Roads. The impounding of stray animals on private land and in the townships is managed by the municipality. The municipality provides budget for the pound and commonages. The Department of Roads and Transport provides the budget for two trucks for the impoundment of stray animals on the public roads. Both Whittlesea and Queenstown pounds are understaffed.

The municipality makes use of the Traffic Act and Pound Ordinance for the regulation of pounds.

The Whittlesea Pound needs to be upgraded.

A process to provide portable flush toilets is in progress at the Pound in Queenstown.

#### **3.7.1 Commonages**

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

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

#### **3.7.2 The condition of the commonages:**

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

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

### **3.8 Public Safety**

The municipality decided to establish a public safety directorate which previously formed part of community services directorate

This was due to the volume of work undertaken in this directorate. The directorate is comprised of the following sections: firefighting, disaster management, traffic control and municipal security.

For this directorate to be fully functional, the municipality has to appoint a director. Public Safety Directorate constitutes the following divisions:

- Traffic Control
- Fire Fighting
- Disaster Management
- Road Marking & Road Signs
- Testing Centre
- Roadworthiness
- Motor Vehicle Registrations & Licensing
- Learner & Driving Licenses and testing
- Municipal Security

### **3.9 Human Settlement and Land Development**

The Department consists of the following divisions

- Housing
- Land and planning
- Entertainment (Halls) facilities
- Spatial Development
- Property rentals
- Facilities Management

## **HUMAN SETTLEMENT AND LAND DEVELOPMENT**

The Directorate of Human Settlements is divided into two (2) sections, Housing and Land sections. It oversees and facilitates the provision of low cost and other categories in Lukhanji Municipality and also oversees the spatial planning and land use management function.

The directorate is responsible for:

- Land Sale and lease of land
- Town and Regional Planning
- Housing Development/beneficiary administration
- Lease of Municipal Properties
- Maintenance of Municipal entertainment facilities
- Manages the rental stock
- Facilitation of title deed transfers

### **LEGISLATIVE FRAMEWORK GUIDING THE ACTIONS OF THE DIRECTORATE**

The directorate acts within the Legislative Frameworks as follows:

ACT	RESPONSES BY THE DIRECTORATE
The Constitution of the Republic of South Africa, 1996	The directorate responds to the constitutional mandate that gives effect to the right to have access to adequate housing,
Housing Act, 1997	Provides for the facilitation of housing development process through
National Building Regulations and Building Standards Act, 1997	Provides for the promotion of uniformity in the law related to the erection of buildings in the areas of jurisdiction and local authorities, and for the prescribing of building standards.
Spatial Planning and Land Use Management Act, 2013	<ul style="list-style-type: none"> <li>○ Provides a framework for spatial planning and land use management.</li> <li>○ It specifies the relationship between the spatial planning and the land use management system and other kinds of planning.</li> <li>○ It promotes greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decision and development applications</li> <li>○ It provides for the establishment, functions and operations of Municipal Planning Tribunals and provides for facilitation and enforcement of land use and development measures.</li> </ul>
Deeds Registries Act, 1937	The directorate facilitates title deed applications to represents the most secure and most distinguishable form of ownership

Municipal Finance Management Act, 2003	It contains a procedure for the disposal of capital assets.
IGR, 2005	<ul style="list-style-type: none"> <li>○ <b>Dept of Public Works</b> The directorate secures ongoing partnership with the Department of Public Works, a number of properties have been donated to the municipality</li> <li>○ <b>Dept of Economic and Environmental Affairs</b> The department was instrumental in handing over of a small business area in Mlungisi and a small industrial area in Whittlesea.</li> </ul>
IGR, 2005	<p><b>Dept of Human Settlements:</b></p> <ul style="list-style-type: none"> <li>○ In provision of housing need</li> <li>○ the transfers of pre-1994 government provided units.</li> <li>○ Funding to conduct National Housing Needs Register (Housing Demand)</li> <li>○ Workshops including, Review of White Paper on Human Settlements, Strategy on allocation of housing opportunities, SPLUMA</li> <li>○ <b>Training of Staff:</b> Staff were trained on HSS, OVVO, Project Management.</li> </ul> <p><b>Dept of Rural reform and land development:</b> Assisted the directorate and the Municipality by providing funding to review the Spatial Development Framework. It also assists in the implementation of the (SPLUMA).</p>

## PROPERTIES DONATED BY PUBLIC WORKS TO LUKHANJI MUNICIPALITY

This report serves to bring to the attention of the Council that, there are several properties situated in Whittlesea, Illege, eZibeleni and Queenstown areas that are donated by the Provincial Department of Public Works to Lukhanji municipal. The afore-mentioned properties include properties with a State Domestic function, Residential, and Agricultural ervens, and are still registered under the Eastern Cape Government. The department will conduct further verification in terms of occupation status as some ervens may be on lease basis to community members or government departments.

Properties are listed as follows:

AREA	ERF NO	EXTENT	TITLE DEED NO	REGISTRATION STATUS
Whittlesea	5	2141m	T13867/1978	Province of the Eastern Cape
Whittlesea	8	1071m	T2946/1980	Province of the Eastern Cape
Whittlesea	13	1927m	T18648/1979	Province of the Eastern Cape
Whittlesea	21	1570m	T17211/1979	Province of the Eastern Cape
Whittlesea	30	3760m	T6989/1968	Province of the Eastern Cape
Whittlesea	35	2570m	T23512/1980	Province of the Eastern Cape
Whittlesea	89	5914m	T25506/1979	Province of the Eastern Cape
Whittlesea	90	1570m	T25506/1979-0	Province of the Eastern Cape
Whittlesea	92	1570m	T25506/1979-6	Province of the Eastern Cape
Whittlesea	95	2275m	T25506/1979-2	Province of the Eastern Cape
Whittlesea	100	2276m	T18938/1979-1	Province of the Eastern Cape
Whittlesea	102	963m	T18648/1979-2	Province of the Eastern Cape
Whittlesea	124	12,512 hectares	T21875/1980-1	Province of the Eastern Cape
Whittlesea	125	8,3784 hectares	T21875/1980-2	Province of the Eastern Cape
Whittlesea	126	27,9573 hectares	T21875/1980-3	Province of the Eastern Cape
Whittlesea	149	7703m	T38582/1979-0	Prov. of the Eastern Cape
Whittlesea	151	7728m	T38582/1979-1	Province of the Eastern Cape
Whittlesea	152	7742m	T38582/1979-2	Province of the Eastern Cape
Whittlesea	153	7742m	T38582/1979-3	Province of the Eastern Cape
Whittlesea	154	7642m	T38582/1979-4	Province of the Eastern Cape
Whittlesea	155	7742m	T 7501/1978-1	Province of the Eastern Cape
Whittlesea	156	7733m	T 7501/1978-2	Province of the Eastern Cape
Whittlesea	157	7733m	T 7501/1978-3	Province of the Eastern Cape
Whittlesea	159	7956m	T 7501/1978-4	Province of the Eastern Cape
Whittlesea	175	4047m	T18164/1979	Province of the Eastern Cape
Whittlesea	176	6490m	T19548/1979	Province of the Eastern Cape

## 5. PROPERTIES WITH STATE DOMESTIC FUNCTION ON MUNICIPAL LAND

The Provincial department of Public Works in their correspondence, made a request for the transfer of properties with State domestic function situated in Lukhanji municipal land.

Properties are listed as follows:

AREA	ERF NO	LAND USE	OWNERSHIP
Queenstown	7685	Residential X2	Lukhanji Mun
Queenstown	11816	Residential	Unregistered
Queenstown	11809	Residential	Unregistered
Queenstown	11810	Residential	Unregistered
Queenstown	11811	Residential	Unregistered
Queenstown	11812	Residential	Unregistered
Queenstown	690	Hexagon High School	
Ekuphumleni(wsea)	719	Ekuphumleni (S.S.S)	Unregistered
Sada (wsea)	720	Empumelelweni (S.S.S.)	Unregistered
Ekuphumleni(wsea)	734	Ekuphumleni Clinic	Unregistered
Sada (wsea)	2380	Ikhala FET College	Unregistered
Ekuphumleni (wsea)	1164	Funda (S.S.S)	Unregistered
Ekuphumleni New Zone	2080	Mthawelanga (J.P.S)	Unregistered



Ekuphumleni New Zone	2079	Ixhadi (S.P.S)	Unregistered
Ekuphumleni New Zone	2881	Unknown	Unregistered
Ekuphumleni New Zone	2896	Unknown	Unregistered
Ekuphumleni (wsea)	358	Bongolwethu (S.P.S)	Unregistered
Ekuphumleni (wsea)	1452	Zingisa (J.P.S)	Unregistered
Ilinge	1805	Ilinge Clinic	Unregistered
Ilinge	1825	Emmet Mahonga (J.P.S)	Unregistered
Ilinge	1800	Thembekile (L.P.S)	Unregistered
eZibeleni	448	eZibeleni (J.P.S)	Unregistered

### 3.9.1 Housing

In the past the municipality used to have a developer status. The Provincial department of Human Settlements used to allocate funds for housing development. The municipality has since been offered the developer status. The municipality facilitate the approval of housing applications thereof. The municipality is dealing with the registration of applications. Currently, there is a process of fast-tracking registration of housing needs register through the contracting of field workers to collect required data.

The municipality is running out of the serviced land. This means that the municipality needs to secure funds for the servicing of earmarked land for the implementation of housing projects.

This includes land for middle and high income houses.

The housing sector plan was reviewed in 2013/14.

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

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

A budget needs to be allocated for this exercise.

### 3.9.2 Land

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

Several challenges of transgressions are experienced by the municipality. People do not always apply for the land use. Communities operate without submitting applications and poor submission of building plans

Community awareness on transgressions, media communications and ward meetings are in progress.

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

SPLUMA was approved in 2013.

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

Council has resolved on the Implementation of SPLUMA. The establishment of tribunal has been resolved at council. The SPLUMA by-law will be tabled in June 2015 council meeting for approval.

There are amendments that have been made by the Province in the SPLUMA by law. This meant that municipalities had to table the amended SPLUMA By law. Lukhanji 's SPLUMA By law was tabled in Council in January 2016.

### **3.9.3 Entertainment Facilities**

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

### **3.9.4 Property Rentals**

All municipal properties are managed by this section, halls, leasing of land and municipal buildings. Review of lease agreements is in progress in an endeavour to effectively manage municipal properties and generate revenue.

### **3.9.5 Spatial Planning**

This section deals with municipal zoning schemes and the Spatial Development Framework. The municipality has to implement the Spatial Planning and Land Use Management Act of 2014. The Act requires the establishment of municipal tribunals. On the 31<sup>st</sup> March 2015, the Council agreed to shift from a joint municipal tribunal and establish a standalone municipal tribunal.

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

### **3.9.6 Small Town Revitalisation**

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

## **KPA: LOCAL ECONOMIC DEVELOPMENT**

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

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

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

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

### **3.9.7 Local Economic Development Strategy**

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

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

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

The municipality is in the process of reviewing its LED Strategy. A call for proposals was published in print media in the local newspapers. The advertisement has now closed. Procurement of the service provider for the review of the Lukhanji LED Strategy is underway.

### **3.9.8 Key Economic Sectors**

#### **3.9.8.1 Agriculture and Rural Development**

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

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

#### **3.9.8.2 Creation of an Agricultural Market**

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

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

#### **3.9.8.3 Agricultural Infrastructural Development.**

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

#### **3.9.8.4 Agro-Processing and the Special Economic Zone**

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

#### **3.9.8.5 Livestock Improvement Programme**

A Memorandum of Understanding was entered into between the municipality and Zulukama Investment Management Trust. The Chris Hani District Municipality constructed two feedlots in Lukhanji Local Municipality.

This is part of the district and Lukhanji Municipality's programme of livestock improvement. One of the feedlots is located in Lower Hukuwa in ward 13 and the other one is located in Kamastone in ward 14. 36 villages in the Whittlesea area benefit from the feedlots. The feedlots were handed over to the municipality in 2013/2014 financial year during the Chris Hani month. The aims for the construction of the feedlots, include but are not limited:

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

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

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

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

**For the 2016/2017 financial year an amount of R 2,048,950 will be allocated for the LED related capital projects.**

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

The municipality is mainly rural in nature. There are different types of farmers both emerging and commercial farmers. The LED department is in the process of finalising the establishment of the farmers' association for each ward. The ultimate goal is to establish a municipal wide farmers association that will be constituted by all the Lukhanji wards. The intention is to ensure that the Lukhanji Farmers Association will come up with their programmes that will enhance agricultural development in the area.

The strategic planning session recommended that the Zulukama model should be replicated in other areas. There should be engagements with other areas to customise the Zulukama model in other areas within Lukhanji.

The municipality managed to do three shearing sheds in the current term at Gwatyu area in ward 1, extension of the Zingquthu shearing shed in ward 26 and the Machibini shearing shed at 3 was handed over in this financial year.

A number of fencing programmes were implemented. It is still identified as a priority in most wards. The municipality has to engage other relevant sector departments for support with the agricultural related infrastructure.

### **Agricultural Schemes and Tunnel.**

The two main irrigation schemes in Lukhanji are Shiloh and Haytor. There is also a small one at Tylden in ward .1. The business of the Shiloh irrigation scheme is mainly milk production. It has a board of trustees and partners who produce the milk and sell it in Port Elizabeth. The local people have shares in the project and periodically receive payments from the company. Though the local population benefits through job opportunities their serious concern is that they also want milk for their own consumption. The Sada area in Whittlesea has high levels of poverty and unemployment. The community is requesting the Department of Rural Development and Agrarian Reform for additional land which would be used for milk production that will be consumed by local residents. The Rural Development department is currently negotiating land for them but is complaining about the exorbitant prices. The land that is being negotiated has a Vineyard, a cellar, large tracts of arable land and grazing land. It is important that the Lukhanji Municipality look for ways of collaborating that effort to make the project viable.

#### **2.1.3.1 Haytor Irrigation Scheme.**

The scheme is situated at Zweledinga and covers an area of plus ten kilometres .Zweledinga is situated in the West of Whittlesea and has been mainly used for food production. The Lukhanji Municipality together with Chris Hani Cooperative Agency have identified the area for a tunnel project. The Lukhanji Municipality has approached the Department of Rural and Agrarian reform for support and the project is known by the department. They are assisting the project to have a business plan. The condition of the scheme needs to be rehabilitated. The infrastructure is old and must be replaced. The area as well should be re-fenced. The capacity of the cooperatives needs to be strengthened and issues of marketing and value addition should be considered timeously. The municipality should put aside budget for the project.

#### **2.1.3.2 Tylden Irrigation Scheme.**

Tylden is a small settlement in the East of Queenstown. It has a small irrigation scheme which has been funded by Chris Hani District Municipality. The scheme is about seven hectors and was mainly used for Lucerne production. They already had a market for their pro Lucerne products. A white commercial farmer had partnered with that community for a contract of five years which expired in 2013. The farmer also relocated thereafter. The irrigation system was destroyed by the veld fire .Though they still have personnel that ran the scheme the activities of the scheme need a financial injection. The scheme was creating jobs in that community. So therefore then it is imperative that it should be revived. The community needs an Irrigation system and an engine, water is available in the area. The Lukhanji Municipality should put aside funding for the project and collaborate its efforts with relevant departments.

### **Tourism and Heritage**

The revitalization of the Local Tourism Organisation remains a key objective for the IPED Directorate. The Lukhanji Municipality has a rich tourism and heritage history. It has started to attend to some tourism and heritage projects but a number of them still need to be tapped. The finalization of the Lukhanji tourism plan would give impetus to development in the area. The Lukhanji Tourism and heritage reference group will be properly constituted before the end of the current financial year. The following projects have been implemented and supported.

In the Bonkolo Dam project the directorate is part of the steering committee .The project is being improved and is driven by the Directorate of Community Services

The development of Bullhoek Massacre Memorial Heritage site. (Phase 1 and 2) has been completed. Funds are needed for the third phase the Department of tourism and SAHRA should be further engaged on the issue.

Currently the directorate is working towards a model for running the business at Bullhoek. Currently we are in the consultation phase for the third phase.

Develop a concept document for township revitalization programme (started with Mlungisi, we will be targeting other towns in this financial year

Concept document for the building of the Hexagon as a centre of tourism in Queenstown has been developed. The Lukhanji Municipality should budget funds for the project whilst caring on with the other means of sourcing additional funds.

The potential of De Lange game Reserve has not been fully tapped. The place needs to be run as a business entity.

Ilinge has a rich liberation heritage history. In fact the area has been a home to many to many banned and ex-Robben Island and exiles across the political lines. The area should be declared a heritage site and a collaborated effort by government departments should be embarked upon for the holistic development of the area.

#### **4.1 Tylden.**

Tylden is another untapped tourism and destination. It is named after one English army generals. The old road to East London use to go via Tylden Bridge. Under that bridge there is a flowing river which used to attract tourists, a dam which could be developed for picnic activities, it was used for fishing purposes and could still be developed towards that. There are caves which still have the paintings of the Bushman. The paintings should be protected and tourists should be directed towards that destination. Next to the hotel in the area an place could be designated for bead work and other traditional commodities. The grave of Chief Mapasa who fought bravely against the colonialists is in one of Tylden farms. One of the hospital wards at frontier is named after him. The Lukhanji Council should consider declaring his grave a heritage site.

The liberation heritage of Mlungisi, Ilinge should be researched and documented. The commitment made by DASRAC MEC Honourable Majodina should be pursued. MEC committed her department to fund a project which would ensure that people of Mlungisi write their own history. The commitment was made at Nondzwakazi Church



hall during the 30<sup>th</sup> anniversary of the Queenstown Massacre. The events like the Bullhoek Massacre, Queenstown Massacre, Chris Hani month are all part of the Liberation Heritage and funds should be allocated for them.

The other feature which makes Queenstown so distinct in the whole of South Africa is music and jazz history. Its musicians have played part in the Cultural Boycott, in protest plays like King Corn, others earning titles like Mother Africa and getting recognition at home and abroad. Currently the Lukhanji together with Chris Hani D.M. are upgrading the Scanlen Street which was a home to Musicians like the Matshikiza and Moeranes. The former State President of South Africa Mr Thabo Mbeki also stayed with the Moerane family at the Scanlen Street. Added to that Lukhanji is requesting the land from the provincial human settlement department for hosting a jazz centre in the same street. The idea was given further impetus when the jazz legend Hugh Masekela spoke along the same lines during his visit in Queenstown during October 2015. The municipality should allocate funds for the project in 2016/17 financial year.

## **5. Job Creation: EPWP & CWP**

The CWP is implemented by Border rural committee in the Lukhanji Municipality. The programme is indeed involved in the community development. All ward councillors together with IPED Directorate, Border rural committee and government departments form the local reference committee. The site plan for 2015/16 financial year has been compiled and is being implemented. More than thousand youths thorough the municipal area are employed and being skilled in various programmes. The target for intake of CWP enrolment should be doubled to two thousand in 2016/2017 financial year. The reason being that the rate of unemployment is very high at Lukhanji; manufacturing is in decline due to the closure of factories and a number of furniture shops.

Training of youth has taken place but should be doubled in 2016/17 and opportunities for jobs should be identified. The programme is assisting in the rebuilding of SMME centre at Ilinge and Sada which is a key strategic move for the department. The programme should come up with more strategic projects to other areas within Lukhanji like Ezibeleni, Whittlesea, Tylden, Lesseyton and Zweledinga.

Municipality must together with CWP allocate funds for the revitalization and rebuilding of SMME centres in all townships and key strategic areas.

## **6. SMME's**

The current approach to SMME development is three pronged: facilitating funding support, facilitating training and the resuscitation and rebuilding SMME support.

### **6.1 Facilitating Funding support.**

A number of projects from Whittlesea, Ilinge, Ezibeleni and Queenstown have been given letters of support and the directorate has managed to interact with funders on their behalf with some success. There is however a great need for IPED Directorate to build relations with the funding sources. Funds from Thina Sinako have been used to build ten hawkers stalls for Queenstown, some hawkers were accommodated at the Nonesi mall and others

will be accommodated at the new Intermodal taxi rank. Hawkers stalls should also be organised for areas like Ilinge, and Ezibeleni.

## **6.2 Training facilitation**

Training facilitated but needs assessment should be done, training plan formulated and funding to be sourced. Smmes at Lukhanji have been trained in financial management, banking and cooperatives from all over Lukhanji in recycling.

Data about all SMME in Lukhanji to be compiled so that we know exactly the numbers we are dealing with.

Agricultural cooperatives need more funding and skills

Construction Industry

## **7. Small Scale Mining**

There are unregulated small mining activities throughout. Lukhanji Municipality. The activities range from sand to clay and quarry mining. IPED has assisted the Lessyton community to obtain social responsibility funds from the mining bosses in that area with the assistance of the Department of Mineral and energy. It is still engaging with other company which is refusing to pay the amount requested by that community. In the next financial year the focus will be on the defining of the local government role in the small scale mining.

Data collection about mining activities to be prioritised in the third quarter and the raising of awareness on policy guidelines regarding the small scale mining.

### **3.9.8.6 Tourism Development and Heritage**

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

The municipality identified the Bonkolo dam as a tourist site, and sourced funding for the development of the site. The National Department of Tourism approved an application for the development of the site and allocated an amount of R15 million. The project is complete and it will be handed over to the Municipality during 2015/16 financial year.

Bulhoek Massacre Memorial site forms part of the Chris Hani Heritage Liberation route. To that effect, the municipality sourced funding to develop the area as a heritage site. Funding was secured from the National Department of Tourism for the establishment of a museum, a monument and cultural village. Phase1 of the

project is completed and phase 2 of the project has been approved by the Department for the establishment of a tourist attraction centre of the site. The site is located in the Whittlesea area.

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

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

### **3.9.9 Chris Hani Hexagon Memorial**

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

The strategic session held on 18- 20 March 2015 recommended that the municipality establishes an agency for the management of the three Lukhanji Tourism Attractions sites.

These sites are:

- Bonkolo Dam
- Lawrence de Lange
- Bulhoek Massacre Memorial Heritage site

The agency will assist the municipality with the management and maintenance of the three tourism attraction sites. It will also develop a strategy to market the sites and assist the municipality with revenue generation.

### **3.9.10 Establishment of the Jazz Museum**

A decision was taken to establish A Jazz Museum in the Queenstown area. The programme is championed by the Department of Sports, Recreation, Arts and Culture in partnership with Lukhanji Local Municipality.

The municipality needs to identify a site for the construction of the museum. The project will be implemented by the Department of Sports, Recreation, Arts and Culture. The identified area for the museum is the Scanlen Street. This forms part of the municipality's plan of township regeneration. The municipality also decided to do a

paving project at Scanlen Street. An amount of R500, 000,00 was allocated for paving as part of the beautification of the township. Additional funding is still required for the project.

### **3.9.11 SMMEs and Cooperative Development**

In recognition of the contribution made by the informal sector the municipality constructed hawker stalls as part of the SMME development programme. 23 hawker stalls were constructed in Whittlesea during the 2013/ 2014 financial year. This programme had to be extended to other areas.

Nonesi Mall Developers in their social responsibility programme constructed hawker stalls and a taxi industry office around the mall. Due to the economic activities around the area as it is the district's regional hub, the municipality identified a need for the construction of more hawker stalls. This will further assist the municipality to ensure that the trading by laws are adhered to as no hawking is supposed to take place on national roads, which is currently the challenge the municipality is faced with. A draft SMME strategy has been developed.

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

The municipality acknowledges the contribution made by the informal sector in the economic development of the area. The operational space was identified as a challenge for the informal sector.

In order to address this challenge, there are plans to create a flea market for the hawkers. The municipality needs to finalise the identification of a site for the hawkers. The identified site should be within the reach of the market for the hawkers. Engagements with the hawker associations are underway.

### **3.9.12 Revitalisation of the Small Business Centres**

There are a number of small business centres that are utilised by the SMMEs in Mlungisi and Whittlesea. A need was identified by Council to support these SMMEs. The municipality allocated R500 000,00 for the Mlungisi Small Business Centre after it was burnt down by fire. During assessment of the damages it transpired that the centre was badly damaged and will need to be rebuilt and not renovated as it was initially planned. **The R 500,000,00, allocated for renovations is therefore not sufficient and additional funding is required.**

The municipality has engaged other sector departments and Chris Hani District Municipality for additional funding.

### **3.9.13 Cooperatives Development support**

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

The SMME information seminars aimed at creating a platform for SMME and government networking and sharing of information. Development and Promotion of entrepreneurship and tender advice and training course Youth participation is minimal in the economic development in the municipal area; the municipality has a plan to mainstream youth into the mainstream economy. The mainstreaming of the programmes that deal with the designated groups in the municipality in all municipal departments was identified as a priority. This includes developing economic development programmes for each designated group.

### **3.9.14 Manufacturing**

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

The other manufacturing activities conducted in the municipality include brick making and wool production. SMMEs that manufacture bricks should be supported to ensure that they produce quality bricks making. The strategic session further identified a need to conduct a study on the processing of wool locally before it is being exported with the possibility of establishing a wool processing plant locally due to the quality and the volume of wool produced in the municipality.

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

Agro processing was identified as a flagship programme. This was seen as one of the means towards the realisation of the economic hub concept. This included the tunnels programme implemented by the District

Municipality through the Cooperative Centre. 5 cooperatives were identified in the Lukhanji area. The programme is located at Zweledinga.

The outstanding issue in the programme is infrastructure development. One of the programmes is the fencing of the facility. Other programmes identified include the identification of a space for packaging and a storage centre for all the products that come from other local municipalities.

### **3.9.15 Mining**

There are a number of mining activities that take place in the municipality, which include sand and stone mining. The municipality needs to conduct profiling of all mining activities in the municipal area. The challenge is that sand mining is not formalised. There is therefore no rehabilitation plan in place. Currently, there are two mining companies that are mining in the Lesseyton area: Civil Engineering and Raumix Quarries. Engagements between the two companies and the Lesseyton community were conducted. Raumix Aggregate Company has been mandated to construct a preschools in the Lesseyton area as their social responsibility programme. Consensus has not yet been reached with Civil and General on the programme they will be implementing. Engagements are on-going.

### **3.9.16 Small Town Revitalisation Programme**

The Lukhanji Municipality is one of the four municipalities that are being piloted for the Eastern Cape Small Town Revitalisation programme. Other municipalities are King Sabatha Dalindyebo, Port St Johns and Nyandeni. All the four municipalities and together with SALGA, COGTA and the department of Public Works constitute a Small Town Revitalisation Programme Provincial Steering Committee. The targeted areas are Queenstown, Ezibeleni, Ilinge and Sada. The rest of the areas will follow. The socio- economic history of these areas must be properly researched and documented. The next move will be the establishment of steering committees in different areas and a central one for Lukhanji. The steering committees will ensure coordination of the projects in various areas.

The purpose of the Small Town Regeneration Programme is to develop a clear vision and implementation strategy for the development of the town over the short, medium and long term. Furthermore, Small Town Revitalization Programme aims to encourage investment and unlock the economic potential of Small Towns. This initiative has been strongly influenced by the SALGA STR Framework and the Provincial Concept Note for Integrated Small Town Revitalization. The Provincial Concept of Small Town Revitalization summarizes key opportunities and constraints to revitalization of provincial piloted areas. The Strategic Priorities are to encourage investment, unlock economic and job opportunities and to integrate small town revitalization initiatives.

These are further developed into Strategic Focus Areas which include:

- a) Releasing of State owned land for enhancing economic development initiatives Upgrading and maintenance of urban infrastructure;
- b) Coordinating Economic Development initiatives.
- c) Promoting investment opportunities and productive value chain;
- d) Promoting the beautification, preservation and maintenance of good aesthetic presentation of Small Towns to unlock the potential of economic investment and tourism.
- e) Promote Strategic Profiling of Small Towns through Resource Mobilisation, Peer Review and Learning Exchange Programmes

The name of the committee shall be “Lukhaji Small Towns Regeneration Coordinating Committee” 3

### **Composition of LSTRCC**

The TRP steering committee is composed of representatives (or proxies thereof) of organisations, institutions, entities, departments of the Economic Growth and Infrastructure Cluster, SALGA, COGTA, DEDEAT, DPW and DRDLR.

The TRP steering committee will be composed of members as follows:

- a. Cooperate Governance and Traditional Affairs (COGTA)
- b. Department of Economic Development, Environmental Affairs & Tourism (DEDEAT)
- c. South African Local Government Association ( SALGA)
- d. Department of Public Works (DPW)
- e. Department of Rural Development and Land Reform (DRDLR)
- f. Lukhanji Local Municipality
- j. Chris Hani Development Agency

No individual will form part of the steering committee if he or she is not representing an organisation or entity. Other individuals representing themselves or their entities or businesses can only be part of the LSTRCC on invitation by the chair. And they will only become part of the meeting when the item they have an interest in comes under discussion. Individuals who want to make presentations (PowerPoint) to the STRCC will be afforded an opportunity to do so in consultation with the chairs.

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

**This section focuses on the following priority areas:**

- Human Resources Management
- Administration and Council support

### **3.10 Human Resources Management**

The human resources management has the following components:

#### **3.10.1 Skills Development**

##### **Background**

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

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

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

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

##### **Infrastructure Skills Development Grant**

The purpose of the grant is to capacitate municipal staff to be able to install and maintain the infrastructure. It is an internship programme that focuses on unemployed graduates. At the end of the programme the interns will be registered with their professional bodies as per the conditions of the grant. Relevant training will be conducted to ensure the realisation of this goal. 8 municipal personnel are benefitting from the grant; 1 civil and 1 electrical engineer, three artisan electricians, health and safety intern, 1 plumber and 1 millwright.



On the low voltage section three electricians and one technician are currently benefiting from the programme. The municipality appointed two mentors, one responsible and oversees the electrical section and the other the civil section. Each has four interns. The mentors were appointed in September 2013.

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

### SWOT Analysis

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

### 3.10.2 Recruitment and Selection

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

#### Challenges

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

### 3.10.3 Review of the Organogram

The municipality has managed to review its organogram. The last review was in 2002. The 2002 organogram did not take into consideration the ever-changing legislation and the current trends that have been taking place. The review process started in 2011 and was eventually concluded with the organogram approved by Council in January 2015. The municipality was supported by CoGTA Eastern Cape in the review process.

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

**APPROVED MUNICIPAL ORGANOGRAM: JANUARY 2015 – Refer to Appendix**

- The total personnel budget for the Municipality R190m
- 46 permanent positions are proposed to be filled for 2015/16 financial year and budget has been allocated for these posts

**3.10.4 Occupational Health and Safety within the municipality**

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

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

**SWOT Analysis**

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

**3.10.5 Leave management**

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

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

### SWOT Analysis

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

### 3.10.6 Employee Relations

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

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

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

### SWOT Analysis

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Capacitated employee relations personnel;</li> <li>• all managers trained to handle their own disciplinary processes;</li> <li>• Capacitated trade union representatives.</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• limited office space;</li> <li>• monitoring and/or supervision of unskilled personnel leading to an increasing number of disciplinary cases;</li> <li>• decentralisation of recruitment of casuals</li> </ul>
---	---

<ul style="list-style-type: none"> <li>• Involvement of trade unions in employee relations</li> </ul>	in unskilled labour
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> <li>• HR Working group in SALGA;</li> <li>• Information sources – Lexis Nexis and Juta publications</li> </ul>	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> <li>• instability in trade unions</li> </ul>

### 3.10.7 Payroll

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

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

### SWOT Analysis

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

### 3.10.8 Equity Plan

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

### 3.11 Administration

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

#### 3.11.1 Records Management

##### Registry and Archives

The unit is included registry clerk and the registry administrative officer. Filing system that is used is manual. Challenge can get missing and it is not always easy to retrieve documents. No backup system is in existence.

Filing space is also a challenge. The municipal filing system is decentralised. It needs to be centralised for proper record management. Staffing is also a challenge. The unit needs to be beefed up for it to equal to the task. With the review of the organogram, more staff needs to be added in the department.

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

### **C. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Good Governance and Public Participation Cluster is comprised of the following functions;

- Political and Administrative Governance
- Integrated Development Plan
- Performance Management System
- Intergovernmental Relations
- Communications, Marketing and Branding
- Special Programs Unit
- Municipal Public Accounts
- Compliance, Monitoring and Evaluation
- Internal Audit and Audit Committee
- Risk Management

#### **3.12 Integrated Development Planning**

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

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

- identify the municipal resources for effective use,
- speed up service delivery
- attracts additional funds
- strengthened democracy
- overcome the legacy of apartheid

- promotes coordination between all spheres of government

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

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

#### **SWOT ANALYSIS**

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Establishment of IPED as a stand-alone directorate</li> <li>• Integrated planning</li> <li>• Insight on sector departmental plans &amp; budgets</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Poor IGR coordination</li> <li>• Limited budget</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1) Support from the provincial department of local government and traditional affairs</li> <li>2) Directorate has a potential to grow and assist to shape the municipality</li> </ol>	<p style="text-align: center;"><b>Threats</b></p> <ol style="list-style-type: none"> <li>3) Non-cooperation of sector departments</li> </ol>

### **3.13 Performance Management System**

The municipality adopted a performance management system framework on the 22nd June 2012. The framework was also approved by council. The framework led to signing of performance agreements, monthly and quarterly reports are prepared.

Several workshops have been held with the support provided by the Department of Local Government and Traditional Affairs. There is an improvement in the manner in which performance is managed and coordinated in the municipality. In the financial year 2014/15 there has been a training conducted to the Mayoral Committee and senior managers to ensure that the PMS is fully understood and further on another PMS training was conducted to politicians in the form of councillors.

### 3.14 Council support

There is a section responsible for council support and is located in the Corporate Services Directorate. It provides such support into all management and council committees and further monitor the implementation of the council calendar. They ensure the completeness and accuracy of the agendas and minutes.

### 3.15 Information and Communications Technology

The ICT unit is located in the Corporate Services Directorate and is responsible for the implementation of the ICT Framework. They provide the internet services, email, website, IT support, information security, servers and the memory of the institution.

#### SWOT Analysis

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

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

#### SWOT Analysis

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

### **Fleet Management – remove to institutional arrangements**

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

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

### **3.16 Policy Development**

The institution has some policies that are in effect and others are to be reviewed to ensure that they comply with the legislative developments and changes. Policies set the necessary rules of engagement with cause and effect in any organisation and in the financial year 2015/16 the outstanding policies shall be reviewed. The other policies which have been reviewed and approved by Council on the 28<sup>th</sup> May 2015 are outlined in the IDP.

### **3.17 Political Governance**

The Lukhanji Council is an Executive Mayoral Type and has where the executive authority is vested in Executive Mayor. The appointed Mayoral Committee led by the Executive Mayor is comprised of each appointed member heading the following portfolios:

- Budget and Treasury Office
- Integrated Planning and Economic Development
- Corporate Services
- Community Services
- Human Settlement and Land Development
- Public Safety
- Technical Services.

The Council has also established a Municipal Public Accounts Committee.

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

<b>POLITICAL PARTY</b>	<b>NO OF</b>	<b>GENDER DISTRIBUTION</b>
------------------------	--------------	----------------------------



	<b>COUNCILLORS</b>	<b>MALE</b>	<b>FEMALE</b>
ANC	45	23	22
DA	5	4	1
UDM	1	1	0
COPE	2	1	1
PAC	1	1	0

**Table 7: Political Party Representation**

There is a Chief Whip of Council and a Speaker of Council and all those positions are filled. The Municipality has 27 wards, 26 out of 27 are hailing from the African National Congress and one from the Democratic Alliance. In support of them are the ward committees that have been elected across the spectrum of the Municipality and also 27 Community Development Workers.

### **3.18 Administrative Governance**

The Municipality has a Municipal Manager position and seven other positions for directors who collectively form the executive management.

### **3.19 Community and Public Participation**

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

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

The recently adopted Organogram makes provision for the appointment of Public Participation Officer – The establishment of a fully-fledged unit has been proposed for consideration.

### **3.20 Traditional Leaders**

Lukhanji recognizes the significance of involving the Traditional leadership as a stakeholder in the affairs of the Municipality and provides necessary support. Ten traditional leaders were sworn in as members of the Council in December 2011. A need to educate the communities about the role and value of Traditional Leaders on

Council has been identified. Plans need to be devised to make the participation of Traditional Leaders in Council more meaningful and effective.

### 3.21 Audit Committee

It is a Legislative requirement (S 165 and 166 of MFMA) that municipality must have an audit committee. Audit Committee not fully functional and it was a shared service with Sakhisizwe and Emalahleni Municipalities under the support of Chris Hani District Municipality. This arrangement has proved not to be effective. The Council resolved to have its own committee and as a result, nominations from qualified and interested members of the public have been invited to serve as members on the new Audit Committee through a public notice.

Provisions have been made on the new organogram for the appointment of an Internal Audit Manager. The Internal Auditor has been appointed and also have two interns.

#### 3.21.1 Audit Opinions For The Past 5 Years

<i>Financial Year</i>	<i>Audit Opinion</i>
2009/2010	Disclaimer
2010/2011	Disclaimer
2011/2012	Disclaimer
2012/2013	Disclaimer
2013/2014	Disclaimer

**Table 8: Five Year Audit Opinions**

A comprehensive Audit Action Plan was presented to Council in January 2015 and the progress in terms of implementation of the Audit Action Plan is under monitoring and evaluation particularly on key findings raised.

### 3.22 Risk Management

The Risk Management Unit is located in the Office of the Municipal Manager. A Risk Management Policy was adopted by Council and Risk management committee appointed in August 2014. The committee convenes on a quarterly basis. CoGTA (EC) provides backup support to the unit and the committee. The municipality developed its risk asset register with the support from Chris Hani District Municipality and shall conduct the risk assessment in preparation for the 2015/16.

### **3.23 Communications, Marketing and Municipal Branding**

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

- Mechanisms for communication channels
- Communications Action Plan.
- Roles and responsibilities of various communicators.

The Communications unit is managed by the Communications Manager, Communications Officer, and two Communication Interns. The main functions of the unit are internal and external communications, media environmental analysis, branding and marketing, community participation and support to the Executive Mayor's office.

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

### **3.24 Inter-Governmental Relations**

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

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

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

#### **DIMAFO**

Lukhanji Local Municipality participates in the District Mayors Forum. Lukhanji is represented by the Executive Mayor and the Municipal Manager in the Forum. Issues of coordination and integration of programmes are discussed

### **3.25 Anti Poverty War room**

Anti-poverty war rooms workshop for Ward Councillors and IGR Core Group was conducted by Chris Hani District Municipality.

In the meantime, the municipality managed to establish 5 war rooms in 5 wards. There is a plan to roll out the programme to all the 27 wards.

Department of Cooperative Governance and Traditional Affairs and Chris Hani District Municipality have identified ward 14 to pilot the war room approach. The programme was launched in ward 14 in October 2015.

### **3.26 Special Programs Unit (SPU)**

**The purpose of the SPU unit is to:**

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

**The following structures are in place:**

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

Youth Council has been established except the Child Care Forum

## Challenges

- No SPU Strategy in place
- HIV/AIDS Strategy needs to be reviewed as well as workplace HIV/AIDS policy.
- Mainstreaming of programs of Designated groups – policy needs to be developed
- Lack of proper coordination in the Local AIDS Council due to vacancy of HIV/AIDS Coordinator whose post became vacant due to an unresolved labour dispute.
- Attracting participation of very few people from other racial groups (especially the coloured community)
- Ever limited resources to carry out programs.

### 3.27 Municipal Publics Accounts Committee

The MPAC is appointed by Council and its terms of reference are as follows;

- The Committee is small; committees seem to work well with 5-11 members,
- The Committee is appointed for the full term of the parliament;
- The Committee is adequately resourced, with an experienced clerical staff and a competent researcher(s);
- There is clarity on the Committee's role and responsibilities;
- The Committee meets frequently and regularly;
- Meetings are open to the public; a full verbatim transcript and summary minutes are quickly available for public distribution;
- The typical witness is a senior public servant (the 'accounting officer') accompanied by the officials who have a detailed understanding of the issues under examination;
- The Auditor's Report is automatically referred to the Committee and the Auditor meets with the Committee to go over the highlights of the report;
- In addition to issues raised by the Auditor, the Committee occasionally decides to investigate other matters;
- The Committee strives for consensus in its reports;
- The Committee issues formal substantive reports to Council at least annually;

The Committee has an established procedure with Council for following up recommendations

During the performance of its legislated role and function, the MPAC has:

- Compiled an oversight report an oversight report which was adopted by Council.
- The Committee has further reviewed and drafted recommendations towards the implementation of consequence management through verification and scrutiny of the Mid-year Assessment of Irregular Expenditure and Asset Report.

ASSET BASED COMMUNITY DRIVEN DEVELOPMENT

Citizens' participation in governance matters is regarded as one of the key pillars of democracy and social accountability in any stable and striving democracy. In South African context, the National Development Plan (NDP) specifically mentions citizens' participation and social accountability as areas that should be strengthened not only to ensure that citizens can hold government institutions accountable but also to ensure that citizens voices find expression in government planning processes, particularly so, in the communities in which they reside.

Government has made positive strides in its attempts to promote citizens participation. Numerous approaches and methods including the Integrated Development Planning (IDP) process, Ward Committee System and the Community Development Worker (CDW) Programme were all introduced to encourage citizen participation. However, civil society, practitioners and academia have repeatedly pointed out a number of shortcomings in citizen participation processes which they say, adversely affect social accountability and responsiveness of the state to service delivery and development priorities of citizens.

The continued lack of 'proper engagement' where members of the public are often only consulted at the later stages of planning is seen as a major weakness. Citizens are not offered a real opportunity to influence the pre-decided development priorities which are not only presented in highly complex documents but also written in technical language not easily understood by ordinary citizens. Additionally, even where local government holds consultations at ward level in earlier stages of planning, the over reliance on external service providers, the silo approach of different municipal units and interfering political priorities often result in the raised concerns of communities not finding adequate expression in the aggregated planning documents of municipalities.

There is also a widely held concern by the public that government practice does not encourage active citizenry enough and fails to empower citizens to realistically define and promote their own development priorities. This government failure to empower citizens manifests itself in a high level of dependency on social grants and other governmental support programs. This as a result has led to unintended consequences including making unrealistic demands and wish-lists, as well as insufficient contributions of citizens to their own development processes. This trend has ultimately led to overburdening of state institutions and a further decrease in service delivery outputs.

As a response to these challenges, the South African government has placed more emphasis on enhancing public participation processes with innovative elements and improving the engagement between civil society and local government in planning processes. In this regard, the Eastern Cape NGO Coalition (ECNGOC) designed a project to enhance citizen participation in government planning processes. The project was implemented with financial support from GIZ and collaborated with various stakeholders: local municipalities, the Eastern Cape Department of Local Government and Traditional Affairs, South African Local Government Association (SALGA) in the province among others. The twelve (12) months long pilot project was carried out in two (2) district municipalities of Amathole and Chris Hani in the Eastern Cape Province.

### **Objectives of the project**

The objectives of the project were:

- Enhance effective collaboration between civil society and local government.
- Enhance existing statutory public participation processes with the innovative element of ABCD with a clear focus to achieve realistic, tailor-made service delivery planning that activates citizens as drivers of development processes.

- Popularize ABCD among civil society and stakeholders in the Eastern Cape through strategic capacity building workshops.
- Build the capacity of local government officials and councilors on how to integrate ABCD in municipal planning.

### **Project timeframe**

The project was planned to be piloted between October 2014 to September 2015 however, due to unforeseen circumstances; the project period was extended to March 2016.

### **Project site**

The selection of these two areas as suitable pilot municipalities involved consultation with various stakeholders who attended the launch of the project at a multi-stakeholder workshop held in East London in October 2014. Participants included government representatives who came from different tiers including national, provincial and local government. Private sector as well as civil society was also represented. One of the reasons for the choice of these municipalities is the existence of vibrant civil society (local Community based organisations (CBOs) network. The project therefore found it reasonable to use these areas as a pilot. Below is a brief profile of each municipality.

Partners like Technical Support and Dialogue Platform (TSDP), the COADY Institute, University of Fort Hare and Ikhala Trust assisted in popularizing ABCD among civil society and stakeholders in the Eastern Cape through strategic capacity building workshops

#### **Lukhanji local municipality**

With the administrative seat in Queenstown, the municipality covers an approximate area of 4231 km<sup>2</sup>. Lukhanji municipality is the area made up of Whittlesea, Sada, Lesseyton, Ilinge and other surrounding rural areas.

The population of Lukhanji is 190,723 people (Statistics South Africa 2011). Lukhanji boasts as an emerging industrial area and is home to a growing number of industries including manufacturers of agricultural products, office furniture, engineering and steel works and numerous others. The existence of various community assets and opportunities in the municipality has provided an opportunity to development organisations like ECNGOC to test the ABCD model in the area.

### **ABCD defined**

ABCD is a strategy and approach that reinforces community-led and sustainable development and builds on the assets that are already found in the community. Differently stated, the approach essentially mobilizes individuals, associations, and institutions to come together to build on their assets and social cohesion (ubuntu). This is in contrast to more conventional community development strategies and approaches that tend to focus primarily on community problems and needs. ABCD is also a strategy directed towards sustainable economic development and uses the social capital of communities that includes networks, norms, and trust that help to increase productive potential.

### **Back ground to ABCD**

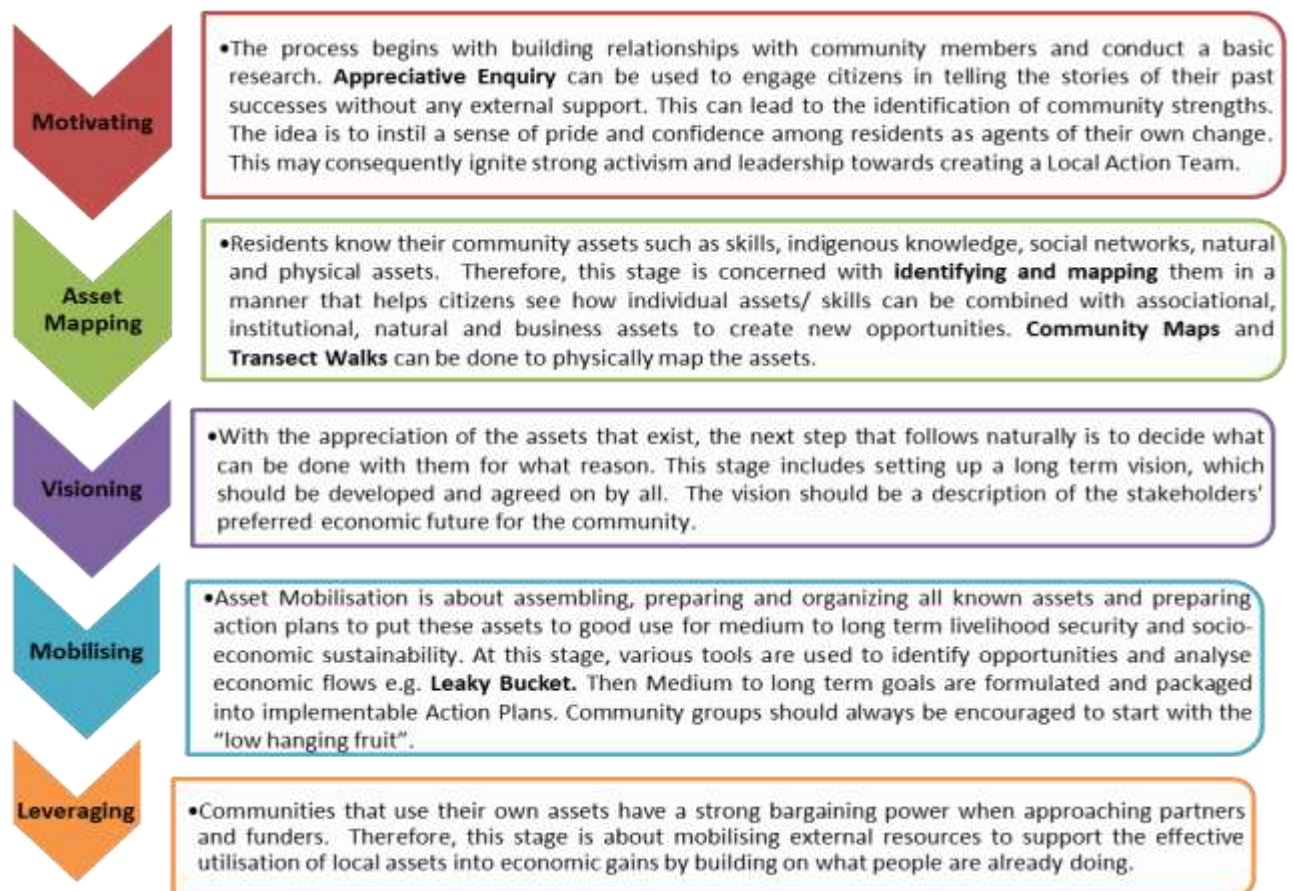
ABCD model has been designed to encourage citizen action and to link to municipal planning processes. ABCD has been developed in order to enhance citizen participation in the development planning of government and at the same time meet

the wishes of the people and government in a bid to deepen democracy. This ABCD approach requires citizens to actively get involved in implementing and managing their own development, while claiming their rights and carrying out their responsibilities as citizens.

There are a number of principals which are critical in the understanding of ABCD approach. Based on these principals, a planning methodology has been developed which takes a number of days within a community giving time to get deeper into the situation in the community as well as to allow time for people to participate properly in the planning processes.

## ABCD PROCESS

The ABCD model entails the following process:



## How the project was rolled out

The project on how ABCD can be embedded in municipal planning was implemented in six (6) different phases:

- Organization of a multi-stakeholder workshop
- Formalisation of partnership
- Building capacity of stakeholders
- Reference Group & Technical Task team
- Facilitation of focus groups
- Documentation of the lessons learned
- Community profiling
- Development of ward based plans
- Stakeholder Engagement



### Organization of an ABCD multi-stakeholder workshop

The project kicked off with a multi-stakeholder 5-day workshop under the theme: ***“Integrating the ABCD approach into public participation processes and local governance”***. Participants included government representatives who came from different tiers including national, provincial and local government. Private sector and civil society were also represented. This workshop was used as a launching pad for a continuous dialogue between civil society and local government towards entrenching ABCD in the municipal planning regime and reinforcing its added value in community development and service delivery, at large. One of the deliberations of this session was to identify potential pilot areas for the implementation of the project. To this end, Lukhanji and Nkonkobe local municipalities were chosen to pilot ABCD as an innovative tool to enhance municipal planning processes

### Formalization of partnerships with two pilot Municipalities

This phase two of the project commenced with the formalisation of partnership around the implementation of ABCD in two pilot municipalities of Lukhanji and Nkonkobe. The partnership focused on assessment of existing capacities of all stakeholders as well as identification of necessary capacity development, technical support and project management interventions. As a result, 27 wards from Lukhanji and 21 wards in Nkonkobe were respectively identified to participate in the project thus encouraging citizen participation and stimulating local actions

### Building capacity of project stakeholders

This phase entailed offering training workshops to project stakeholders who included politicians (councillors), government officials, community based organisations and other local stakeholders. The purpose of these capacity building sessions was to bring on board and to familiarise local government practitioners and officials with the application of ABCD methodology and approach as well as to promote consultations between government and communities on the basis of how the community can get involved in prioritising development projects in their areas. At this stage, stakeholders were categorised and eight (8) training workshops were organised with four (4) workshops in each pilot area and a total of 152 people were trained on how to facilitate the implementation of ABCD.

**Table 6.3.1: Number of people trained in ABCD per institutions**

No	Stakeholders/institutions trained	Total number of people trained per municipality		Total no. of people trained in the project
		Lukhanji	Nkokobe	

1.	Ward councilors	27	5	32
2.	Municipal/government officials	8	7	15
3.	Civil society organisations (CBOs)	28	42	70
4.	Community developed workers (CDWs) and ward committee members	29	6	35
5.	<b>Total ( to verify)</b>	<b>92</b>	<b>60</b>	<b>152</b>

To get practical experiences, local government officials were involved in the training as resource persons for certain subjects and a dialogue session with local government officials was organized at the end to discuss ways how the learned processes play out in the Municipality and where civil society can participate and contribute. Those trained can be broken down in table 6.3.2 below. The details of the contents of the training are in attached annexures for each local municipality at the end of this report.

#### details of trained stakeholders

Workshop details	Date of workshop		Targeted participants
	Lukhanji	Nkonkobe	
Workshop 1	5-7 May 15	April 7-9,20 15	<ul style="list-style-type: none"> <li>• Directors (Local Economic Development, Corporate Services and Community Services)</li> <li>• Managers (LED, Integrated Development planning, public participation, Special programmes Unit (SPU).</li> <li>• portfolio councillors and,</li> <li>• Community Development Worker (CDW) coordinators</li> </ul>
Workshop 2	15-17 July 15	April 20-22 20 15	civil society organisations two Community based organisations (CBOs)
Workshop 3	9-10 Sept 15	Aug 10-12 20 15	<ul style="list-style-type: none"> <li>• Ward councillors,</li> <li>• ward committee members,</li> <li>• Community development workers (CDWS).</li> </ul>
Workshop 4	9 October 15		<ul style="list-style-type: none"> <li>• councillors,</li> <li>• ward committee members,</li> <li>• civil society organisations,</li> <li>• community development workers</li> </ul>

The last workshop (workshop 4) was key in the selection of focus groups (FG). The focus group comprised of a ward councilor, a CDW, a ward committee and a representative from the civil society

#### Facilitation of ABCD in communities

The project was concerned with fostering citizen participation in municipal planning processes in the context of ABCD. Focus group discussions were held in selected municipal areas as follows:

- Lukhanji 2 wards
- Nkonkobe 6 wards

**Table 1 shows the number of wards selected**

No	Lukhanji	Nkonkobe
1	ward 1	Ward 2
2	Ward 3	Ward 4
3	Ward 5	Ward 8
4	Ward 8	Ward 13
5	Ward 12	Ward 14
6	Ward 27	Ward 18

Facilitators of focus group discussions applied ABCD tools to collect data on assets found in selected wards. The assets were categorized as:

- I. Human Assets (Skills, experiences and professionals – Plumbers, Bricklayers, Electricians, Welders, Teachers, Motor mechanics, Panel Beaters, Carpenters, Fashion designs, Shoe Makers.
- II. Physical Assets (Clinics, Crèches, Schools, Churches, Police station etc)
- III. **Natural Assets (rivers, land, sand, Herbs etc)**
- IV. **Social Assets (Burial Societies, Famers Association, Co-ops, and Youth Organisations, etc)**
- V. Financial/Economic Assets Income (Inflows), outflows (Expenditures/leakages (expenses of the ward) and circulation of the economy in the ward

#### **Establishment of a reference group and technical task team on public participation**

A small group of people comprising of officials from Eastern Cape Socio-Economic Consultative Council (ECSESS), office of the premier (OTP), South African Local Government Association (SALGA) and EASTERN Cape NGO Coalition (ECNGOC). The reference group was tasked to oversee implementation of the project. Four (4) meetings were held during project period.

#### **Community Profiling**

This phase was carried out with the conducting profiling sessions. As such, one day was spent in Nkonkobe working with four (4) wards while two (2) days were spent in Lukhanji focusing on twenty wards (28) wards in the municipality. A community profiling involves gathering of data on a broad range of community factors (such as environmental/natural features and management, socio demographic characteristics, political and economic structures, local institutions, economic activities and livelihoods, basic household and community facilities, and social organization

#### **Development of ward based plans**

This phase of the project to outline the development of ward based plans for eight (8) wards i.e. four (4) wards per municipality. Table 8.1 below shows the contents of the ward based plans.

**Table 8.1: Contents of the ward based plans**

No.	Section heading	contents
1	How the plan is made	A description of the planning process
2	What is the <b>situation</b> in the ward	General <b>background on the ward/ community</b> (basic statistics and historical trends)
		<b>Livelihoods</b> of the different socio-economic groups
		<b>Overview and assessment of services provided in the area</b>
3	What is <b>important</b> about the situation in the ward	Consolidated <b>SWOT</b> by outcome
4	What does the ward <b>want to achieve</b>	Vision statement
		Strategic objective
5	<b>Implementing and monitoring</b> the plan	<b>Action plan</b> for implementing projects and activities

### **Early success**

One of the project's early successes has been improving collaborations and relations between government, civil society and citizens. Although there are various participatory processes at municipal level, (ward committee etc) there have been weaknesses in methodologies in which citizens engage with the state when it comes to planning processes. Citizens have not only been unaware of how development plans are formulated but have been unable to effectively participate in the planning processes.

ECNGOC worked in partnership with GIZ, who played a pivotal role in the success of this project and ensured that the core team of municipal officials and stakeholders are trained to work with communities in integrating ABCD in municipal planning. Today, focus group meetings are organized in various wards to encourage citizens to effectively participate in planning processes.

### **Building capacity and bringing people together**

One of the central practices of ABCD is to instill a culture of citizen action and self reliance that facilitate community development. The beauty of integrating ABCD in government planning processes is provision of space for people who may not have traditionally come together to discuss the vision for the community and how to work together. These diverse stakeholders from around the community including community residents, civil society organisations, youth, and government representatives are now talking and this is how success has come about.

The project has also cultivated a new-multisector partnerships in communities. Councillors, ward committees, community development workers, civil society organisations as well as government officials are now working together to enhance citizen participation in government planning processes and how this partnership can allow for greater public participation. This new approach has encouraged citizens to think about a new development approach and to step out of their silos. The multi-sector partnership has allowed for ideas to become larger in scope and citizens to generate solutions that address their local issues.

**Conclusion**

ABCD is an innovative approach to citizen participation hence it’s considered successful way to deal with the triple challenges of poverty, inequality and unemployment improve basic services in communities. It is especially significant in the process of involvement of communities as it secures trust and commitment from communities by building consensus around a comprehensive methodology. This report is meant to give the practitioners and government alike the idea that anew innovative approach to public participation is possible in order to promoting a new way of thinking, from dependency to self action. One of the central practices of ABCD is to instill a culture of community (citizen) action, self reliance and the development of more realistic plans at the community level to facilitate development

**D. FINANCIAL VIABILITY AND MANAGEMENT**

Financial Viability and Management is a strategic key performance area and provides support services to other and service delivery directorates. It is regarded as the **engine** of the municipality as its core mandate includes the following:

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

**It is comprised of the following activities**

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

<b>Strengths</b>	<b>Weaknesses</b>
------------------	-------------------

<p>Budget is prepared in house and it complies with all the relevant prescripts and it was rated credible in 2015/16 financial year</p> <p>Section 71, 52, 72 are prepared in house</p> <p>9 months AFS will be prepared</p> <p>Conditional grants are monitored in line with DORA requirements</p> <p>Bank reconciliations prepared daily</p> <p>Centralised SCM processes</p> <p>Reduced procurement though deviations</p> <p>2015/16 expenditure on tenders free of irregular expenditure</p> <p>GRAP compliant asset register</p> <p>Vat reconciliations performed in house</p> <p>Reduced AG findings</p> <p>Indigent register in place and customers subsidised</p> <p>Trained bid committees</p> <p>Collection rate is sitting at 78%</p> <p>Whereas payments to creditors are paid within 30 days</p> <p>Billing of accounts done monthly and posted by the 15<sup>th</sup> of each month</p> <p>Auditors General findings reduced from 22 to 8</p>	<p>AFS prepared were fairly presentable were assisted by consultant</p> <p>Limited number of employees to be transferred skill</p> <p>Capacity of debt collection centre</p> <p>Revenue enhancement strategy is currently being drafted which will assist the Municipality to enhance its revenue for service delivery.</p>
<p><b>Opportunities</b></p> <p>Caseware system that the Municipality owns</p> <p>Moved from four year disclaimer to qualified opinion in 2014/15</p> <p>Onsite support by PwC</p> <p>Support by National Treasury</p>	<p><b>Threats</b></p> <p>Merger that is underway</p> <p>Shortage of staff</p> <p>Training on existing personnel</p> <p>Dispute resolution took time to resolve General valuers case as a result supplementary valuation stalled</p>

	Tempering: Electricity losses are around 32%.
--	---





No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	for journals processed	depreciation and work-in-progress.									
3	PPE: Fixed asset register incomplete			1. Lack of management review	1. Establishment and sitting of Asset/ Project/steering committee to discuss the completeness of assets (BTO, H/S, Tech Services)	4-Jan-16	Ongoing (Monthly sittings)	ms	N	Ntshanga	CFO
4	The municipality did not account for its investment properties in accordance with GRAP 16 Investment property the following	Properties could not be physically located as the municipality did not prepare a register that was fully compliant with the requirements of GRAP; Ownership control of properties included on the register could not be confirmed;		Lack of controls to ensure that all municipal properties are recorded in the municipality's records.	1. Download Deeds quarterly 2. Reconciliation of downloads with register quarterly 3. Development of procedure manual - investment property	1. &2 04/01/2016 3. 04/01/2016	31 Mar 2016 (Quarterly 3. 31 Jan 2016	ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	circumstances	The municipality did not record all of its properties on the register									
		The register did not contain adequate details of buildings and improvements on the properties recorded.									
		The municipality made errors in the calculation of the cost of properties;									
					1. Appointment of a special dedicated Valuer for investment properties						
5	Irregular expenditure: Expenditure disclosed is incomplete	Irregular expenditure of R166,8 million (2014: R107,8 million) is disclosed in note 53. The municipality's		1.Lack of processes on how to identify irregular, fruitless, unauthorised and wasteful expenditure.	1. review the finding in the previous years(2012/13) and ensure that all items previously recorded as irregular are included in the	4-Jan-16	30-Apr-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		<p>processes for the recording and recognition of irregular expenditure were insufficient as amounts either did not agree to supporting documentation or were not recorded. Consequently, irregular expenditure is understated by R10,4 million (2014: R16 million).</p>		<p>2. non-adherence to SCM processes. 3. Lack of training of municipal officials. 4. Lack of segregation of duties 5. Lack of pre auditing of payment vouchers.</p>	<p>opening balances of the current financial year. 2. develop procedure manual to identify irregular, unauthorised, fruitless and wasteful expenditure. 3. facilitate training of municipal officials. 4. Filling of vacant posts 5. Review of payment vouchers by pre audit. 6. submission of demand plans quaterly 7. Review of payment vouchers on a daily basis</p>						

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
6	Irregular Expenditure: Audit Evidence for the irregular expenditure for the prior year could not be provided	unable to obtain sufficient appropriate audit evidence for the irregular expenditure balance brought forward from the prior year and the prior year closing balance of irregular expenditure as disclosed at R107,8 million in note 53 as I was not provided with appropriate documentation to substantiate the amount disclosed. I was unable to confirm the amount of irregular		<p>Lack of processes on how to identify irregular, fruitless, unauthorised and wasteful expenditure.</p> <p>2. non-adherence to SCM processes.</p> <p>3. Lack of training of municipal officials.</p> <p>4. Lack of segregation of duties</p> <p>5. Lack of pre auditing of payment vouchers.</p>	<p>1. Review the finding in the previous years(2012/13) and ensure that all items previously recorded as irregular are included in the opening balances of the current financial year.</p> <p>2. Develop procedure manual to identify irregular, unauthorised, fruitless and wasteful expenditure.</p> <p>3. Facilitate training of municipal officials.</p> <p>4. Filling of vacant posts</p> <p>5. Review of payment vouchers by pre audit.</p> <p>6. Submission of demand plans quarterly</p>	4-Jan-16	30-Apr-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to irregular expenditure of R166,8 million (2014: R107,8 million) as disclosed in note 53 to the financial statements			7. Review of payment vouchers on a daily basis						
7	Revenue from Exchange Transactions: The municipality did not account	The municipality made errors in the calculation of meter readings for service charges;		1, lack of oversight of supervisory staff 2. lack of sufficient staff 3. lack of capacity and skills for meter	1. Develop a new policy and forward to council to sign. 2. Review and develop revenue policies 3. Contact NERSA to make a separate submission of the	4-Jan-16	monthly (on-going)	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	for revenue from exchange transactions in accordance with GRAP 9, Revenue from exchange transactions in the following circumstances:			reading 4. lack of documentation and review of policies.	old age home special rating 4. Calibrate to be reviewed for the time of use meters. 5. the bulk energy users to be relayed directly to the municipal billing section. and training to be provided on staff on the readings 6. Review of monthly revenue reconciliations 7. filling of vacant positions						
		The municipality did not record interest transactions in the correct period;		This is as result of lack of controls to review information recorded in the AFS.	1. Identifying the processed journals 2. Reverse the incorrect journal legs against accumulated surplus and reverse the revenue which had been incorrectly	4-Jan-16	30-Apr-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
					understated.						
		Calculation errors, including Value Added Tax (VAT) errors were made on recording of other income;		This is as a result of lack controls to ensure that all receipts are correctly recorded in the municipality's records.	1. Monthly review of revenue generated at vat reconciliations 2. restate the population and re allocate the vat portion.	4-Jan-16	30-Apr-16	Ms	N	Ntshanga	CFO
8	Disclosed in note 40 for discontinued operations, are receivables from exchange	Appropriate records to support the debtor balance were not kept by the municipality;		Mis-interpretation of GraP standards relating to discontinued	Review the discontinued operation disclosure and interpret correctly	1-Mar-16		Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	transactions of R15 million. The municipality did not account for these appropriately as:										
9	unable to obtain sufficient appropriate audit evidence for the opening balance and corresponding amount for unauthorised	unable to obtain sufficient appropriate audit evidence for the opening balance and corresponding amount for unauthorised expenditure of R78,8 million as management does not have appropriate systems to		The cause of the finding is poor record management as sufficient supporting documentation could not be provided.	Management to prepare schedules for unauthorised expenditure annually	4-Jan-16	30-Jun-16	Ms	N	Ntshanga	CFO









No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	disclosed in note 51										
10	The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial	The corresponding figure of employee costs reflected as R128,9 million was overstated by R4,8 million.		1. Lack of proper filing system, where employee files could not be submitted for audit purposes 2. Poor communication and lack of co-operation between LLM and CHDM .		1. improve communication of verification to affected employees (incl transferred staff to CHDM). 2. Progress reporting by an Audit Controller on a regular basis.	Inception of audit				All Directors

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	uncorrected misstatements in the following items included in the statement of financial position, the statement of financial performance and the notes to the financial statements:	The corresponding figure for revenue from non-exchange transactions reflected as R235,7 million was understated by R11,2 million.		<ol style="list-style-type: none"> <li>1. Dependency on financial system service provider</li> <li>2. Dispute between the municipality and the preparer of the valuation roll</li> <li>3. Inadequate staff</li> <li>4. Lack of review</li> <li>5. Monthly rates recons not adequately reviewed.</li> </ol>	<ol style="list-style-type: none"> <li>1. Monthly reconciliation</li> <li>2. Engage BCX for training programs on revenue modules.</li> <li>3. Finalisation of the legal processes</li> <li>4. filling of vacant positions</li> </ol>	4-Jan-16	monthly (on-going)	Ms	N	Ntshanga	CFO
		VAT receivable reflected as R4,4 million was understated by R7,6 million.		This was due to VAT that was not claimed in prior periods, which resulted in VAT input recorded on the VENUS not agreeing	Monthly VAT reconciliations.	4-Jan-16	monthly (on-going)	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
				to VAT return.							
		Accumulated surplus reflected as R1,1 billion was understated by R21,7 million.		This resulted from expenditure incurred in prior years and assets bought in prior years that were then debited from the Accumulated surplus account.	Correctly accounting for expenditure and assets when they are incurred/ purchased.	4-Jan-16	monthly (on-going)	Ms	N	Ntshanga	CFO
		Receivables from non-exchange reflected as R38,1 million was understated by R5,7 million.		monthly reconciliation not adequately reviewed due to shortage of staff	monthly reconciliation to be conducted by additional support from PWC	4-Jan-16	monthly (on-going)	Ms	N	Ntshanga	CFO







No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		Accumulated surplus of R239 827 as included in the disclosed balance of R1,1 billion.									
11	38. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires actual achievements against all planned	The annual performance report submitted for audit purposes did not include the actual performance of 100% of all planned objectives specified in the integrated development plan (IDP) for the year under		This was due to a lack of information systems recording and documenting actual achievements against targets and a lack of review of the completeness of reporting documents by management and the internal audit unit.	1. Review of PMS framework in order to rectify all the PMS related issues. 2. Independent monitoring/review of implementation (PMS) by Internal Audit through its performance information reviews.	1. 04/01/2015 2. 04/01/2015	30/04/2016 Quarterly	Mr	I.	Sondlo	Director: IPED Internal Audit

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	indicators and targets to be reported annually.	review.									
	39. Section 54(1)(c) of the MFMA determines that the service delivery and budget implementation plan adopted by the municipal	Material changes were made to the development priorities, objectives, indicators and targets in the annual performance report, without following the process as prescribed in section 28 of the MFMA and or without adoption by the		This was as a result of management not developing appropriate measures to monitor compliance with applicable law and regulations.		1. 04/01/2015 2. 04/01/2015	30/04/2016 Quarterly	Mr	I.	Sondlo	Director: IPED Internal Audit





No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	The measurability of planned targets and indicators could not be assessed. Due to a lack of technical indicator descriptions and proper systems and processes and formal standard operating procedures or	The measurability of planned targets and indicators could not be assessed.		This is due to a lack of technical indicator descriptions and proper systems and processes and formal standard operating procedures or documented system descriptions.		1. 04/01/2015 2. 04/01/2015	30/04/2016 Quarterly	Mr	I.	Sondlo	Director: IPED Internal Audit

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	documented system descriptions.										
	The FMPPI requires indicators to relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and	The relevance of the indicators could not be assessed.		This is due to a lack of corroborative supporting evidence to verify management's explanation why the indicators were considered important and relevant to the realisation of strategic goals and		1. 04/01/2015 2. 04/01/2015	30/04/2016 Quarterly	Mr	I.	Sondlo	Director: IPED Internal Audit

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	objectives. The relevance of the indicators could not be assessed due to a lack of corroborative supporting evidence to verify management's explanation why the indicators were considered important and relevant to the realisation of			objectives.							





No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against	We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information.		This was due to limitations placed on the scope of our work due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records did not permit the application of alternative audit procedures.	1. Development of a standardized performance reporting template 2. Municipality to ensure that the actual achieved targets are in line with the set targets 3.Independent quarterly monitoring/review of targets by Internal Audit through its performance information reviews.	04/01/2015	30/04/2016	Mr	I.	Sondlo	Director: IPED Internal Audit







No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
12	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material	An audit committee was not in place, as required by section 166(1) of the MFMA and consequently the municipality did not comply with any of the requirements of the MFMA and municipal planning and performance regulations applicable to audit committees.		Resignation of members during the year due to other commitments	Fast track the appointment of audit committee to perform compliance tasks	1-Dec-15	1-Mar-16	Ms	N	Gqiba	MM









No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
14	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other	Payments were made from the municipality's bank account without the approval of a properly authorised official, as required by section 11(1) of the MFMA.		Delegation not in place	Review Municipal delegation to include delegations of approval in line with section 11	1-Jan-16	1-Mar-16	Ms	N	Gqiba	MM
		An effective system of expenditure control, including procedures for the approval of funds, was not in place, as required by section 65(2)(a) of the MFMA.				1-Jan-16	1-Mar-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows: <b>Expenditure management</b>	An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the MFMA.		Out-dated procedure manuals	Review expenditure procedures	1-Jan-16	1-Mar-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
15		Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.		Non Availability of documented process for prevention of unauthorised, irregular and fruitless expenditure	Develop a policy for the prevention of unauthorised, irregular, fruitless and wasteful expenditure	1-Jan-16	1-Mar-16	Ms	N	Ntshanga	CFO
16	I performed procedures to obtain evidence that the municipality had complied	A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.		Inadequate unit for debt collection	1.Develop revenue enhancement strategy 2.re engineer the unit after placement 3.continue implementing credit control policy 4.Training of debt collectors in	1-Jan-16	1-Jun-17	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice	An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA			debt collection and financial system						

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	issued in terms of the PAA, are as follows: <b>Revenue Management</b>										
17	I performed procedures to obtain evidence that the municipality had complied	An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.		Staff Turnover at Asset Division	Fastrack the recruitment of Asset Accountant	1-Dec-15	1-Jun-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice	The municipality did not establish an investment policy that was adopted by council, as required by section 13(2) of the MFMA and Municipal investment regulation 3(1)(a) and 3(2).		Lack of review of investment policy by Management to ensure it complies with section 132	Review the investment policy	1-Jan-16	1-Mar-16	Ms	N	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	issued in terms of the PAA, are as follows: <b>Asset Management</b>										
18	I performed procedures to obtain evidence that the municipality had complied with applicable legislation	An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a)) of the MFMA.		Lack of documented process for liability management	Develop procedure manuals	1-Jan-16	1-Mar-16	Ms	N	Ntshanga	CFO





No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	as follows:										
	<b>Liability Management</b>										
	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial	Unauthorised, Irregular, Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.		Lack of oversight	Findings will be reviewed and consequences of such finding will be addressed	4-Jan-16	Ongoing	Mr	T	Swanepoel	Acting SCM manager



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	management										
	I performed procedures to obtain evidence that the municipality had complied with applicable legislation	The municipality did not evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant allocation, as required by section 12(5) of the DORA.		The cause is a lack of monitoring of compliance requirements.	1. Management to ensure that monthly and Quartely reporting is undertaken to the relavant authorities and proof is mantained. 2. Management to ensure that monthly and Quartely reports are signed and authorized by the relavant senior officials	1-Jul-15	Ongoing				All Directors

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are	The municipality did not evaluate its performance in respect of programmes or functions funded by the Municipal Systems Improvement Grant allocation, as required by section 12(5) of the DORA.			<p>prior submission.</p> <p>3. Management to ensure that the Annual report includes the results/status of MIG projects.</p> <p>4 Management to ensure that monthly and Quarterly</p> <p>5. Management to ensure that the annual report for MIG is signed by a responsible senior official /political bearer and the results are shown under the headings.</p> <p>6. Monthly review,monitoring and reporting of theLGFM grant to ensure that spending is done within the appropriated limits.</p>						

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	as follows: <b>Conditional grants</b>										
	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial	Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and		1.Capacity Constraints at the SCM as only two officials appointed with no experience of the processes 2. Delays in Recruitment 3.Disregard the importance of training SCM officials and	1.Recruit Competent Staff 2.Arrange Training of SCM and Municipal Officials on SCM related matters 3.Design procedures 4.Introduce Checklists	1-Jan-16	Ongoing	Ms	N	Ntshanga	CFO

































No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		years.									
	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial	The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013/14 annual report was tabled, as required by section 129(1) of the MFMA.		The cause is that management failed to ensure compliance with the MFMA.	1. Ensure that the annual report and oversight report is dealt with within the prescribed time-frames and is made available to public within seven days of its adoption.	4-Jan-14	30-Jun-16	Mr	V	Van Wyk	SEO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	<p>matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:</p> <p><b>Annual</b></p>	<p>The annual performance report for the year under review did not include</p> <ul style="list-style-type: none"> <li>the performance of the municipality and</li> <li>a comparison of the performance with set targets and a comparison with the previous financial year and</li> <li>measures taken to improve performance, as required by section 46 (1)(a), (b) and (c) of the MSA.</li> </ul>		<ol style="list-style-type: none"> <li>Lack of adequate review</li> <li>Lack of Management oversight</li> </ol>	<p>Management to ensure that the annual performance report for the year include</p> <ul style="list-style-type: none"> <li>the performance of the municipality and</li> <li>a comparison of the performance with set targets and a comparison with the previous financial year and</li> <li>measures taken to improve performance, as required by section 46 (1)(a), (b) and (c) of the MSA.</li> </ul>	4-Jan-14	30-Jun-16	Mr	V	Van Wyk	SEO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	<b>financial statements, performance and annual reports</b>										
	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial	The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the MSA.		The cause of the above finding is due to management not developing appropriate measures to ensure compliance with regulations. There are inadequate compliance monitoring tools being utilised by the	1. Performance agreements will be signed by all managers in the inception of the financial year and reviews will be conducted quarterly 2. PMS will be cascaded to middle management levels and quarterly reviews will be conducted. 3. Final annual report will contain all prescribed components as per the relevant legislation.	1-Jul-15	30-Jun-16	Mr	L	Sondlo	Director: IPED

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	management and other related matters. My material findings on compliance			municipality to ensure that the municipality in complying with the relevant legislation.							
	with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows: <b>Human Resource management</b>	The competencies of financial and supply chain management officials were not assessed in a timely manner in order to identify and address gaps in competency levels as required by Municipal Regulations on Minimum		1.Capacity Constraints at the SCM as only two officials appointed with no experience of the processes 2. Delays in Recruitment 3.Disregard the importance of training SCM officials and	1.Recruit Competent Staff 2.Arrange Training of SCM and Municipal Officials on SCM related matters 3.Design procedures 4.Introduce Checklists	1-Jan-16	ongoing	Mrs	N.	Ntshanga	CFO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		Competency Levels 13.		other employees on SCM processes							
		The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the Municipal Regulations on Minimum Competency Levels 14(2)(b)/14(3).		1. Lack of adequate review 2. Lack of Management oversight	1. Management to ensure that annual report of the municipality reflect information on compliance with prescribed minimum competencies as required by the Municipal Regulations on Minimum Competency Levels 14(2)(b)/14(3). 2.Municipal Manager/ Senior official in the department to	4-Jun-16	30-Jun-16	Mr	D	Van wyk	SEO



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
					ensure review of the document is conducted.						
	I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial	The municipality did not give effect to its IDP and conduct its affairs in a manner which was consistent with its IDP, as required by section 36 of the MSA, section 21(2)(a) of the MFMA and Municipal planning and performance management regulation		1. Lack of adequate review 2. Lack of Management oversight	1. Review IDP and to ensure all components listed are included commencing July 2015 - May 2016	1-Jul-15	30-Jun-16	Mr	L	Sondlo	Director: IPED

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows: <b>Strategic and</b>	6.									
		The IDP was not annually reviewed based on the assessment of its performance measurements and changing circumstances, as required by section 34 of the MSA and Municipal planning and		1. Lack of adequate review 2. Lack of Management oversight	1. Review IDP and to ensure all components listed are included commencing July 2015 - May 2016	1-Jul-15	30-Jun-16	Mr	L	Sondlo	Director: IPED

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	<b>performance management</b>	performance management regulation 3 and 11.									
		Key performance indicators, including input, output and outcome indicators, in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the MSA and the Municipal		1. Lack of adequate review 2. Lack of Management oversight	Management to ensure that the IDP is linked to the budget and SDBIP 3.1 Independentt review of IDP and SDBIP by Internal Audit on a quarterly basis through performance information reviews. 3.2. Municipality to ensure that the IDP is developed in compliance with Systems Act	1-Jul-15	30-Jun-16	Mr	L	Sondlo	Director: IPED

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		planning and performance management regulation 1 and 9(1)(a).			and is reviewed by Internal Audit 3.3 Development and review of an IDP checklist 4.Municipality to ensure that the targets are crafted in manner that meets the SMART criteria and well communicated through SDBIP and Score Cards. 5. management to ensure that the SDBIP and SDBIP reflect time frames and independently reviewed by Internal Audit on its performance information reviews						

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		Measurable performance targets for the financial year were not set in the IDP, for each of the key performance indicators and with regard to each of the development priorities or objectives, as required by section 41(1)(b) of the MSA and the Municipal planning and performance management regulations 12(1) and 12(2)(e).		1. Lack of adequate review 2. Lack of Management oversight	1. Management to ensure that measurable performance targets for the financial year are set in the IDP, for each of the key performance indicators and with regard to each of the development priorities or objectives, as required by section 41(1)(b) of the MSA and the Municipal planning and performance management regulations 12(1) and 12(2)(e). 2. Independent review of the document	1-Jul-15	30-Jun-16	Mr	D	Van wyk	SEO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		The KPIs set by the municipality did not include indicators on percentage of households with access to basic level of electricity and solid waste removal were not set by the municipality as required by section 43(2) of the MSA and the Municipal planning and performance management regulation 10(a).		1. Lack of adequate review 2. Lack of Management oversight	1. Management to ensure that the KPIs set by the municipality include indicators on percentage of households with access to basic level of electricity and solid waste removal set by the municipality as required by section 43(2) of the MSA and the Municipal planning and performance management regulation 10(a). 2. Independent review of the document	1-Jul-15	30-Jun-16	Mr	D	Van wyk	SEO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		Sufficient appropriate audit evidence could not be obtained that revisions to the service delivery and budget implementation plan were approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.		<p>1. Inadequate maintenance of records</p> <p>2. Lack of management oversight</p>	<p>1. Management to ensure that all revisions to the service delivery and budget implementation plan are approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.</p> <p>2. Management to ensure that resolutions register is updated with all the resolutions taken by Council.</p>	1-Jul-15	30-Jun-16	Mr	V	Van Wyk	SEO

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		The performance of the municipality was not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.		<ol style="list-style-type: none"> <li>Inadequate implementation of the PMS policy</li> <li>Lack of performance reviews</li> <li>Administration instability (Lack of Permanent appointment of the Accounting Officer)</li> </ol>	<ol style="list-style-type: none"> <li>Management to ensure the full implementation of PMS policy</li> <li>MM to conduct Quarterly performance reviews</li> <li>Annual review of PMS policy</li> </ol>	4-Jan-16	30-Jun-16	Mr	L	Sondlo	Director: IPED
		Annual performance agreements for the municipal manager and all senior managers linked to the measurable performance objectives		<ol style="list-style-type: none"> <li>Lack of adequate review of IDP and SDBIP (Unit and oversight structures)</li> <li>Capacity constraints</li> <li>Lack of adequate</li> </ol>	<ol style="list-style-type: none"> <li>Development of financial viability KPA in line with other KPA's using SWOT analysis.</li> <li>Management to ensure that the IDP is linked to the budget and SDBIP</li> <li>3.1 Independentt review of</li> </ol>	4-Jun-16	30-Jun-16	Mr	L	Sondlo	Director: IPED



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
		approved with the budget and to the service delivery budget implementation plan were not signed as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.		staffing in the IDP/PMS unit	IDP and SDBIP by Internal Audit on a quarterly basis through performance information reviews. 3.2. Municipality to ensure that the IDP is developed in compliance with Systems Act and is reviewed by Internal Audit 3.3 Development and review of an IDP checklist 4.Municipality to ensure that the targets are crafted in manner that meets the SMART criteria and well communicated through SDBIP and Score Cards. 5. management to ensure that						

No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
					the SDBIP and SDBIP reflect time frames and independently reviewed by Internal Audit on its performance information reviews.						
		The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement		<ul style="list-style-type: none"> <li>1.Lack of adequate review due to incapacity.</li> <li>2.Capacity constraint due to lack of adequate staffing.</li> <li>3.Lack of review of policy and framework.</li> </ul>	<ul style="list-style-type: none"> <li>1.Independent monitoring/review of implementation (PMS) by Internal Audit through its performance information reviews.</li> <li>2.Budget to capacitate PMS department.</li> <li>3. Review of PMS framework.</li> </ul>						



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in	Leadership did not fulfil its oversight responsibilities with regards to the implementation and monitoring of internal controls and compliance with laws and regulations and did not insist on daily disciplines to ensure sound financial and performance management and compliance with laws and regulations.		1.Lack of management oversight. 2.Lack of proper monitoring of prior year audit action plan. 3.Incapacity of Internal Audit unit.							



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in	The municipality's system of internal control did not identify the numerous misstatements within the financial statements. The control environment at the municipality is not fully functional, with inadequate daily, monthly processing and reconciliation of transactions expenditure, employee costs and non-current assets. In addition, management relied on		1.Lack of management oversight. 2.Lack timely and quality review of financial statement before submission. 3.High reliance on consultancy.		1.Management will ensure that leadership discharge its oversight responsibilities. 2.Timely submission of financial statement to all levels of review including oversight committees.. 3.Consultant contracts to include transfer of skills to municipal staff.					



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	
	<p>I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual</p>	<p>Risk management activities were not sufficient as evidenced by the large number of repeat findings. The municipality also lacked effective risk monitoring processes in order to ensure risks identified are appropriately managed.</p>		<p>1. Lack of adequate of management oversight 2. Dysfunctional of the Risk Committee 3. Lack of implementation of the risk policy</p>	<p>1) Risk Committee to be appointed and charter established. Risk management workshops to be held with management to discuss the importance of risk management with LLM.  2) The Municipality will introduce and strengthen the following controls to track progress on the implementation of goals and targets:  -Developing a Performance Reporting manual (detailing monthly reporting requirements, action plans, POE) -For MIG project CoGTA is introducing the MIGMIS System to track progress on</p>	4-Jan-16	30-Jun-16	Mr	D	Van Wyk	SEO



No.	Audit Report		Risk Identified	Cause/Internal Control System Laps (Audit Report & Management Report)		Start Date	Completion Date	Person Responsible			Position
	Findings	Description						Title	First Name	Surname	

Below is the Annual Financial Statement Process Plan to be used for 9 months:

LUKHANJI LOCAL MUNICIPALITY				
ANNUAL FINANCIAL STATEMENT 2016				
Assignment	Assignee	Description of assignment	Responsible official(s)	Completion date for AFS preparation purposes (as at 31 March)
Suspense Accounts	Ms. E Mbele and Ms V. van Wyk	<ol style="list-style-type: none"> <li>1. Identify all suspense accounts</li> <li>2. Obtain supporting documentation for all accounts</li> <li>3. Clear accounts</li> </ol>		
Debtors	Ms. V. van Wyk	<ol style="list-style-type: none"> <li>1. Agree TB to Age Analysis</li> <li>2. Calculate Provision for Bad Debts (Treasury Template) (Antoinette)</li> <li>3. Obtain supporting documentation for all "Other Debtors" (Antoinette)</li> </ol>	Antoinette	12-Apr-16

LUKHANJI LOCAL MUNICIPALITY				
ANNUAL FINANCIAL STATEMENT 2016				
Assignment	Assignee	Description of assignment	Responsible official(s)	Completion date for AFS preparation purposes (as at 31 March)
Valuation roll	Ms. V. van Wyk	1. Reconcile valuation roll (prepared by supplier) to the Venus valuation roll -Debtors -Valuation -Zoning 2. Check whether the Supplementary valuations have been uploaded on the system	Fundiswa	12-Apr-16
Revenue (Rates)	Ms. V. van Wyk	1. Recalculate revenue (valuation report x tariff) 2. Reconcile calculation to GL	Fundiswa	12-Apr-16
Revenue (Refuse)	Ms. V. van Wyk			
Revenue (Prepaid electricity)	Ms. V. van Wyk	1. Obtain schedule of all prepaid electricity received 2. Agree the schedules to the GL	Pumla	12-Apr-16
Revenue (Conventional electricity)	Ms. V. van Wyk	1. Obtain schedule of meter readings 2. Prepare schedule of meter readings x tariffs 3. Agree the schedules to the GL	Nosiphiwo and Nonele	12-Apr-16
Revenue (Fines)	Ms. V. van Wyk	1. Prepare a schedule of Fines issued 2. Prepare schedule of all Court decisions to reduce or delete fines	Siyabonga	12-Apr-16
Output VAT	Ms. E. Mbele	1. Recalculate output VAT on revenue 2. Reconcile with VAT 201s and GL	Bongani	12-Apr-16
Bank	Mr. T. Abofra	1. Preapre all Bank Reconciliations 2. Agree Reconciliations to Bank Confirmation/statements 3. Clear all linked Suspense accounts 4. File supporting documentation for reconciling items 5. Send out bank confirmations	Thandiswa	12-Apr-16
Investments	Mr. T. Abofra	1. Prepare Investment Registers and reconciliation 2. Agree Reconciliations to Bank Confirmation 3. Agree interest to GL 4. Clear all linked Suspense accounts 5. Send out bank confirmations	Thandiswa	12-Apr-16
Investment Property	Mr. T. Abofra	1. Identify and physically verify 2. Value using valuation roll 3. Perform deeds search	Xolani	12-Apr-16

LUKHANJI LOCAL MUNICIPALITY				
ANNUAL FINANCIAL STATEMENT 2016				
Assignment	Assignee	Description of assignment	Responsible official(s)	Completion date for AFS preparation purposes (as at 31 March)
Property, Plant & Equipment (Inc. Intangible Assets)	Mr. T. Abofra	1. Assets verified, impairment tests performed. 2. Obtain listing of all repairs and maintenance accounts and identify capital assets	Xolani	12-Apr-16
Heritage Assets	Mr. T. Abofra	1. Identify and physically verify 2. Value	Xolani	12-Apr-16
Repairs and Maintenance	Mr. T. Abofra	1. Scrutinize all repairs & maintenance VOTEs for assets 2. Scrutinize the stores VOTEs for possible assets	Xolani	12-Apr-16
Loss on disposals of assets	Mr. T. Abofra	1. Prepare list of disposals 2. Provide Insurance claims/ amount to be received for write offs 3. Recalculate Loss/Gain on disposal of Assets 4. Prepare loss register	Xolani	12-Apr-16
Creditors	Ms. E. Mbele	1. Prepare creditors listing 2. Agree listing to supplier statements 3. Reconcile Creditors listing to GL 4. Perform subsequent payments testing	Bongani	12-Apr-16
Accruals	Ms. E. Mbele	1. Prepare accruals listing 2. Agree listing to supplier statements/ invoice 3. Reconcile accrual listing to GL 4. Perform subsequent payments testing	Bongani	12-Apr-16
Consumer Deposits	Ms V. van Wyk	1. Prepare list of consumer deposits 2. Reconcile reconciliation to GL 3. File supporting documentation (bank statement or receipt)	Antoinette	12-Apr-16
Expenses	Ms. E. Mbele	1. Verify Accuracy and Classification of all payments 2. Verify Accuracy of VAT captured 3. Ensure payment captured in correct period	Bongani	12-Apr-16
Input VAT	Ms. E. Mbele	1. Ensure all VAT captured agrees to that on invoice. 2. Perform VAT recon against VAT 201s	Bongani	12-Apr-16
Leases	Mr. T Abofra	1. Prepare lease schedule 2. Reconcile schedule to TB 3. File all lease agreements	Xolani	12-Apr-16
Loans	Mr. T Abofra	1. Prepare loan schedule 2. Reconcile loan schedule to GL	Thandiswa	12-Apr-16

<b>LUKHANJI LOCAL MUNICIPALITY</b>				
<b>ANNUAL FINANCIAL STATEMENT 2016</b>				
<b>Assignment</b>	<b>Assignee</b>	<b>Description of assignment</b>	<b>Responsible official(s)</b>	<b>Completion date for AFS preparation purposes (as at 31 March)</b>
<b>Leave</b>	<b>Mr. Ngxobongwana</b>	1. Agree leave on leave register to leave forms 2. File all leave forms 3. Prepare calculation for leave provision 4. Agree provision calculation to GL	Zolani	12-Apr-16
<b>Bonuses</b>	<b>Ms. E. Mbele</b>	1. Prepare calculation for bonus provision 2. Agree provision calculation to GL	Alicia	12-Apr-16
<b>Actuarial valuations</b>	<b>Ms. E. Mbele</b>	1. Obtain all actuarial valuation information 2. Prepare actuarial valuation	Estelle	12-Apr-16
<b>Grants</b>	<b>Mr. T Abofra</b>	1. Prepare monthly grant expenditure schedule 2. Reconciliation of grant expenditure schedule to grant revenue 3. Maintenance of monthly Unspent Grant Schedule 4. Reconciliation of Unspent grant schedule to GL	Thandi	12-Apr-16
<b>Landfill Site Provisions</b>	<b>Mr. T Abofra</b>	1. Calculate unwinding on Landfill Site provisions 2. Obtain support for assumptions made	Mr. Abofra	12-Apr-16
<b>HR</b>	<b>Mr. Ngxobongwana</b>	Ensure that the employee files have all the necessary personnel information	Mr. Ngxobongwana	12-Apr-16
<b>Payroll</b>	<b>Ms. E. Mbele</b>	1. Perform reconciliation between Payroll and GL	Alicia	12-Apr-16
<b>Related Parties</b>	<b>Mr. T. Spampoel</b>	1. Obtain all declarations of interest for councillors, management and employees. 2. Send through details for CIPRO search in Jun	Asanda	12-Apr-16
<b>Commitments</b>	<b>Mr. T. Spampoel</b>	1. Update previous schedule with payments to date 2. Prepare new commitments schedule with current year inclusions	Phakama	12-Apr-16
<b>Distribution losses</b>	<b>Ms. V. van Wyk Mr. A Gaji</b>	Calculate losses		12-Apr-16
<b>Irregular, F&amp;W</b>	<b>Mr. T. Spampoel and Ms. E. Mbele</b>	1. Check all payment vouchers 2. Update list with items identified 3. Provide supporting documentation		12-Apr-16
<b>Contingent liabilities</b>	<b>Mr. D van Wyk</b>	1. Obtain lawyers Confirmations 2. Prepare legal registers	Phakama	12-Apr-16

<b>LUKHANJI LOCAL MUNICIPALITY</b>				
<b>ANNUAL FINANCIAL STATEMENT 2016</b>				
<b>Assignment</b>	<b>Assignee</b>	<b>Description of assignment</b>	<b>Responsible official(s)</b>	<b>Completion date for AFS preparation purposes (as at 31 March)</b>
<b>Deviations</b>	<b>Mr. T. Spampoel and Ms. E. Mbele</b>	1. Check all payment vouchers 2. Update list with items identified 3. Provide supporting documentation	Zinzi	12-Apr-16
<b>Preparation of AFS</b>	<b>PWC</b>	Submit AFS to management, Internal Audit	Bongani and Thandi	20-Apr-16
	<b>PWC</b>	Prepare audit working paper file	Thandi	20-Apr-16
	<b>Ms. N. Ntshanga</b>	Submit AFS to MPAC, Audit Committee, Council		29-Apr-16
	<b>Ms. N. Ntshanga</b>	Submit AFS to the Treasury/AG		N/A
<b>Audit support</b>	<b>LLM &amp; PWC</b>	1. Responding to AG RFIs and COAFs 2. Adjusting AFS with AG queries		N/A

**Process Plan for 2015/16 Annual Financial Statements**

<b>CHECKLIST TO COMPLETE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016</b>				
<b><u>TASK</u></b>	<b>Target Date after end of F/Y</b>	<b>Responsible Dept or Responsible Person</b>	<b>Executed Yes / No</b>	
Is the <b>filing</b> for the following up to date:				
Payment requisitions and supporting documents	During year	<b>Ms Mbele</b>		
Creditors reconciliations and supporting documents	During year	<b>Ms Mbele</b>		
Minutes of all meetings	During year	<b>Mr Sagela and Miss Makasi</b>		
All other filing that need to be done daily	During year			
Have all the queries in the previous year's Audit Report been addressed?	During year	<b>All Managers</b>		
Was a monthly bank reconciliation compiled?	Monthly	Mr Abrofa		
Was an asset inventory verification / count done before year-end?	Last day	n/a		
Was a stock count done before year-end?	Last day	n/a		
Was a petty cash or other cash advances count been done at year-end	Last day	Ms Mbele		
Have all internal transfers been finalized?	10-Jul	Mr Abrofa		
Has all outstanding orders for items / services not been delivered in the old year, been cancelled?	10-Jul	Ms Makasi		
Have accounting Policies been updated?	1 Day	PwC		
Have certificates been obtained from external institutions for the following:	}			
Cheque account balances		06-Jul	Mr Abrofa	
Investment balances		06-Jul	Mr Abrofa	
Balances for external loans		06-Jul	Mr Abrofa	
Does the bank reconciliation balance to the Trial Balance	17-Jul	Mr Abrofa		

and the bank statement?			
Are the stale cheques on the bank reconciliation written back?	17-Jul	Mr Abrofa	
Are the outstanding items on the bank reconciliation cleared, or can it be explained if it is not cleared?	17-Jul	Mr Abrofa	
Was the leave provision calculated?	31-Jul	Ms Mbele	
Was sufficient provision made for possible leave encashment by officials and can proof of the calculations be submitted?	31-Jul	Ms Mbele	
Was sufficient provision calculated for Bad Debts and is there proof of the calculations?	17-Jul	Ms Vanwyk	
Have all income and expenditure items been scrutinized?	17-Jul	All Managers	
Are explanations for big variances between the budget and the income and expenditure line items at hand?	17-Jul	All Managers	
Have income, expenditure and other contributions relating to Provisions and Reserves been recorded according to Council resolutions and that limits have not been exceeded?	31-Jul	Mr Abrofa	
Have the above been reconciled with the Trial Balance and applicable registers?	31-Jul	Mr Abrofa	
Does the asset register balance to the Trial Balance?	31-Jul	Mr Abrofa	
Has the Departmental Heads signed the Asset Register Certificates?	30-Jun-15	Mr Abrofa	
Have all suspense accounts been reconciled and cleared?	10-Jul	All Managers	
Ensure that all transactions for the old financial year is taken into account.	10-Jul	All Managers	
Ensure that all accruals and prepayments have been taken into account.	10-Jul	Ms Mbele	
Have all contingent liabilities been taken into account?	10-Jul	Ms Mbele	
Ensure that all adjustments for the prior year have been approved and processed.	17-Jul	PwC	
Have the following accounts been reconciled to the Trial Balance:			
Register of outstanding debtors		Ms VanWyk	

Register of creditors not paid		Ms Mbele	
Register of stores items on hand	24-Jul	n/a	
Register of petty cash on hand		Ms Mbele	
Bank		Mr Abrofa	
Investment register		Mr Abrofa	
External Loans register		Mr Abrofa	
Any other asset or liability accounts		Mr Abrofa & Ms Mbele	
Ensure that working papers are in place for all work done regarding the income statement.	31-Jul	PwC	
Ensure that surpluses or deficits are transferred to the Appropriation account.	31-Jul	PwC	
Ensure that all postings to the ledger had been finalized	31-Jul	All Managers	
Has the Trial Balance been done and balanced?	31-Jul	All Managers	
Does the opening balances on the Trial Balance (Balance Sheet) correspond with the closing balance of the previous year's Trial Balance?	31-Jul	All Managers	
Has the Financial Statements been drawn up?	07-Aug	PwC	
Have all notes been completed and do the totals of the notes correspond with the balances on the Balance Sheet and Income Statement	07-Aug	All Managers	
Have all annexures to the Financial Statements been completed and do the totals reconcile with the balances in the notes; Balance Sheet and Income Statement?	07-Aug	PwC	
Has the Cashflow Statement, with its notes been completed and does it balance?	07-Aug	PwC	
Are all departmental reviews completed and included?	10-Aug	PwC	
Has the Financial Statement reviewed by Audit Committee	14,21 ang 28 aug	MM and CFO	
Has the Financial Statements been signed by the MM?	31-Aug	MM	
Have copies of the Financial Statements been submitted to the Auditor General, National- and Provincial Treasury?	31-Aug	MM and CFO	
Are all working papers, source documents, registers, resolutions, policies, general ledgers and trial balances available for the auditors?	31-Aug	CFO	



### **Graph 23: Debtors Analysis**

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

In order to address this, the municipality has established a unit that deals with indigent people. It includes the identification and registration of the indigents around the municipality. The municipality relies on ward councillors to inform its constituencies that those who are eligible should apply for registration, in the ward committee meetings.

This is over and above the awareness campaigns conducted by the municipality. The unit has only one official who visits wards and ensure that people register as indigents.

The indigents also qualify for free basic services 50kwh of electricity over and above exemption for payment of municipal services.

#### **3.28 Credit control**

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

Office space is a challenge in the Budget and Treasury department

#### **3.29 Valuation**

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

## CHAPTER 4: FINANCIAL PLAN

### Introduction

Over the past few years the Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

In line with section 17(3) (e) when annual budget is tabled in terms of section 16(2), it must be accompanied by any proposed amendments to the budget related polices .The following budget will be tabled with final policies and by laws, a process of having community comments will be done in April and May however final polices are therefore tabled together with final budget.

- a) Budget Policy
- b) Credit Control Policy
- c) Write Off Policy
- d) Asset Management Policy
- e) Virement Policy
- f) Revised Property Rates Policy
- g) Revised Indigent Policy
- h) Revised SCM Policy
- i) New Contracts Management Policy
- j) New Irregular, Unauthorised ad Fruitless and Wasteful policy

The purpose of each policy will be defined in detail below

### Operating and Capital Budget

The three year financial plan presented hereunder will include operating and capital budget taken into account budget assumptions used in developing the budget

### Budget assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

Budget Assumptions Table 2016/17				
		Estimated 2016/17	Estimated 2017/18	Estimated 2018/19
1)	General Inflation Factor	6.6%	6.20%	5.90%
2)	Interest Rates:			
	Borrowing	9.60%	9.60%	9.60%
	Investing	6.00%	6.00%	6.00%
3)	Increases - Rates and Tariffs:			
	Growth Factor	1.20%	1.90%	2.50%
	Rates	6.80%	8.70%	11.20%
	Electricity	9.40%	11.30%	13.80%
	Refuse	8.00%	9.90%	12.40%
4)	Billing Collection Rates:			
	Rates	60.00%	62.70%	59.80%
	Electricity	86.00%	87.00%	86.00%
	Refuse	55.00%	56.00%	54.00%
	Debtor Interest	18.10%	17.60%	18.40%
5)	Bulk Electricity Purchases			
	Growth Factor	1.20%	1.90%	2.50%
	Bulk Cost Increases	9.40%	11.30%	13.80%
6)	Salary Increases			
	Salaries	7.00%	7.20%	7.20%
	Overtime	7.00%	7.20%	7.20%
	Contract Workers	7.00%	7.20%	7.20%
7)	Conditional and Unconditional Grant			
	Equitable Share	107 291 070	106 287 503	112 457 562
	FMG	1 810 000	1 970 778	2 055 311
	MSIG	250 000	262 667	0
	EPWP	1 767 297	0	0
	ISDG	2 800 000	2 800 000	2 800 000
	MIG	36 393 557	35 567 567	37 573 323
	INEP	5 000 000	8 000 000	12 000 000
8)	Indigent Packages			
	Free Basic Electricity	50kwh p.m	50kwh p.m	50kwh p.m
	Refuse Removal and Property Rates.	Full Package per annal budget	Full Package per annal budget	Full Package per annal budget

The above assumptions have since changed from what was anticipated at the planning stage of the 2016/17 budget. It must be noted however that as the year progresses some of these guidelines would have to change due to the dynamic nature of the economy of South Africa.

## Medium term revenue and expenditure framework for the next three years (2016-2019)

EC134 Lukhanji - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	62,700	74,215	66,069	80,147	80,147	80,147	80,147	84,955	91,752	96,339
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	145,365	160,460	174,087	202,832	202,832	202,832	202,832	221,828	245,391	265,010
Service charges - water revenue	2	28,645	35,575	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	20,284	22,703	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	28,181	31,514	33,943	33,002	33,002	33,002	33,002	35,638	39,196	42,328
Service charges - other				(7,166)	-	-	-	-	-	-	-
Rental of facilities and equipment		2,491	2,440	2,761	2,476	2,476	2,476	2,476	2,628	2,628	2,628
Interest earned - external investments		8,326	7,364	8,837	5,650	9,583	9,583	9,583	9,726	9,726	9,726
Interest earned - outstanding debtors		19,436	26,567	18,402	8,681	25,088	25,088	25,088	28,481	31,038	33,345
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		383	184	193	348	248	248	248	348	348	348
Licences and permits		8	4,116	3,844	3,971	3,616	3,616	3,616	3,971	3,971	3,971
Agency services		8,060	37,677	-	4,012	4,612	4,612	4,612	4,712	4,712	4,712
Transfers recognised - operational		159,975	128,605	129,658	130,819	131,904	131,904	131,904	119,888	117,874	123,757
Other revenue	2	8,905	10	-	88,865	88,865	88,865	88,865	96,408	91,973	92,193
Gains on disposal of PPE		520	10	11,037	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>493,280</b>	<b>531,440</b>	<b>441,665</b>	<b>560,802</b>	<b>582,372</b>	<b>582,372</b>	<b>582,372</b>	<b>608,583</b>	<b>638,609</b>	<b>674,357</b>
<b>Expenditure By Type</b>											
Employee related costs	2	104,900	141,626	148,721	172,984	162,483	162,483	162,483	165,368	173,499	184,517
Remuneration of councillors		18,065	22,112	20,506	21,536	22,354	22,354	22,354	23,545	24,888	26,281
Debt impairment	3	76,104	-	4,473	57,973	74,982	74,982	74,982	71,873	77,915	84,171
Depreciation & asset impairment	2	24,272	-	43,657	26,652	26,652	26,652	26,652	26,659	31,515	34,392
Finance charges		6,397	302	560	57	1,094	1,094	1,094	-	-	-
Bulk purchases	2	145,054	137,683	164,019	188,770	188,770	188,770	188,770	211,800	219,624	230,184
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		3,113	4,997	5,849	5,159	5,959	5,959	5,959	5,965	6,263	6,346
Transfers and grants		1,660	5,978	-	7,464	8,549	8,549	8,549	6,680	6,986	6,734
Other expenditure	4, 5	88,494	119,907	39,132	80,207	91,527	91,527	91,527	94,693	97,920	101,733
Loss on disposal of PPE		-	-	14,982	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>468,058</b>	<b>432,605</b>	<b>441,899</b>	<b>560,802</b>	<b>582,369</b>	<b>582,369</b>	<b>582,369</b>	<b>608,583</b>	<b>638,609</b>	<b>674,357</b>
<b>Surplus/(Deficit)</b>		<b>25,222</b>	<b>98,835</b>	<b>(234)</b>	<b>(0)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
Transfers recognised - capital		43,692	29,939	37,147	40,971	45,422	45,422	45,422	41,393	75,600	28,000
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		25,239	-	13,894	35,731	54,410	54,410	54,410	32,200	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>94,153</b>	<b>128,774</b>	<b>50,807</b>	<b>76,702</b>	<b>99,835</b>	<b>99,835</b>	<b>99,835</b>	<b>73,593</b>	<b>75,600</b>	<b>28,000</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>94,153</b>	<b>128,774</b>	<b>50,807</b>	<b>76,702</b>	<b>99,835</b>	<b>99,835</b>	<b>99,835</b>	<b>73,593</b>	<b>75,600</b>	<b>28,000</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>94,153</b>	<b>128,774</b>	<b>50,807</b>	<b>76,702</b>	<b>99,835</b>	<b>99,835</b>	<b>99,835</b>	<b>73,593</b>	<b>75,600</b>	<b>28,000</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>94,153</b>	<b>128,774</b>	<b>50,807</b>	<b>76,702</b>	<b>99,835</b>	<b>99,835</b>	<b>99,835</b>	<b>73,593</b>	<b>75,600</b>	<b>28,000</b>

Above is subject to change in August after local government elections.

Billing collections for the 2016/17 was anticipated to be at 91.0% but from the collection rate achieved in the first half of the 2015/16, the collection rate for property rate has been revised down considerably to 60.0%. Reasons for this downward revision has been reported in the mid – year budget assessment report in January this year.

Equitable Share which was expected to be R115 174 000 in the first year of the MTEF, was cut down to only R107 291 030 as indicated in the DORA allocations published in February 2016. This has affected the 2016/17 budget negatively.

Electricity tariff was expected to increase by 7.0% but by NERSA guidelines the rate will be hiked by 9.4% in 2016/17, commencing on the 1<sup>st</sup> of July 2016.

Nevertheless these guidelines enable the municipality to work within set parameters

Salaries increases have also changed from what was anticipated in the planning phase from 6.8 to 7.0 as determined in the SALGA bargaining agreement. It must also be noted that circular 79 reflects 7.9% which will be revised in the final budget in May 2016.

### **General inflation outlook and its impact on the municipal activities**

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 78, 79 and 80 from National Treasury for the next three years when preparing this medium term budget

### **Interest rates for borrowing and investment of funds**

Based on historical trends and current market analysis we have used 10.5% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 6% rate for cash invested.

### **Rates, tariffs, charges and timing of revenue collection**

The Municipality has completed property valuations last year 2014 and will be used for the next four years starting with the 2014/15 financial year. The new valuations on property within the municipality have made it possible to be able to determine the correct property values under the Lukhanji municipal area, even though there are some few issues to be sorted out with particular reference to categories. As a result of this, infrastructure improvement rate which used to be levied on properties which were not valued has been discontinued. Rates are set to increase by 6.8% in 2016/17, 8.7% in 17/18 11.2% for the outer years.

The municipality is anticipating collecting R84.9 million in property rates in the 2016/17 financial year. The correct tariff to be applied is shown below.

PROPERTY RATES TARIFFS		
	2015/16	2016/17
Residential	0.007059	0.007539
Business ,Commercial and Industrial	0.008925	0.009532
Educational	0.001802	0.001925

PROPERTY RATES TARIFFS		
	2015/16	2016/17
Public Service Infrastructure	0.001803	0.001926
Vacant Land	0.03297	0.035212

### Electricity tariffs

Billed revenue for the 2015/16 budget was R188 million. Bulk purchases are anticipated to **increase by 9.4%** for next year. Bulk Electricity purchases are the single most significant expenditure item for the municipality. The 2016/17 bulk electricity purchases is budgeted at R211.8 million and showed an increase of R23 million over the 2015/16 budget of R188 million however the municipality is putting plans in place this year to maximise the collection of the billed amount and to reduce the bad debt that will occur at the end of the year.

### Cost Reflective tariffs

A costing study was conducted in 2005/06 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. As a result of this study a new costing model was developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model is reflected in the proposed tariffs for the municipality this year. Circular 70 from the National Treasury, urges municipalities to adopt cost reflective tariffs.

Refuse charges are set to remain at 8% this year. This is as a result of the service not breaking even or running at a loss. This will have to be increased over a number of years to ensure that the service is fully funded. It is anticipated that once consumers start to pay for these service and a full break-even is achieved, the municipality will start lowering this rate. Circular 74 stipulates that cost reflective tariffs be set in order to ensure continuity and sustainability of service delivery.

Electricity tariff is determined and controlled by the energy regulator NERSA. Electrical service is dependent on bulk electric purchases from ESKOM. Indigent customers will be subsidized as follows:

0 – 50kw	free
51kw onwards	9.4% Increase

### Collection rates for each revenue source and customer type

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts has been increased substantially over the past years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscientious effort to address in the future. There are however glimpses of improve collection rate of billed services in the last financial our collection rate was sitting at 78.6% when the revenue enhancement team started checking meters and monitoring electricity consumption. It is hoped that this trend will continue into 2015/16 financial year.

Collection rates for services that are billed to the community are usually very different from the amount actually billed for a particular service. This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality began a project plan last year to improve the collection of the various billed services thru a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the property rates policy and indigent policy whereas the adoption of these policies is only one part of a multi prong approach to address this issue.

**Below is the table that shows the Free Basic Services for all revenue sources as well as provision for bad debts:**

Revenue Sources	Revenue allocated	Provision of FBS	Provision for Bad Debt	Anticipated Cash Revenue
Property Rates	84 955 303	<b>4 247 765</b>	22 268 575	58 438 963
Electricity	221 827 920	<b>6 654 838</b>	28 245 320	186 927 762
Refuse	35 583 571	<b>2 910 000</b>	14 358 177	18 315 394
Total	342 366 794	<b>13 812 603</b>	64 872 072	263 682 119

### **Average salary increases**

When the Municipality include councillor allowances; salaries and related expenses make up almost 27% of the operating budget. This has taken the municipality to the National Treasury threshold of the salary budget not exceeding 35.0% of its operating budget. The municipality has not budgeted for any vacancies in the 2016/17 financial year since Lukhanji municipality will cease to exist by August 2016 giving way to a merged municipality. Employee related cost is budgeted at **R162.5 million** in the 2016/17 financial year which is as a results of 7% increase.

<b>Government Grants</b>
--------------------------

The following is a listing of grants included within the budget and a brief description of each.

<b>Grant</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Equitable Share	107 291 070	106 287 503	112 457 562
FMG	1 810 000	1 970 778	2 055 311
MSIG	250 000	262 667	0
EPWP	1 767 297	0	0
ISDG	2 800 000	2 800 000	2 800 000
MIG	36 393 557	35 567 567	37 573 323
INEP	5 000 000	8 000 000	12 000 000

### **MUNICIPAL INFRASTRUCTURE GRANT**

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads in line with the MIG policy framework. Municipalities must adhere to the labour intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress. Lukhanji therefore will not allocate any funding to water and sanitation project due to the fact that it is a CHDM function.

The 2016/17 anticipated allocation has decreased from what was promised in the 2015 DORA by 10%.

### **MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME**

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that an activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act. This allocation has also decreased by 73% from the DORA 2015 and that will make it difficult to plan going forward.

### **LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT**

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and on-going review, revision and submission of implementation



plans to address weaknesses in financial management. National Treasury however directed Municipalities to utilise this grant for the implementation of MSCOA as a result R1.2m has been set aside for that purpose.

### **INFRASTRUCTURE SKILLS DEVELOPMENT GRANT**

This grant is allocated to strengthen Technical capacity of the municipality. It aims addressing the skills shortage particularly in the technical departments. Skills such as artisans, millwrights, electricians and plumbers are trained with this grant. It was introduced in 2012/13 Financial year.

Conditions include proper utilization of the funds for which it is allocated and regular reporting in terms of the Division of Revenue Act.

## EXPANDED PUBLIC WORKS PROGRAMME

Initially this was an incentive grant. It has since been converted to a conditional Grant since there are conditions attached to the use of this fund to the extent that it has to be used for employing the community for public works. Conditions attached include regular reporting to the transferring authority every month.

Below is the grants expenditure performance 2014/15 Financial year

GRANT	BUDGET	EXPENDITURE	% spent	UNSPENT AT YEAR END	TAKEN BACK BY TREASURY	% Spent
ISDG	2 886 540	2 886 540	100%	0		0%
FMG	1 600 000	1 600 000	100%	0		0%
MSIG	1 709 900	1 334 435	78%	375 465		22%
EPWP	1 715 443	1 539 432	90%	176 011		10%
MIG	42 591 000	37 147 210	87%	5 443 790		13%

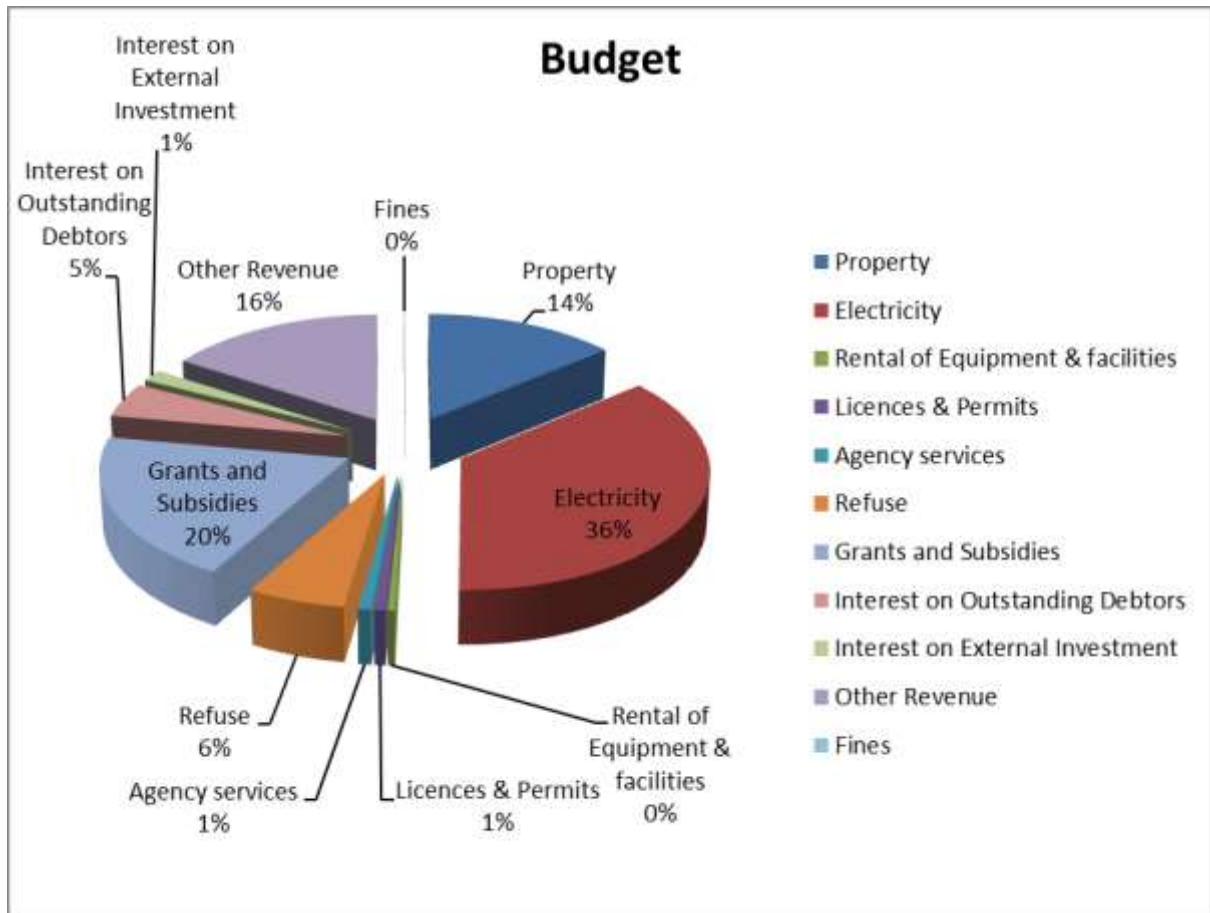
Whereas Mid-year Performance on grants is as follows:

GRANT EXPENDITURE AS AT MID YEAR 201516			
MIG	38 971 000	12 550 000	32%
FMG	1 675 000	24 115	1%
MSIG	930 000	424 870	46%
INEP	2 000 000		0%
EPWP	1 529 000	968 819	63%
ISDG	2 800 000	1 150 000	41%
	<b>47 905 000</b>	<b>15 117 804</b>	

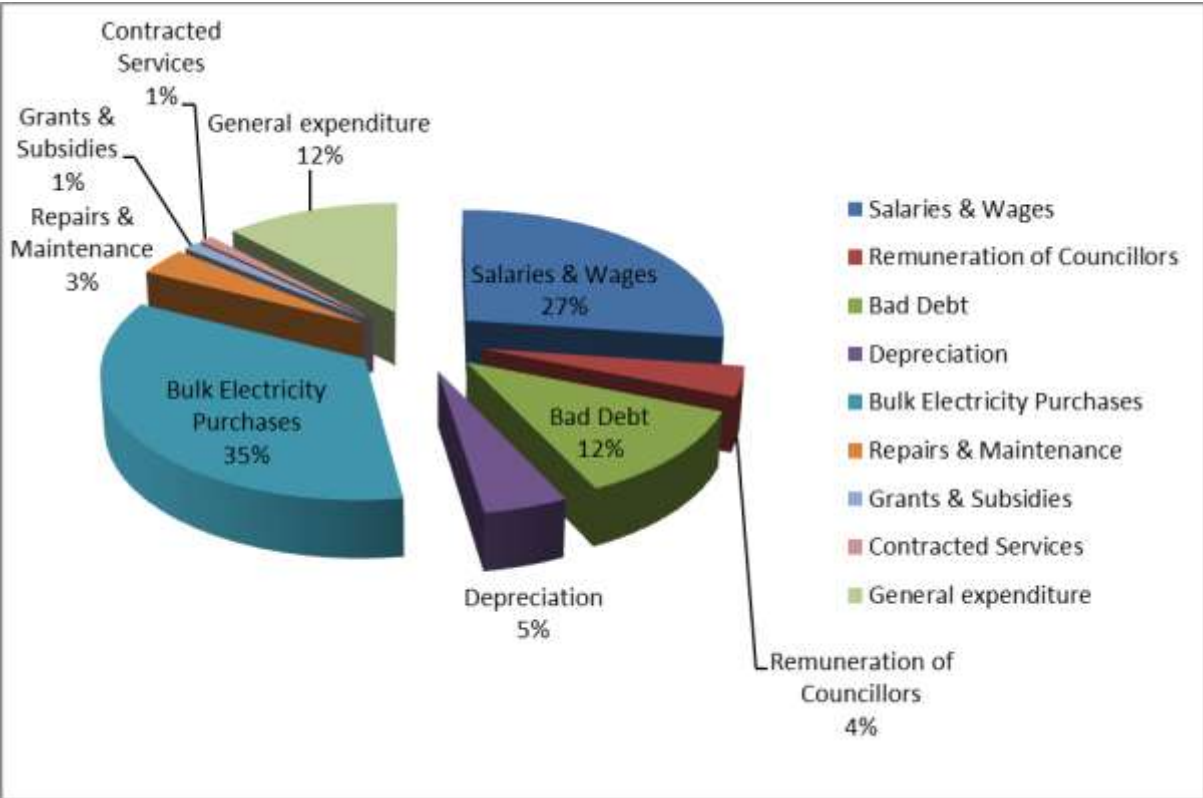
Whereas Capital Expenditure for the past two years:

Financial years	2012/13	2013/14	2014/15
% spent	74.3%	100%	98.8%

**HOW THE REVENUE BUDGET OF R681 MILLION IS MADE UP OF:**



**HOW THE TOTAL OPERATING EXPENDITURE BUDGET OF R681 MILLION IS ALLOCATED**



Operating three year projects aligned with IDP

LUKHANJI LOCAL MUNICIPALITY							
MTREF OPERATING BUDGET FOR 2016-2019							
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	2016/17	2017/18	2018/19
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2017	1.Newsletter and Other Communication Programmes		800 000	800 000	800 000
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2018	3.Emblem Automation	MSP Fund	181 955	0	0
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	4.Promotional Material	Unknown Grant	151 722	0	0

**LUKHANJI LOCAL MUNICIPALITY**

**MTREF OPERATING BUDGET FOR 2016-2019**

<b>DIRECTORATE</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING SOURCE</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2020	Development of programmes recognising and developing designated groups through municipal programmes (Create a data base of designated groups)	OWN	261 820	261 820	261 820
Office of the MM	Good Governance and Public Participation		Mayors Cup	OWN	350 000	250 000	250 000
Office of the MM	Good Governance and Public Participation		SALGA Games		200 000	200 000	200 000
Office of the MM	Good Governance and Public Participation		Officials Kits for Teams and Choir	OWN	300 000	300 000	300 000
Office of the MM	Good Governance and Public Participation	To create a responsive environment that detects, mitigate and eliminate risks by June 2017	Budgeting and establishment of own Audit Committee	OWN	399 259	423 214	448 607

**LUKHANJI LOCAL MUNICIPALITY**

**MTREF OPERATING BUDGET FOR 2016-2019**

<b>DIRECTORATE</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING SOURCE</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	Compilation Of Annual Financial Statements and SCOA Implementation	OWN	6 487 258	6 811 621	7 152 202
			Improve ICT Systems(Microsoft Licenses/DRC/Intranet)	OWN	1 000 000	800 000	800 000
Corporate Services	Good Governance and Public Participation		SCOA Implementation	OWN	1 000 000	1 000 000	1 000 000
Corporate Services	Institutional Arrangement and Organisational Transformation	To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2017	Training Programme for Councillors and officials as per the WSP	OWN	1 706 000	1 706 000	1 706 000
		To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2017	Development of Job Descriptions	OWN	250 000	250 000	250 000
IPED	Local Economic Development	To promote and develop tourism	Implementation of tourism sector	OWN	210 525	221 051	221 051

**LUKHANJI LOCAL MUNICIPALITY**

**MTREF OPERATING BUDGET FOR 2016-2019**

<b>DIRECTORATE</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING SOURCE</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
IPED	Local Economic Development	To promote economic development in the area for the benefit of SMME of Lukhanji so as to alleviate unemployment by June 2017	Training programme for the SMMEs and Cooperatives.	LED Strategy & Hawker Support	150 000	150 000	150 000
Human Settlement	Basic Services and Infrastructure Development	To create sustainable Human Settlements through the provision of affordable housing units in rural and urban areas in accordance with the housing sector plan and SDF by June 2017	Develop Whittlesea SDF	OWN	500 000	0	0
Human Settlement	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2017	Implement supplementary valuation roll	Valuation Roll & OWN	1 117 475	1 590 000	1 590 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2017	Improve indigent system	OWN	278 000	0	0
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	FMG	Salaries and Allowances	610 000	630 000	650 000.00
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2019	FMG	SCOA	1 200 000	1 148 383	1 228 666.00



**LUKHANJI LOCAL MUNICIPALITY**

**MTREF OPERATING BUDGET FOR 2016-2019**

<b>DIRECTORATE</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING SOURCE</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Executive Offices	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	MSIG	Councillors induction	250 000	262 667	
Executive Offices	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	OWN	Public Participation	250 000	250 000	250 000
Technical Services		No Objective	PMU Admin Fees – Lukhanji 2013/14		1 819 678	1 778 383	1 878 666
<b>TOTAL</b>					<b>19 473 693</b>	<b>18 033 139</b>	<b>18 337 012</b>

<b>Capital Budget for the next three years</b>
--

MTEF 2016-2019								
DIRECTORAT E	KPA	OBJECTIVE	PROJECT	FUNDING	WARDS	2016/17	2017/18	2018/19
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of Pedestrian crossing stream/river crossing	Construction of pedestrian and stream/river crossing in ward 3,6,12,13,22 & 26	MIG	3,6,12,13,22 & 26	R0.00	R2 000 000.00	R3 000 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads.	Gravel Roads for cluster A ,B & C.	MIG	All	R5 000 000.00	R0.00	R0.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of a bridge	Qwabi Bridge over Kuzitungu river Phase 2	MIG	13	R4 500 000.00	R4 000 000.00	R2 194 656.85
Technical Services	Basic Services and Infrastructure Development	Lukhanji Community Lighting phase 3	Various Wards	MIG	Various Wards	R4 000 000.00	R1 000 000.00	R1 000 000.00

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads.	Roads and stormwater projects in Ezibeleni, Ilinge, Sada, Ext 4 Whittlesea, & Mlungisi	MIG	All	R0.00	R1 500 000.00	R1 000 000.00
Technical Services	Basic Services and Infrastructure Development	Ensure provision of safe and affordable public transport services and infrastructure	Completion of the Inter-modal Transport Facility - Queenstown	MIG	All	R5 200 000.00	R0.00	R0.00
Community Services	Basic Services and Infrastructure Development	To ensure effective use and accessibility of entertainment facilities to local communities	Community Hall in Ward 1	MIG	1	R160 000.00	R0.00	R0.00
Community Services	Basic Services and Infrastructure Development	To ensure effective use and accessibility of entertainment facilities to local communities	Community Hall in Ward 17	MIG	17	R5 000 000.00	R1 000 000.00	R10 000 000.00
Community Services	Basic Services and Infrastructure Development	To ensure effective use and accessibility of entertainment facilities to local communities	Construction of Ezibeleni Stadium Phase 2	MIG	4	R0.00	R3 003 250.00	R4 000 000.00

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Community Services	Basic Services and Infrastructure Development	To ensure effective use and accessibility of entertainment facilities to local communities	Construction Sada Stadium Phase 2	MIG	5,9,10,11,12,13,14,18	R0.00	R4 000 000.00	R3 000 000.00
Community Services	Basic Services and Infrastructure Development	Support community services to provide appropriately located, secured and well maintained cemeteries	llinge Cemetery	MIG	1,2	R5 500 000.00	R0.00	R2 000 000.00
Community Services	Basic Services and Infrastructure Development	Support community services to provide appropriately located, secured and well maintained cemeteries	Lesseyton Cemetery	MIG	27	R413 892.00	R0.00	R0.00
Community Services	Basic Services and Infrastructure Development	Support community services to provide appropriately located, secured and well	Whittlesea Cemetery	MIG	17	R0.00	R1 500 000.00	R1 500 000.00

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
		maintained cemeteries						
Community Services	Basic Services and Infrastructure Development	Support community services to provide adequate and appropriate sporting and recreation facilities	Lesseyton sport field	MIG	27	R2 000 000.00	R6 500 000.00	R4 000 000.00
Community Services	Basic Services and Infrastructure Development	Support community services to provide adequate and appropriate sporting and recreation facilities	McBride sport field	MIG	14	R2 000 000.00	R8 070 788.65	R2 000 000.00
IPED	LED	More organised and viable agricultural activities	Fencing of Grazing Camps in Various Areas	MIG	Various Wards	R0.00	R1 215 150.00	R1 000 000.00
IPED	LED	More organised and viable agricultural activities	The Construction of a Shearing Shed in ward ?	MIG		R800 000.00	R0.00	R1 000 000.00
Sub-Total =						<b>R34 573 892.00</b>	<b>R33 789 188.65</b>	<b>R35 694 656.85</b>

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	New development - Nomzamo phase 2	INEP	20	R2 880 000.00	R0.00	R0.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2022	New development for 200 military veterans housing units	INEP	19	R2 120 000.00	R0.00	R0.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2022	New Rathwick	INEP	21	R0.00	R2 000 000.00	R3 000 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezebileni MV & LV Distribution Network (Phase 3)	Own funds		R2 600 000.00	R0.00	R0.00

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Mulingisi MV & LV Distribution Network (Phase 4)	Own funds		R3 200 000.00	R0.00	R0.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ebden Substation-Transformer	Own funds		R5 000 000.00	R0.00	R0.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Western Substation Transformer: new 1 x 66/11KV - 15MVA transformers	Own funds			5 800 000.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Stadium Substation Transformer: new 1 x 66/11KV - 10MVA transformers	Own funds			5 152 840.00	

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezibeleni MV & LV Distribution Network (Phase 4): Refurbishment MV & LV Distribution Transformers [EZI 11 - EZI 20]	Own funds			4 235 520.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezebileni MV & LV Distribution Network (Phase 5): Upgrade 11kV Distribution Transformers [EZI 37 - EZI 46]	Own funds			2 881 578.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Queendustria - MV OW Upgrade: Upgrade 11kV network, poles and support structures	Own funds			2 375 000.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Central Substation- LV Control Panel: Replace LV Distribution Panels in Substation	Own funds			715 000.00	



**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	11kV Local Transformer oil gasification ( Phase 1): Degasification and Dewatering of Transformer Oil [42 x 11kV Units]	Own funds			956 000.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	66/11kV Transformer oil gasification (Phase 2): Degasification and Dewatering of Transformer Oil [4 x 66kV Units]	Own funds			172 500.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezibeleni 11 kV Isolating Point/ Cut Out fuses: Installation of 7 isolating / cut out fuses within the ring feed network (7 structures)	Own funds			467 000.00	
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezebileni 22 kV Eskom Feeder line to Substation: Re-built the feeder line, OW Hare conductor	Own funds				R1 420 000.00

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Queendustria to Ezebileni 11kV Feeder Line: Upgrade 11kV OW supply from Queendustria to Ezibeleni support structures	Own funds				R455 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Mlungisi MV & LV Distribution Network (Phase 5): Refurbishment of MV & LV Distribution Network [EZI 25 - EZI 75]	Own funds				R5 247 852.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezibeleni 11kV OW Ringfeed Network: Upgrade 11kV OW ringfeed network with Hare Conductor	Own funds				R1 925 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	66kV Feeder line from Coldstream to Ebden: Replace 5 sets of 66kV glass insulators, attach earth wire between structures 18F - 15E	Own funds				R347 500.00

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	66kV -T- Off Switchyard: new 66kV switchyard for T-Off between Ebden and stadium / Western substation	Own funds				R3 250 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Ezibeleni Distribution Transformers: Upgrade transformers - 50kVA to 100kVA	Own funds				R1 665 821.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Feeder line to New Rathwick Development: Construct a new 11kV feeder line from stadium substation to new Rathwick Development	Own funds				R2 250 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of electricity infrastructure network by 2021	Substation Perimeter Fencing/ Security/ Alarms, Queendustria, Stadium & Western	Own funds		R1 200 000.00		

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Road from Railway line to Ezibeleni – 1Km	Own funds		R3 400 000.00		
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Top Street Mlungisi	Own funds		R2 200 000.00		
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Alexandra Street CBD	Own funds		R2 100 000.00		
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Bushell Street CBD	Own funds		R2 200 000.00		

**MTEF 2016-2019**

<b>DIRECTORAT E</b>	<b>KPA</b>	<b>OBJECTIVE</b>	<b>PROJECT</b>	<b>FUNDING</b>	<b>WARDS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Bell & Woodhouse Streets CBD	Own funds		R2 100 000.00		
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Rehabilitate, Refurbish, uprgade, and repair and maintenance of surface roads	Own funds	All	R0.00	R28 000 000.00	R34 000 000.00
ALL	None	To ensure proper provision of tools of trade	Small Capital	Own funds	N/A	R3 019 665.00	R1 778 383.00	R1 878 686.00
IPED	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads infrastructure network by 2021	Scalene Street	Own funds	10	R3 000 000.00		
IPED	LED	More organised and viable agricultural activities	Mlungisi Business Centre	Own funds		R3 000 000.00		

**MTEF 2016-2019**

DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING	WARDS	2016/17	2017/18	2018/19
Budget and Treasury	Community participation	Community participation and institutional development	Car for Speaker's Office	Own funds	N/A	R1 000 000.00		
<b>SUB-TOTAL =</b>						<b>R39 019 665.00</b>	<b>R54 533 821.00</b>	<b>R55 439 859.00</b>
<b>GRAND TOTAL =</b>						<b>R73 593 557.00</b>	<b>R88 323 009.65</b>	<b>R91 134 515.85</b>

**The Municipality intends to manage its revenue and cash through maintaining its cash flow statement as presented below:**

EC134 Lukhanji - Supporting Table SA30 Budgeted monthly cash flow													Medium Term Revenue and Expenditure Framework		
MONTHLY CASH FLOWS	Budget Year 2016/17												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June			
<b>Cash Receipts By Source</b>													1		
Property rates - penalties & collection charges	2 680	4 727	4 375	5 391	5 933	5 265	5 848	5 199	5 733	6 912	5 136	1 240	58 439	63 114	65 582
Service charges - electricity revenue												-			
Service charges - water revenue	11 950	14 828	15 495	18 884	15 731	16 078	14 523	15 753	13 005	15 932	16 684	18 064	186 928	206 784	223 316



EC134 Lukhanji - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Other Cash Flows by Source																
Transfer receipts - capital	14 700					13 600				13 093			-	41 393	75 600	28 000
Contributed assets & Surplus/(Deficit) after capital transfers & contributions	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	3 600	32 200			
Decrease (Increase) in non-current debtors																
Borrowing long term/refinancing																
Increase (decrease) in consumer deposits																
Payments																
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
Payments																
<b>Total Cash Receipts by Source</b>	<b>89 496</b>	<b>33 399</b>	<b>33 717</b>	<b>38 022</b>	<b>84 095</b>	<b>35 380</b>	<b>34 463</b>	<b>34 811</b>	<b>84 262</b>	<b>36 954</b>	<b>35 564</b>	<b>35 274</b>	<b>575 437</b>	<b>627 943</b>	<b>609 364</b>	



EC134 Lukhanji - Supporting Table SA30 Budgeted monthly cash flow																									
MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework												
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19									
<b>Cash Payments by Type</b>																									
Employee related costs	14 107	14 107	14 107	14 107	14 107	14 107	14 107	14 107	14 107	14 107	14 107	10 188	165 368	173 499	184 517										
Remuneration of councillors	1 795	1 795	1 795	1 795	1 795	1 795	1 795	1 795	1 795	1 795	1 795	3 804	23 545	24 888	26 281										
Finance charges												-													
Bulk purchases - Electricity	25 731	25 731	15 731	15 731	15 731	15 731	15 731	15 731	15 731	15 731	15 731	18 761	211 800	219 624	230 184										
Bulk purchases - Water & Sewer												-													
Other materials												-													
Contracted services	497	497	497	497	497	497	497	497	497	497	497	497	5 965	6 263	6 346										
Transfers and grants - other municipalities												-													
Transfers and grants - other	557	557	557	557	557	557	557	557	557	557	557	557	6 680	6 986	6 734										
Other expenditure	7 891	7 891	7 891	7 891	7 891	7 891	7 891	7 891	7 891	7 891	7 891	7 891	94 693	97 920	101 733										
<b>Cash Payments by Type</b>	<b>50 578</b>	<b>50 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>40 578</b>	<b>41 697</b>	<b>508 051</b>	<b>529 180</b>	<b>555 794</b>										
<b>Other Cash Flows/Payments by Type</b>																									
NET CASH FROM/(USED) INVESTING ACTIVITIES	4 100	6 450	4 600	7 600	5 100	4 700	6 125	6 465	4 120	4 120	4 120	15 093	72 593	75 600	28 000										

EC134 Lukhanji - Supporting Table SA30 Budgeted monthly cash flow																										
MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework													
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19										
NET CASH FROM/(USED) FINANCING ACTIVITIES													-													
Other Cash Flows/Payments	1 774	1 774	1 774	1 774	1 774	1 774	1 774	1 774	1 774	1 774	1 774	1 774	21 287	23 935	24 794											
<b>Total Cash Payments by Type</b>	<b>56 452</b>	<b>58 802</b>	<b>46 952</b>	<b>49 952</b>	<b>47 452</b>	<b>47 052</b>	<b>48 477</b>	<b>48 817</b>	<b>46 472</b>	<b>46 472</b>	<b>46 472</b>	<b>58 565</b>	<b>601 931</b>	<b>628 715</b>	<b>608 588</b>											
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>33 044</b>	<b>(25 402)</b>	<b>(13 234)</b>	<b>(11 930)</b>	<b>36 644</b>	<b>(11 672)</b>	<b>(14 014)</b>	<b>(14 006)</b>	<b>37 791</b>	<b>(9 517)</b>	<b>(10 908)</b>	<b>(23 291)</b>	<b>(26 494)</b>	<b>(772)</b>	<b>776</b>											
Cash/cash equivalents at the month/year begin:	158 741	191 786	166 384	153 149	141 219	177 863	166 191	152 177	138 171	175 962	166 445	155 537	158 741	132 247	131 475											
Cash/cash equivalents at the month/year end:	191 786	166 384	153 149	141 219	177 863	166 191	152 177	138 171	175 962	166 445	155 537	132 247	132 247	131 475	132 251											

## Revised Budget Policies

On a yearly basis Lukhanji reviews its policies when need arises, however on policies that does not need reviewal they are submitted to council for noting together with budget. All the policies below were tabled before council on the **31<sup>st</sup> March 2016** for noting some for approval as they were reviewed and new policies developed.

Budget related policies and a bylaw includes the following:

- Reviewed Property Rates Policy-Adopted 31 March 2016
- Budget Policy-Adopted 28 May 2015
- Reviewed Cash Management and Investment Policy-Adopted 31 March 2016
- Write Off Policy-Adopted 28 May 2015
- Credit Control Policy consolidated with arrangement policy-Adopted 28 May 2015
- Virement Policy-Adopted 28 May 2015
- Asset Management Policy-Adopted 28 May 2015
- Reviewed Indigent Policy-Adopted 31 March 2016
- Reviewed Supply Chain Management Policy -Adopted 31 March 2016
- New developed Contracts Management Policy-Adopted 31 March 2016
- New Irregular, Unauthorised, Fruitless and Wasteful policy -Adopted 31 March 2016

**Below is the summary of each reviewed policies:**

### **1. Reviewed Property Rated Policy and Bylaw**

- a) This policy is used to fund services that benefit the community as a whole as opposed to individual households. These include constructed and maintaining streets, roads and sidewalks, street lighting and storm water drainage facilities.
- b) The policy focuses on how the rates are imposed and impermissible rates. The policy gives rebate to property owners of the first R15 000 of the market value. The policy detailed the exemptions, reduction and rebates and clarifies who qualifies. The register of properties is divided into two parts. The review included the multi-purpose use which was not included in the policy adopted in May 2015.

### **2. Budget Policy**

The objective of this policy is to set out:

- a) The principles which the Municipality will follow in preparing each MTREF
- b) The responsibilities if the Mayor, the Accounting Officer, The Chief Financial Officer and other Directors in the compilation of Budget

- c) To establish and maintain procedures to ensure adherence to the Municipal IDP and Budget processes.
- d) The Municipality did not have budget policy; they only rely on the Municipal Finance Management Act every time the budget is compiled. The policy that was in existence was budget adjustment policy and virement policy which were developed for the first time in the last financial year for its first implementation in the year under review.
- e) The policy therefore covers the budget preparation process being:
  - f) Formulation of the budget,
  - g) The public participation process
  - h) Approval process of the budget
  - i) Publication of the budget
  - j) Capital and Operating Budget, how they are funded and the process that needs to be followed.
  - k) The policy also stipulate how the unspent funds must be treated
  - l) Budget adjustment process in detail, who has been delegated, how to compile budget adjustment and why.
  - m) Budget implementation and monitoring in terms of MFMA

### **3. Reviewed Cash Management and Investment Policy**

The policy is taken as it is from the last financial year, its objectives:

- (a) To provide guidance and direction for the investment of cash within the municipality. This policy was not giving a proper guide on cash management hence the review

#### **4. Write off policy**

- a) Main purpose of this policy is to ensure that the principles of write off of irrecoverable debt are formalised.
- b) It mentioned the categories of debtors that qualify to be written off.
- c) It mentioned the incentive scheme and this policy reviewed that the incentive will only apply to a debt that is in arrears as at end 30 June 2010 which will be the one that will be written off.
- d) Standing committee for finance will play a role of considering application and onward transmission to Mayoral Committee and Council for final approval.
- e) Bylaw will give effect to this policy.

#### **5. Credit Control Policy**

- (a) The policy details how rates and services will be collected. The process starts at the application process of the services
  - (b) Customer service agreements
  - (c) Deposits that are paid when applying for the service
  - (d) Detailed how and when the accounts and billing are paid
  - (e) Metering and consumable services and all water related processes have been removed from the policy.
  - (f) Arrangements processes for residential and non-residential debtors
  - (g) Special conditions regarding arrangements and the payment of rates by instalments
  - (h) Payment arrangements of government departments
  - (i) Collection process on rental of facilities

- (j) Enquiries and appeals
- (k) Debt collection process general
- (l) Theft and fraud and Irrecoverable debt
- (m) Bylaw will give effect to this policy

#### **6. Virement policy**

- (a) This policy aims to provide guidelines to management in the use of virement as a mechanism in the day to day management of their budget
- (b) The only change in the policy is to allow virement on capital budget within votes of the same funding

#### **7. Asset Management Policy**

Main objectives of this policy are to:

- (a) Ensure the effective and efficient control, utilization and management of Property Plant and Equipment.
- (b) Ensure that the functional heads are aware of their roles and responsibilities regarding property, plant and equipment.
- (c) To set out standards of physical asset management, recording and internal control to ensure property plant and equipment are safeguarding against loss and inappropriate utilisation
- (d) To specify the process required for acquisition, transfer and disposal assets.

#### **8. Reviewed Indigent Policy**

- (a) Main objectives of this policy are to ensure:
- (b) The provision of basic services to the community in a sustainable manner within financial and administrative capacity of council
- (c) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
- (d) Establishment of framework for the identification and management of indigent households including socio –economic analysis and an exit strategy
- (e) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
- (f) To ensure co-operative governance with other spheres of government and
- (g) To enhance the institutional and financial capacity of the Municipality to implement the policy
- (h) This policy was reviewed to include the rates subsidy

#### **9. Reviewed Supply Chain Management Policy**

The MFMA required the municipality to adopt and implement a new supply chain policy by January 1<sup>st</sup> of 2006. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA. This policy has been reviewed in this financial year and has been presented to council for approval. This policy has been revised to include AG findings.

## **10. New Contracts Management Policy**

The effective and efficient control of contracts procured through the SCM system ensuring:

- i. Proper recording and enforcement of contracts throughout the contract life cycle (from specifications to contract reviews);
- ii. Support to the demand management framework, optimizing proper planning, resulting in effective service delivery;
- iii. Management of Contract Performance;
- iv. To assist officials in understanding their legal and managerial responsibilities with regards to contract management;
- v. To ensure that all contracts by the municipality are procured within the SCM system.

## **11. New Irregular, Fruitless, Unauthorised and Wasteful Policy**

This document sets out LM's policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.

This policy aims to ensure that, amongst other things:

- a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;
- b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;
- c) LM resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and
- d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

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

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

### 5.1 Municipal Vision

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

### 5.2 Mission

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

### 5.3 Values

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

- Good governance
- Accountability
- Public participation
- People Development
- Teamwork
- Integrity

- Tolerance
- Honesty
- Responsibility
- Trust

#### **5.4 Vision 2030**

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

#### **5.5 Office Precinct**

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

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

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

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

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

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



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

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

### **5.5.1 Process Undertaken**

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

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

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

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

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

- ECPIF will provide 100% of the funding required;
- Rental payable to ECPIF will be lower than that payable to the Developer;
- ECPIF will appoint a dedicated team to plan, design, monitor and evaluation the works during the development phase;

- ECPIF will endorse the process already undertaken by the Municipality and will utilise one of the shortlisted Developers to undertake the construction;
- The Investment returns find themselves into the Government coffers instead of going to the private sector;
- There are no Treasury regulations that will need to be dealt with as the leases will be between government Institutions;
- The Leases can exceed the normal prescribed period of 10 years.

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

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

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

## 5.6 Regional Industrial Hub

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

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

## 5.7 Local Government Turn Around Strategy

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

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

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

### **5.7.1 Background**

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

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

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

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

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

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

### **5.8 Development Priorities 2014-2030**

The Chris Hani District Municipal profile was is being developed as the province is completing its Vision 2030 Provincial Development Plan (PDP) and there is an overall adopted National Development Plan (NDP) w. It is

important that that the data in this plan is placed within an overall national and provincial context. This section provides brief summaries of the NDP and the PDP.

### **5.8.1 National Development Plan**

The National Development Plan was launched as an overarching long term plan in 2011 and adopted by government in 2012.

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. The plan states that South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

To accelerate progress, deepen democracy and build a more inclusive society, South Africa must translate political emancipation into economic wellbeing for all. It is up to all South Africans to fix the future, starting today. This plan envisions a South Africa where everyone feels free yet bounded to others; where everyone embraces their full potential, a country where opportunity is determined not by birth, but by ability, education and hard work. Realising such a society will require transformation of the economy and focused efforts to build the country's capabilities. To eliminate poverty and reduce inequality, the economy must grow faster and in ways that benefit all South Africans. In particular, young people deserve better educational and economic opportunities, and focused efforts are required to eliminate gender inequality. Promoting gender equality and greater opportunities for young people are integrated themes that run throughout this plan.

Progress over the next two decades means doing things differently. Given the complexity of national development, the plan sets out six interlinked priorities:

- 1) Uniting South Africans of all races and classes around a common programme to eliminate poverty and reduce inequality.
- 2) Encourage citizens to be active in their own development, in strengthening democracy and in holding their government accountable.
- 3) Raising economic growth, promoting exports and making the economy more labour absorbing.
- 4) Focusing on key capabilities of both people and the state. Capabilities include skills, infrastructure, social security, strong institutions and partnerships both within the country and with key international partners.
- 5) Building a capable and developmental state.
- 6) Strong leadership throughout society that work together to solve our problems.

### 5.8.1.1 The NDP in Brief

#### By 2030 South Africa should:

- Eliminate income poverty - Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39% to zero.
- Reduce inequality - The Gini coefficient should fall from 0.69 to 0.60.

#### Enabling milestones

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50 000 in 2010 to R120 000 by 2030.
- Increase the share of national income of the bottom 40% from 6% to 10%.
- Establish a competitive base of infrastructure, human resources and regulatory frameworks.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Broaden ownership of assets to historically disadvantaged groups.
- Increase the quality of education so that all children have at least two years of preschool education and all children in Grade 3 can read and write.
- Provide affordable access to quality health care while promoting health and wellbeing.
- Establish effective, safe and affordable public transport.
- Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.
- Ensure that all South Africans have access to clean running water in their homes.
- Make high-speed broadband internet universally available at competitive prices.
- Realise a food trade surplus, with one-third produced by small-scale farmers or households.
- Ensure household food and nutrition security.
- Entrench a social security system covering all working people, with social protection for the poor and other groups, such as children and people with disabilities in need.
- Realise a developmental, capable and ethical state that treats citizens with dignity.
- Ensure that all people live safely, with an independent and fair criminal justice system.
- Broaden social cohesion and unity while redressing the inequities of the past.
- Play a leading role in continental development, economic integration and human rights.

#### Critical actions

- 1) A social compact to reduce poverty and inequality and raise employment and investment.
- 2) A strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.

- 3) Steps by the state to professionalise the public service, strengthen accountability, improve coordination and prosecute corruption.
- 4) Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers.
- 5) An education accountability chain, with lines of responsibility from state to classroom.
- 6) Phase in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care.
- 7) Public infrastructure investment at 10% of gross domestic product (GDP), financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.
- 8) Interventions to ensure environmental sustainability and resilience to future shocks.
- 9) New spatial norms and standards -densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.
- 10) Reduce crime by strengthening criminal justice and improving community environments.

### **5.8.2 Provincial Development Plan**

The provincial vision and long term plan is intended to mobilise all citizens and sectors of the Eastern Cape around a common vision. The aim is to provide an opportunity for revisiting social partnerships and develop common goals among citizens, civil society, the state and the private sector. The plan also seeks to promote mutual accountability between stakeholders and to enable coherence of the three spheres of the state.

Based on the National Development Plan, the Provincial Development Plan seeks to outline a development path for the province. It sets the development agenda and priorities for the next 15 years (2015-2030), building on the Provincial Growth and Development Plan of 2004-2014. It proposes key programmes and projects for implementation up to 2030 and suggests institutional arrangements for implementation, monitoring and reporting. This draft plan is the outcome of a two year long process of engagement with people and stakeholders of the province and beyond.

Departing from a premise that the province must confront the structural features hobbling the provincial economy; privilege social and economic justice; be culturally sensitive; encourage citizen participation and co-responsibility for development; promote ethical, integrated multi-agent action; respect evidence and critical deliberation; and take accountability seriously, the following goals are core to the Eastern Cape Provincial Development Plan:

- 1) Redistributive, inclusive and spatially equitable economic development and growth - prioritising investments in, and the development of, rural regions to address need and structural deficiencies, as well as tap potential.

- 2) Quality Health - fundamental to human functionality and progress.
- 3) Education, Training & Innovation - pivotal to human development, societal well-being and a regenerative, self-sustaining civilisation.
- 4) Vibrant, cohesive communities - with access to decent housing, amenities and services.
- 5) Institutional Capabilities - important to underpinning the developmental agency of both state and non-state institutions.

THE GOALS ARE SHOWN GRAPHICALLY IN THE FIGURE BELOW

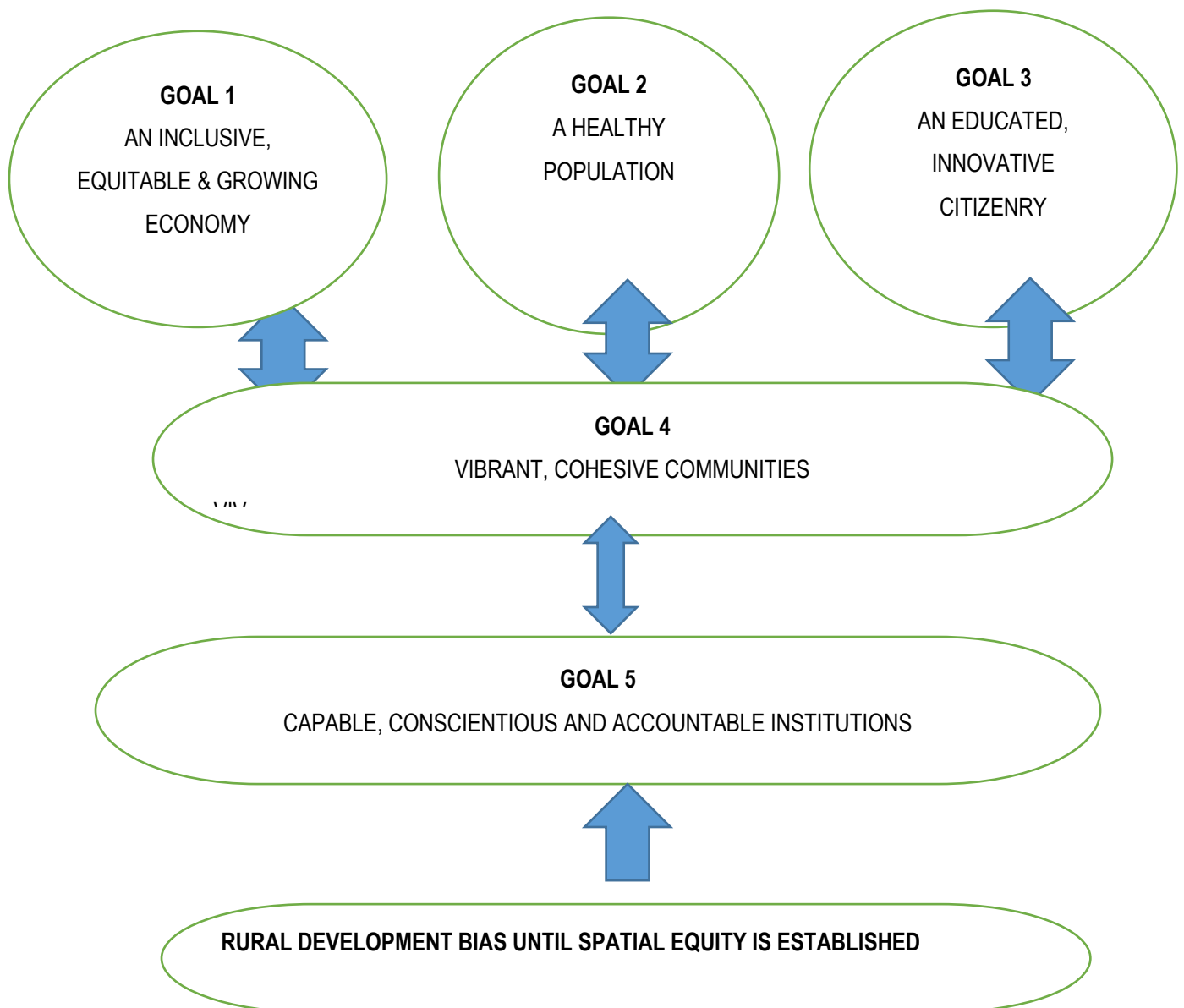


Figure 11: Development Goals

### 5.8.3 The Chris Hani District Development Agenda

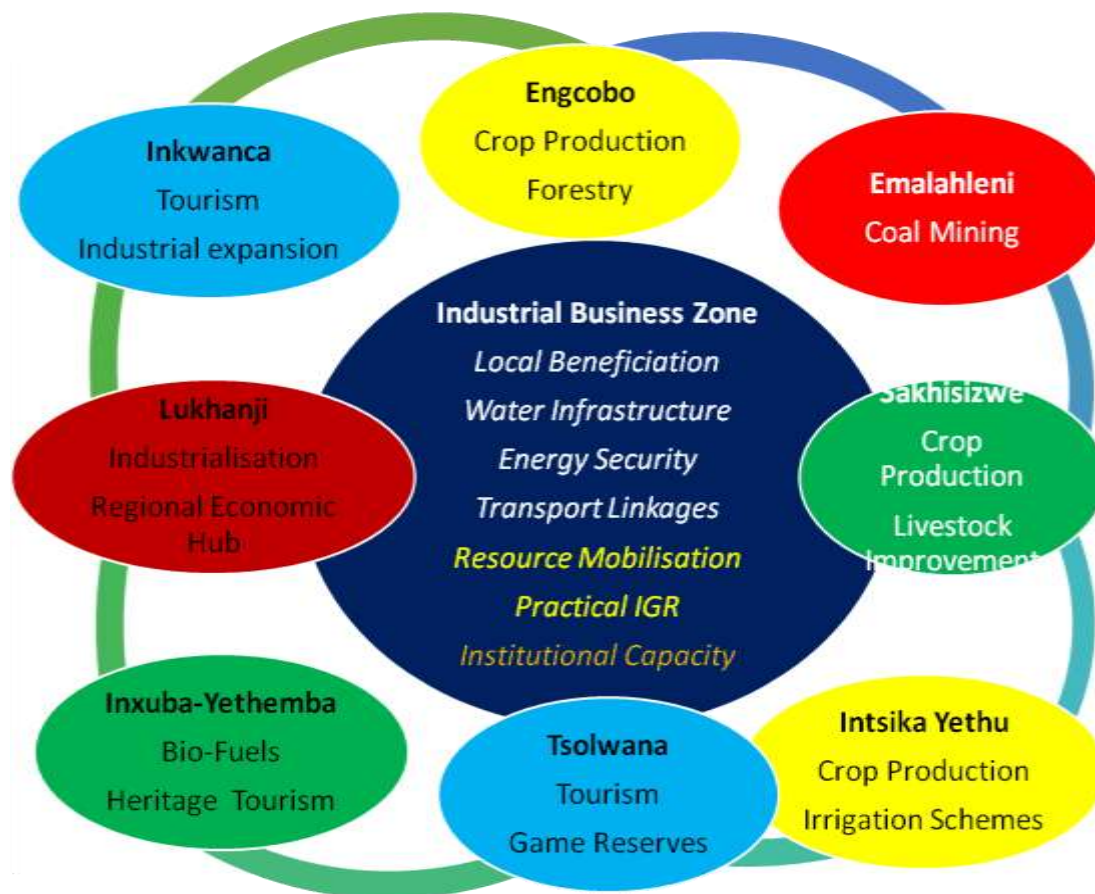


Figure 12: Chris Hani District Development Agenda

### 5.8.4 Lukhanji Local Municipality and the District Development Agenda

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

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



#### 5.8.4.1 Location of the Proposed SEZ

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

#### 5.8.4.2 Focus of the CHDM SEZ

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

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

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

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

Spokes will retain higher employment and production footprint;

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

#### 5.8.4.3 Lukhanji: Economic Hub

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

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

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

### **5.9 Lukhanji Municipality's Overall Priorities**

The wards of the municipality identified their priority needs. These were identified during the development of the 2012/ 2017 IDP. They are reviewed annually when the review is deemed necessary. The identified community needs appear towards the end of the document.

The Asset Based Community Driven Development programme that was conducted by ECNGOC and GIZ assisted the municipality and community leaders to have a mind shift. One of the objectives of programme was to ensure that communities drive their own development.

Extensive consultation on the programme was conducted. Community leaders which included CBOs, NGOs, Faith Based Organization leaders, traditional leaders and ward committees were capacitated on the programme. The trained leaders later conducted focus group discussions on the development that is supposed to be conducted in each ward. Through focus group discussions, all the 27 wards conducted ward profiles. The projects agreed upon by the wards were then informed by the assets available in each ward.

As informed by the ward profiles and ward based plans . These are the priorities that were identified:

### **5.9.1 Key Priorities for 2015/2016**

1. Basic Services and Infrastructure Development
  - 1) Electrification and street light ( 26wards)
  - 2) Roads and Storm water (25wards)
  - 3) Water and sanitation (18)
  - 4) Housing (23)
  - 5) Taxi ranks
  - 6) Stadiums
  - 7) Cemetery
  - 8) Community halls and public amenities
  - 9) Clinics and hospitals (12 wards)
  - 10) Education
  - 11) Youth centres
  - 12) Refuse Removal
  - 13) Library
  - 14) Parks and Recreational facilities
  - 15) Boxing Centre
  - 16) Environmental management
  
2. Local Economic Development
  - 1) Construction of shearing sheds and dipping tanks
  - 2) Fencing of grazing camps
  - 3) Irrigation schemes
  - 4) Job creation programmes
  - 5) Tractors for ploughing

- 6) Shopping Mall
  - 7) Small business centre
  - 8) Employment of designated groups
3. Financial Viability and Management
    - 1) Revenue Enhancement
    - 2) Improvement of billing system
  4. Institutional Arrangement and Organizational Transformation
  5. Good Governance and Public Participation

### **5.10 Strategic Partnerships**

The municipality entered into a partnership with GIZ, ECSECC and the Eastern Cape NGO Coalition in November 2014 on the concept of the Asset Based Community – led Development ( ABCD). According to an Asset – based approach, communities are built with what is present in the community, using problem solving capacities found within the community itself and relying on relationships among community members. The focus shifts from needs- based approach to an asset – based approach to development. The approach channels assets such as skills, stories, knowledge, innovations, talents, networks, associations, institutions, financial resources etc. to deal with the challenges they face. The community members drive the entire process. This approach is a bottom up approach which shifts the emphasis from a services approach to an enablement approach. This approach is in line with the Back to Basics programme of the government

Lukhanji is one of the municipalities that were identified where the programme will be piloted. Capacity building on the programme are being conducted. They are currently at the level of leadership and management and will eventually be cascaded down at ward level.

Over and above the ABCD concept and in line with the Back to Basics Programme the municipality is facilitating the implementation of the war room concept with Chris Hani District Municipality. The concept has been launched in 5 wards and the process is ongoing.

**CHAPTER 6: OBJECTIVES & STRATEGIES**

<b>6.1 Local Economic Development</b>								
<b>Strategic Focus Area</b>	<b>Baseline</b>	<b>5 Year Objectives</b>	<b>Municipal Strategy</b>	<b>Outcome indicator</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Local Economic Development	2008 LED Strategy	To enhance economic development	Implementation of the LED Strategy	Economic development		Identify programmes to be implemented from the tourism sector plan Forge partnerships with key stakeholders for tourism promotion	Identify programmes to be implemented from the tourism sector plan Forge partnerships with key stakeholders for tourism promotion	Identify programmes to be implemented from the tourism sector plan Forge partnerships with key stakeholders for tourism promotion
Promotion of Tourism	Draft Tourism Sector Plan	To promote Lukhanji as a tourism destination	To review a tourism sector plan that will ensure the development and promotion of tourism in Lukhanji	Reviewed Tourism Sector Plan	Draft Tourism sector plan	Identify programmes to be implemented from the tourism sector plan Forge partnerships with key stakeholders for tourism promotion	Identify programmes to be implemented from the tourism sector plan	Identify programmes to be implemented from the tourism sector plan

Preservation and maintenance of heritage sites	Uncoordinated heritage activities	To ensure the preservation of all heritage sites	To develop a heritage plan	Heritage plan	Draft Heritage Plan	<ol style="list-style-type: none"> <li>1. Conduct research on Ilinge and Sada as heritage sites</li> <li>2. In partnership with DSRAC and CHDM construct a jazz museum in Queenstown</li> <li>3. Identify other historic events to be commemorated like the Queenstown Massacre</li> </ol>	Identify heritage sites to be developed and declared	Identify heritage sites to be developed and declared
SMME and Cooperatives Development	Draft SMME strategy	To provide support to the SMMEs	To develop a SMME strategy	Draft SMME Strategy		<ol style="list-style-type: none"> <li>1. Development of the SMME strategy</li> <li>2. Identification of areas for area for Hawker Stalls and provision thereof</li> <li>3. Refurbishing of SMME centres ( Ezibeleni &amp; Whittle sea)</li> <li>4. Support of SMME who are interested in recycling of waste.( buy back initiative)</li> <li>5. Awareness of Enterpeurship in primary education in partnership with Banking institutions, relevant stakeholders.</li> <li>6. Financial support to SMMEs as per identified needs to ensure growth and sustainability.</li> </ol>	Construction of hawker stalls, Training programme for the SMMEs and Cooperatives. Revitalization of small business centres	Construction of hawker stalls, Training programme for the SMMEs and Cooperatives. Revitalization of small business centres

Manufacturing	Feasibility Study of Lukhanji as Economic Zone. Council Resolution to avail land	Stimulation of local economy in accordance with the NDP, PDP and CHDM Developmental Agenda	Creation of jobs and fighting poverty	Draft LED Strategy		Implementation of the Special Economic Zone project	Implementation of the Special Economic Zone project	Implementation of the Special Economic Zone project Implementation of the Special Economic Zone project
Job creation	Partnership with CoGTA and Dept of Public Works	To ensure that more jobs are created through CWP	Develop and implement the CWP site plan	CWP site plan implementation	Job creation	Implement programmes identified in the site plan	Implement programmes identified in the site plan	Implement programmes identified in the site plan
Performance Management	PMS Framework approved in 2014	To ensure that the municipality monitors and assesses its performance in line with key legislations	Review PMS Framework	Implementation of the Reviewed PMS Framework	Approved PMS Framework	Review and implement the PMS Framework	Review and implement the PMS Framework	Review and implement the PMS Framework
Integrated Development Planning	2012-2017 IDP	To ensure that the municipality develops a credible IDP	Develop and implement the IDP, Budget and PMS Process Plan		2014/2015 approved IDP	Review 2014/2015 IDP	Review 2016/2017 IDP	Final IDP 2017

Agriculture Development	Uncoordinated agricultural activities	To develop agriculture in the area and support emerging farmers	To develop an agricultural sector plan	Agricultural Sector Plan	Draft Agricultural Sector Plan	<ol style="list-style-type: none"> <li>1. Partnership with Zulukama in the Whittle Sea be expanded to other areas like Machibini, Zingquthu and Gwatyu. Zulukama be used as a model in other areas</li> <li>2. Integration of programmes done by the DRDAR, DRDLR and the municipality</li> <li>3. Ward based plans and all development be done in accordance with that the GIZ partnership</li> <li>4. Revitalisation of irrigation scheme ( Heita)</li> </ol>	and construct agricultural related infrastructure	and construct agricultural related infrastructure
Special Economic Zone	Data base of commercial sites and factories	Utilization of factories for maximum economic benefits	Implementation of Spatial Development Framework	Reviewed SDF	SDF	Revitalization and development of factories	Revitalization and development of factories	Revitalization and development of factories

**Table 9: Strategic Objectives - LED**

Strategic Focus Area	Baseline	5 Year Objectives	Municipal Strategy	Outcome indicator	2016/17
Training and Development	HR Plan	To ensure an effective and well human capital by June 2017	Develop and implement wellness strategy	Focused and healthy staff	Implement the WSP Lobby for increase of Capacity Building Budget
Recruitment and Selection	Recruitment and Selection Policy,	Recruitment of Competent	Develop and implement	Well capacitated	Review Recruitment and Selection Policy to make provision for reimbursement of S&T of outside candidates

	Funded Organogram Posts	and Skilled Workforce	an HR Plan	staff	
Organisational Development	HR Policies and Procedures	Establishment of an Effective HR Function	Implementation of an Approved Structure	Effective human capital	Develop and implement an HR Plan
Organisational Structure	Organogram	Approval and Review of Organisational Structure Every Year	To review the organogram	Reviewed Organogram	Review of the Organogram
			Development of a file plan	Developed File Plan by June 2017	Development of a file plan
			Development of disposal and transfer of records plan	Transfer and Disposal of Records by June 2017	
			Outsourcing of the Municipal Fleet Management function	Outsourcing of the Municipal Fleet Management function	Fleet management function outsourced
Improvement of Internal Controls	Develop an Audit Action Plan				
Leave management	Leave Policy and Audit Action Plan	Compliance with Leave Policy and Audit Action Plan	Effective Management of Employee Relations	Accurate leave balances	Aligning the leave system with the Electronic payroll system
Employee Relations management	Collective Agreements and Other Relevant Legislation	Sound Human Relations in the Workplace	Safe Working Environment	Safe working environment	Ensuring regular sittings and functioning of Local Labour Forum
Occupational Health and Safety	Government Regulations and Health and Safety Policy	Achieve Compliance with Government Regulations and Health and Safety Policy	Compliance with Payroll Policy and Other HR Policies	Safe and healthy working environment	To develop an occupational health and safety plan for each Directorate
Payroll	Payroll Reports and	Effective Payroll	Develop procedure	Accuracy of	Aligning the leave system with the Electronic payroll



	Policy	Management	manuals	payroll	system
Rules of Order	Rules of Order	Upholding of Professionalism by Councillors at all times	Consistence in the application and Upholding of Rules of Order by the Speaker	Ensure order and proper proceedings	Conduct W/Shop for Councillors on Rules of Order
Registry and Archives	Relevant legislations and Policies	To ensure proper information and document management, archiving and security	To develop proper, effective filing system and a filing plan	Ensure registry of documents	Commence with the implementation of an Electronic Document Management System
Strengthen functioning of Section 79 and 80 Council Committees by providing administrative support systems	Committees are not sitting at scheduled dates and times	Council committees function in line with Dairy of Engagement	Functional Committees of Council	Efficiency and effectiveness	Develop attendance statistics of Councillors and advising Chief Whip and Speaker of delinquent behaviour of Cllrs.
Compliance with submissions on matters of Council as regulated by municipal legislations	All documents required to be published are not always published for public consumption	Compliance	To be Compliant	Well managed litigation records	Develop a Matrix of all matters that requires legal compliance and distribute same to all Directorates
Information management( copyright)	To protect municipal and avail municipal information Procedural flow of information, to assist decision making process	To install copyright protection in all municipal information.	Develop and implement Protocol policies to control flow information	Compliance	Commence with the implementation of an Electronic Document Management System
Information and Communication Technology	ICT Framework	Ensure Municipal ICT Network is continuously secured from internal and external intruders and hackers	Implement approved ICT framework	Safety of municipal information guaranteed	Develop an Action Plan for adoption by Council to Implement ICT framework Installation and Configuration of Firewall

**Table 10: Strategic Objectives - Institutional Development**

## 6.2 Financial Viability & Management

Strategic Focus Area	Baseline	5 year Objectives	Municipal Strategy	Outcome Indicator	2014/15	2015/16	2016/17	2017/18
Financial Management and Controls	Annual Financial Statements Back 2 Basics documents AG Report	To ensure realisation of clean governance and qualified audit opinion by the end of 2017	Provide support to the Office of the Municipal Manager to ensure compliance with the provisions of the applicable legislation and submit all reports promptly	Clean audit outcome	Develop and implement audit action plan	Development and implementation of Audit Remedial Action Plan by January 2017 Monthly Reporting on implementation of audit action plan and Back 2 Basic document. Operation Clean Audit Outcome	Development and implementation of Audit Remedial Action Plan by January 2018 Monthly Reporting on implementation of audit action plan and Back 2 Basic document. Operation Clean Audit Outcome	Development and implementation of Audit Remedial Action Plan by January 2019 Monthly Reporting on implementation of audit action plan and Back 2 Basic document. Operation Clean Audit Outcome
Revenue Enhancement	Municipal Revenue	To increase institutions revenue	Develop and Implement	Revenue increase	Implement credit control policy	Develop and implement short	Develop and implement short	Develop and implement short

	Budget	by 20% by ensuring full implementation of revenue strategy by June 2017	Revenue Enhancement Strategy by June 2016			to medium term Revenue Enhancement Strategy (inter alia Reduction of electricity losses) Update and implement Free Basic Services	to medium term Revenue Enhancement Strategy (inter alia Reduction of electricity losses) Update and implement Free Basic Services	to medium term Revenue Enhancement Strategy (inter alia Reduction of electricity losses) Update and implement Free Basic Services
	Debtors Age Analysis – Arrear Debt	To ensure revenue enhancement by June 2017	To decrease the municipality's arrear debt by 9 % by June 2016	Reduce debts	Develop and implement debt management strategy	Develop and implement an Initiatives Action Plan	Develop and implement an Initiatives Action Plan	Develop and implement an Initiatives Action Plan
	Nil	To ensure revenue enhancement by June 2017	Lobby funds for service delivery and other support programmes by June 2016	Increased revenue	Lobbying of funds for service delivery and other support programmes by all Directorates. (Inter alia CHDM	Lobbying of funds for service delivery and other support programmes by all Directorates. (Inter alia CHDM	Lobbying of funds for service delivery and other support programmes by all Directorates. (Inter alia CHDM	Lobbying of funds for service delivery and other support programmes by all Directorates. (Inter alia CHDM

					<p>funding for development of long term or 30-year Infrastructure Master Plans, DoE etc.) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.</p>	<p>funding for development of long term or 30-year Infrastructure Master Plans, DoE etc.) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.</p>	<p>funding for development of long term or 30year Infrastructure Master Plans, DoE etc.) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.</p>	<p>funding for development of long term or 30year Infrastructure Master Plans, DoE etc.) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.</p>
Supply Chain management	SCM Policy	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June	Ensure adherence to the supply chain management policy as required in terms of applicable legislation and as adopted by Council To promote	Clean audit outcome	Develop SCM policy and procurement plan. Training of bid committees	Review SCM structures Turnaround time on seating of bid committees Turnaround time on the procurement of	Review SCM structure into an operationally effective and efficient unit that complies with law and recommendations	Review SCM structure into an operationally effective and efficient unit that complies with law and recommendations

		2017	economic development by supporting local SMMEs			goods and services to ne in line with developed procedure manual Reporting in line with legislative framework Ensure opening of stores at a small scale and put security measures Enforcement of subcontracting at the specification of each project above R3million	of internal audit unit	of internal audit unit
Financial Reporting	MFMA	Ensure timeous and	Preparation of	Financially viable		Development of	Development of	Development of

	Reporting guidelines	accurate financial reporting as per MFMA	financial reports and a credible AFS	municipality		quarterly Annual Financial Statements	quarterly Annual Financial Statements	quarterly Annual Financial Statements
Asset Management	Draft Asset management policy	Ensure appropriate acquisition, management, maintenance and safe guarding of municipal assets	Implementation of the Council approved Asset Management Policy	Well managed assets	Review of Asset Register Completeness verification of Infrastructure Assets	Review of Asset Register Completeness verification of Infrastructure Assets.	Review of Asset Register Completeness verification of Infrastructure Assets.	Review of Asset Register Completeness verification of Infrastructure Assets.
Expenditure management	Budget	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	Develop internal controls	Management of risks	Develop internal controls	Develop and Implement vat checklist and ensure compliance	Develop and Implement vat checklist and ensure compliance	Develop and Implement vat checklist and ensure compliance

**Table 11: Strategic Objectives - Financial Viability**

6.3 Good Governance and Public Participation									
Strategic Area	Focus	Baseline	5 Year Objectives	Municipal Strategy	Outcome indicator	2014/15	2015/16	2016/17	2017/18
Communications		Communications Strategy	To ensure that citizens are well informed through appropriate mechanisms by June 2017	Implement the communications strategy	Informed municipal stakeholders with all Council programmes and plans	Newsletter Radio Slots Emblem Automation Promotional Material	1. Newsletter 2. Radio Slots 3. Emblem Automation 4. Promotional material	1. Newsletter 2. Radio Slots 3. Emblem Automation 4. Promotional Material	1. Newsletter 2. Radio Slots 3. Emblem Automation 4. Promotional Material
Public Participation		Public Participation policy	To ensure that the public is involved in all council programmes	Review public participation policy	Informed communities	Develop public participation policy	Review and implement public participation policy	Review and implement public participation policy	Review and implement public participation policy

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



Internal Audit	Approved Audit Charter	To create a responsive environment that detects, mitigate and eliminate risks by June 2017	Establishment and capacitation of Internal Audit Unit by June 2016	Clean Audit Outcome	Budgeting and establishment of own Audit Committee.	Functional audit committee	Functional audit committee	Functional audit committee
Strategic Partnerships	Memorandum of understanding GIZ, Nkonkobe, CWP and Business	To create strategic linkages with relevant partners and improve inter-governmental relations for improved service delivery by June 2017	Develop monitoring mechanisms of the implementation of partnership agreements	Increased revenue	Implement, monitor and evaluate	Implement, monitor and evaluate	Implement, monitor and evaluate	Implement, monitor and evaluate
Inter- Governmental Relations	IGR Framework	To ensure the integration of planning and reporting by June 2017	Establishment of functional Intergovernmental Forum within the municipality by June 2016	Integration	Implementation of the IGR framework	Implementation of the IGR framework	Implementation of the IGR framework	Implementation of the IGR framework Implementation of the IGR framework
MPAC Oversight	Established MPAC committee and guidelines	To ensure realisation of clean governance and qualified audit opinion by the end of 2017	Enhance the capacity of the MPACs and monitoring tools within the municipality by June 2016.	Good governance	Appointment of MPAC Coordinator by June 2015 Develop and implement programme of action	Establish a fully functional MPAC admin support	Establish a fully functional MPAC admin support	Establish a fully functional MPAC admin support

Effective control management	Existing Municipal Policies	To ensure fully functional systems by June 2017	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	Good governance	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017
------------------------------	-----------------------------	---	---	-----------------	---	---	---	---

**Table 12: Strategic Objectives - Good Governance & Public Participation**

6.4 Basic Services and Infrastructure Development										
Strategic Area	Focus	Baseline	5 Objectives	Year	Municipal Strategy	Outcome indicator	2014/15	2015/16	2016/17	2017/18
Building Control		Building regulations	To ensure enforcement of all By- Laws and relevant legislative requirements by June 2017		Enforcement of building regulations, By-Laws and other applicable legislation	Buildings that are built according to the regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations
Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Roads Maintenance Plan		To maintain a safe and acceptable condition of roads and electricity infrastructure network by 2017		Implementation of the road maintenance plan for the maintenance of all roads (surface and un-surfaced) that are assets of Lukhanji Municipality	Access to road infrastructure	Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads	Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads	Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads	Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads

Electricity	Electricity Master Plan		Implementation of the electricity master plan and reduction of losses		<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at. Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at. Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at. Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at. Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>
-------------	-------------------------	--	---	--	--	--	--	--

Waste Management	Integrated Waste Management Plan	Ensure that all peri -urban areas have solid waste collection services by 2023	Formulate and implement an operations management plan for extended solid waste collection services Replacement of old fleet	Clean municipality	Implement the Integrated waste management plan	Develop an Action Plan for adoption by Council and implement Integrated Waste management plan, Purchase 3x trucks and a roll on/off truck, Purchase a land fill compactor	Implement the Integrated waste management plan	Implement the Integrated waste management plan
Libraries	Nil	To promote a culture of reading	Undertake a municipal - wide campaign to participate in the annual Library Week	Informed citizenry	Conduct competitions and campaigns in all wards or no. (Library week competitions and storytelling etc.)	Conduct competitions and campaigns in all wards or no. (Library week competitions and storytelling etc.)	Conduct competitions and campaigns in all wards or no. (Library week competitions and storytelling etc.)	Conduct competitions and campaigns in all wards or no. (Library week competitions and storytelling etc.)

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

Housing	Approved Housing Sector Plan	Ensure human settlements by June 2017	Implement approved Housing Sector Plan	Social and economic development through housing development	Effect application to human settlement	Develop an Action Plan for adoption by Council and implement projects as identified in the Housing Sector Plan	Develop an Action Plan for adoption by Council and implement projects as identified in the Housing Sector Plan	Develop an Action Plan for adoption by Council and implement projects as identified in the Housing Sector Plan
Municipal Land Management Disposal	Nil	Facilitate recognition and ensure effective utilization of municipal owned land and transfers thereof.	Conduct Land audit Ensure sourcing of all outstanding title deeds in Whittlesea and RA60 projects by June 2016	Clean governance	Conduct land audit	Develop land asset register Listing and acquiring of all outstanding title deeds in Whittlesea and RA60 projects by June 2016	Review land asset register	Review land asset register

Valuations	General Valuation Roll	To ensure revenue enhancement by June 2017	To develop a credible and user friendly General Valuation Roll	Revenue enhancement	Develop a supplementary valuation roll	Implement supplementary valuation roll	Implement supplementary valuation roll	Implement supplementary valuation roll
------------	------------------------	--	--	---------------------	--	--	--	--



Public Amenities	Maintenance Plan	To ensure effective use and accessibility of entertainment facilities to local communities	Develop policies and lease agreements to ensure effective use of public amenities.	Well maintained offices	Develop a maintenance plan for public amenities	To develop a policy on hiring and rentals of entertainment facilities. Development and workshop lease agreements for adoption by Council and implement thereof. Identification of sites for the construction of community halls per new settlement	To develop a policy on hiring and rentals of entertainment facilities. Development and workshop lease agreements for adoption by Council and implement thereof. Identification of sites for the construction of community halls per new settlement	To develop a policy on hiring and rentals of entertainment facilities. Development and workshop lease agreements for adoption by Council and implement thereof. Identification of sites for the construction of community halls per new settlement
------------------	------------------	--	--	-------------------------	---	--	--	--

**Table 13: Strategic Objectives - Basic Services & Infrastructure Development**

## CHAPTER 7: LIST OF LUKHANJI PROJECTS

### 7.1 Service Delivery Projects: Sector Departments

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

Below is a list of projects to be implemented by the Chris Hani District Municipality and other sector departments

#### 7.1.1 Chris Hani District Municipality Capital Programmes 2014/15 Up To 2016/17

##### 3 YEAR PLAN

##### LUKHANJI LM MIG PROJECTS

##### 1. WATER PROJECTS

PROJECT NUMBER [1]	PROJECT NO	PROJECT NAME	2014\15	2015\16	2016\17
	05\2012\MD[A M	RA 60Hewu Bulk Water Supply[Reticulation]	R500 000.00	R500 000.00	
		RA 60 Hewu Bulk Water Supply [Phase 2]	R2000.000.00	R5 000 000.00	R 5 786 002.00
		Rathwick Water and Sanitation	R0.00	R5 000 000.00	R6 000 000.00
		New Rathwick bulk services Phase 1wwtw	R 4 500 000.00		
		New Rathwick bulk services Phase 2[pump station]	R2 200 000.0 0		
		New Rathwick bulk services Phase3 Water treatment works	R 1000 000.00		
		llinge Bulk services	R 2000 000.00	R 2 000 000.00	R4 500 000.00
		Cluster 1 Water backlog [ward 27]	R0.00	R1 500 000.00	R4 500 000.00
		Cluster 1 Water supply backlog-Lessyton	R 2000 000.00		
		Cluster 1 Water supply backlog-Zingquthu	R 1 977 000.00		
		Cluster 3 Water backlog	R 1000	R 2000 000.00	

		[ward 1]	000.00		
		Cluster 2 Sanitation [Wards 1;2;3;4;6;23;19;20;24;25;2 6	R0.00	R4 773 162.87	R 5000 000.00
		Cluster 1 Sanitation [wards 5;11;12;13;14;18;27	R0.00	R4 120 352.77	R5 000 000.00
<b>TOTAL:</b>	<b>LUKHANJI LM</b>		<b>R 17 177 000.00</b>	<b>R29 393 515.6 4</b>	<b>R30 786 002.0 0</b>

**Table 14: CHDM Water Projects**

### 7.1.2 Regional Bulk Infrastructure Grant

PROJECT NUMBER[2]	PROJECT NAME	PROJECT STATUS	2014\15	2015\16	2016\17
	Augment Queenstown water supply [Xonxa]		R 58 672 000	R 95 235 000	R0.00
	Phase 2 Material supply				
	Phase 3 Pumping Main	Construction phase			
	Phase 4 Gravity Main	Specification			
	Phase 5	Planning phase			
	Phase 6	Planning phase			
<b>Total: LUKHANJI LM</b>			<b>R 58 672 000</b>	<b>R 95 235 000</b>	<b>R0.00</b>

*Table 15: Regional Bulk Infrastructure Grant*

### 7.2 Rural Development and Agrarian Reform

#### LUKHANJI SIYAZONDLA AND LETSIMA IMPLEMENTATION PLAN 2014-15

PROJECT NAME	LOCALITY	NO OF BENEFICIARIES	ITEMS REQUIRED	RESPONSIBLE OFFICER
1. Ringo Vegetable Garden	Oxton Village	5	1 kg spinach seed;1kg beetroot seed;1 kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg BP potato seed;1x50kg 2:3:4[30]	T.T Femele
2.Sihlabeni Back yard Garden	Esihlabeni	6	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg:BP 1potato seed;1x50kg 2:3:4[30]	T.T Femele
3.Yonda school	Yonda	12	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg:BP 1 potato seed;1x50 kg 2:3:4[30]	T.T Femele
4.Sinoluntu Agric Youth Co-op	McBride	5	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion	Ms Libala

			seed;1x25kg:BP 1 potato seed;1x50 kg 2:3:4[30] 2xWheelbarrow;4xforkspades ; 4xspades; 4x rakes;4xwatering cans.	
5.Sondlisizwe Co-op	Dyamala	9	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg butternut seed;1kg carrot seed;1kg onion seed;4x25kg:BP 1potato seed;	Mr Femele
6.Lukhanyo women's Project	Dongwe	9	Kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed1x50kg 2:3:4[30]. 2x25kg:BP 1potato seed.	Mr Femele
7.Extension Homestead	Extension	12	1kg spinach seed;1kg beetroot seed;1kg green pepper seed; 1kg carrot seed;1kg onion seed1x50kg 2:3:4[30]	Mr Femele
8.Lesseyton Home based	Lesseyton	8	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg butternut seed;1kg carrot seed;1kg onion seed; 2x25kg:BP 1 potato seed;2x50kg 2:3:4[30]	Mr Sabhongo
9.Isibindi Creating Circlesof Care	llinge	5	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;10x25kg:BP 1potato seed;2x 2:3:4[30]	Stemele
10.Velilanga Senior Secondary School	Zingquthu	11	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;2x25kg:BP 1potato seed;1x50kg 2:3:4[30] and garden equipment.	Stemele
11.Riverdale farm Project	Tylden	7	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;5x25kg:BP 1potato seed;1x50kg 2:3:4[30]	Mr Maseti

12.Oathey Homestead Vegetable Project	Gwatyu	6	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed; 1kg onion seed.	Mr Maseti
13.Manuneni Youth Project	Machibini	5	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1potato seed.	Mr Maseti

### 7.3 Lukhanji LETSIMA Programme 2014\15

MUNICIPALITY	LOCATION	WARD	VILLAGE	Project Name	HA	TYPE OF CROP	No OF BENEFICIARIES	RESPONSIBLE OFFICER
LUKHANJI	Queenstown	1	Gwatyu	Strategic farm	10	Maize	3	Mr Maseti
LUKHANJI	Queenstown	1	Gwatyu	Canon farm	30	Maize	26	Mr Maseti
LUKHANJI	Queenstown	13	Lower Lahlangubo	Masiphile	10	Maize	16	Ms Libala
LUKHANJI	Whittlesea	18	Brackloof	Sivumelene Co-op	10	Maize	20	Mr Sabhongo
LUKHANJI	Queenstown	2	Machibini	Machibini	10	Maize	6	MR Maseti
LUKHANJI	Queenstown	1	Bolotwa	Bolotwa farm	26	Maize	26	Mr Maseti
LUKHANJI	Whittlesea	12	Yonda	Yonda	10	Maize	AVA	Mr Femele
LUKHANJI	Whittlesea	12	Oxton	Oxton	10	Maize	N/A	Mr Femele

Table 16: Rural Development and Agrarian Reform

**TOTAL HECTORAGE = 116**

**TOTAL AMOUNT = R1 102 000.00**

**CASP BUDGET R 9 490 000**

**N.B Farmer Contribution =R1 800\ha**

**Total target hectorage will depend on farmers' contribution.**

**Financial assistance-Available from ECRDA (Whittlesea; Queenstown)**

#### 7.3.1 Department of Roads and Public Works

PROJECT	AREA	AMOUNT	FUNDING SOURCE
Regravelling	DR07420 ( Sisilana to Tsitsikama		
	DR07422 (Oxton to Zulukama		
	DR07419 ( Tsitsikama)		

	<b>DR07425</b> (Hukuwa)		
	<b>DR07459</b> (Lower Didimana to Kamastone)		
	<b>DR12732</b> (DR12730 to Lifantein)		
Blading		<b>R 4 482 510</b>	
Regravelling		<b>R 9 300 000</b>	
Blading	<b>Glencairn(DR07404)</b>	<b>R 8 640.00</b>	

Table 17: Department of Roads and Public Works

### 7.3.2 LETSIMA Budget R8 601 000

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

**NB: Farmers Contribution = R 1 800/ha**

**Total target hectorage will depend on farmers' contribution**

**Financial assistance - Available from ECRDA (Whittlesea, Queenstown)**

### 7.3.3 Department Of Human Settlements

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

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
LUKHANJI	27	TOISEKRAAL 364	32	0	0	R6212 874.00	2010/10/01	Under construction- SMME
LUKHANJI	1	ZOLA 225	0	0	0	R 972 818.00	2010/10/01	Under construction SMME
ALL		Other (Transfers)	0	0	0	R 636 499.00		
<b>TOTALS</b>			<b>347</b>	<b>180</b>	<b>-</b>	<b>R 79 490 134.00</b>		
	14	<b>Projects</b>						

Table 18: Human Settlements



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

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
LUKHANJI	21	Q/TOWN:NOMZAMO 337	0	0	0	R 21 991 631.00	2014/03/03	Contractor appointed in Dec 2013 and busy with contracting
LUKHANJI	1	Lessyton 752	0	0	0	R 2 482 252.00	2014/07/01	Contractor appointed in Dec 2013 and busy with contracting
ALL	0	Chris Hani Destitute 800 (717 units)	100	100	0	R 26 000 000.00	2014/04/01	Contractor appointed in Dec 2013 and busy with contracting
ALL	0	CHRIS HANI EMERGENCY UNITS 300	80	0	0	R 1 802 943.00	2013/11/01	Contractors for 03 Municipalities appointed in April 2013 and established on site. Chris Hani D.M is the Developer.
			<b>387</b>	<b>100</b>		<b>R 64 173 627.00</b>		
	8	<b>Projects</b>						

PROJECTS IN 14/15 DRAFT B.PLAN: PROCUREMENT

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	ESTIMATED START DATE	STATUS
LUKHANJI	21	Lukhanji 200	0	0	0	R 1 100 000.00	2014/06/01	Procurement of contractor for both Services and Top Structures and at SCM
LUKHANJI	27	XUMA 126	30	0	0	R 2 085 496.00	2010/10/01	Submission for replacement of Contractor underway
			30	-	-	R 6 696 378.00		

	23	Projects						
--	----	----------	--	--	--	--	--	--

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

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
LUKHANJI	24	New Rathwick 3000	0	0	0	R 400 000.00	2015/09/01	Planning
LUKHANJI	5	Sada wooden/Zinc 1000	0	0	0	R 250 000.00	2015/12/01	Planning
LUKHANJI	21	Polar Park 143	0	0	0	R 0.00	2014/11/01	Planning

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

MUNICIPALITY	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	DATE OF APPLICATION BY MUNICIPALITY	START DATE	STATUS
Lukhanji	Whittle Sea 1000	1000	0	0	R 0.00	2013/09/13	01 April 2016	Awaiting formal application with Beneficiary lists and council resolutions. Procurement for PSP's on Feasibility Studies still need to be done.
Lukhanji	Ekuphumleni	100	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Tilden 300	300	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ezibeleni 500	500	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ezibeleni ISUP 200	200	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Unifound Rectification	750	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	llinge ISUP 300	300	0	0	R 0.00	2013/09/13	01 April 2016	

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

MUNICIPALITY	WARD	PROJECT NAME	UNITS	SERVICES	BUDGET	START/ ESTIMATED START DATE	STATUS
LUKHANJI	8	EZIBELENI 1421 RECTIFICATION	0	0	R 750 000.00	2013/01/01	Under construction
LUKHANJI	17	WHITTLESEA 754 RECTIFICATION	0	0	R 1 547 493.00	2013/01/01	Under construction
LUKHANJI	1	IMVANI 145 RECTIFICATION	50	0	R 3 600 000.00	2014/01/01	Contracting

LUKHANJI	2	ILINGE 1012 PRE 94 RECTIFICATION	40	0	R 1 017 160.00	2014/06/03	Contracting of two contractor in 300 units.910 units under Procurement-BEC
			<b>400</b>	<b>-</b>	<b>R 17 205 350.00</b>		

**HOUSING PROJECTS: TOTAL UNITS COMPLETED AND HANDED OVER**

<b>PROJECT NAME</b>	<b>UNITS BUILT</b>
Sabatha Dalindyebo	450
Ezibeleni	1560
Toiskraal	330
Ilinge	1215
Imvani	160
Nomzamo- 559	214
Zola	207
Xuma- 126	96
Oliver Tambo	251
Unifound ( Consolidation )	735
Mlungisi ( Condev )	3021
<b>TOTAL</b>	<b>5673</b>

<b>PROJECT NAME</b>	<b>UNITS BUILT</b>
Ezibeleni	997
Mc Bride	678
Who Can Tell	708
Merino Walk	274
Tambo Vilage	990
Poplar Grove	308
Ensam	247
Braakloof	281
Whittlesea Ext 4	815
Botha's Hoek	93
Ekuphumleni (Zola)	950
Enkululekweni	541
<b>TOTAL</b>	<b>6882</b>

**GRAND TOTAL = 12555**

**This excludes plot and plan pieces of land sold to individuals i.e Granger Ueg Park, Queens view Park, Maderia Park , Queens Park, Westborn Park, Laurie Dashwood, Stone Terasse group housing.**

PROJECTS UNDER CONSTRUCTION

Project name	Allocated units	Completed units	Outstanding units
Toisekraal	364	330	34
Nomzamo	559	214	345
Lesseyton	752	Contractor on site	
Zola	225	207	18
Xuma	126	96	30
Lukhanji Military veterans	200	0	Installation of services / Infrastructure
<b>TOTALS</b>	<b>2226</b>	<b>847</b>	<b>427</b>

RECTIFICATION PROGRAMME

Project name	Allocated units	Completed units
Imvani	145	In progress
Ezibeleni	1520	798
Whittlesea	754	617
Ilinge	405	255
Ilinge	1012	In progress ( 300 units have slabs to commence with ) ( 150 for ward 1 and ward 2 150

### 7.3.4 New Approved Housing Projects

PROJECT NAME	NO. OF UNITS	TYPE
Ilinge informal Settlements	300	Urban
Unifound	750	Urban
Ezibeleni informal settlements	300	Urban
Ezibeleni	500	Urban
Tylden	300	Semi-rural
Ekuphumleni informal settlements	250	Urban
Zola/Lesseyton	700	Rural
Polar park	143	Urban
Whittlesea	1000	Urban
Zingqutu	440	Rural
Machibini village	800-1500	Rural
Gwatyu farms ( Thembani & Nonibe	500	Rural
Mchewula village	400	Rural
Yonda village	300	Rural
Kamastone village	600	Rural
Sada wooden zinc	1000	Urban
Lesseyton	752	Rural
Old Mlungisi	3090	Urban
Diphala	300	Rural
Embekweni	500	Rural
Engojini	300	Rural
Sibonile	400	Rural
Shiloh	700	Rural
Emadakeni	1000	Urban

Table 19: New and Approved Housing Projects

### OTHER OUTSTANDING PROJECTS

#### **Ezibeleni ( Town Canter )**

- Ezibeleni town centre needs to be formalised, once formalise sites need to be transferred to individual occupant.
- Original owners of eZibeleni town centre need to be compensated. A portion of land has been set aside for this purpose.
- Funding to complete this process is a challenge.



## Mlungisi

Old Unifound project was never completed due to challenges including death of beneficiaries, abscondments of first owners or original beneficiaries.

**BURA CONSTRUCTION** (Ntemekwana project): - consists of - 10 units –:

This project was never completed.

ed only six units were completed . The project was identified as a Pilot Project aimed at empowering emerging contractors. The contractor was expected to sign a Land Availability Agreement; identify on its own, qualifying beneficiaries, screen and approve them and facilitate transfers.

## Whittlesea ( Ext 2 transfers)

Ext 2 – Land Ownership in this project has been a challenge for some time. It is believed that most of the portions that constitute this area have been transferred. NZELENZELE and PRESTON Land Surveyors have quoted the whole process of opening a Township Register and the Individual registration.

## PROPOSED HOUSING RECTIFICATION PROGRAMME

- Unifound
- New Vale
- Enkululekweni and
- Ekuphumleni /Zola

## **7.4 Department of Roads & Public Works**

### **7.4.1 Budget Overview 2014/2015**

<b>TOTAL BUDGET</b>	<b>R17 095 916</b>
1. Outsourced	R 3 313 406
– Roads not yet identified due to non sitting of the Roads Forum	
2. In-house	
– Blading	R 4 482 510
– Regravelling	R 9 300 000

## 7.4.2 Regravelling Projects

- In-house re-gravelling team set to continue with prioritization list:
  - DR07420 (Sisilana to Tsitsikama)
  - DR07422 (Oxton to Zulumema)
  - DR07419 (Tsitsikama)
  - DR07425 (Wukuwa)
  - DR07459 (Lower Didimana to Kamastone)
  - DR12732 (DR12730 to Lifantein)

## 7.4.3 Blading Projects

Glencairn	DR07404	1.44	GWG919EC	2	2.9	R 8 640.00
Upper Hackney	DR07406	0.92	GWG919EC	2	1.8	R 5 520.00
Bushy Park - Upper Hackney	DR07407	4.08	GWG919EC			R 0.00
Zweledinga	DR07408	1.93	GWG919EC			R 0.00
Cimezile	DR07412	7.68	GWG919EC	3	23.0	R 69 120.00
Qawukeni	DR07413	1.27	GWG919EC	2	2.5	R 7 620.00
Qawukeni - Manqondane	DR07414	4.60	GWG919EC	2	9.2	R 27 600.00
Cimezile	DR07416	1.36	GWG919EC	1	1.4	R 4 080.00
Upper Tsitsikama	DR07419	2.01	GWG919EC	1	2.0	R 6 030.00
Lower Tsitsikama	DR07420	9.54	GWG919EC	1	9.5	R 28 620.00
Sisilane	DR07421	0.86	GWG919EC	1	0.9	R 2 580.00
Eardely	DR07422	5.19	GWG919EC	1	5.2	R 15 570.00
Eardely	DR07424	1.89	GWG919EC	1	1.9	R 5 670.00
Sisilane	DR07425	1.10	GWG919EC	1	1.1	R 3 300.00
Lower Lahlangubo	DR07428	3.83	GWG413EC	1	3.83	R 11 490.00
Mabeleni	DR07429	6.37	GWG413EC	1	6.4	R 19 110.00
Sawutiya	DR07431	4.45	GWG413EC	1	4.5	R 13 350.00
Upper Hukuwa 2	DR07433	3.75	GWG413EC	1	3.8	R 11 250.00
Upper Hukuwa 2	DR07435	2.59	GWG413EC	2	5.2	R 15 540.00

Enqobokeni 2	DR07439	8.28	GWG413EC	1	8.3	R 24 840.00
--------------	---------	------	----------	---	-----	-------------

#### 7.4.4 Projects Implemented by Community Works Programme

Border Rural Committee is the implementing agency that has been appointed by CoGTA to implement the CWP in the Lukhanji area. In consultation with the wards as represented by the ward councillors a site plan was developed and endorsed by the CWP Reference Committee.

Form the site plan these are projects that are implemented in the 2015/2016 financial year.

#### 2014/ 2015

PROJECT	WARD	BUDGET	Progress to date
Renovation of the Small Business Centre at Ilinge	2	R149 400,00	Procurement of the material done.
Renovation of the Small Business Centre at Dongwwe	16	R71000,00	Procurement of the material done.
Renovation of the Old Public Works Building to a site for the distribution of chronic medication at Sada.  Renovation of the community hall	9	R92600,00	Procurement of the material done.
Renovation of the Merino Walk Creche	18	R99400,00	Procurement of the material done.
Procurement and handover of Jojo tanks at	3 two 5000 litres tanks 5,10, 12, 13, 14, one Jojo per crèche in each ward	Completed	Completed
Procurement of 30 doors for 2 schools, Sibonile Combined School and Van Coller Primary school	15 doors per school		Procurement of the material done, awaiting hand over
Agriculture related projects	All wards	R25550,00	Ongoing
Sports Equipment for 8 wards	4, 5,9,17, 18 19,27		Procurement of the material done, awaiting handover
Fencing of Thembelihle creche	4	R71000,00	

Table 20: Community Works Projects

The site plan for the e 2015/2016 financial year has not yet been finalised. Inputs and programmes are awaited from the ward councillors.

#### 7.4.5 Department of Sport; Recreation, Arts and Culture

##### CULTURAL AFFAIRS PROJECTS 2015\2016

DATE OF THE PROJECT	PROJECT	VENUE	BUDGET
21 May 2015	Co-ordinate District Word festival Build up programme for National Arts Festival	Queenstown Arts Centre	R27'000;00
15 May 2015	Organise District Craft Selection as Build up programme for National Arts Festival	Queenstown Arts Centre	R9'000;00
28 May 2015	Co-ordinate and organise a Stakeholder and IDP consultations on Budget & OPS Planning 2016\17 For Chris Hani Arts and Culture; Museums & Libraries Stakeholder	Queenstown Art Centre	R2000.00
September 2015	Co-ordinate Chris Hani District Choral Competitions finalists	Komani	R67'000.00
14 October 2015	Opening of Mceula Modular Library	Mceula	R250'000.00
12 December 2015	Organise and co-ordinate Ubuntu Arts in the Park Visual Arts & Craft Fair.	Lukhanji LM Queenstown	R52'000.00
26 September 2015	Host Komani Jazz Legends Festival Partnership Project with Chris Hani District Municipality during Heritage Month.	Queenstown	R1000'000.00
June—August 2015	Co-ordinate the signing off and Submission of Service Level Agreement for transfer to Queenstown Frontier Museum	Komani	R150'000.00
April 2015 to March 2015[dates to be determined]	List of collected names are submitted by various respective Local municipalities to the Secretariat Office& CHDGNC To be interacted& thereafter Forwarded to ECPGNC for research Purpose.	Lukhanji LM	R0'000.00
18 November 2015	Co-ordinate and support		R101'000.00

	30 Anniversary of Queenstown Massacre- ordinate and support Memorial development of Mama Madabane		
--	---	--	--

**SPORT AND RECREATION**

<b>Strat Objective</b>	<b>Perf. Measure Indicator</b>	<b>Annual Target</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>
Increase participation in sport and recreation to 10% of the total population of the Eastern Cape by 2019	PMI32: No. of participants participating in recreation programmes	1000	Co-Ordinating District wellness day for the (65) staff members to be held in Queenstown - Lukhanji	Co-Ordinating District public sector sport day (300) participants to be held in Queenstown-Lukhanji	Co-Ordinating District wellness day for the (65) staff members to be held in Queenstown-Lukhanji
			R40 000	R20 000	R 40 000
			Co-Ordinate sector Departments to select their own teams (300) participants to be held in Queenstown-lukhanji		

### 7.5 Economic Development Environmental Affairs & Tourism Projects [2015\2016]

PROJECT NAME	SECTOR	MUNICIPALITY	BUDGET
Environmental Competition Awards	Education	Chris Hani DM all Municipality's Schools[ Lukhanji included]	R290-000.00
Eastern Tissue Manufacturing Expansion Project	Manufacturing	Lukhanji LM	R2;450.000
Co-operatives Development Centre	Agric [pack house]	Lukhanji LM	R3 Million
Co-operatives Development Centre	Co-operatives [strengthening Administrative functions]	Lukhanji LM	R2.5 Million

### 7.6 Department Of Health

PROJECT NAME	WARD OR AREA	BUDGET	FY
Construction of Fransbury Clinic	Ward 2 in Fransbury		
Major Renovations at Hewu Hospital for admission of MDR patients	Dongwe		

### 7.7 ESKOM:14/15 MTEF

ALLOCATION: R 3 222 000.00 2015/2016

PROJECT	PLANNED	ACHIEVED	BENEFICIARIES
Gwatyu Farms	62		Peuleni 1 Peuleni 2 Qwebeqwebe 4 Qwebeqwebe 5 Halton 1 Halton 2 Halton 3

### 15/16 MTEF ALLOCATION

	MTEF
Infrastructure ( Line/Link)	R 1 411 320
Households	R 1 140 000
Total	R 2 551 320

## **8.1 Housing Sector Plan**

### **Pre-amble**

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

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

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

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

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



## **LEGISLATIVE AND POLICY BACKGROUND TO HOUSING CHAPTER**

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

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

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

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

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

### **Housing demand profile of the municipality**

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

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

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

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

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

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

### **Land and Housing**

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

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

### **Summary Infrastructure Challenges**

#### **Access to water**

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

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

#### Level of sanitation

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

#### Access to electricity

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

#### Related Civil and Social Infrastructure Projects

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

#### Municipal capacity and housing delivery

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

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

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

#### Housing Delivery

##### Developing a Municipal Project Pipeline

The main report and this section contain a number of tables referring to different projects but each is ordered in a different way and many lack important pieces of information. It is proposed as part of the strategy to integrate

these into a single project pipeline for the municipality. It is suggested that this is done in close co-operation with the province in the development of the template and in ensuring that all the relevant information is placed in the 'pipeline'.

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

Local Municipality personnel, contractors and other stakeholders are under capacitated,

Poor Project Management,

Lack of compliance with contractual agreements.

Lack of municipal representation/consistent monitoring on construction site(s),

Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas,

Lack of potable water which has been the main hindrance for the past 3 years, and

Inefficient project data capture

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

The total number of formal housing units completed to date is 10 124 against approved units of 14 542 (IDP 2007).

According to the CHDM LR & S P (2005) there is a total of 14 776 approved subsidies out of which 9 679 are urban and 5 097 peri-urban/rural.

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

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

## Current and Proposed Housing Projects

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

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	290
Brakkloof	IRDP (Rural)	281
Zola	IRDP (Rural)	225
Toisekraal 364	IRDP (Insitu)	121
Quality Coffins 18	IRDP (Insitu)	18
Ilinge 1156	IRDP (Insitu)	1156
Nomzamo 337	IRDP (Insitu)	337
Xuma	IRDP (Insitu)	126
Queenstown	PHP	200
New Rathwick	IRDP	3000
Lukhanji	IRDP	200
Queenstown	Rectification	1421
Whittlesea	Rectification	754
Queenstown	Rectification	405
Ilinge 1012	Rectification	20
Ilinge 405	Rectification	33
Ezibeleni 1421	Rectification	190
Imvani 145	Rectification	145
Thambo Village	PHP	990
Mcbride Village 678	Rural Project	687
Who-Can-Tell 708	Rural Project	708
Poplar Groove 308	Rural Project	308
Merino Walk 274	Rural Project	274
Ensam 247	Rural Project	247
Toisekraal	LM to provide data	364
Zola	LM to provide data	225
Xuma	LM to provide data	126
Imvani Rural	Rural Project	160
Total		14 049

*Table 21: Current and Proposed Housing Projects*

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

### Rectification housing projects:

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

PROJECT NAME	NO OF SITES	BUDGET
Toisekraal	364	R5 900 000
Zola	225	R 7 100 000
Xuma	126	R3 100 000
Queenstown		
COMDEV	3021	R630 000
Consolidated PHP	521	R0
Ezibeleni P1	251	R5 460 000
Imvani Rural	160	R4 550 000
Ilinge	1156	R10 500 000
Enkululekweni – R/I 1	541	R105 000
Ezibeleni Ext: Ph 2 –R/L 1	700	R12 740 000
Whittlesea - Madakeni	300	R8 400 000
Total	7 065	R50 085 000

Table 22: Rectification Housing Projects

### Blocked housing projects:

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

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

## **STRATEGIC FRAMEWORK REVIEW**

### Strategies and Proposed Projects

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

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

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

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

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

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

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

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

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

#### Strategic programme

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

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

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

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



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

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

Deliverable	Key activity	Timeframe	Responsibility	Cost
Properly managed implementation of financed projects.	Management of the technical service providers in ensuring that projects are delivered on time, to quality and within cost. Carry out effective community liaison and consultation.	Continuous	Housing officer with PDoHS	
Preparation of identified priority projects for financing and implementation.	Co-ordination of the preparation of the projects: Land Land preparation and packaging Initial design Beneficiary identification Finance packaging Preparation of tendering etc	Continuous	Housing officer with PDoHS	

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

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

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

<b>Deliverable</b>	<b>Key activity</b>	<b>Timeframe</b>	<b>Responsibility</b>	<b>Cost</b>
Monitoring and Evaluation Framework	Drafting of monitoring and evaluation framework, The framework to be integrated into the Housing chapter.	Continuous	Stakeholders and Selected Team	
Formation of Project	Project Steering	Project-	Municipal management	

<b>Deliverable</b>	<b>Key activity</b>	<b>Timeframe</b>	<b>Responsibility</b>	<b>Cost</b>
Steering Committees to ensure the collaboration of developers, ward committees and councillors in the speedy execution of projects.	Committees to be formed for all housing projects comprising ward committee, councillor and local stakeholders. Submit project reports to the Housing Department	linked (upon initiation of project)		

### Financing of Housing

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

## **PROJECT PIPELINE AND CAPITAL BUDGET**

### **INTEGRATION**

#### **Cross-sector alignment issues**

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

<b>FOCUS AREA</b>	<b>COMMENT</b>
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.
Conversion of Township Establishment Status of: - a. Ezibeleni b. Sada c. Ekuphumleni	This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.
Formulation of a PILOT Rural Land Use Management System in RA 60	This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.
Zweledinga Zone Plan and Local Planning Process	Communities to be engaged for general agreement on configuration of the settlements. The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions

FOCUS AREA	COMMENT
	concerning land issues.
Greater Whittlesea LSDF	Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas. To promote linkages between Urban and Rural areas.
RA60 Pilot Land Use Management Scheme	Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses. RA60 was previously planned but is not experiencing an influx of land invasions.

Housing planning and delivery risk management matters

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

Approval

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

## APPENDIX 1: GAP ANALYSIS

### GAPS REQUIRING FILLING

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

GAPS TO ADDRESS	MODE
Establishment of the real nature of need and demand including better analysis of the interaction and separation of tenure security, basic infrastructure and top structure.	Research on the baseline documents including Provincial MTEF, land reform stats and basic infrastructure information + discussion with municipalities on summarised information
Development of rural housing strategy that does not just use global guesstimates.	Using the information from above and then linking this to specific priority geographical areas that can have more intensive information gathering. Closer planning linkage with ECDHS and Dept of Land Affairs to develop responses.
Proper listing of completed, existing and future projects with necessary baseline and tracking information	Use of supplied template to co-ordinate information from different sources and then updating and completing this in contact with key local and

GAPS TO ADDRESS	MODE
	provincial stakeholders. Possibly a provincial project.
Analysis of proposed infrastructure expenditure including water, sanitation, roads and storm-water drainage and linkage of this to housing priority areas.	Source from provincial government documents and use local municipality to link with existing priority areas of housing need. Important to link this back to the housing project pipeline to identify where there are direct linkages.
Financing available for housing and infrastructure in the area. Analysis of the existing financing allocated to the area for infrastructure, land reform and housing and the linkage to established priorities	From the provincial MTEF and land reform MTEF + linkage back to defined housing priorities in the area.

### Spatial Form

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

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

### Physical Features

### Settlement Structure

#### SETTLEMENT HIERARCHY

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

		development of new public-funded housing areas; - Feasibility study on establishing intensive irrigation-fed agricultural enterprises at Shiloh and below the Oxkraal Dam.
--	--	---

## MAIN NODES

Central Business Districts (CDB) (Queenstown)	The Queenstown CBD is the most important locality for local economic development and serves as a regional centre to a wide hinterland. It should be prioritised for: - A CBD Revitalisation Framework, which is aimed at identifying optimum land use and traffic arrangements in the locality.
(Whittlesea)	The Whittlesea CBD is a minor business and administrative centre, located along the R67 mobility route to Queenstown. It should be prioritised for: - The development of appropriate public transport facilities to facilitate its role as a sub-regional transport interchange and minor service centre. Appropriate land use management interventions to ensure a more effective land use pattern

## CORRIDORS

National Routes	N6 East London-Queenstown-Bloemfontein R67 Fort Beaufort-Whittlesea-Aliwal North R61 Cradock-East London R392 Dordrecht-Queenstown-Fort Beaufort R396 Lady Frere-Queenstown-Fort Beaufort
Mobility Routes – Local level	- N6-Ezibeleni Access Road
Activity Corridors	- Cathcart Road, Queenstown
Activity Streets	- Victoria Road, Queenstown - Whittlesea Main Road(R67)

### Special Development Areas

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

The Central Business Districts (CBDs) of Greater Queenstown and Greater Whittlesea

New Public-Funded Housing Development Areas: -

New Rathwick

Ezibeleni West Infill Areas

Mlungisi Infill Areas

Sada-Whittlesea Infill areas

Rural Development Areas

Rural Settlement Upgrade Areas  
 Areas for Agricultural Development (Land Reform)

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

Demography

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

Number of households

NUMBER OF HOUSEHOLDS

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

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

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

Population group

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

POPULATION COMPOSITION

MUNICIPALITY EC134				
			COUNT	COLUMN N %
P_10	Population	Black	201583	96.9%

group	Coloured	1370	.7%
	Indian or Asian	395	.2%
	White	4733	2.3%
	Total	208081	100.0%

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

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

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

#### AGE DISTRIBUTION

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

#### Orphans under 18 and both father and Mother not Alive

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

#### ORPHANS

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

Using the CS2007 and by taking the age of the oldest household member, it is possible to derive which households are headed by persons under the age of 18. Below is a table showing us that 368 households in Lukhanji are headed by children (0.7% of the households). This data needs to be treated with caution, as some households in the CS2007 are consisting of 1 person and the oldest person is a baby of 0 years old. These



children may be cared for in institutions, and seen as separate households. Therefore, the table probably slightly overestimates the number of child headed households, but is a good indication.

#### CHILD HEADED HOUSEHOLD

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

#### Migration

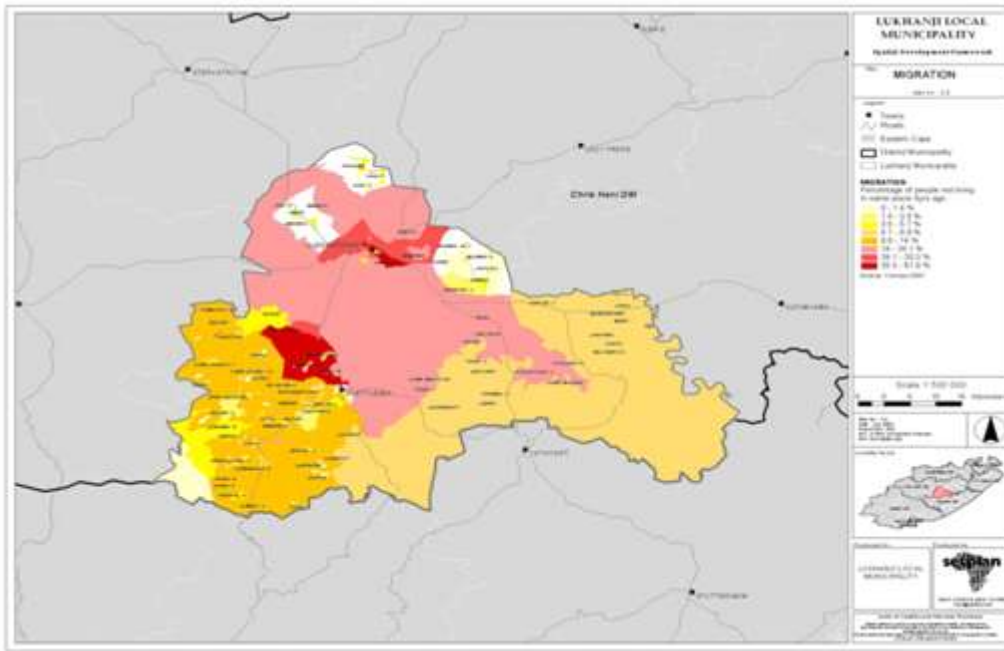
About two thirds of the people living in Lukhanji stayed in the same dwelling for at least 5 years prior to the 2007 Community Survey. About 22% (or 45261 people) had moved to their dwelling in the past five years. This figure indicates high movement, but it is unclear from this if people are moving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

#### SAME DWELLING IN THE PAST 5 YEARS

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

The following figure shows the migration patterns in the municipality.

#### Migration patterns



**Figure 13: Migration Patterns**

**MIGRATION TRENDS**

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

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

**REGIONAL TO OTHER PROVINCES**

<b>MUNICIPALITY EC134</b>			
		<b>COUNT</b>	<b>COLUMN N %</b>
P_18 Previous province	Western Cape	1392	3.1%
	Eastern Cape	39555	88.3%
	Northern Cape	278	.6%
	Free State	852	1.9%
	KwaZulu-Natal	758	1.7%
	North West	0	.0%

	Gauteng	1411	3.1%
	Mpumalanga	0	.0%
	Limpopo	246	.5%
	Outside RSA	330	.7%
	Don't know	0	.0%
	Total	44821	100.0%

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

### 1.1.5 Settlement Area Type

#### 1.1.5.1 Settlement Type (from Census 2001)

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

#### SETTLEMENT TYPE

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

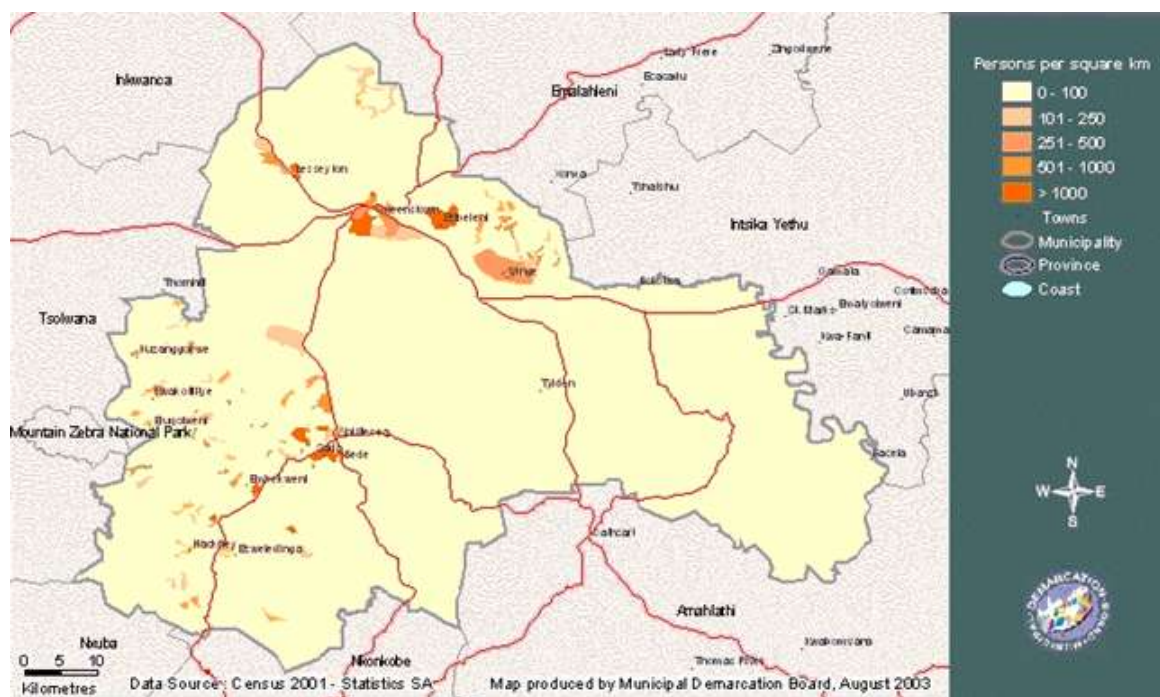
*\*Please note that 2001 municipal boundaries were used in the above table*

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

#### AREA TYPE C (FROM CENSUS 2001)

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

Population composition per area type



**Figure 14: Population composition per area type**

Settlement Type (from Census 2001, new demarcation)

Settlement Type (from 2006 Basic Services study)

### 1.1.6 Dwelling Types

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

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

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

## DWELLING TYPE

MUNICIPALITY EC134					
		DWELLING TYPE		AVERAGE NUMBER OF ROOMS	AVERAGE NUMBER OF PEOPLE
		COUNT	COL N %	MEAN	MEAN
Dwelling	House or brick structure on a separate	39542	79.6%	3,8	4,0

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

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

#### INCOME GROUP BY TYPE DWELLING TYPE

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

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

#### 1.1.7 Informal housing

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

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



**Figure 15: Informal and Traditional Settlements**

THEMBANI: EXISTING AND PLANNED SETTLEMENT





**Figure 16: Thembani Existing and Planned Settlement**

#### 1.1.8.3 Social grants

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

#### SOCIAL GRANTS

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

#### 1.1.8.4 Employment status (15-65 year olds)

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

#### EMPLOYMENT STATUS

MUNICIPALITY EC134							
		P_04 SEX					
		MALE		FEMALE		TOTAL	
		COUNT	COLUMN N %	COUNT	COLUMN N %	COUNT	COLUMN N %
DER01	Employed	16250	28.5%	13172	20.6%	29422	24.4%
Employment status	Unemployed	15903	27.9%	19947	31.3%	35850	29.7%
	NEA	24845	43.6%	30688	48.1%	55533	46.0%
	Total	56998	100.0%	63807	100.0%	120805	100.0%

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

#### LOCAL EMPLOYMENT BY SECTOR IS AS FOLLOWS

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

Source: HSP 2009

#### 1.1.8.5 Local Economy - GVA

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

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

- General Government Services



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

## 2. HOUSING DEMAND PROFILE OF THE MUNICIPALITY

### 2.1 Analysis of Housing need

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

#### HOUSING NEED ANALYSIS

CATEGORY	ANALYSIS
Settlement Patterns:	The estimated population is 193 917 and consists of 47 000 households of whom 21% reside in rural villages and 16% in peri-urban settlements with 54% in urban settlements and 9% in farms. (LED 2008)The majority of underserved households with regards to water, sanitation, refuse; electricity and road network comes from these settlement areas and this poses a challenge for service infrastructure expansion and delivery of essential services.
Migration Patterns:	There is increasing migration from rural to urban areas and this phenomenon impacts housing demand in the municipality and needs to be factored into development plans of the municipality
High Dependency Ratio	Over 45% of the population is under 20 years of age and 9.3% over 60 years of age and this increases pressure on bread winners. Housing projects need to provide facilities for the youth and also ensure that the needs of elderly citizens are provided for). The high dependency level coupled with low levels of employment and low incomes is likely to worsen poor service payments thus contributing to a shrinking revenue base for the municipality.
Gender Distribution	There are over 12 000 more females than males which suggests high levels of out-migration of males to find employment in major cities(Cape Town, Durban and Johannesburg) with all the associated problems of single headed households, low levels of affordability, breakdown in social fabric and lack of labour skills for construction projects locally.
Orphaned Children:	Orphaned households amount to 3.7% of total households. Points to the need for special housing needs and the development of resource centres to support these children as part of housing projects
Affordability	Over 54.4% of the population rely on income of less than R1600.00 per month with another 22.5% earning between R1600- R3200 per month. A third depends on social grants. Housing projects need to be affordable, located close to or incorporate the development of social facilities to improve access to social grants for the recipients, provide employment opportunities and promote the sourcing of materials locally to improve local income and strengthen local income streams.
Employment:	Over 46% of the people are not economically active and 24.4% are classified as unemployed. Unemployment is higher amongst males than females. Housing projects need to make provision for local employment, source materials locally and provide training for women to participate in housing delivery. There are generally low levels of disposable income; therefore, low levels of affordability amongst the potential beneficiaries.
Infrastructure	Poor road infrastructure and linkages between the rural settlement areas and the main economic centre of Queenstown. Road access is critical for the efficient delivery of materials and it will be necessary to apply for additional funds for improvement of road networks before the housing development can take place rapidly in

	<p>Poor sanitation with about 41.0% of household reported to have no form of sanitation. It is estimated that it was estimated in 2008 that approximately R 6 485 496 was required to address the sanitation backlogs</p> <p>Housing / Residential infrastructure backlog – the identified housing and infrastructure backlog is a major challenge to the Municipality’s ability to develop the required supportive infrastructure in a sustainable manner. The backlog for electricity household connections is estimated by RSS survey of 2006 and that approximately R 28 million was required to address urban backlogs.</p>
Other	<p>Local Municipality personnel, contractors and other stakeholders are under capacitated.</p> <p>Poor Project Management.</p> <p>Lack of compliance with contractual agreements.</p> <p>Lack of municipal representation/consistent monitoring on construction site(s).</p> <p>Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas.</p> <p>Lack of potable water which has been the main hindrance for the past 3 years.</p> <p>Inefficient project data capture</p>

2.2 Expressed Housing Needs/ Backlog

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

### 2.3.1 Housing Demand Lukhanji IDP and SDF Context

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

#### HOUSING DEMAND IDP CONTEXT

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

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

#### HOUSING WAITING LIST: CONTEXT 2009

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

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

#### HOUSING NEED ANALYSIS

Source of Housing Need	% of Total	Estimated No. of Units
------------------------	------------	------------------------

New Applicants	76%	30400
Have a House to Upgrade	2%	800
Have a Site to Formalise	22%	8800

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

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

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

### 2.3.2 Housing Demand Provincial Context

#### OUTCOME AIM HOUSING DEMAND TARGETS

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

### 2.3.3 Military Veterans

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

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

Military veterans

## 2.4 Land Requirement for Future Development

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

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

Portions of the land set aside for housing is still owned by the State and there is long land acquisition processes involved through the Department of Land Affairs (DLA).

There is a small portion of privately owned land at Ilinge set aside for housing development needs to be purchased for that purpose and this will have financial implications.

Some parcels of land within the municipality (e.g. Emadakeni near Sada), is subject to Restitution Claims and these processes retard housing delivery process if they are not managed to a successful conclusion.

There are portions of rural land where authorization in terms of Subdivision of Agricultural Land Act (Act 70 of 1970) as well as EIA exemptions are required. The processes involved are time consuming and lead to duplication in activities and increase in costs.

### 3. SUPPLY

#### 3.1 Land Ownership and Supply

##### 3.1.1 General

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

##### 3.1.2 Strategic Land Parcels

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

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

#### PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER WHITTLESEA

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

#### ERVEN FOR ALIENATION OF LEASE FOR RESIDENTIAL DEVELOPMENT

AREA	ERVEN	COMMENT
Molteno Road	5761-57	That the erven be sold to one person/ developer/ legal entity That the erven be sold to one per person to first time land/ home owners
Queenstown	5764-63	
Sussex Road	5767-56	
Queenstown	5768-58	
	5771-64	
	5773-68	
Howick Street	5766-16	

Queenstown	5668-14	
Western Road	2907	General Plan approved that area should be divided into 7 erven for residential development.
Victoria Park		
Kamani Park	Not Specified	504 erven
Laurre Dashwood	4823 - 4847	For Residential 1 purposes (Group Housing) Not Serviced Proposed that erven be placed on tender for a development proposal for a group housing scheme where the Council remains the owner of the land

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

**PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER QUEENSTOWN**

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

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

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

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

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

Strategic land parcels: Queenstown

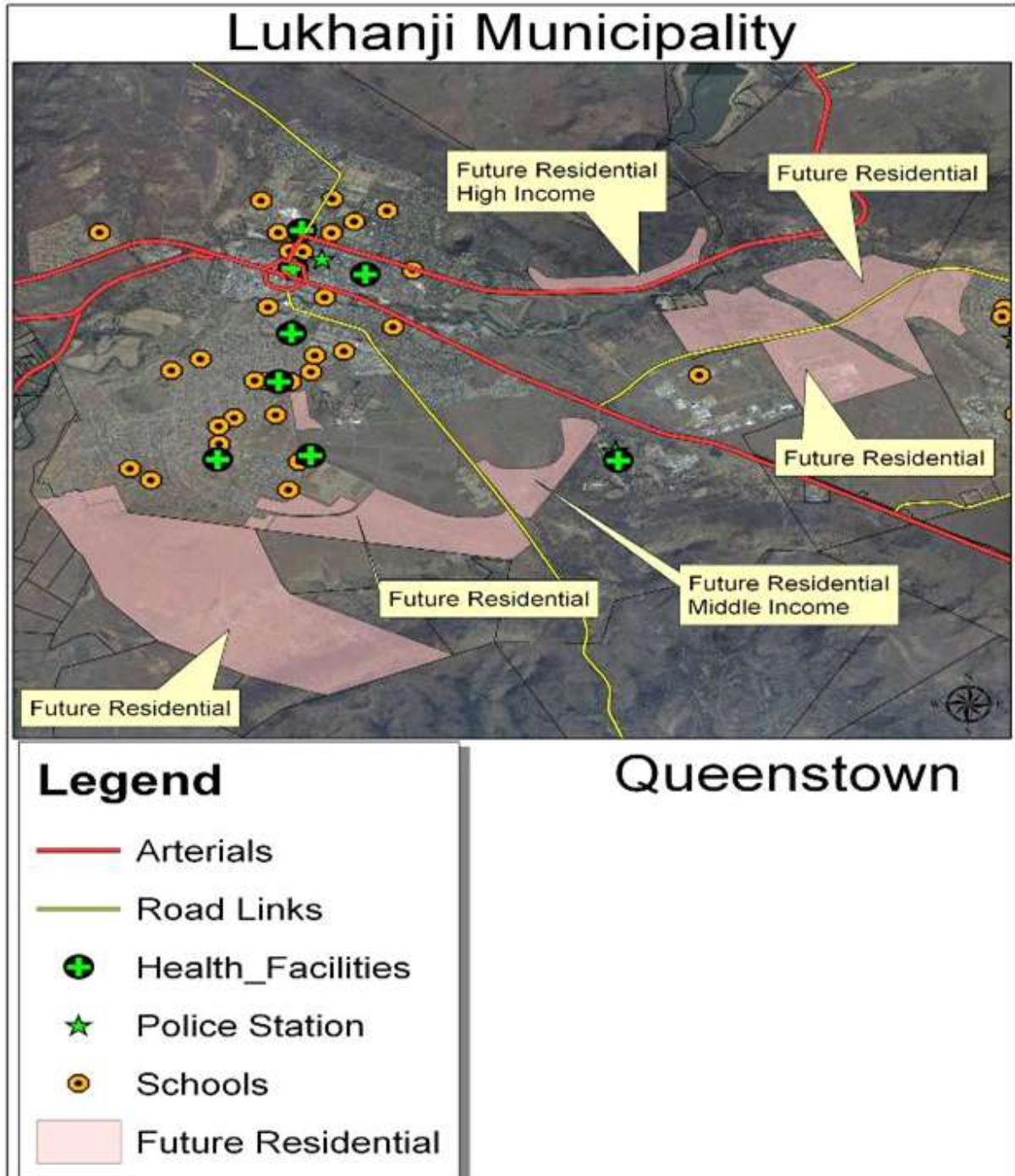


Figure 17: Strategic Land Parcels - Queenstown



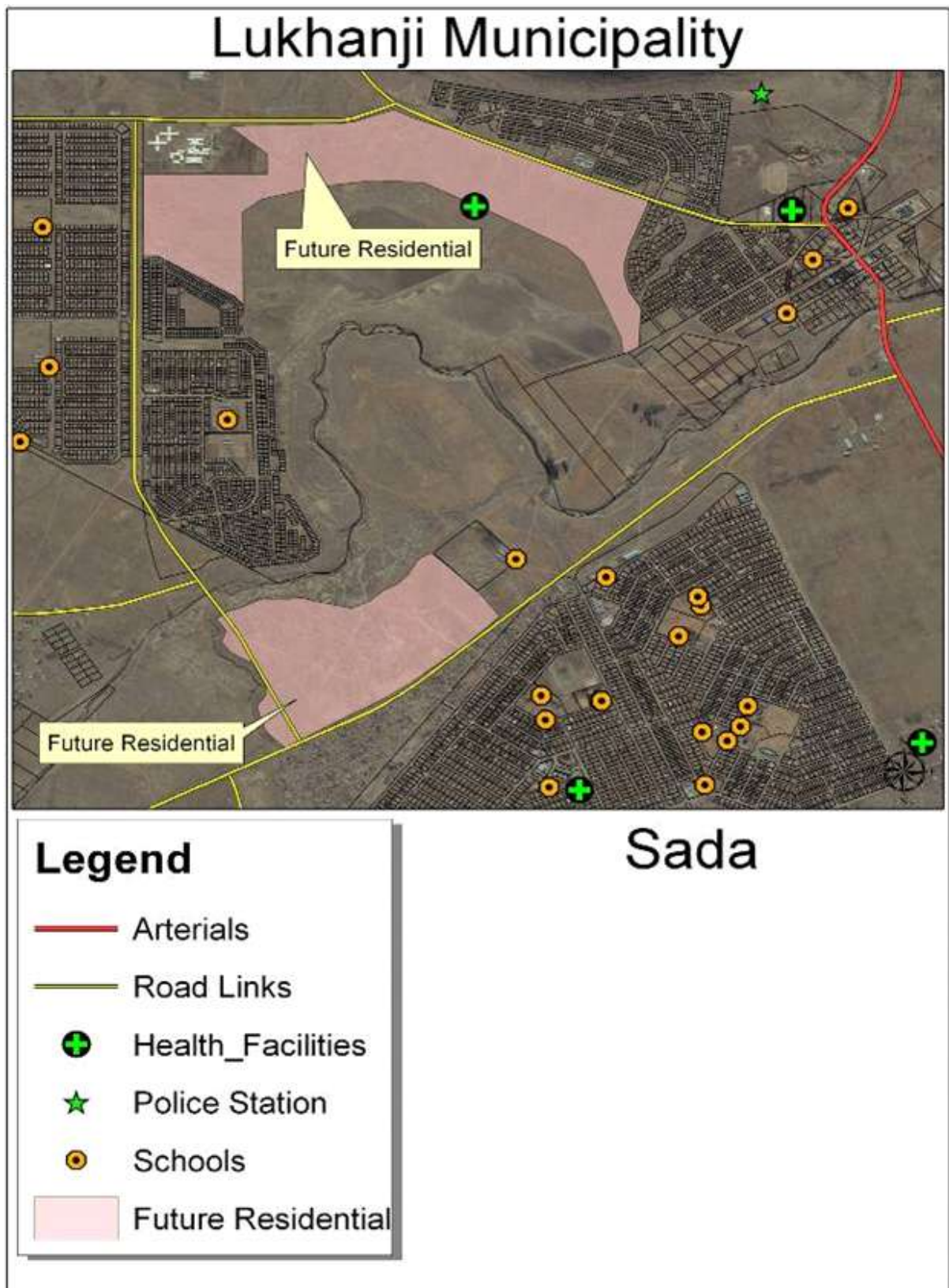


Figure 18: Strategic Land Parcels - Sada



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

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

### 3.1.4 Land Ownership in Urban Centres

### 3.1.5 Land Reform

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

35 land reform projects (including 17 LRAD; 8 Redistribution; 2 commonage) as at 2005;

8 unsettled rural claims involving 929 claimants in Hewu

25 rural claims and 4 urban claims in Queenstown with a total of 1 157 claimants

### 3.1.6 Land Potential and Constraints

Land issues identified in the HSP 2008 include the following:

State Land: Portions of the land set aside for housing is still owned by the State. The process to transfer land can be long and might impact housing delivery.

Private Land: There are some portions of privately owned land that have been set aside for housing (Illinge).

Restitution & Land Claims: Land subject to Restitution Processes may take a long time to be released and thus are likely to retard housing delivery process unless the land claim process is fast-tracked (In Emadakeni - near Sada).

Outstanding Act 70 of 1970 Approvals: There are portions of rural land where authorization in terms of Subdivision of Agricultural Land Act 70 is applicable but still outstanding.

EIA's: There long process to obtain for Environmental Impact Assessment (EIA) authorisation or EIA Exemption delays project commencement. In some cases the approved EIA exemption might lapse. This process is also expensive.

### 3.1.7 Land Availability Summary

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

## 3.2 Municipal Infrastructure

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

88.7% of households in the area has access to electricity

59% of households living in the Lukhanji Municipal area has access to a flush toilet connected to a sewerage system

70% of households in Lukhanji Municipal area is serviced by a weekly municipal refuse removal.

81.1% of households in the area have yard connections (Lukhanji IDP 2008)

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

Electricity backlog 12%

Sanitation backlog 13%

Water backlog 7%

Refuse backlog 8%

Housing backlog 8

### 3.2.1 Access to Piped Water

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

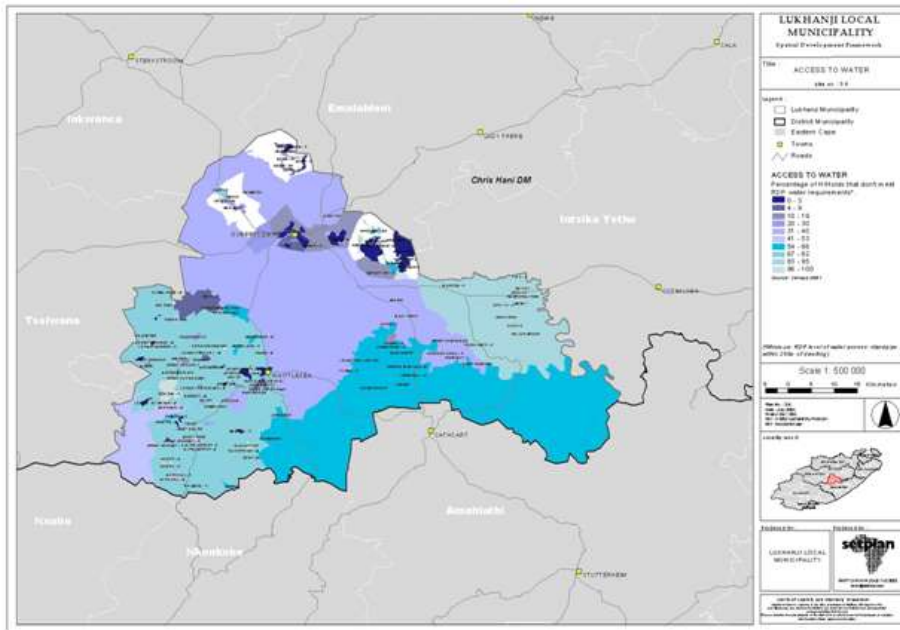
#### ACCESS TO PIPED WATER

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

	(bed/room)						
	Other	279	100.0%	0	.0%	279	100.0%
	Total	48581	97.8%	1094	2.2%	49675	100.0%

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

Proportion of Household who do not meet piped water requirement



**Figure 19: Households that do not meet piped water requirements**

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

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

Bonkolo dam (6.95mm<sup>3</sup>)- owned by Lukhanji Municipality with water storage capacity of about 42000Ml

Waterdown dam (36.6mm<sup>3</sup>) - operated by DWAF and supplying water to Whittlesea and Sada areas.

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

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

## HOUSEHOLD ACCESS TO WATER SUPPLY

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

Source: ECSECC, 2007 & SSA Community Survey, 2007

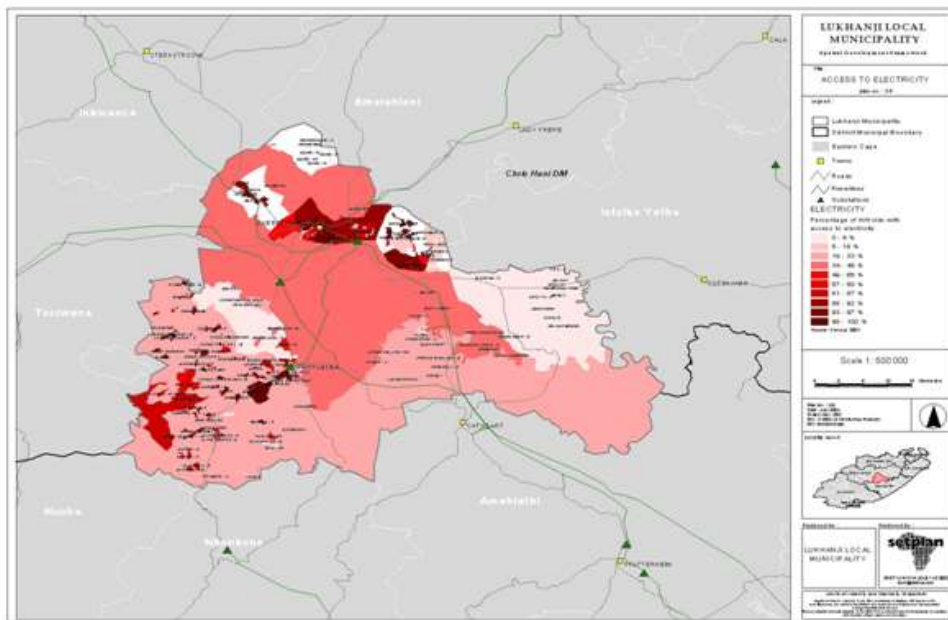
According to the CHDM WSDP (2006), a substantial backlog in water infrastructure exists to the tune of R66 569 326. This is the third highest backlog in the CHDM

### 3.2.2 Access to Electricity

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

The figure below shows electricity reticulation in the municipality.

### Electricity Distribution



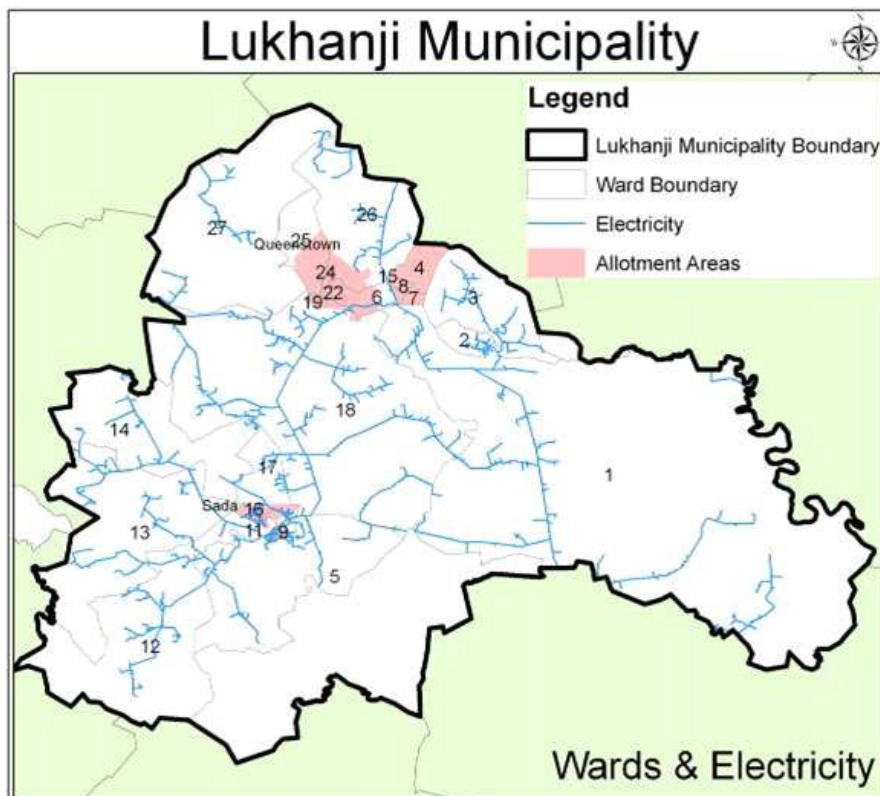
**Figure 20: Electricity Distribution**

The backlog for electricity household connections is estimated by RSS survey of 2006 to be at 11.3% which is higher than what the municipality estimated, while the rest of 88.7% are said to have a combination of metered

and pre-paid connections. In monetary terms, the amount required to eradicate the backlog is R28 585 100 (urban) and R 33 195 600 (Chris Hani ISRDP Chris Hani Node, 2006).

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

## Electricity distribution network



**Figure 21: Electricity Distribution Network**

### 3.2.3 Level of Sanitation

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

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

#### HOUSEHOLD ACCESS TO SANITATION

Type	Census 2001 (%)	RSS (2006) (%)	Community Survey 2007 (%)
Flush Toilet	52.3	59.0	63.2
Pit Latrine	27.4	27.9	23.0
Bucket Latrine	3.1	0.8	0.5
None	17.1	12.3	7.4

Other	0.1	-	4.0
None			7.4
Total	100.0	100.0	100.0

Source: ECSECC, 2007

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

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

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

### 3.2.4 Refuse Collection

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

According to recent statistics about 70% of households have access to weekly refuse removal service. These are households in the township and town areas who have access to door-to-door refuse collection services. The solid waste is taken to a licensed disposal site in the North West of Queenstown

Approximately 21% of the households receive regular but ad-hoc collections from the municipality. About 9% of the households are underserved most of which are citizens that live in peri-urban informal and rural areas.

### 3.2.5 Roads and Storm water

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

Queenstown: 95% of the roads are surfaced and in poor to fair condition. The rest are gravel roads in a fair to poor condition.

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

EZibeleni: 30% of the roads are surfaced and in a fair condition. The rest are gravel roads in a poor condition

Whittlesea: 25% surfaced roads, 50% gravel roads and 25% graded roads. All the roads in this area are in a poor condition.

Sada: All the roads in the area are gravelled roads except for 6km of the main transport route.

Ekuphumleni: 95% of the roads are gravel

EMadakeni and Shiloh have graded roads.

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

### 3.2.6 Rail

The following railway line exists within the Lukhanji Municipal area:

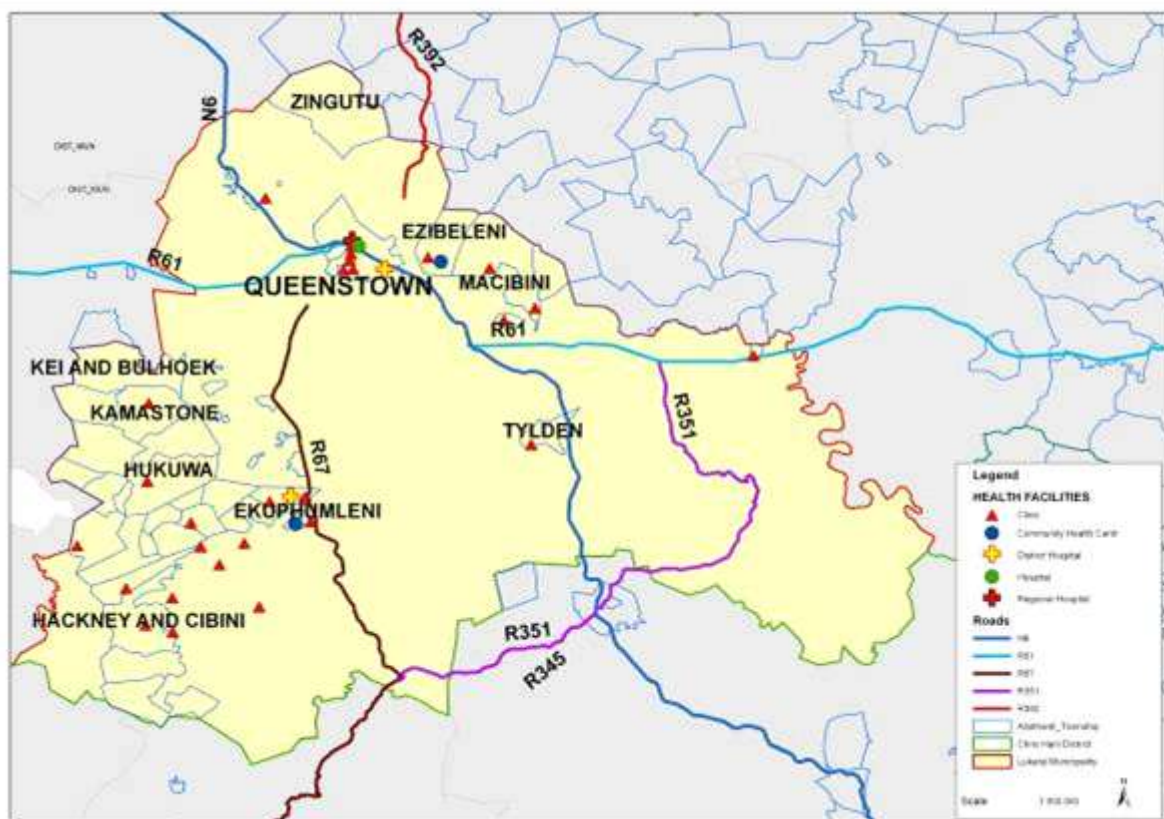
East London-Queenstown-Burgersdorp, is a main line and is electrified. It serves as a link between East London, Cape Town, Port Elizabeth and Gauteng.

There is a railway yard situated in Queenstown adjacent to the CBD area.

### 3.2.7 Social Infrastructure

#### 3.2.7.1 Health Facilities

##### Health Facilities



**Figure 22: Health Facilities**

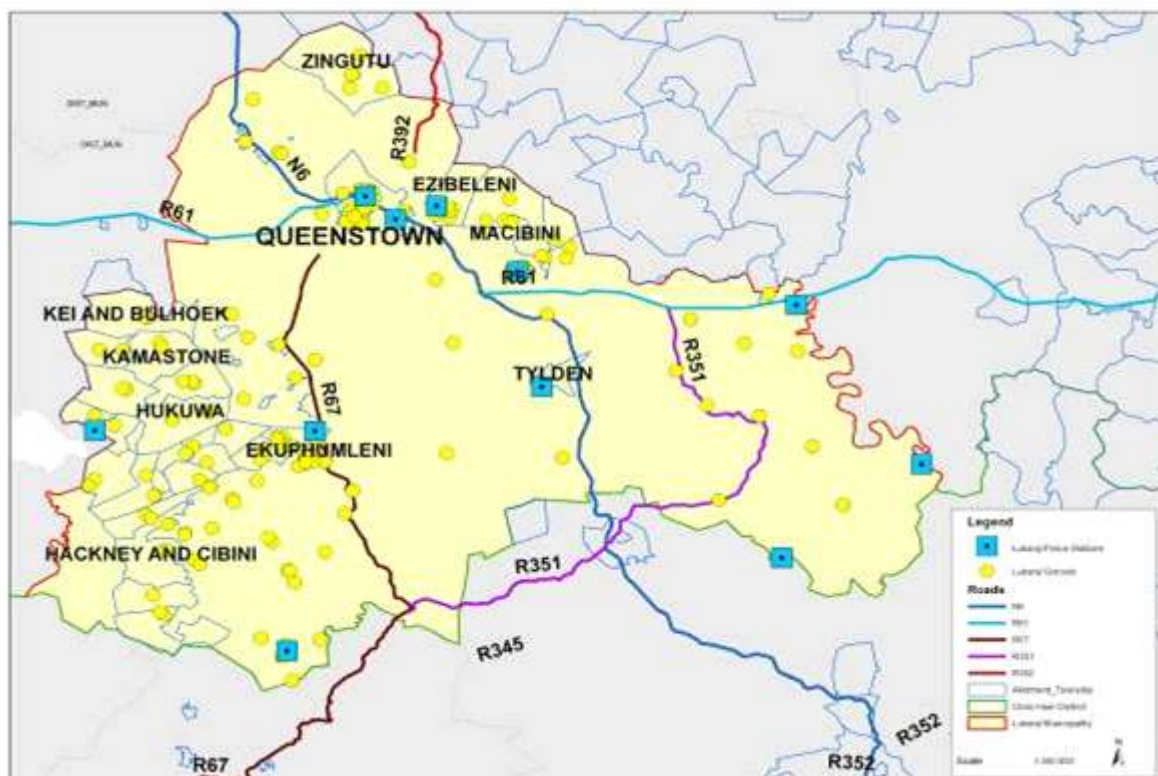
Primary health is a competence of the Provincial Department of Health. Chris Hani DM is responsible for municipal health. There are four main parties that provide health facilities in the study area namely, Department of Health, Chris Hani District Municipality, Lukhanji Municipality and Private institutions.



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

#### Education and Security Facilities

#### Police and Schools



**Figure 23: Health and Schools**

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

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

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

#### 4. HOUSING SUPPLY ANALYSIS

##### 4.1 General

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

##### 4.2 Housing Mandate

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

##### 4.3 Organisational Structure and Institutional Capacity

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

#### HOUSING TASK TEAM

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

Source: HSP 2008

##### 4.4 Capacity to Manage Housing Delivery

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

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

#### 4.5 Stakeholder Analysis

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

##### STAKEHOLDERS

STAKEHOLDER	MUNICIPAL NEED	CURRENT RELATIONSHIP	HOW TO INFLUENCE STAKEHOLDER	PRIORITY LEVEL
Province - Housing	Land MIG Strategic Planning Subsidies Project packaging Project Management Capacity building	Project Management Subsidy administration	MOU to map out support and funding commitment	High
DBSA	Project Management Support	None		
SALGA – Housing unit	Project Management Support/PRT's	None		
HDA	Land identification and feasibility studies	None	Formalise request for a partnership	Medium
Municipality- other departments	Town planning: Land Engineering: Services Project Pipeline Project applications	Provides land, services, technical expertise	Formalised institutional arrangements with other departments for: Alignment of infrastructure process Land availability and release Project packaging and project pipeline	High

			development	
NGO'S, CBO'S	Community engagement Social Facilitation	None	Strategic planning and support to conduct housing voice and social facilitation	Medium
Higher learning institutions, NMMU	Research agenda for strategic planning purposes	None	Create a think tank forum & demand and supply research	Medium
Private Sector: Professionals Developers Conveyances	Property packaging and development	Retainer arrangement with selected Consultants from time to time subject to funding availability	A multi-disciplinary Local Task Team of Professionals to help the Municipality	High
Construction sector, e.g. Contractors, NHBRC	Construction of projects Construction standards	Construction of projects Departmental Inspectors on building standards. Projects registered with NHBRC. Direct)	Contracts NHBRC-MOU	High
Government Departments, e.g. Public Works, Land Affairs	Infrastructure development, Land and buildings Land proposal policy direction			Medium

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

#### 4.6 Institutional Arrangements

Current support from the Province creates huge dependency rather than provide support that realises the transfer of skills to the Municipality. Reliance on professionals to plan for and deliver housing creates the same dependencies with no meaningful transfer of expertise. The ability to manage these outsourced arrangements is also absent/low with the Municipality at present.

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

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

#### 4.7 Challenges facing Housing delivery

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

There is no dedicated Housing Unit

Incompetent contractors leading to housing having to be rectified.

Use of RDP houses for business shops/renting

The demand for houses in the area is increasing on a monthly basis. The backlog needs to be addressed vigorously, and additional funding for additional houses should be allocated to the Municipality.

Slow disbursement of funds by the PDoH creates a rift between the contractors/service providers and the local authorities.

Delays in completing geo-technical investigations, surveys and EIA's

The SDF to be reviewed.

The municipality does not stream-line special needs in housing allocation as required by Outcomes 8.

#### 4.8 Strategic Development Priorities

The municipality to establish a Housing Unit.

A need to review the Spatial Development Framework Plan.

The Rectification Program in the municipality needs to be speeded up. Houses build before 1994 and after 1994 and dilapidated/fallen houses needs to be assessed urgently in order to submit an application for funding to the Department of Human Settlements.

Strategic approach in dealing with other applicable application processes such as EIA's, geotechnical studies.

The municipality to facilitate the registration of Emerging Building Contractors with the NHBRC and provide necessary training to prevent poor workmanship.

Awareness campaigns to be conducted in the communities regarding Land Use Management to avoid illegal occupation of land, illegal dumping, illegal construction of properties;

#### Previous Housing Delivery Performance

### 5. PROJECTS

#### 5.1 Completed Projects

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

## 5.2 Completed and Current Projects

Formal housing units completed to date is 10 124 against approved units of 14 542 (IDP 2007).

According to the CHDM LR & S P (2005) there is a total of 14 776 approved subsidies out of which 9 679 are urban and 5 097 peri-urban/rural.

The municipality has recorded the following projects as completed projects:

### COMPLETED PROJECTS

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

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

### HOUSING PROJECTS SCHEDULE-2007 HSP

Project Name	Project Type	No of Sites	Comment
Brakkloof	Project Linked	400	
Lesseyton	Project Linked	400	
Toitsekraal	Project Linked	360	
Zola	Project Linked	380	
Xuma	Project Linked	110	
Quality Coffins	PHP	18	
Sada Wooden / Zink Structures	In Situ Upgrade	300	
Ilinge Wooden / Zink Structures	In Situ Upgrade	300	
Sabata Dalindyabo Ph II	Project Linked	500	
New Rathwick Ph I	Project Linked	500	
New Rathwick Ph II	Project Linked	500	
White City	Project Linked	200	
Whittlesea Ext 2 Ph I	Project Linked	500	
Whittlesea Ext 2 Ph II	Project Linked	500	
Whittlesea Ext. 3	Project Linked	300	
Tylden Ph II	Project Linked	200	
Ezibeleni Ph III	Project Linked	2000	
All current projects (See Table 4.15)		1050	
Total		7468	

### OVERALL PROJECT SCHEDULE (PLANNED AND CURRENT PROJECTS)

PROJECT NAME	PROJECT NUMBER(IF AVAILABLE)	PROJECT TYPE	NUMBER OF SITES
--------------	------------------------------	--------------	-----------------

Ezibeleni 251		Project Linked	251
Nomzamo 337		IRDP(Completed)	337
Brakkloof	C09030004/1	IRDP (Rural Construction - )	281
Zola	C09060005/1	IRDP (Rural- Construction)	225
Toisekraal	C09060009/1	IRDP (In situ Construction - )	364
Quality Coffins 18	C06010016/1	IRDP (In situ- Planning)	18
Ilinge 1156	C09090005/1	IRDP (In situ-Construction)	-
Nomzamo 337	C06010016/1	IRDP (In situ)	337
Xuma	C09060010/1	IRDP (In situ Construction - )	126
Queenstown		PHP	200
New Rathwick		IRDP	3000
Lukhanji Military Veterans	C06010016/1	Military Veterans-IRDP	200
Queenstown		Rectification	1421
Whittlesea	C09090007/1	Rectification	754
Queenstown		Rectification	405
Ilinge 1012		Rectification	20
Ilinge 405	C09090005/1	Rectification	33
Ezibeleni 1421		Rectification	190
Imvani 145		Rectification	145
Thambo Village	C01100004/1	PHP (New Project-Construction (Transfers)	990
Mcbride Village 678	C03040005/1	Rural Project- Construction (Transfers)	678
Who-Can-Tell 708	C03040007/1	Rural Project -Construction (Transfers)	708
Poplar Groove 308	C03060002/1	Rural Project- Construction (Transfers)	308
Merino Walk 274	C03040006/1	Rural Project- Construction (Transfers)	274
Ensam 247	C03040004/1	Rural Project- Construction (Transfers)	247
Imvani Rural	C03020001/1	Rural Project- Planning	160
Sada wooden/Zinc 1000		In-Situ Upgrading-Planning	1000
Zwartwater 1000 rural		Rural Project	0
Lubisi 1000 rural		Rural Project	300
Bothas Hoek 93	C03040003/1	Construction (Transfers)	93

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

### 5.3 Rectification Projects

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

#### RECTIFICATION PROJECTS

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

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

#### 5.4 Challenges on Projects

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

#### 5.5 Blocked Housing Projects

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (990 outstanding transfers )					

### 5.6 Cash Flow Projections: Current Housing Projects

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

Sub-Programme	Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Approved project amount (in total) R'000	Funds spent in previous years R'000
				GF/In situ	Blocked	WIP					
1.6(a)	Rectified RDP stck - Pre-1994			1	0	0	0	0	20	0	0
		llinge - 1012	Planning	X			0	0	20	0	0
1.6(a)	Rectified RDP stck 1994-2002			1	0	3	0	0	333	199,966	0
	C09090007/1	Whittlesea Ext 4 - 754	Construction			X	0	0	110	57,287	0
		Whittlesea Ext 4 - 754	Duplicate				0	0	0		
	C09090005/1	llinge 405	Construction			X	0	0	33	30,771	0
	C09090004/1	Ezibeleni 1421	Construction			X	0	0	190	107,964	0
	C03020001/1	Imvani 145	Planning	X			0	0	0	3,944	0
2.1	Project linked subsidies serviced (housing units)			0	0	1	0	0	0	0	0
	C97040002/1	Ezibeleni 251	Completed			X	0	0	0		
2.2a	IRDP Phased approach planning & services			6	0	0	0	0	0	0	0
	C09060005/1	Zola 225	Only budgeted under 2.2c	X			0	0	0	0	0
	C09030004/1	Braakloof 281	Only budgeted under 2.2c	X			0	0	0	0	0
	C09060010/1	Xuma 126	Only budgeted under 2.2c	X			0	0	0	0	0
	C09060009/1	Toisekraal 364	Only budgeted under 2.2c	X			0	0	0	0	0
	C09060009/1	Quality Coffins 18	Only budgeted under 2.2c	X			0	0	0		
	C09060009/1	Lukhanji 200 - Military Veterans	Only budgeted under 2.2c	X			0	0	0		

2.2c IRDP Phased approach top structure( informal settlements)				<b>3</b>	<b>0</b>	<b>6</b>	<b>833</b>	<b>427</b>	<b>0</b>	<b>110,810</b>	<b>2,478</b>
	C09030004/1	Braakloof 281	Construction			X	161	84	0	25,199	1,676
	C09060009/1	Toisekraal 364	Construction			X	121	40	0	32,644	1
	C09060005/1	Zola 225	Construction			X	225	55	0	20,178	750
	C09060010/1	Xuma 126	Construction			X	126	30	0	11,300	50
	C06010016/1	Nomzamo 337	Completed			X	0	0	0		
	C06010016/1	Nomzamo 337	Planning	X			0	178	0	19,828	0
	C06010016/1	Quality Coffins 18	Planning	X			0	0	0	1,662	0
New	C09090005/1	Ilings 1156	Construction			X	0	0	0	0	0
	C06010016/1	Lukhanji 200 - Military Veterans	Planning	X			200	40	0	0	0
2.3a PHP current commitments(excluding blocked projects)				<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,835</b>	<b>0</b>
New	C01100004/1	Thambo Village 990	Construction (Transfers)			X	0	0	0	31,835	0
4. Rural Housing Programmes				<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,530</b>	<b>0</b>
	C03040005/1	Mcbride Village 678	Construction (Transfers)			X	0	0	0	20,075	0
	C03040007/1	Who-Can-Tel 708	Construction (Transfers)			X	0	0	0	21,317	0
	C03060002/1	Poplar Grove 308	Construction (Transfers)			X	0	0	0	8,993	0
	C03040006/1	Merino Walk 274	Construction (Transfers)			X	0	0	0	8,072	0
	C03040004/1	Ensam 247	Construction (Transfers)			X	0	0	0	7,224	0
	C03040003/1	Bothas Hoek 93	Construction (Transfers)			X	0	0	0	2,848	0

Total for Lukhanji Municipality		11	0	1 9	833	427	353	411,14 1	2,478
---------------------------------	--	----	---	--------	-----	-----	-----	-------------	-------

## 5.7 INTEGRATION

Cross-sector/other sector project dependencies and alignment issues

Spatial Development Framework

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

Focus in the rural settlement and on setting a programme of local planning that should inform the establishment of appropriate institutional arrangements to oversee and manage land use decisions in these areas. The object being to minimise settlement sprawl and ensure wise land use practises to prevent further land degradation in these areas.

Consolidate and integrate spatial development by developing land in proximity to public transport and existing services.

Develop infill areas within fragmented settlements.

Institute a program of monitoring settlement formation in urban areas.

Support Land Reform and Settlement Development programme by identifying zones of opportunity for land development.

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

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

Land use Projects: SDF

FOCUS AREA	COMMENT
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.
Conversion of Township Establishment Status of: - a. Ezibeleni b. Sada c. Ekuphumleni	This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.
Formulation of a PILOT Rural Land Use Management System in RA 60	This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.

Zweledinga Zone Plan and Local Planning Process	Communities to be engaged to obtain general agreement on configuration of the settlements. The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions concerning land issues.
Greater Whittlesea LSDF	Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas. To promote linkages between Urban and Rural areas.
RA60 Pilot Land Use Management Scheme	Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses. RA60 was previously planned but is not experiencing an influx of land invasions.

The SDF makes the following proposals.

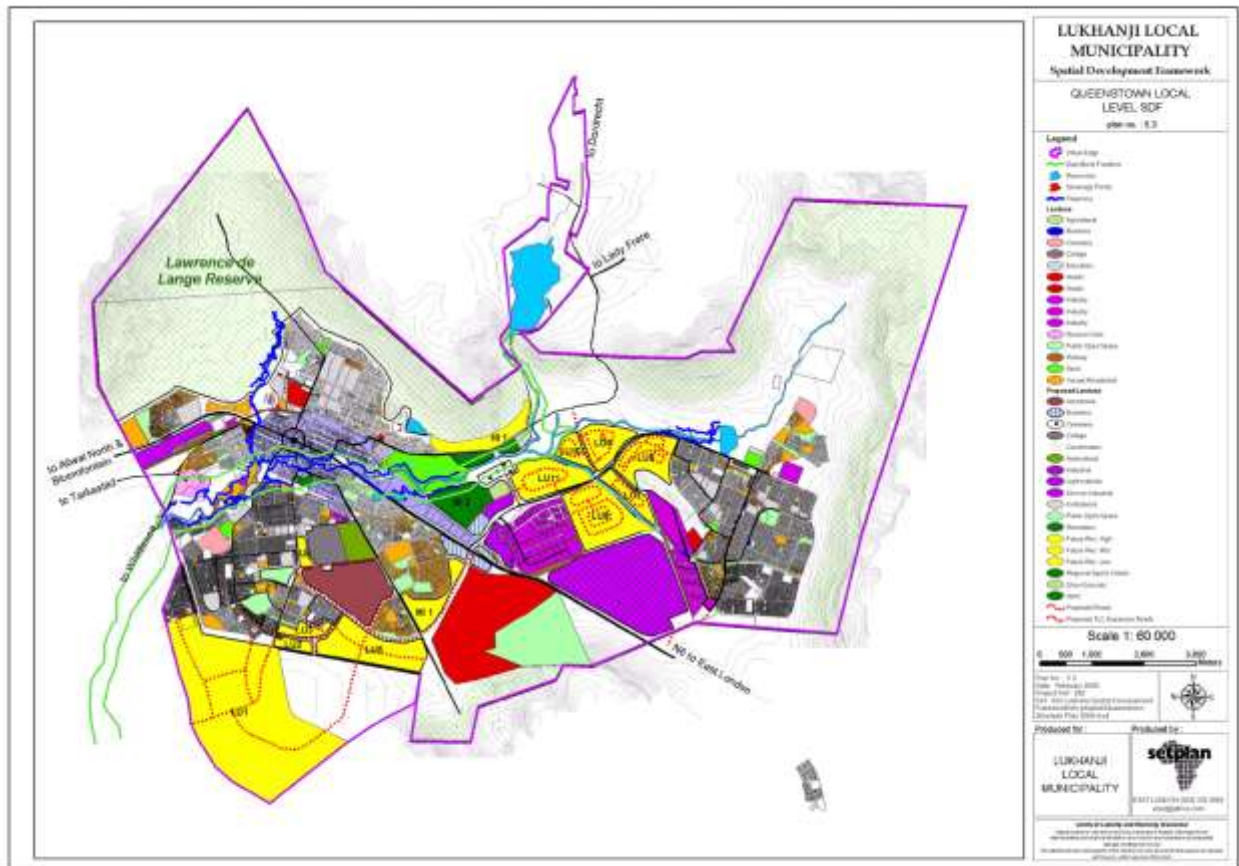


Figure 24: SDF Proposals



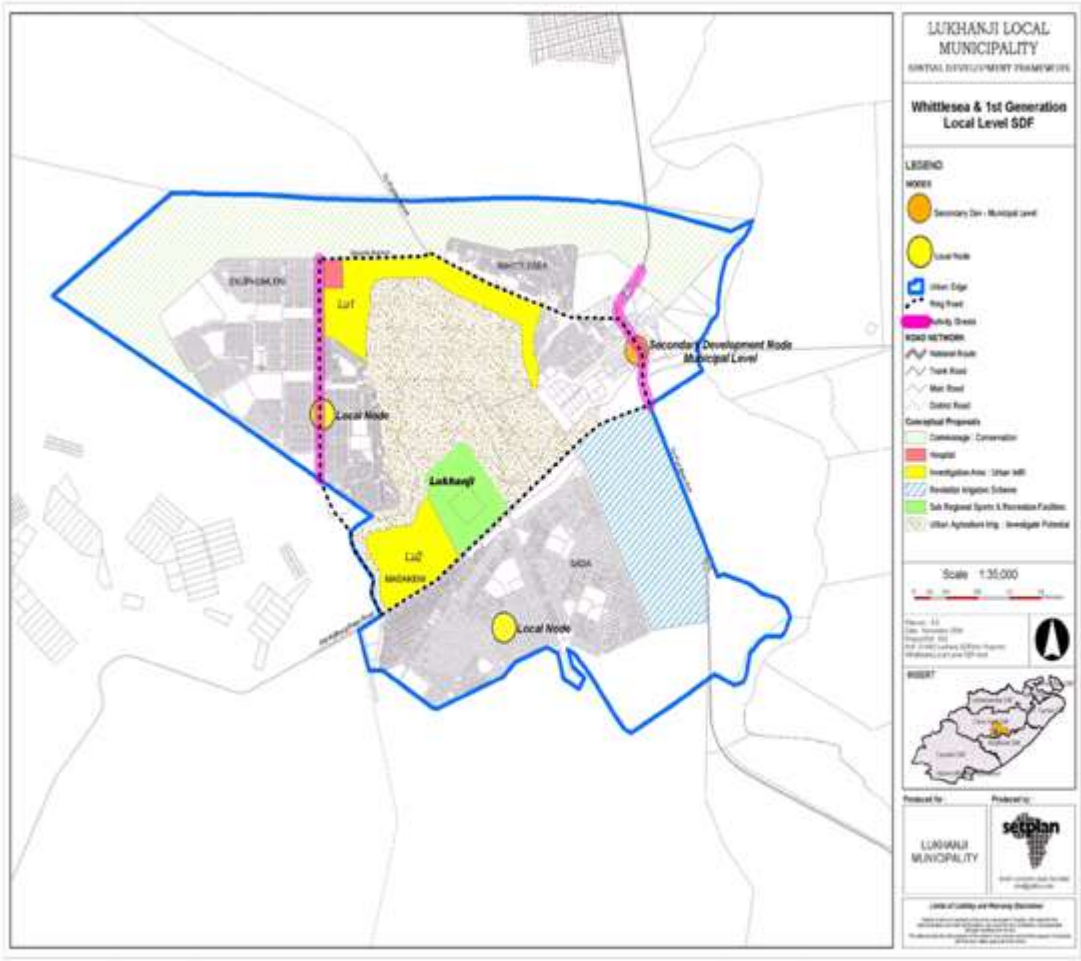


Figure 25: Lukhanji SDF Proposals: Whittlesea & 1 Generation

Physical Infrastructure

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

FUNDED BULK INFRASTRUCTURE PROJECTS: DOHS

PROJECT NAME	NO OF UNITS	TOWN	LOCAL MUNICIPALITY	PROJECT STATUS	DEVELOPER	RISK/CHALLENGE
New Rathwick	3000	Queenstown	Lukhanji	Planning	Department of Human Settlements Eastern Cape	This is a new project planned for services and construction of housing infrastructure to support the Department budgeted for multi years until 2020. The Municipality however the budget is not of the project size. Funding for pre-plan is not approved. EIA outstanding. (Support from Xonxa – R 446 m) (Interim upgrade to accommodate New development – R 230 m)

FUNDED BULK INFRASTRUCTURE PROJECTS: IDP

KPA	OBJ. NO	OBJECTIVE	STRATEGY
Water	40	To facilitate 2% reduction in current backlogs by June 2009.	By lobbying the district to accelerate delivery of infrastructure in all our areas to reduce backlog
	41	To facilitate management of water demand.	By implementing water demand management education in line with Chris Hani WSDP.
Sanitation	42	To facilitate 3% reduction in current backlogs by June 2009.	By lobbying the district to accelerate delivery of infrastructure and to reduce backlog by 3% in June
	43	To eradicate bucket system in line with National policy by December 2008.	To lobby funds from Chris Hani for the eradication conversion into either VIP or full water borne in
Electricity	44	To facilitate 3% reduction in current backlogs by June 2011.	By lobbying Eskom to accelerate delivery of bulk infrastructure in all our areas.
			By providing street lighting and high mast lighting areas.
	45	To facilitate supply of reliable electricity service to residents and business.	By providing and maintaining household connections Eskom to supply local businesses with reliable service
			By promoting investments in alternative supply windmill based power energy.
Roads & Storm water	46	To ensure provision of effective and sustainable roads and storm water service construction and maintenance.	By constructing access roads leading to community settlements via our MIG allocations.
			By constructing and maintaining storm water channels
			By lobbying other agencies like Public Works to construct, maintain and upgrade local access 2007/8 – 2008/9 budget commitments
Telecommunications	47	To facilitate and ensure construction & maintenance reliable telecommunication network systems.	By lobbying telecommunication service providers and Vodacom to provide necessary infrastructure all Lukhanji areas.
			By installing functional ICT infrastructure within
Municipal Public Works	48	To ensure construction and maintenance of municipal buildings.	By budgeting, planning and executing building (buildings, bridges and maintenance) using heavy machinery.
Building control & Regulations	49	To regulate and control erection of building structures in line with local by-laws and planning schemes.	By developing and enforcing compliance with building town planning schemes.

## 8.2 Local Economic Development Sector Plans

### 1. LED Strategy

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

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

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

### 2. The LED Steering Committee

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

#### **The purpose of the committee is to**

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

### 3. Strategic Objectives of the LED

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

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

#### **4. Strategic Priorities**

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

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

#### **5. Institutional Arrangements in the LED Department**

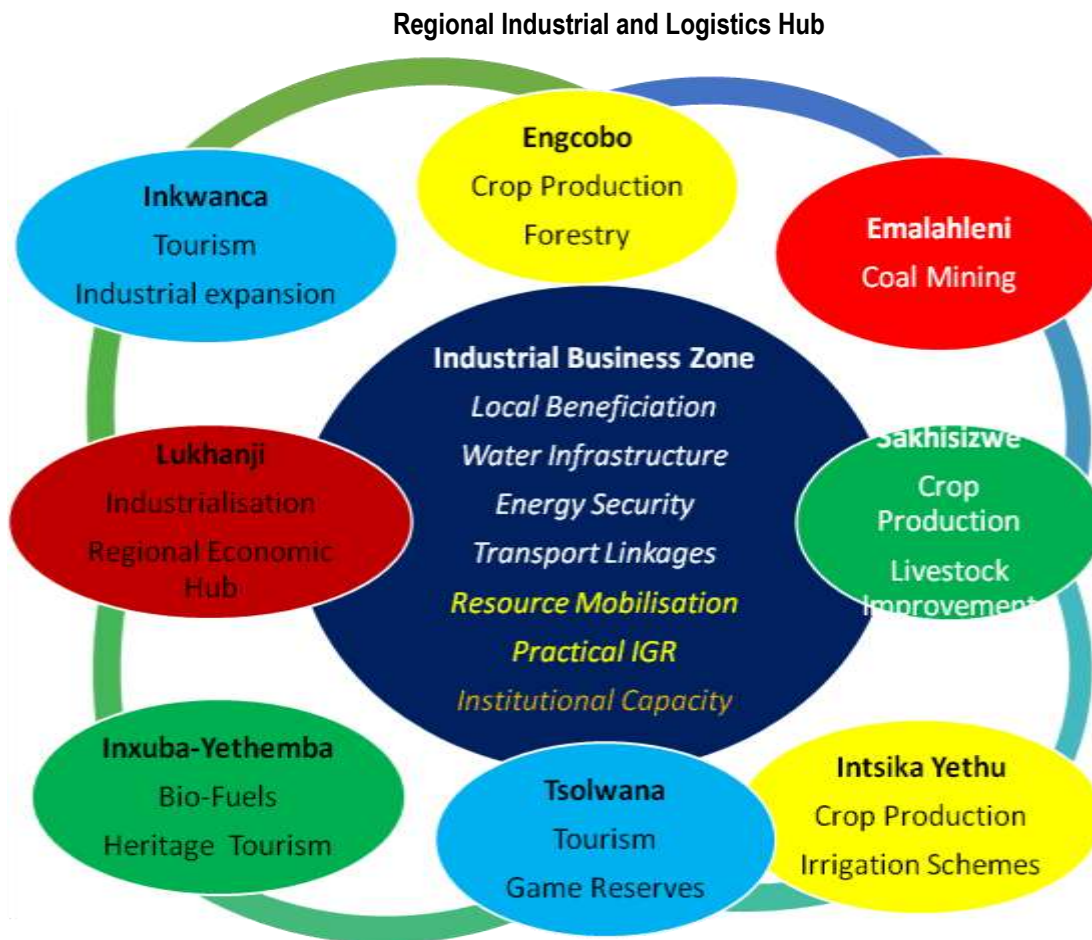
The Department is responsible for the following functions:

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

##### Personnel

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

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



**Figure 26: Logistics Hub**

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

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

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

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

## 6. Maximise Existing Industrial Infrastructure in the Region

- Phase 1: Consolidate the Queenindustria and Ezibeleni Industrial Areas
- Phase 2: Establish Industrial sites or areas in Local Municipalities to ensure primary production and beneficiation at source
- Phase 3: Establish new processing centres in the Industrial Business Zone for secondary and tertiary beneficiation informed by primary processing.

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

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

## 7. Special Economic Zone

### 1. Background and Introduction

#### Chris Hani Proposed Special Economic Zone

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

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

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

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

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

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

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

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

#### Location of the SEZ

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

#### Focus of the CHDM SEZ

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

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

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

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

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



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

Spokes will retain higher employment and production footprint;

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

### **Lukhanji : Economic Hub**

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

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

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

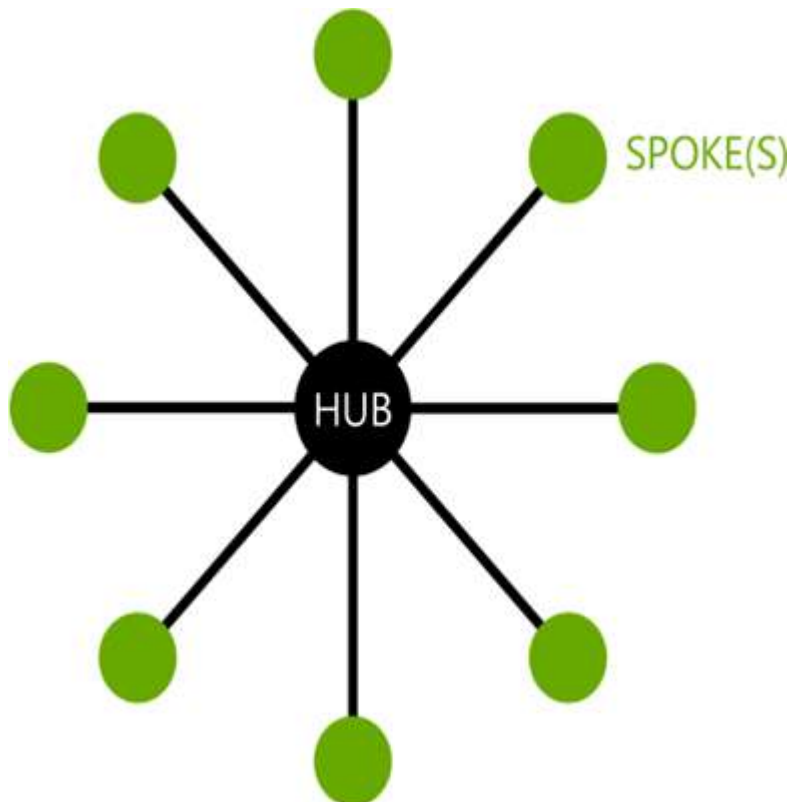


Table 23: SEZ Concept

## 8. Key Sectors

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

### 8.1 Agriculture and Agro-processing

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

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

### 8.2 Manufacturing

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

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

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

### 8.3 Tourism

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

- (1) *Historical:-*

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

(2) *Other attractions:-*

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

#### **8.4 Retail**

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

- Major retail stores all represented so existing critical mass reinforces regional role
- The local sector offers opportunities for increased black participation through BEEE and franchise opportunities
- Challenges in this sector include the lack of parking in the Queenstown CBD, lack of appropriate trading infrastructure for informal businesses, access to retail floor space, and lack of financial and non-financial support measures for retail traders.

#### **8.5 Rural development**

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

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

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

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

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

### **8.7 Livestock Improvement Programme**

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

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

### **8.8 Agricultural Water Use and Value Adding**

The summit resolved to:

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

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

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

### **8.9 Sustainable development Initiatives and the Green Economy**

The Green economy is an economy that grows by reducing rather than increasing resource use and the sustainable use of natural resources is crucial for future development. Climate change will have an

impact on future land use, water availability and development. The CHDM summit resolved on two flagship programmes in the area of Green economy and renewable energy:

- Environmental management
- Renewable Energy

## **9 Economic Activity**

### **9.1 Tourism**

#### **(i) Motivation Initiatives**

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

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

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

#### **(ii) Partnership with Local Tourism Organisation**

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

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

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

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

### **(iii) Monuments and Historical events**

- Liberation Heritage Route
- Bullhoek Massacre Heritage Site

Lukhanji Local Municipality sourced funding from the Department of Tourism for the establishment of a museum, a monument and cultural village. Phase 1 of the project is completed and phase 2 of the project will be completed at the end of March 2014.

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

### **(iv) Key Economic Challenges**

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

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

### **(v) The Development of Key Economic Clusters and Sectors**

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

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

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

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

## 10 SWOT

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

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>● Strong partnership between private and public sector in the Lukhanji Business Forum</li> <li>● Good rail and road infrastructure, including the road network, railway network, and airport</li> <li>● Distance from the main competitors</li> <li>● Existing industrial and economic base</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>● Lack of municipal resources for economic development</li> <li>● Limited capacity within the local municipality to facilitate LED</li> <li>● Lack of business support services and incentives</li> <li>● Access to affordable serviced land</li> <li>● Lack of appropriate infrastructure</li> <li>● Low investments in infrastructure and poor service level standards and reliability</li> <li>● Underutilization of assets such as warehouses</li> <li>● Telecommunications network coverage incomplete and access to cost-effective broad-band network</li> <li>● Lack of appropriate skills</li> <li>● Lack of support to promote and further innovation and technological developments</li> <li>● Poor coordination between the various spheres of government</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Design of local incentives policy, both financial and nonfinancial to fast track development procedures</li> <li>● Establishment of Development Agency to package projects and secure funding and private sector investment</li> <li>● Establishment of effective local tourism structure</li> <li>● Partnership between private and public sector</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Under-utilised airport</li> <li>● Availability of industrial area in Queenstown with warehouses and infrastructure</li> <li>● Relatively cheaper labour pool</li> <li>● Increased attractiveness of rail network links to manufacturing exports</li> <li>● Upgrading of national routes linking QT to Durban and Cape Town</li> <li>● Poor skills levels in the Labour force</li> <li>● High poverty levels</li> <li>● High HIV infection rates</li> <li>● Crime increasing</li> <li>● Housing – it is estimated that the current backlog for housing in Lukhanji seats at about 40 000 houses (IDP).</li> <li>● Future available of infrastructure, energy, water and other services</li> <li>● Lack of organised economic development agency, including tourism bureau</li> <li>● Red tape to start business</li> </ul>

	<ul style="list-style-type: none"> <li>• Town planning not promoting business climate and poor quality of physical environment</li> <li>• Condition of the roads</li> </ul>
--	---

## 11 Possible investment and Economic Growth

### (i) Lukhanji Aerodrome Industrial Business Hub

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

In August 2008 ECDC appointed PD Naidoo and Associates (Pty) Ltd (PDNA) to conduct the Pre-feasibility Study. This was aimed understand the current status of the airport and surrounding infrastructure and the economic potential of an industrial business hub, and to compare these against a set of critical factors for success.

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

## ST QUO ASSESSMENT

### (ii) Airport Location

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

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

The Queenstown Airport is located to the south of the city centre and is bounded by several developments, namely Queen Industria to the East, the City Centre to the North, Victoria Park, Aloveale and Mlungisi residential developments to the West and a large area of undeveloped land to the South. Access to the Queenstown Airport is off Komani Street along the eastern boundary of the site. Komani



Street links the Airport directly to the City Centre; however, one can access Komani Street directly via the suburbs of Granger Hough Park and Komani Park. The road network is shown in the attached Figure 3 below.

## 12 SUSTAINABLE LIVELIHOODS

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

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

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

## 13 INTENSIFYING ENTERPRISE SUPPORT AND BUSINESS DEVELOPMENT

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

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

### Constitutionally Allocated Functions

Powers and functions that Lukhanji Local Municipality is authorised to perform

Functions of Lukhanji Municipality	Authorization / (Power)	Definition
Air pollution	Yes	Any change in the quality of the air that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future.
Beaches and Amusement facilities	Yes	The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competence of the national and provincial government.
Billboards and the	Yes	The display of written or visual descriptive material, any sign or symbol

<b>Functions of Lukhanji Municipality</b>	<b>Authorization / (Power)</b>	<b>Definition</b>
display of advertisements in public places		or light that is not intended solely for illumination or as a warning against danger which: promotes the sale and / or encourages the use of goods and services found in:–streets–roads–thoroughfares–sanitary passages–squares or open spaces and or –private property
Building regulations	Yes	The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of jurisdiction of a municipality, which must at least provide for: Approval of building plans, Building inspections, and Control of operations and enforcement of contraventions of building regulations if not already provided for in national and provincial legislation.
Cemeteries, funeral parlours and crematoria	Yes, including DM function	The establishment conduct and control of facilities for the purpose of disposing of human and animal remains.
Child care facilities	Yes	Facilities for early childhood care and development which fall outside the competence of national and provincial government
Cleansing	Yes	The cleaning of public streets, roads and other public spaces either manually or mechanically
Control of public nuisance	Yes	The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community
Control of undertakings that sell liquor to the public	Yes	The control of undertakings that sell liquor to the public that is permitted to do so in terms of provincial legislation, regulation and licenses , and includes an inspection service to monitor liquor outlets for compliance to license requirements in as far as such control and regulation are not covered by provincial legislation
Electricity reticulation	Yes	Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity, and also the regulation, control and maintenance of the electricity reticulation network, tariff policies, monitoring of the operation of the facilities for adherence to standards and registration requirements, and any other matter pertaining to the provision of electricity in the municipal areas.
Facilities for the accommodation, care and burial of animals	Yes	The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration requirements and/or compliance with any environmental health standards and regulations
Fencing and fences	Yes	The provision and maintenance and/or regulation of any boundary or deterrents to animals and pedestrians along streets or roads
Fire Fighting	Yes	In relation to District Municipality “Fire fighting” means: Planning, co-ordination and regulation of fire services; specialized fire fighting services such as mountain, veld and chemical fire services; co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures; training of fire officers. In relation to Local Municipality “Fire fighting” means: Any function not included in the definition applicable to a district municipality, including fighting and extinguishing of all fires; the rescue and protection of any person, animal or property in emergency situations not covered by other legislation or powers and functions
Licensing and control of undertakings that sell food to the public	Yes	Ensuring the quality and the maintenance of environmental health standards through regulation, a licensing mechanism and monitoring of any place that renders in the course of any commercial transaction, the supply of refreshments or meals for consumption on or to be taken away from the premise at which such refreshments or meals are

Functions of Lukhanji Municipality	Authorization / (Power)	Definition
		supplied. Implement policy and regulations;
Licensing of dogs	Yes	The control over the number and health status of dogs through a licensing mechanism.
Local amenities	Yes	The provision, manage, preserve and maintenance of any municipal place, land, and building reserved for the protection of places or objects of scenic, natural, historical and cultural value or interest and the provision and control of any such or other facility for public use but excludes such places, land or buildings falling within competencies of national and provincial governments.
Local sport facilities	Yes	The provision, management and/or control of any sport facility within the municipal area.
Local tourism	Yes	The promotion, marketing and, if applicable, the development, of any tourist attraction within the area of the municipality with a view to attract tourists; to ensure access, and municipal services to such attractions, and to regulate, structure and control the tourism industry in the municipal area subject to any provincial and national legislation, and without affecting the competencies of national/provincial government pertaining to "nature conservation", "museums", "libraries" and "provincial cultural matters".
Markets	Yes	The establishment, operation, management, conduct, regulation and/or control of markets other than fresh produce markets including market permits, location, times, conduct etc.
Municipal abattoirs	Yes	The establishment conduct and/or control of facilities for the slaughtering of livestock.
Municipal airport	Yes, including DM function	A demarcated area on land or water or a building which is used or intended to be used, either wholly or in part, for the arrival or departure of aircraft which includes the establishment and maintenance of such facility including all infrastructure and services associated with an airport, and the regulation and control of the facility, but excludes airports falling within the competence of national and provincial governments
Municipal Health Services	No	Subject to an arrangement with MECs to do the necessary authorizations, or alternatively, subject to amendments to the Structures Act, Municipal Health Service means environmental health services performed by a district municipality and includes: Air pollution, Child care facilities, Control of public nuisances •Control of undertakings that sell liquor to the public, Facilities for the accommodation, care and burial of animals •Licensing and control of undertakings that sell food to the public •Licensing of dogs •Markets •Municipal abattoirs, Noise pollution, Pounds •Care for the Aged
Municipal parks and recreation	Yes	The provision, management, control and maintenance of any land, gardens or facility set aside for recreation, sightseeing and/or tourism and include playgrounds but exclude sport facilities.
Municipal Planning	Yes	The compilation and implementation of an integrated development plan in terms of the Systems Act.
Municipal public transport	Yes	The regulation and control, and where applicable, the provision of: Services for the carriage of passengers, whether scheduled or unscheduled, operated on demand along a specific route or routes or, where applicable, within a particular area, Scheduled services for the carriage of passengers, owned and operated by the municipality, on specific routes
Municipal roads	Yes	The construction, maintenance, and control of a road which the public

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

Functions of Lukhanji Municipality	Authorization / (Power)	Definition
		system, including infrastructure, for the collection, removal, disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe and hygienic households
Housing	No	The Provincial Department of Housing and Local Government & Traditional Affairs is authorized with this function. The mandate is given to the Province while the Municipality is appointed by service (and performance) contract as Implementing agent, facilitator and promoter. The client is DHLGTA and the beneficiaries are the citizens of Lukhanji.
Primary Health Care	No	The Provincial Department of Health is authorized with this function and it is delegated mainly to the DM. Lukhanji Municipality is appointed by service (and performance) contract. The client is the Province and the beneficiaries are the citizens of Lukhanji. The DM is the main Implementing agent in Lukhanji, facilitator and promoter of Health Services. The role of Lukhanji Municipality is to allow and promote all Health Services and to attend to related health functions and issues, e.g. related to refuse removal; no. 31 and Municipal Health Functions as listed under numbers; 1, 6, 8, 9, 11, 14, 15, 19, 20, 22, 27 and 29.

Table 24: Constitutionally Allocated Functions

### 8.3 Public Participation Process and Needs Analysis

#### 1. Background

Section 152 of the Constitution of the Republic of South Africa, 1996 requires the local sphere of government to encourage the involvement of communities and community organisations in the matters of local government

#### 2. Community participation

Community participation is pivotal to the sustainability of the entire IDP review and implementation process and will occur in the following manner as outlined in the table below:

PARTICIPATION MECHANISMS
<ul style="list-style-type: none"> <li>▪ Use of IDP Representative Forum to verify data &amp; add additional data</li> <li>▪ Use of IDP representative forum to ensure that community priorities are adequately reflected in the IDP.</li> <li>▪ Use of Councillors to call meetings to keep communities informed on the IDP progress</li> <li>▪ Publish Annual reports on municipal progress</li> <li>▪ Newspaper advertisements to inform communities of the process</li> <li>▪ Pamphlets/summaries on IDP's</li> <li>▪ Making the IDP available for public comment</li> <li>▪ Making the IDP document accessible to all members of the public</li> </ul>

Council, through its needs identification process, designed forms to be completed and submitted by each Ward Councillor for the purposes of IDP Development. The ward councillors submitted their ward priorities for the 2012/16 term when IDP was developed for the term of Council. In line with the MSA which states the IDP has to be reviewed annually, the priorities where deemed necessary by Councilors have to be reviewed. There are not many changes since the last review. Below is the list of priorities as submitted by councillors. For the councillors that did not submit for this review, it was assumed that the priorities submitted in the last review are still relevant and that there are no changes for the 2015/ 2016 IDP review.

### 3. Needs identified per ward

Wards	Key Priority and Priority Needs	Specific area
1	1. High Mast Lights	
	2. Gravel each roads / main	
	3. Roads / Fence	
	4. Xonxa project of Water	
	5. Primary health Care	
	6. Houses and Electricity	
	7. Land for agricultural purposes	
	8. Sanitation	
	9. Safety / Police Station	
	10. School	
	11. New site for cemetery	
	12. Rebuilding of old Transkei houses	
	13. New water pipes	
	14. Storm water drainage	
	15. Upgrading of External and Internal road	
	16. Shearing shed and dipping tank	
	17. Fencing of sewerage	
	18. Refuse tank	
2.	1. Housing	
	2. Water and Sanitation	
	3. High mast lights	
	4. Cemetery	
	5. Internal Road	
	6. Stadium / Sports field	
	7. Library	
	8. Mini hospital	
	9. Phase 3 of Storm water	
	10. Taxi rank	
	11. Surfacing of road	
	12. New Septic tanks Nomzamo	
	13. Toilet in the hall	
3	1. Completion of the hallsx2 & telecentre[toilets&fencing]	
	2. Bridges-nomentyu;mfenyane;koppies7mamfeneni	
	3. Access roads&stormwater	
	4. Water &sanitation	
	5. High mast lights	
	6. Fencing of mielie fields;grazing land&ranger	
	7. Sport fields	

Wards	Key Priority and Priority Needs	Specific area
	8. Irrigation scheme&revitalisation of qonobeni dam	
	9. Shearing shed[under construction]	
	10. Sign boards &direction boards	
	11. Pre-schools	
	12. RDP houses	
	13. Clinic	
	14. Revitalisation of the dam in Qunubeni	
4	1. Multi-purpose Recreation Grounds	All areas in the ward
	2. Tar roads	All areas in the ward
	3. High Mast lights	
	4. RDP Houses	
	5. Storm water drainage	In all areas in the ward
	6. Youth hub	Rent office
	7. Clinic	Next to Faltenju
	8. Surfacing of gravel roads to the Municipal Offices	
	9. Upgrading/increasing of dams for water as the people have increased	
	10. Refuse tank	
	11. Request that the street cleaners be supervised	
	12. Request to inform the community when the water will be disconnected.	
	13. Issue of the control of taxi rank	
	14. Issue of the control of taverns	
	15. Request for a town hall	Ext.4
	16. Issue of municipal employees selling RDP houses	
	17. Request the town be developed so that they can pay municipal services	
	18. Cutting of grass at ext. 2 because of criminal activities that are taking place	
	19. Request primary school at ext.4	
	20. Fencing of tip site.	
	21.Fencing of dam	
	22. Grazing camp	
	23. upgrading of gravel roads and storm water drainage	Ezibeleni
	24. New transformers with high capacity be bought	Ezibeleni
	25. Refuse collection be done	Ezibeleni
	26. Policy be reviewed for the collection of rates/rate be paid in 12 months	Ezibeleni
	27. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	Ezibeleni
	28. Rangers be employed to collect the cows on the streets.	Ezibeleni
5	1. Basic water	All the ward
	2. Shearing shed	
	3. Fencing of camps& fields	Mbekweni, Ngojini, Shilo, Dyamali
	4. RDP Houses	All the ward
	5. Speed humps	All the ward
	6. Roads and access road	Shilo, All the ward
	7. Irrigation Scheme	Ngojini, Diphala, Mbekweni
	8. Renovation irrigation dam	Sibonile
	9. High mast lights	Sibonile, Diphala, Ngojini, Mbekweni, Dyamali
	10. Fencing of cemeteries and toilets	All the ward

Wards	Key Priority and Priority Needs	Specific area
	11. Electrification – clinics / schools	Clermont and Galla Water, Gallawater Ngojini, Clemont
6	1. Storm water	OR Tambo ezibeleni
	2. Water drainage	Minah T Soga, OR Tambo, Zenzo
	3. Street lights	Queensview Park;komani Park;Laurie dashwood
	4. Playing grounds	Queensview Park
	5. High must lights	OR;Queensview;Zenzo & Minah
	6. Speed humps	Hoho str Minah area
	7. Roads/gravel seal	OR;Zenzo;&Minah
	8. Grass cutting	Komani Park;
	9. Grass cutting	Queensview park area
	10. Grass cutting	Sandringam, Laurie Dasi Wood area
	11. Community hall 12. Fencing of fields	Olivier Tambo Komani Park&Queensview
7	1.High must lights	
	2.Gravel roads &storm water	
	3.Tarring &humps in the main road	
	4.Clinic &police station	
	5.Maintain &put a new bridge	
	6.Recreation centre	
	7.200 chairs for Unathi support centre	
	8.Remove big stones close electricity boxes or dangers	
	9.Put water main pipe for 60 houses	
	10.Houses	
8	1. Roads / Tarred	All Ward
	2. High Mast Lights	All Ward
	3. Recreational ground	All ward
	4. Toilets / Taps	Pakamisa Park Zone 1
	5. Storm water	All ward
	6. Youth hub	Zone 1, Zone 2
	7. Speed humps	Zone 1, Zone 2
	8. Street lights	All ward
	9. Information centre	Zone 2
	10. Sport field	Ward 8 / Zone 2
	11. upgrading of gravel roads and storm water drainage	Ezibeleni
	12. New transformers with high capacity be bought	Ezibeleni
	13. Refuse collection be done	Ezibeleni
	14. Policy be reviewed for the collection of rates/rate be paid in 12 months	Ezibeleni
	15. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	Ezibeleni
	16. Rangers be employed to collect the cows on the streets.	Ezibeleni
9	1. Job creation	All the ward
	2. Chronic Site (Clinic)	Gugulethu Clinic
	3. Road signs	All the ward
	4. Sport fields	Mhlotshana and Luvuyo
10	1. Roads	
	2. High Mast	
	3. Houses	
	4. Storm water	
	5. Rectification of wooden / zink houses	



Wards	Key Priority and Priority Needs	Specific area
	6. Street lights	
	7. Stadium	
	8. Youth centre	
11	1. RDP Houses	Madakeni
	2. Access roads	All the ward
	3. Sport grounds	All the ward
	4. High mast lights	Madakeni, New Zone, Zola
	5. Fencing of camps	3 villages
	6. Clinic	One of the villages
	7. Rectification	Zola
	8. Water	2 villages
	9. Remove rubbish dumps	New Zone / Zola
	10. Public toilets ingrave	3 villages
12	1. Access roads	Tarred from Dyamala katberg
	2. Brigdes	Mtwakazi;Hackney;Zweledinga;Chibini
	3. D.R Roads	Whole ward
	4. Lapesi	Chibini;Hackney;Chibini;Cimezile;Zweledinga;Yonda and Bold point
	5. Clinic	Mousa and Mtwakazi
	6. Network poles	Chibini;Hackney and Mtwakazi
	7. Fencing of grazing camps	All the ward
	8. Tractors for ploughing	All the ward
	9. Electrical water pump	Whole ward
	10. Jojo tanks	Qaqeni and Yonda
	11. High mast lights	Whole ward
	12. R>DP houses	Whole ward
	13. Toilets	5 villages
	14. Irrigation schemes	
	15. Wind mills	
13	1. Water	13
	2. Roads	13
	3. Sanitation	13
	4. School (foundation phase)	Hensam
	5. Hall	13
	6. Electricity	Tsitsikama
	7. RDP Houses	13
	8. Clinics	13
	9. Fencing , agricultural project, dam, grazing land	13
	10. Dipping tank	13
	11. High mast lights	
	12. Revitalisation of storm water drains	Ntabelanga and Bullhoek
	13. Library	
	14. Furrow	
14	1. Water	All
	2. Roads	All
	3. Houses	Kamastone Bullhoek, Mceula Zanqgokhwe
	4. Agriculture Programme	All
	5. Clinics	Mceula
	6. Schools	Enzam
	7. High Masts	Enzam&poplar grove

Wards	Key Priority and Priority Needs	Specific area
	8. Storm water	All villages
	9. Bridges	Bullhoek&Mcbride
	10. Community Hall	Enzam Poplar Grove, Zanqgokhwe;mcbride
15	1. High Mast lights	Whole ward
	2. Tarred roads	Whole ward
	3. Proper drainage	Whole ward
	4. Youth hub	Rent office
	5. Fencing – grazing land	Rail to cemetery
	6. Sport fields	Ezibeleni
	7. Children play grounds	Open spaces
	8. Ekuphumleni Housing	Ekuphumleni
	9. Information Centre	Library
	10. Shopping Mall	Ezibeleni
	11. New transformers with high capacity be bought	
	12. Refuse collection be done	
	13. Policy be reviewed for the collection of rates/rate be paid in 12 months	
	14. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	
	15. Rangers be employed to collect the cows on the streets.	
16	1. Roads and Speed Humps	Ekuphumleni, Zone 1, 2 and 3
	2. Houses	Ekuphumleni, Zone 1, 2 and 3
	3. Remove rubbish dumps	Ekuphumleni, Zone 1, 2 and 3
	4. Sports ground	Ekuphumleni, Zone 1, 2 and 3
	5. Learnship Skills training	Ekuphumleni, Zone 1, 2 and 3
	6. Fix street light	Ekuphumleni, Zone 1, 2 and 3
	7. Raise and Strengthen graveyard fence	Ekuphumleni, Zone 1, 2 and 3
	8. Small business needed by people in Ward 16	Ekuphumleni, Zone 1, 2 and 3
	9. High Mast lights	Ekuphumleni, Zone 1, 2 and 3
	10. Public toilets for shack area	Ekuphumleni, Zone 1, 2 and 3
17	1. Shearing shed	Braakloof
	2. Electrification and street lights	Braakloof ext 2
	3. water	Braakloof;Tambo;Ext2
	4. Fencing	Braakloof;Tambo
	5. Roads	Tambo;Ext 4
	6. Clinic	Tambo Ext 2
	7. Storm water	Ext 4
	8. Houses	Ext 4;Ext 2
	9. Community hall	Ext 4;Ext 2
	10. Deeping tank	Ext 4
	11. Park	Ext 2
	12. Connection of sewer	Ext 2
18	1. Roads	
	2. Houses	
	3. Water	
	4. Building of dams	
	5. Clinic	
	6. School	Merino walk
	7. Fencing of camps	
	9. Pre-schools	

Wards	Key Priority and Priority Needs	Specific area
	10. Sports fields	
	11. Community hall	
	12. Monitoring of employment	
	13. Storm water drainage	
	14. Cemetery	
	15. High mast lights	
	16. Unfinished toilets	Merino walk
	17. Bridge	Merino walk
19	1. Rectification – rebuilding of RDP Houses	New vale Area
	2. Upgrading and Construction of new roads	Newvale Area
	3. Changing of electricity – preferable underground cables	Newvale Area
	4. Storm water – install drainage system	All the ward
	5. Shortage of RDP houses	All the ward
	6. Police station or satellite because of high crime rate	
	7. Park or Playing fields	All the ward
	8. Creche	
	9. Community members from ward 19 were not employed in the project of upgrading the cemetery but the stones were taken from their ward	
	10. Increase in the municipal account	
20	1. RDP Houses and toilets	
	2. Upgrade of Streets	
	3. Crèche	
	4. Community Hall	
	5. Playing grounds and Parks	
	6. Storm water drainage	
	7. Valley and Dust bin	
	8. Electric theft rate	
	9. Crime rate	
	10. Refuse collection on holidays	
21	1. Tar roads	
	2. Sewerage and storm water drains	
	3. Housing	
	4. Fencing – Mlungisi cemetery	
	5. Addressing unemployment through LED	
	6. Address crime rate	
	7. New electricity meter boxes	
	8. Maintenance of high mast lights	
22	1. Rehabilitation of sanitation	White city
	2. House for back yard	White city
	3. Roads gravel seal	White city, New Vale Aloe
	4. Bridge	Between Aloe and Aloe Vale
	5. Sport facility	White city
	6. Rehabilitation of houses	New Vale
	7. Humps	Ngoma street, White city
	8. Toilets	Aloe T
	9. Rehabilitation of Old Houses	White City
	10. Repair of High Mast lights	White city

Wards	Key Priority and Priority Needs	Specific area
23	1. Building of old houses Old location	Thulandivile / Bede / Bulawayo / Bongweni
	2. Building of RDP Houses	
	3. Tar roads	All streets at Mlungisi
		Mlungisi
	4. Storm water drains	All street
	5. Pot holes	Public roads
	6. High mast	All areas
	7. 24 hours – Philani clinic	Philani New Bright
24	1. Housing	All ward
	2. High mast lights	
	3. Street lights	Bede Location
	4. Humps	Dolamba Street
	5. Old Age clinic	Bede Location
	6. Storm water drainage	All ward
	7. Improvement of Boxing centre	New Bright
	8. Tarred road and streets maintenance	All ward
	9. Lights	Calderhood street and Pelem road
	11. Municipal accounts have increased	
	12. Employment for the youth	
8. Creation of job opportunities for the disabled people		
25	1. Reconstruction of Nkululekweni	Komani heights
	2. Housing all areas	All areas
	3. Tarred roads&surfacing all areas	
	4. Pre-school[ zwelitsha]	Nkululekweni
	5. Storm water[ all areas]	Zwelitsha
	6. Servicing of high must lights all areas	All areas
	7. Pot holes & humps	Westbourne, Kings Park, Madeira
	8. Fixing of electricity problems	Madeira, Kings Park, Westbourne
	9. Stone pitch in the farrow behind Mlungisi cemetery	
	10. Housing	
	11.	
	9.	
	10.	
	11.	
	12.	
26	1. Roads and bridges fix	Zingquthu
	2. Water supply fix	Zingquthu
	3. Portholes fix	All
	4. Street lights and traffic signs fix	All
	5. Roads – Cleaning of Storm water drains	All
	6. Fix curbing	All
	7. Cutting, cleaning of sidewalks and public spaces	All
	8. Clean litter	All
	9. Painting of curbing's and street signs etc	All
	10. Fix pavements, replace old water pipes	All
27	1. Water	Lessyton, Zola, Engojini, Xuma, Tabata, Toiskraal
	2. Surfacing of Roads	Lesseyton Area, Toiskraal
	3. RDP Houses	Lesseyton, Zola, Toiskraal
	4. High Mast lights	Lesseyton, Zola, Toiskraal

Wards	Key Priority and Priority Needs	Specific area
	5. Crèches and Pre-Schools	Lesseyton area, Toiskraal (7 Total)
	6. Poultry Project	Toiskraal
	7. Sport field stadium	Lesseyton
	8. Small business Centre	Lesseyton
	9. Fencing	Lesseyton ploughing field
	10. Cemeteries	
	11. Toilets and Sanitation	
	12. Job creation	
	13. Transfer station that is not working	
	14. Shearing shed	

Table 25: Needs identified by Wards

#### 8.4 Inputs and Comments Raised in the Mayoral Outreach Programme for the 2015/16 IDP and Budget

Chapter 4 and 5 of the Municipal Systems Act mandates the municipality to ensure involve the communities in issues of their development. In line with such provisions, after the draft IDP and Budget were tabled to Council in March 2015, a notice was issued in the local newspapers and municipal notice boards inviting the communities for the inspection of the two documents. The two documents were available in the Municipal Manager's Office, the community libraries and Whittle sea areas.

Over and above the publication of the notices, the Executive Mayor conducted an outreach programme on the two documents. The following are the issues that were raised by the communities during the outreach programme:

## 2015 IDP/BUDGET OUTREACH PROGRAMME

Ward	Area	Issues Raised
5	Shiloh, galawater, Sibonile, Dipala	<ul style="list-style-type: none"> <li>● Issue of unstable administration and political environment.</li> <li>● Remedy for the decrease in voting numbers.</li> <li>● Municipalities that do not bring revenue should amalgamate.</li> <li>● No projects for the ward in the next financial year.</li> <li>● Issue of implementation of the bad debts policy</li> <li>● Issue of non – allocation for the EPWP in the next financial year.</li> <li>● Issue of employing unqualified Officials at the municipality who do not submit RFI to the AG and causes disclaimer opinion.</li> <li>● Issue of the municipality to take employees to trainings.</li> <li>● Issue of 3km surfacing road.</li> <li>● Issue of RDP houses</li> <li>● The municipality must plan their projects.</li> <li>● Issue of highmasts as there is high crime rates.</li> <li>● Issue of galawater bridge that was not finished.</li> <li>● Issue of electrifying 9 houses.</li> <li>● Motorgate to be repaired.</li> <li>● Jobs for pensioners.</li> <li>● Ward committees should convene community meetings.</li> <li>● Issue of water that is flowing in the streets, channels must be erected</li> </ul>
	Mbekweni, Dyamala, Ngojini, Mtha, Nqobokeni	<ul style="list-style-type: none"> <li>● Issue of tar road that was promised.</li> <li>● Issue of toilets</li> <li>● Issue of paypoints.</li> <li>● Youth programmes</li> <li>● Request storm water drainage</li> <li>● Noted that the Department of Agriculture brought machinery that is not working.</li> </ul>
1 & 2	Ilinge and Tylden, Nonibe, Gwatyu	<ul style="list-style-type: none"> <li>● Has the amalgamation of the 3 municipalities been considered in the budget.</li> <li>● Request of water.</li> <li>● Request of clinic/primary health care.</li> <li>● New water pipes</li> <li>● Upgrading of roads</li> <li>● Highmast lights</li> <li>● Taxi rank</li> <li>● Toilet in the hall</li> <li>● Fencing of Grazing camps</li> <li>● Challenge of roads</li> <li>● Challenge of the Ward Councillor that does not convene ward meeting.</li> <li>● Request a hall</li> <li>● Request of a bridge</li> <li>● They last received Gel for the stove in November 2014.</li> <li>● Request that highmast lights to be energized.</li> <li>● Youth development</li> <li>● Request of full establishment of Tembani as a township.</li> <li>● Challenge of sites that are sold illegally</li> <li>● Issue of title deeds –Tembani</li> <li>● Issue of tar road as promised</li> <li>● Fencing of cemeteries that were promised</li> <li>● Request naming of streets</li> <li>● Request transfer of land of Rural Development to Lukhanji Local Municipality</li> </ul>

		<ul style="list-style-type: none"> <li>• Issue of EPWP that is not done correctly</li> <li>• Water issue at Hillside</li> <li>• Request of correct sign board</li> <li>• Request of network poles</li> <li>• Issue of the Ward Councillor that does not convene meetings.</li> <li>• Issue of gel for stoves that they last received in November 2014-Gwatyu</li> <li>• RDP houses-Gwatyu</li> <li>• Request of water-Gwatyu</li> </ul>
3	Telecenter, Ma chibini	<ul style="list-style-type: none"> <li>• Request bridge at emaMfeneni, Dipini</li> <li>• Road surfacing to Kopisi</li> <li>• Request RDP Houses</li> <li>• Request of clean water</li> <li>• Request that the shearing shed that is built for farmers be finished</li> <li>• Issue of the fence for grazing camps that they were promised.</li> <li>• Request toilets in the hall</li> <li>• Request tar road from Nonesi to Linge</li> <li>• Request development at Machinini</li> <li>• Issue of roof of the hall that is not in good condition</li> <li>• Request Clinic and Police Station</li> <li>• Request EPWP project to clean the area</li> <li>• Issue of Ward Committee members that steals cement</li> <li>• Request of jobs</li> <li>• Energizing of highmast</li> </ul>
11 & 16	Ekuphumleni and Zola	<ul style="list-style-type: none"> <li>• Issue of water services that has been reallocated to CHDM.</li> <li>• Request for refuse bin and new taps.</li> <li>• Request for municipal accounts office to pay their services accounts.</li> <li>• Issue of a flat rate that is billed for water consumption.</li> <li>• Concern on the disclaimer opinion by the Auditor General.</li> <li>• Issue of theft of municipal fuel</li> <li>• Library</li> <li>• Request of VIP toilets in informal settlements.</li> <li>• Ward Councillor does not convene meetings.</li> <li>• Issue of Cemetery</li> <li>• Issue of RDP houses they were promised.</li> <li>• They request their own municipality.</li> <li>• Tar road through Thundergate area.</li> <li>• Issue of Foreigners that are given RDP houses and sell drugs.</li> <li>• Request municipal intervention on the 2 disabled elderly people that stays alone and has no toilets.</li> <li>• Request development of Youth.</li> <li>• Issue of people that do not live in erf 178 that received letters from Grahamstown High Court.</li> <li>• Request municipal intervention on Mr Jola that lives in Zone 3.</li> <li>• Concern that the list of employed is not used correctly by the Ward Councillor.</li> <li>• Small business project be allocated in the budget.</li> </ul>
12	Hackney, Mtwakazi, Zweledinga, Mbekweni	<ul style="list-style-type: none"> <li>• Issue of gravel road.</li> <li>• Issue of an old bridge at Oxtan</li> <li>• Issue of VIP toilets.</li> <li>• Request for sports facilities.</li> <li>• Request for energizing the highmast lights.</li> <li>• Issue of potholes and bridge in Hackney.</li> </ul>

		<ul style="list-style-type: none"> <li>• Request of tar road.</li> <li>• Issue of not monitoring projects.</li> <li>• Request of development projects at Yonda.</li> <li>• Request paypoints and halls.</li> <li>• Request for the Ward Councillor to convene meetings.</li> <li>• Request that the Ward should have a database for designated people.</li> <li>• Request of projects for Youth development.</li> <li>• Request chairs in the halls.</li> <li>• Wind mills</li> <li>• Access roads</li> <li>• Brigdes</li> <li>• D.R Roads</li> <li>• Clinic</li> <li>• Network poles</li> <li>• Fencing of grazing camps</li> <li>• Tractors for ploughing</li> <li>• Electrical water pump</li> <li>• RDP houses</li> </ul>
4,6,7,8 , 15	Ezibeleni	<ul style="list-style-type: none"> <li>• Request of tar roads</li> <li>• RDP Houses</li> <li>• Cleaning Storm water drainage</li> <li>• Youth hub</li> <li>• Request that Refuse tank</li> <li>• Request that the street cleaners be supervised</li> <li>• Issue of municipal employees selling RDP houses</li> <li>• Cutting of grass at ext. 2 because of criminal activities that are taking place</li> <li>• Request for another area for the tip site.</li> <li>• Request of additional transformers with high capacity be bought</li> <li>• Refuse collection be done in all areas</li> <li>• Request of storm water drainage</li> <li>• Request that street lights be energized</li> <li>• Roads\gravel seal</li> <li>• Highmast lights</li> <li>• Gravel roads and storm water</li> <li>• Tarring and humps in the main road</li> <li>• Maintain and put a new bridge at Unathi</li> <li>• Roads / Tarred</li> <li>• Storm water</li> <li>• Speed humps</li> <li>• Sport field</li> <li>• Upgrading of gravel roads and storm water drainage</li> </ul>



	22,23,24,25	<ul style="list-style-type: none"> <li>• Rehabilitation of sanitation</li> <li>• House for back yard</li> <li>• Roads gravel seal</li> <li>• Bridge</li> <li>• Sport facility</li> <li>• Rehabilitation of houses</li> <li>• Humps</li> <li>• Toilets</li> <li>• Rehabilitation of Old Houses</li> <li>• Repair of High Mast lights</li> <li>• Building of old houses Old location</li> <li>• Building of RDP Houses</li> <li>• Tar roads</li> <li>• Storm water drains</li> <li>• Pot holes</li> <li>• High mast</li> <li>• 24 hours – Philani clinic</li> <li>• Housing</li> <li>• High mast lights</li> <li>• Street lights</li> <li>• Humps</li> <li>• Old Age clinic</li> <li>• Storm water drainage</li> <li>• Improvement of Boxing centre</li> <li>• Tarred road and streets maintenance</li> <li>• Lights</li> <li>• 11. Municipal accounts have increased</li> <li>• 12. Employment for the youth</li> <li>• Creation of job opportunities for the disabled people</li> <li>• Reconstruction of Nkululekweni</li> <li>• Housing all areas</li> <li>• Tarred roads&amp;surfacing all areas</li> <li>• Pre-school[ zwelitsha]</li> <li>• Storm water[ all areas]</li> <li>• Servicing of high must lights all areas</li> <li>• Pot holes &amp; humps</li> <li>• Fixing of electricity problems</li> <li>• Stone pitch in the farrow behind Mlungisi cemetery</li> <li>• Housing</li> </ul>
27	Lesseyton	<ul style="list-style-type: none"> <li>• Water</li> <li>• Request 3km surfacing of Roads</li> <li>• Crèche, Pre-School</li> <li>• Poultry Project</li> <li>• Sport field stadium</li> <li>• Small business Centre</li> <li>• Fencing</li> <li>• Cemeteries</li> <li>• Toilets and Sanitation</li> <li>• Job creation</li> <li>• Transfer station that is not working</li> <li>• Request shearing shed</li> <li>• Issue of workers that did not get paid</li> </ul>

		<ul style="list-style-type: none"> <li>• Issue of houses that were built that do not have toilets</li> <li>• Request youth development projects</li> <li>• Request additional highmast</li> </ul>
--	--	---

Table 26: IDP/Budget Outreach Programme

WARD 18, 20, 21 and Portion25	ISSUES RAISED
	<ul style="list-style-type: none"> <li>• Community was not consulted when water was taken by Chris Hani District Municipality.</li> <li>• Meters in the ward are filled with mud, How does Municipality create accounts without reading meters?</li> <li>• Chris Hani must write off all the water accounts that were referred from Lukhanji Municipality.</li> <li>• Chris Hani should have a section closer to Lukhanji for the payments of accounts because it's difficult to go to two scattered places especially for elderly people.</li> <li>• The demarcation is not fair on them in Ward 18 Nomzamo they are arranged to be regarded as a same with a rural area that does not pay accounts.</li> <li>• Refuse collection</li> <li>• Formation of referencing system for the reports of problems.</li> <li>• Lack of employment</li> <li>• Storm water drainage should have maintenance programmes.</li> <li>• Electric appliances are damaged because of the electricity cuts.</li> <li>• High must lights that only has one bulb lighting.</li> <li>• Drainage in kwaZakhele</li> <li>• Need tar roads</li> <li>• Too much potholes</li> <li>• Need playgrounds for the children</li> <li>• Surfacing of roads of Nomzamo should be a priority.</li> <li>• Power Station and Water supply should be inspected before building of new locations.</li> <li>• In Maputo Street Unifound the drainage is turned out to be a dumping site.</li> <li>• What plans does Municipality has for landfill site</li> <li>• Factories should be opened to create jobs</li> <li>• Second owner issue is a problem in these wards</li> <li>• Issue of foreign people that own all the local shops in the area</li> <li>• Sewage channel that is used as a dumping site, Municipal trucks</li> </ul>

	<p>should remove rubbish.</p> <ul style="list-style-type: none"> <li>• Grinder is needed for the area of Mpendulo Primary School to Enkululekweni area</li> <li>• There should be recycling projects</li> </ul>
--	---

WARD 18, 20, 21 and Portion25	ISSUES RAISED
	<ul style="list-style-type: none"> <li>• Community was not consulted when water was taken by Chris Hani District Municipality.</li> <li>• Meters in the ward are filled with mud, How does Municipality create accounts without reading meters?</li> <li>• Chris Hani must write off all the water accounts that were referred from Lukhanji Municipality.</li> <li>• Chris Hani should have a section closer to Lukhanji for the payments of accounts because it's difficult to go to two scattered places especially for elderly people.</li> <li>• The demarcation is not fair on them in Ward 18 Nomzamo they are arranged to be regarded as a same with a rural area that does not pay accounts.</li> <li>• Refuse collection</li> <li>• Formation of referencing system for the reports of problems.</li> <li>• Lack of employment</li> <li>• Storm water drainage should have maintenance programmes.</li> <li>• Electric appliances are damaged because of the electricity cuts.</li> <li>• High must lights that only has one bulb lighting.</li> <li>• Drainage in kwaZakhele</li> <li>• Need tar roads</li> <li>• Too much potholes</li> <li>• Need playgrounds for the children</li> <li>• Surfacing of roads of Nomzamo should be a priority.</li> <li>• Power Station and Water supply should be inspected before building of new locations.</li> <li>• In Maputo Street Unifound the drainage is turned out to be a dumping site.</li> <li>• What plans does Municipality has for landfill site</li> <li>• Factories should be opened to create jobs</li> <li>• Second owner issue is a problem in these wards</li> <li>• Issue of foreign people that own all the local shops in the area</li> <li>• Sewage channel that is used as a dumping site, Municipal trucks should remove rubbish.</li> <li>• Grinder is needed for the area of Mpendulo Primary School to Enkululekweni area</li> <li>• There should be recycling projects</li> </ul>

## 8.5 Spatial Development Framework

### Executive Summary

In accordance with the requirements of the Municipal Systems Act (Act No. 32 of 2000), the Lukhanji Municipality has completed a Spatial Development Framework (SDF) in respect of its area of jurisdiction.

The Lukhanji SDF was reviewed adopted by Council in May 2014 with the support from Rural Development and Land Reform.

Currently the municipality is in the process of developing a Local SDF for the entire area of the former Queenstown TLC (i.e. the urban areas of Queenstown, Mlungisi and Ezibeleni) with a specific focus being placed on the central town of Queenstown.



**Figure 27: Aerial View of Queenstown**

Due to its locality on the National route N6 as well as major Regional routes R67, R61 and R392, Queenstown has very strong linkages to a hinterland that has a mix of traditional rural settlements with a relatively high population as well as commercial farmland and associated activities.

Because of this strong link to a hinterland population and the town's status as a central place for accessing goods and services (including health and education services) Queenstown is experiencing growth in trade and pressure from business operators for service orientated and commercial sites.

This pressure for growth and development is further enhanced by the fact that the town is the administrative seat not only of the Lukhanji Municipality but also the Chris Hani District Municipality and there is a consequent strong demand for accommodation, which has found expression in land use change trends for Bed and Breakfast establishments as well as townhouse developments etc. in the residential suburbs of the town. Therefore, as with any growing urban settlement, the land use trends and related spatial growth of Queenstown need to be investigated in some detail when assessing the limitations that topography and the character of the existing natural and built environment place on land use transformation. Moreover, the impact on the rendering of infrastructure services of such land use changes and future extensions must also be taken into account. The preparation of a spatial plan will therefore have to address a range of environmental, land use and engineering restrictions and sensitivities

The reviewed SDF will also take into account the planned new development like the Special Economic Zone.

The reviewed Spatial Development Framework was approved by Council in the 2014/2015 IDP

**Refer to the Appendix for the reviewed SDF.**

The municipality is currently developing the Local SDF for the Queenstown are. There are plans to develop the local SDF for Whittlesea as well.

CHAPTER 9  
APPROVAL PHASE

In line with the legislative requirements contained in the Local Government: Municipal Finance Management Act 56 of 2003:


The first draft reviewed IDP 2016/ 2017 was tabled to Council on the 31<sup>st</sup> March 2016

This draft IDP and Budget will now be the subject of community consultations during the month of April 2016.


Declaration of adoption for the final IDP of the 2016/2017

COUNCIL RESOLUTION and DATE OF ADOPTION: 31 MARCH 2016

SIGNATURE

  
\_\_\_\_\_  
MRS N. GQIBA  
MUNICIPAL MANAGER

2016.04.01  
DATE

  
\_\_\_\_\_  
CLLR N. MAKANDA  
EXECUTIVE MAYOR

2016.04.01  
DATE