



# Integrated Development Plan 2011-2016

**Draft Revised 2016-2017**

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## **ACRONYMS**

CBP: Community Based Planning  
 CCR: Cross Cutting Results  
 CDW: Community Development Worker  
 CMC: Core Manager Competencies  
 COGTA: Department of Cooperative Governance and Traditional Affairs  
 CPTR: Current Public Transport Record  
 CS: Community Survey  
 CSIR: Centre for Social and Industrial Research  
 DBSA: Development Bank of Southern Africa  
 DHLG &TA: Department of Local Government & Traditional Affairs  
 DM: District Municipality  
 DORA: Division of Revenue Act  
 DTO: District Tourism Organisation  
 DWA: Department of Water Affairs  
 ECCATI: Training organisation  
 ECD: Early Childhood Development  
 ECDC: Eastern Cape Development Corporation  
 ECDoH: Eastern Cape Department of Health  
 ECDORT: Eastern Cape Department of Transport  
 ECSECC: Eastern Cape Socio Economic Consultative Council  
 ECTB: Eastern Cape Tourism Board  
 ECPB: Eastern Cape Parks Board  
 ECPSPD: Eastern Cape Provincial Spatial Development Plan  
 ECPGDP: Eastern Cape Provincial Growth Development Plan  
 EIA: Environmental Impact Assessment  
 EPWP: Expanded Public Works Programme  
 ESCOM: Electricity Commission  
 ESTA: Extension of Security of Tenure Act  
 EU: European Union  
 GDS: Growth and Development Summit  
 GFS: Government Finance Statistics  
 GGP: Gross Geographic Product  
 GIS: Geographic Information System  
 GPI: Growth Performance Index  
 GRAP: Generally Recognised Accounting Practice  
 GVA: Geographic Value Added  
 FET: Further Educational Training College  
 HCW: Health care worker  
 HDI: Historically Disadvantaged Individual  
 HOD's: Heads of Department  
 HPGR: High Population Growth Rate  
 HR: Human Resources  
 ICASA: Information & Communications  
 ICT: Information and Communication Technologies  
 IDP: Integrated Development Plan  
 IGR: Intergovernmental Relations  
 ISETT: Information Systems, Electronics and Telecommunications Technologies  
 ITP: Integrated Transport Plan  
 IWMP: Integrated Waste Management Plan  
 JGDM: Joe Gqabi District Municipality  
 KPA: Key Performance Area  
 KPI: Key Performance Indicator  
 LED: Local Economic Development  
 LM: Local Municipality  
 LPGR: Low Population Growth Rate  
 LRAD: Land Redistribution and Agricultural Development  
 LTO: Local Tourism Organisation  
 MDB: Municipal Demarcation Board  
 MEC: Member of the Executive Committee  
 M&E: Monitoring & Evaluation  
 MFMA: Municipal Finance & Management Act 53 of 2003  
 MHS: Municipal Health Services  
 MIG: Municipal Infrastructure Grant  
 MoU: Memorandum of Understanding  
 MM: Municipal Manager  
 MPCC: Multi-Purpose Centre  
 MSA: Municipal Systems Act 32 of 2000  
 MTREF: Medium Term Revenue Expenditure Framework  
 NAFCO: National African Federation of Chambers of Commerce  
 eNatis: National vehicle licensing system  
 NEMA: National Environmental Management Act  
 NLTTA: National Land Transport Transition Act  
 NSDP: National Spatial Development Perspective  
 OTP: Office of the Premier

PDI: Previously Disadvantaged Individual  
PGDP: Provincial Growth and Development Plan  
PHC: Primary Healthcare  
PMS: Performance Management System  
PMTCT: Prevention of Mother to Child Transmission  
PPP: Public Private Partnership  
HDI: Human Development Index  
RDP: Reconstruction and Development Plan  
RSS: Rapid Services Survey (conducted by Fort Hare for the Office of the Premier in 2006)  
RWS: Rural Water Schemes  
S 57 Managers: Managers who report directly to the Municipal Manager  
SANRA: South African National Roads Agency  
SAPS: South African Police Services  
SAWEN: South African Women's Entrepreneurship Network  
SCM: Supply Chain Management  
SDBIP: Service Delivery and Budget Implementation Plan  
SDF: Spatial Development Framework  
SEDA: Small Enterprises Development Agency  
SETA: Sector Education and Training Authority  
SLA: Service Level Agreement  
SLM: Senqu Local Municipality  
SMME: Small, Medium & Micro Enterprises  
SPU: Special Programmes Unit  
TEP: Tourism Education Programme  
TB: Tuberculosis  
THETA: Tourism & Hospitality Education & Training Authority  
TI: Tress Index  
UFH: University of Fort Hare  
UPE: Universal Primary Education  
VCT: Voluntary Counselling & Testing  
VIP's: Ventilated Improved Pit Latrine  
WSA: Water Services Authority  
WSP: Work Place skills Plan  
WSDP: Water Sector Development Plan  
WTW: Waste Treatment Works



## FOREWORD

This is the last review of the Senqu municipal IDP 2011-2016. The newly elected Council will develop a new IDP for their 5 year term. The purpose of the IDP is to provide communities with a voice in their development and provide a developmental blueprint for the administration. The importance of community involvement and public participation is therefore of paramount importance in the entire planning process. I wish to therefore urge communities to participate in the process through the IDP Representative Forum and their ward meetings as well as using the channels of their Ward Councillors and ward committee members.

# EXECUTIVE SUMMARY

## PURPOSE OF THIS DOCUMENT

The basic purpose of Integrated Development Planning is to achieve faster and more appropriate delivery of services and provide a framework for economic and social development in a municipality. Integrated Development Planning creates a planning environment that allows for the integration and alignment of government's delivery priorities and objectives and is aimed at eliminating the development legacy of the past.

This document contains the development priorities of Council for its term of five years and forms a commitment between the municipality and its residents about how and where development will take place.

The document also seeks to incorporate, resolve and take cognisance of the findings of the Auditor General, Internal audit and the previous findings of the IDP Assessment 2014-15 as well as the Municipal turnaround strategy. In addition, the Municipality is looking at expanding its planning horizon and moving it from a 5 year to a 20 year timeline.

## DEMOGRAPHIC STATISTICS

The 2011 census figures give Senqu Municipality a population of 134 150 compared to the 2001 Census estimate of 135,141 (Statssa, Census 2011). This indicates that the population is decreasing. The population decrease can be attributed to out migration as people move to seek jobs and schooling and increasing urbanisation which is linked to decreased family sizes and women giving birth at older ages. The Municipality however disputes the accuracy of these figures as due to the scattered and mountainous nature of the municipality, the rural population was not adequately accounted for in the census.

The majority of the population is still centred around the former Transkei homeland with Sterkspruit at the centre. The majority still reside in rural areas as opposed to urban area. This includes rural villages and farm households. The population density is estimated at 16.12 persons per km squared.

However household numbers are increasing from 33 904 (2001) to 38 046 (2011). This is due to the effects of urbanisation and participation in a world economy which means that the cost of large families and households are prohibitive. This is shown in the statistics which show that the average household size has dropped from 4 in 2001 to 3.5 in 2011.

The corresponding need for infrastructure and social services has not declined due to the high number of indigent people. This means that there is a risk that the equitable share contribution will remain insufficient to provide basic services as set out in the Constitution.

## **SOCIO –ECONOMIC SUMMARY**

Data from the 2011 Community Survey indicates that the average unemployment rate of the Senqu Municipality is 35.5 %. This only includes people that are actively searching for work. Based on the official definition, more than one third (30.34%) of the economic active group in Senqu is unemployment while the district average is 23.54%. Including those not actively seeking for work, unemployment in Senqu is as high as 65% compared to 54% and 48% for the district and Eastern Cape respectively. The dependency rate is 71.4% (Statssa, 2011)

Between 2000 and 2010 formal employment growth was negative at -2.27%, performing worse than the district (-1.23%) and province (-0.21%) respectively. The reason for negative formal employment growth can be attributed to:

- Poor performance of agriculture, trade and manufacturing sector;
- Over-dependency on the services sector;
- Recession and global environment.

However, also of concern is the quality of available jobs in Senqu. For example a majority of the informal and formal employment is in the Agriculture and Trade sector, if one excludes the services sector. These jobs are not high paying and therefore do not necessarily provide a good quality of life.

Despite experiencing positive economic growth between 2000 and 2010, Senqu's economy has been unable to create meaningful benefits for the poor. The poverty rate is 62.93% - much higher than the provincial average of 53.61%. Dependency on social grants is highest in Senqu (37.42%) compared to the district (34.46%), provincial (31.54%) and national (22.68%). Also, the state of household savings reveals a high degree of indebtedness (-R464) for Senqu which further exacerbates the poverty challenge.

With about 50.25% of the households earning no income at all and 21.39% earning between R1 and R1600 per month, almost two thirds of Senqu households are indigent. Of these, more than one quarter of households (6134) earn R400 or less per month. This is indicative of Senqu's low economic base, a factor that makes it less attractive to investors. This has negative repercussions for the economy and the municipality as more and more people cannot afford to pay for their livelihoods and services.

## **SERVICE DELIVERY PERSPECTIVE**

70 % of households live in a formal dwelling and 68.5 % own their own dwelling. The 2011 census reveals that Senqu has an unserved population of 7 209 households out of 38 046 with water which is under 20% (Statssa, 2011)

Whilst most of the population does receive water, sanitation provision which was lagging behind lags with 45 % being unserved has improved with just under 6000 households having no access as can be seen in the table below. However Senqu still has to eradicate 645 bucket toilets which are in wards 14, 16 and 19. Households with no toilets: Ward 7 has the highest number at 712, followed by 604 in ward 10 and 598 in ward 16. In ward 16, this is due to the fact that Zakhele in Rhodes has virtually no toilets. However this situation is improving.

Apart from the backlog, Senqu is experiencing problems with decaying and poorly designed water and sanitation systems that were not designed to cope with the additional demands placed upon them and which have come to the end of their lifespan. Illegal water connections also create problems with water pressure.

The electrification and telecommunication network in Senqu is insufficient with poor quality experienced in many areas. The main problem with the electrification network in town is the high amount of leakage. Waste management remains a problem with insufficient staff and old vehicles which constantly break down. In addition the waste sites are poorly maintained and recycling initiatives are small due to the limited budget available.

Environmental management is poor due to limited staff and budget and many by laws are not enforced due to the factors already mentioned. Many town planning by laws are broken and illegal land invasion occurs on a regular basis.

Access roads and bridges in the rural area are generally of a poor standard due to lack of maintenance and staff. Rural people struggle to access services due to this especially during the rainy period when the roads become impassable and flooded. Access to clinics and schools remains a challenge as people still have to walk long distances and the quality of the service is limited.

## **MUNICIPAL PRIORITIES**

1. Roads - Priority areas are places with no approach roads. In W 14, 16, 19 and 10 the emphasis is on paving roads.

- |  |  |
|--|--|
| 2. Land –                                  | Lack of land and tenure problems. The SDF indicates Sterkspruit as priority node. The expansion of Sterkspruit and the development of Barkly East are a priority issue |
| 3. Job creation –                          | Need to improve skills level of the population   |
| 4. Recreational facilities –               | Needed in every ward especially for youth  |
| 5. LED –                                   | Look at agro processing e.g wool washing.  |
| 6. Communication and public participation- | Public participation must be increased. Network poles and transmitter poles for television are desperately needed in most areas.                                       |

The following are priorities outside of the Municipality's powers and functions but need addressing:

- 1) Water
- 2) Sanitation
- 3) Electricity
- 4) Disaster management

# CHAPTER ONE: SPATIAL & DEMOGRAPHIC ANALYSIS

## SPATIAL CHARACTERISTICS OF THE AREA

Table 1: Spatial Characteristics

Area	7329km <sup>2</sup> .
Neighbours	Maletswai (W), Emalahleni & Sakhisizwe (S), Elundini (E) and Kingdom of Lesotho (N).
Towns	Major: Sterkspruit, Lady Grey & Barkly East
Hamlets	Rossouw, Rhodes & Herschel
Villages	85
Topography	Mountainous. Slopes steeper than 1:8 as part of the southern Drakensberg range. The highest point in the Eastern Cape, Ben MacDhui at 3001m above sea level occurs in the municipality (JGDM Environmental Plan).
Catchment area	Orange river catchment.
Geology	Karoo Supergroup Basaltic lavas of Drakensberg Group Beaufort, Molteno, Elliot & Clarens Groups of sandstone & shale (JGDM Environmental Plan)
Climate	Temperature fluctuations of between 42°C and -16°C in summer. In winter the minimum temperature can vary between -7°C and -1°C.  Annual average of 150 days of frost.  Rainfall varies from between 1000mm and 1400mm

	of rainfall a year to about 600mm in the lower lying areas (JGDM Environmental Plan)
Soils	Degraded areas due to communal grazing lands not being well maintained or protected under the previous dispensation. The primary cause is the overstocking of livestock and inappropriate grazing methods. (JGDM Environmental plan)
Vegetation	There are five vegetation types found in Senqu: <ul style="list-style-type: none"> <li>• Dry Sandy Highveld Grassland</li> <li>• Moist Cold Highveld Grassland</li> <li>• Afro Mountain Grassland</li> <li>• Alti Mountain Grassland. It is important for grazing and generally occurs in water catchment areas</li> <li>• Moist upland Grassland .This is important for maize farming and forestry.</li> </ul>
Land use cover	<ul style="list-style-type: none"> <li>• Total cultivated area of arable land of 47 319, 21 Ha. Dry land under commercial Production has 18 178, 39 Ha;</li> <li>• Commercial Irrigated Land of 3 866, 57 Ha</li> <li>• Semi Commercial (Commonages) has 25 274, 25 Ha (Information supplied by the Department of Agriculture).</li> <li>• Limited land available that can sustain intensive agricultural practices.</li> </ul> <p>(it should be noted that all maps pertaining to this summary are contained in the SDF which is a separate document.)</p>

## ENVIRONMENTAL OPPORTUNITIES

- Beautiful mountainous scenery for adventure and agricultural tourism
- Possibility of off grid and cleaner sources of electricity such as wind (JGDM Environmental Management

Plan 2011).

## ENVIRONMENTAL ASPECTS & CHALLENGES

- Alien vegetation. The municipality struggles with crack willow which grows along the Kraai river and sucks up litres of water
- Firewood collection. Persons collect firewood indiscriminately breaking down trees. In addition the indiscriminate burning of grasslands creates air pollution and loss of biodiversity. It is impossible to determine the extent of air pollution as the municipality does not have **an air quality management plan** as it is not a licensing authority
- The location of dipping tanks. Many of these dipping tanks are located near streams which can poison water supplies
- Borrow pits which are not adequately rehabilitated
- Drainage culverts placing can either hinder or promote gulley erosion
- The waste water treatment works at Lady Grey are only 200 m from a farm dam which could contaminate the water supply. The waste treatment works in Sterkspruit are inadequate for the need and frequent sewerage spills occur into the Sterkspruit River. The Barkly East sewerage ponds are located adjacent to a wetland and contamination could kill many animals. The proximity of waste water treatment works at both Lady Grey and Barkly East to rivers poses a risk as they could be susceptible to potential flood damage
- Soil erosion which is the highest in the JGDM due to marginal soils being utilised for inappropriate agricultural practises.
- The registration and management of solid waste disposal sites
- Lack of recycling at waste sites
- Burning of waste and inadequate collection of waste leading to illegal dumping. Lack of capacity, both financial and human to act on environmental issues
- Lack of capacity to implement environmental by-laws
- Inappropriate land and hygiene practises leading to increased sedimentation and entrophication and pollution of fresh and groundwater sources.



- Increased invasion by alien and undesirable species like Slangbos and blue bush near Lady Grey. Limited protection of environmental sensitive areas
- Poor and crumbling sanitation infrastructure (JGDM Environmental Management Plan 2011)

## **PROTECTION OF NATURAL ASSETS**

Whilst the municipality is blessed with some of the most beautiful alpine scenery which is one of the prime factors for its tourism industry, very little is done to protect the environment and it lies in the hand of individual land owners to conserve this fragile environment.

The municipality has a huge quantity of sandstone which is being mined and cut into bricks for building. A project in Hershel has received funding from DEDEA for this purpose. A large quantity of sand is constantly mined for the making of bricks. The Municipality does not fund any projects which utilises these assets without a mining permit.

The District Municipality is running projects in the area to fence off and conserve springs. In general environmental protection of assets is stressed in the SDF and the Municipality adheres to this in the planning of new developments. The protection of environmental assets is poor due to lack of human and financial resources.

## **THE IMPACT OF CLIMATE CHANGE**

In 1990 South Africa was responsible for about 1.2 % of the total warming effect which placed it within the top ten contributing countries in the world. The carbon dioxide equivalent emission rate per person in South Africa is about 10 T of Carbon dioxide and above the global average of 7 T per person per year. A recent study by the Countries Studies Project predicts that climate change will cause mean temperature increases in the range of between 1 to 3 degrees centigrade by the mid-21<sup>st</sup> century with the highest increases in the most arid parts of the country. A broad reduction of between 5 to 10 % decrease has been predicted for summer rainfall regions like Senqu. This is likely to be accompanied by an increased incidence of drought and floods with prolonged dry spells followed by intense storms. A marginal increase in early winter rainfall is predicted for the winter rainfall region. A rise in sea level is also predicted of about 0.9 m by 2100 (DEAT website 2000-2005)

Whilst there might be some debate on the effect of climate change, it is clear that the health sector, maize production, plant and animal biodiversity, water resources and rangelands are areas most vulnerable to climate change.

The main effects for Senqu would be:

- Water scarcity may increase in some areas. It is estimated that even without climate change, South

Africa will use up most of its surface water resources within the next few decades. Climate change may also alter the magnitude, timing and distribution of storms that produce flood events.

- Frequency of livestock disease outbreaks could be affected
- Maize production will decrease as the climate becomes hotter and drier resulting in the decrease of about 10 to 20 % over the next 50 years.
- Decrease in biomes by 38 to 55 % by 2050, decrease in species and an expansion of insect pests such as the brown locust (DEAT website 2011)

## **CLIMATE CHANGE STRATEGY**

### 1. Temperature increase

An increase in temperature will have a greater impact on communal farmers as a recent study done by CEEPA indicates that farmers with larger areas of ground will be better able to withstand the effects of climate change. Senqu will therefore be focussing its efforts on training small scale farmers how to compensate for this increase by changing their farming methods and practises.

Senqu Municipality will look at the possibility of developing building bylaws for people regarding insulation of their houses such as double glazing and the alignment of the building to the sun. This will help in decreasing costs of heating and cooling. This still needs to be investigated to determine the economic feasibility of enforcing the regulations in an economically depressed region.

### 2. A fall in precipitation

A fall in precipitation of between 2 to 8 % by 2050 and 4 to 8 % by 2100 will affect dryland farms as well as small scale farmers, as it is estimated that crop net revenues will fall by 1.7 % to 5.3 % per hectare for the whole of South Africa. It also suggests that an annual increase of 1 degree centigrade will have a positive impact on annual crop net revenues for all farms except dryland. The increase in temperature will affect crop farm net revenues negatively in the summer farming season but positively in the winter season (CEEPA, 2006 Climate change and African agriculture).

Senqu Municipality will work with farmers to develop strategies that will increase the positive impacts while reducing the negative impacts for all types of farming.

In addition, the Municipality will look at increasing the amount of water storage in the area and implementing by laws which will legislate that all householders have tanks on their property to collect rainfall. There will also be an increase in the maintenance budget for roads, bridges and storm drainage.

## DEMOGRAPHIC/ POPULATION ANALYSIS

### POPULATION AND HOUSEHOLD FIGURES

The 2011 census figures give Senqu Municipality a population of 134 150 compared to the 2001 Census estimate of 135,141 (Statssa, Census 2011). This indicates that the population is decreasing. The population decrease can be attributed to out migration as people move to seek jobs and schooling and increasing urbanisation which is linked to decreased family sizes and women giving birth at older ages. The Municipality however disputes the accuracy of these figures as due to the scattered and mountainous nature of the municipality, the rural population was not adequately accounted for in the census.

However household numbers are increasing from 33 904 (2001) to 38 046 (2011). This is due to the effects of urbanisation and participation in a world economy which means that the cost of large families and households are prohibitive. This is shown in the statistics which show that the average household size has dropped from 4 in 2001 to 3.5 in 2011.

**Table 2: Average Household Size**

Municipality	Total population			No of H/holds			Average h/hold size		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	324118	336413	337853	71162	84835	97775	4.6	4	3.5
Elundini	134077	135389	131656	29549	33209	37854	4.5	4.1	3.5
Senqu	129673	134326	131981	28056	33904	38046	4	4	3.5
Maletswai	31529	36087	41272	6990	9488	12105	4.5	3.8	3.4
Gariep	28840	30611	32944	8567	8234	9770	4.4	3.7	3.4
EC Total	6036337	6163009	6246143	1303287	1481640	1687385	4.6	4.2	3.7

Source: Statssa Census 2011

The dominant home language is Isi Xhosa, isiHlubi, seSotho, Afrikaans and English. A larger part of isiHlubi speakers can be found around the Sterkspruit area.

## Rural vs. Urban Population

According to the 2001 Census 86% of households are rural in nature. Whilst it is difficult to determine this figure with any accuracy from the 2011 census, indications are that it is at least around 70 %.

This dynamic is shifting with the phenomenon of urban in migration occurring in Senqu Local Municipality. The majority of which is situated around the town of Sterkspruit (SDF 2012). This simply means that people are moving to live in villages which are expanding towards the urban centre of Sterkspruit. The concept of a rural countryside with scattered homesteads is disappearing to be replaced by many villages growing towards each other creating rural urbanisation.

There is also an out migration of people both out of the rural areas to the urban areas and from JGDM to other districts. An inward migration from Lesotho to Mt Fletcher and Sterkspruit is also being experienced (Joe Gqabi WSDP 2010).

## POPULATION BY RACE AND SEX

The male to female ratio has remained stable at 88. Males make up 46.8 % of the total population which means that females make up the majority of the population.

**Table 3: Sex ratio 1996, 2001 and 2011.**

Municipality	Male			Female			Sex ratios - no of males per 100 females		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	150341	159192	165443	177657	182557	184325	85	87	90
Elundini	60613	63090	65482	74275	74304	72658	82	85	90
Senqu	60936	63709	62804	70322	72025	71346	87	88	88
Maletswai	14751	1701	20735	17491	19806	23065	84	88	90
Gariiep	14041	14892	16420	15569	16422	17256	90	91	95
EC Total	2840235	2906521	3089701	3307009	3372130	3472353	86	86	89

Source: Statssa Census 2011

In terms of wards – Ward 2 is the most populous ward followed by ward 10 which includes the town of Sterkspruit. Ward 2 also has the biggest gap between male and female populations.

**Table 4: Ward Population breakdown by sex**

Ward	Villages	Total Ward Population		
		Male	Female	Total

EC142 Senqu		62804	71346	134150
Ward 1	Mbobo, Bhikizana, Walaza, Ndofela	3156	3491	6646
Ward 2	Storomo, Ndingishe, Makalakaleng, Gcina, Qhimira	5462	6394	11856
Ward 3	Makalakaleng, Hohobeng, Ekra, Qhoboshane, Zwelitsha	2484	2895	5379
Ward 4	Mkunyazo, Boomplaas, Hilside, Mfinci, Penhoek, Maqolwaneni	2343	2683	5026
Ward 5	Bebeza, Makhumsha, Mabele, Dangershoek, Nomlengana	2290	2776	5066
Ward 6	Mpoki, Musong, Dulciesneck, Majuba, Ndungunya, Rietfontein, Bultfontein	2948	3690	6638
Ward 7	Macacuma, Thaba-Lesoba	3219	3937	7155
Ward 8	Mokhesi, New Rest, Tapoleng, Mogoabong	4575	5378	9953
Ward 9	Ngquba, Kromspruit, Lipota, Mlamli, Hinana, Mapolo	3145	3721	6866
Ward 10	Makhetheng, Zwelitsha, Sterkspruit, Tienbank, Matlapaneng	4153	4900	9053
Ward 11	Herschel, Ndilinkonzo, Entsimekweni, Skhisazana, Ezintatyameni, Bluegums, Meyi	3576	4218	7794
Ward 12	Manxeba, Hlomendlini, Magadla, Jozanas Nek, Jozana's Hoek, Magwiji	2653	2967	5621
Ward 13	Coville, Zava, Naledi, Khiba, Nkopane, Mbonisweni, Mdlokovana	3152	3511	6663
Ward 14	Khwezi Naledi, Lady Grey town, Transwilger	3374	3740	7115
Ward 15	Rossouw, Clifford, New England, Phelendaba, Zingengele, Mission, Rockcliff Clinic, Ntaba Mhlope, Sijhora	3384	3101	6485
Ward 16	Rhodes, Mosheshesford, Tantalion, Persiville, Nkululeko	2998	2780	5778
Ward 17	Sunduza, Bensonvale, Top Tapoleng, Masekeleng, Voyizana, Jovelani	3160	3622	6782
Ward 18	Esilindini, Bamboespruit	2827	3210	6037
Ward 19	Luama Hlanjwa, Barkly East Town, Fairview, Nozicikwana	3906	4332	8238

Source: Statssa 2011

## GENDER, RACIAL AND AGE DISTRIBUTION

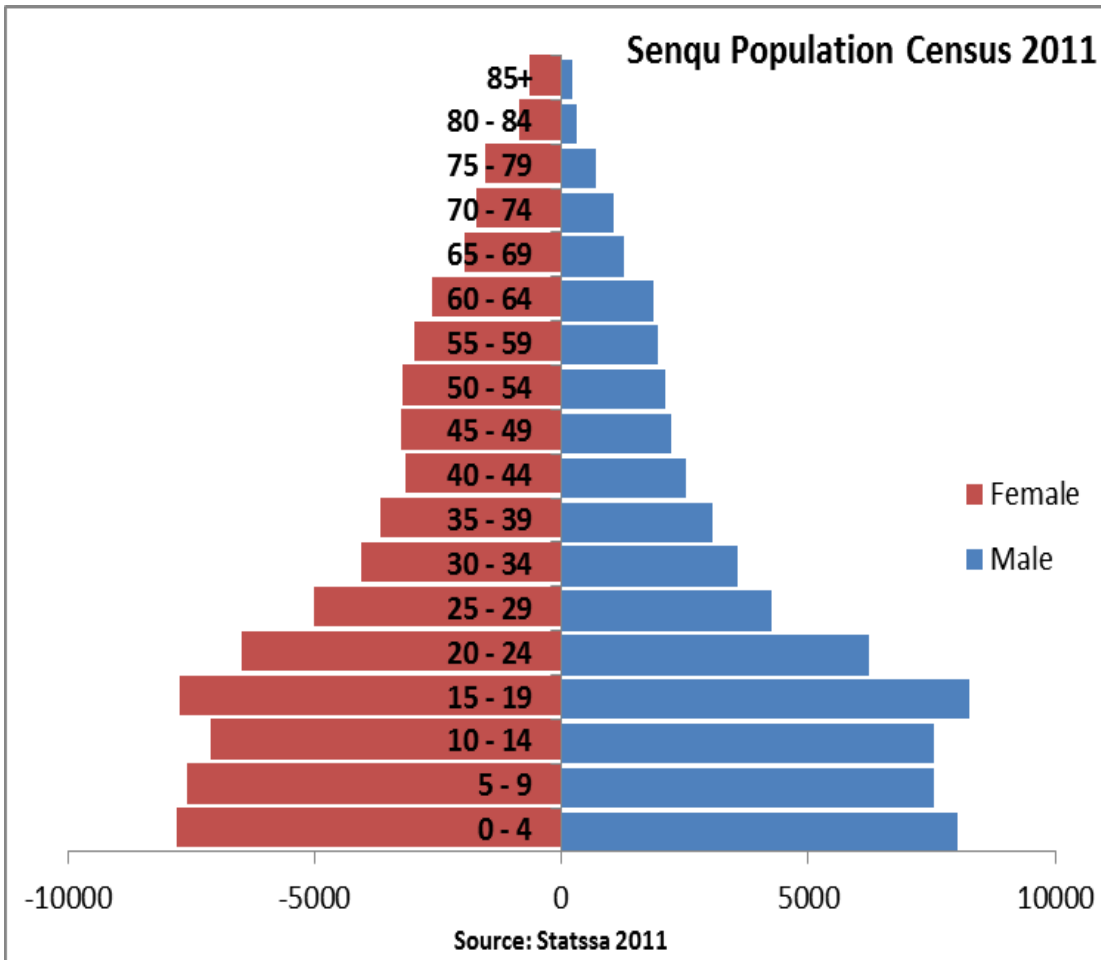


Chart: 1 Population pyramid

Approximately 34 % of the municipal population falls in the below 15 years age group. This is a drop of 4 % from 2001. 58.3 % of the population fall within the 20-65 age category which can be seen as the economically active sector of the population (Statssa census 2011). This suggests continuing population growth in the area with a need for educational facilities and a focus on education and skills training (SDF 2011). The age group 65 and above has grown slightly from 7.5 % (2001) to 7.7 % (2011). The percentage of the dependant population and elderly is just over 40 % which should indicate that the population is able to support itself. This is borne out by the fact that the dependency ratio has dropped from 83.5 % (2001) to 71.4 % in 2011.

**Table 5: Dependency ratios**

0-14			15-64			65+			Dependency ratios		
1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
55079	51591	45577	67083	73958	78245	8356	10185	10328	94	83.5	71.4

Source Statssa 2011

The amount of males per 100 females has decreased slightly from 88.5 in 2001 to 88 in 2011. This may be ascribed to migrant and commuter labour which has resulted in many households having a woman as the head of the household and the chief breadwinner living away from the home. These impact on the type of development that may occur, especially with regards to manual labour-type employment (SDF 2011). The good news is that female headed households have dropped from 52.2 % (2001) to 50.5 as can be seen in the table below (2011).

**Table 6: Female headed households**

Municipality	1996		2001		2011		% of Female headed households		
	Women headed H/H	Total H/H	Women headed H/H	Total H/H	Women headed H/H	Total H/H	1996	2001	2011
Joe Gqabi	38205	71084	43651	84835	47646	96645	53.7	51.5	49.3
Elundini	17675	29533	18610	33209	19418	37293	59.8	56	52.1
Senqu	15514	28018	17696	33904	19077	37754	55.4	52.2	50.5
Maletswai	2631	6978	4160	9488	5243	11909	37.7	43.8	44
Gariiep	2385	6556	3185	8234	3909	9699	36.4	38.7	40.3
EC Total	646164	1301964	754023	1481640	825846	1664654	49.6	50.9	49.6

Source: Statssa 2011

It should be noted that child headed households have also dropped. However this statistic should be treated with caution as these households tend to shy away from officialdom.

**Table 7: Child headed households**

Municipality	1996			2001			2011		
	Children headed H/H	Total H/H	% child headed H/H	Children headed H/H	Total H/H	% child headed H/H	Children headed H/H	Total H/H	% child headed H/H
Joe Gqabi	2214	71162	3.1	1759	84835	2.1	1176	97775	1.2
Elundini	1103	29549	3.7	781	33209	2.4	540	37854	1.4
Senqu	915	28056	3.3	804	33904	2.4	503	38046	1.3
Maletswai	95	6990	1.4	109	9488	1.1	78	12105	0.6
Gariiep	101	6587	1.5	64	8234	0.8	55	9770	0.6
EC Total	29900	1303287	2.3	19210	1481640	1.3	16712	1687385	1

Source: Statssa 2011

In terms of race the Black African population are in the majority. In fact over 90 % of the population are Black African followed by Whites who are just slightly higher than the coloured population. This indicates that the municipality must ensure that the majority of its communication to the public is in the relevant African languages apart from English and Afrikaans.

**Table 8: Race Groups by sex**

	Male	Female	Grand Total
Black African	60925	69619	130544
Coloured	792	818	1609
Indian or Asian	199	62	261
White	756	776	1532
Other	133	71	204
Grand Total	62804	71346	134150

Source: Statssa 2011

## POPULATION PROJECTIONS

Between out migration and HIV/Aids, there is a decrease in the population growth rate of the area. From 1996 to 2001 there was a positive growth rate of 0.67. This has decreased to -0.12 from 2001 to 2011 (Statssa, Census 2011)

**Table 9: Population growth rates**

Municipality	Total population			Pop growth rate 1996-2001	Pop growth rate 2001-11
	1996	2001	2011		
Joe Gqabi	327998	341750	349768	0.8	0.2
Elundini	131888	137394	138141	0.4	0.1
Senqu	131258	135734	134150	0.7	-0.1
Maletswai	32242	37307	43800	2.9	1.6
Gariep	29610	31314	33677	1.1	0.7
EC Total	6147244	6278651	6562053	0.4	0.4

Source: Statssa 2011

According to the DBSA (Provincial Population Projections, 2000) projected population growth rate for Senqu will vary depending on a High Population Growth Rate (HPGR) scenario that does not take the impact of HIV & Aids into account as opposed to a Low Population growth Rate (LPGR) that does take HIV & Aids into account. The table outlining the different scenarios is contained below.

**Table 10: indicating projected population growth**

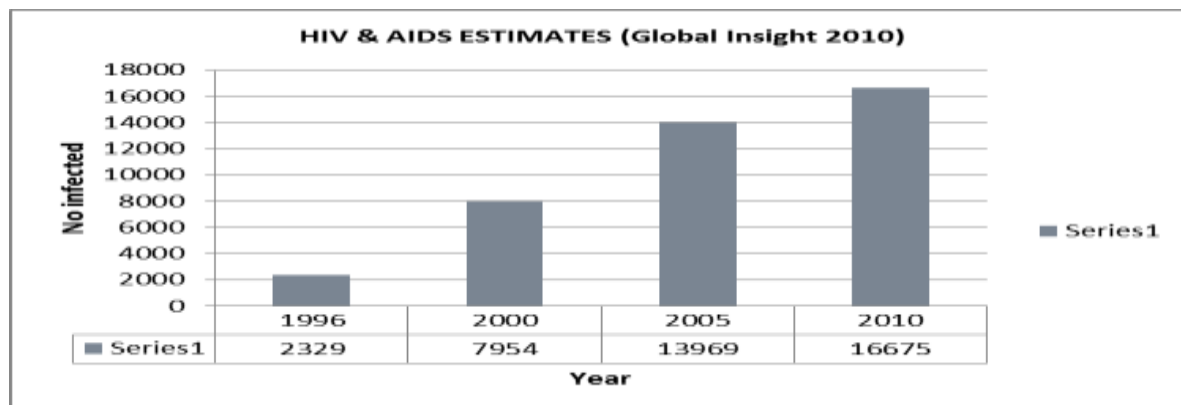
	Projected population	
HPGR @ 2,21 % 2001 to2006	137,307	141,615
LPGR @ 0,95% 2001 to2006	137,307	139,113
HPGR @ 2,02% 2006 to 2011	141,615	145,991
LPGR@0,31% 2006 to 2011	139,113	139,723

Source: (DBSA 2000)

## HIV & AIDS INFECTION RATE ESTIMATES



Chart 2: HIV & AIDS Estimates



Source: Global Insight 2010

HIV & Aids infection rate has increased slightly but if you take it that 16 675 out of estimated population of approximately 145,991 are infected, then the measures taken to decrease the infection are having an effect. The total rate of infection for the DM as a whole is 18 % (JGDM HIV & AIDS Outreach 2012).

## POPULATION DENSITY

The population density for Senqu Municipality is estimated at 16.12 persons per km squared (SDF 2011). The major population density is around Sterkspruit with much of the total population living in the Sterkspruit sub-region (SDF 2011). This is due to the fact that this area is the former Transkei Homeland where Black Africans were forced to live under Apartheid. The less denser population areas are essentially commercial farmland. From a strategic perspective therefore it may be developmentally wise to focus on higher level investment in housing, social and services infrastructure in this area as this is where there will most likely be optimum usage of resources, benefitting the greatest number of people. The majority of the Senqu population reside in rural areas. This includes rural villages and farm households.

## MIGRATION PLAN

Senqu municipality has no migration plan in place as funding still has to be sourced for this. This does have to be addressed as the municipality borders on the Kingdom of Lesotho and has many illegal aliens who reside within the municipal area. The municipality is looking at partnerships with government departments on how to address this issue as it is both a problem in that resources are drained and no taxes paid but also an opportunity in terms of trade and skills being imported into the region.

Another in-migration which is occurring is that of Bangladeshi and Chinese nationals who run and operate many of the small shops in rural areas. This does create problems when they rent or run shops out of RDP

houses. The money generated by them does not return to the economy, as in general they either buy in bulk from Lesotho or in Bloemfontein. The Departments of Trade and Industry, Home Affairs and SARS need to assist the municipality in ensuring that the region benefits from these economic activities. It needs to be noted that these shop keepers are a boon to local communities as they provide a service which the community would otherwise be forced to travel long distances to access.

## POPULATION CONCERNS

The municipality has a very high youthful population which indicates a high need for employment. There is also a greater need for secondary and tertiary education in the region. However the only tertiary opportunities are offered outside the region. The traditional employment opportunities in agriculture and the commercial sector for low skilled workers do not appeal to the better educated and more global orientated youth of today. This is why the municipality in its LED strategy is aiming to develop entrepreneurs in various service sectors in order to cater for this gap. However greater assistance is required from the Department of Education and Higher Education to provide the necessary skills and institutions to build the entrepreneurial mind set.

The other population concern is that of the influx of Lesotho citizens. The border is porous and there has always been traditional movement between the two countries unhindered by border posts. As a result there is a greater demand for educational, health and housing. Thus all of these departments come under pressure to provide services for persons who have been born in South Africa and lived here but without any documentation. In a sense these people are not foreigners but are in fact South Africans. Their illegal status causes many social problems for them and their families and the Department of Social Development is often faced with abandoned children without papers.

## INCORPORATION OF POPULATION ISSUES INTO PLANNING

The municipality needs to undertake a study on how the main population issues of unemployment and HIV and AIDS are impacting on service delivery issues. The rise in child headed households caused by the factors mentioned previously have an impact on the appropriateness on the type of services rendered like RDP house standards. However in general the municipal sector plans reflect the main population concern of a youth mainly female headed household concern.

Table indicating population issues and efforts to mitigate

Issue	Status Quo	Proposed Sector intervention
Overall population	Stable population growth throughout the District	Increase in housing need to be reflected in the HSP
Gender and age	Youth constitute more than 51% of the total population	Youth development to be strengthened. LED Strategies to have relevant youth development

	55% of population are females	initiatives
HIV and AIDS	High levels of prevalence	Focus on awareness campaigns and access to treatment Strengthen and implement the HIV and AIDS Strategy
Migration	Higher out-migration rate which is above provincial rate	Local Economic Development strategy to deal with business retention and attraction. Introduce small town regeneration programmes

## INCORPORATION OF MILLENNIUM DEVELOPMENT GOALS

<i>Millennium Development Goals</i>	<i>Strategic Focus Areas</i>	<i>Key Programmes</i>
<ul style="list-style-type: none"> <li>Reduce unemployment by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and sustainable community livelihoods.</li> </ul>	Job Creation And Poverty Alleviation	<i>EPWP &amp; CWP Implementation</i>
<ul style="list-style-type: none"> <li>Reduce poverty by half through economic development, comprehensive social security, land reform and improved household and community assets.</li> </ul>	Rural development Environmental conservation and protection Intergovernmental Coordination	<i>Focused coordination of rural development initiatives through LED initiatives</i>
<ul style="list-style-type: none"> <li>Provide the skills required by the economy, build capacity and provide resources across society to encourage self-employment with an education system that is geared for productive work, good citizenship and a caring society.</li> </ul>	Human Resource Development	<i>Skills development</i>
<ul style="list-style-type: none"> <li>Ensure that all South Africans, including, especially the poor and those at risk – children, youth, women, the aged and people with disabilities- are fully able to exercise their constitutional rights and enjoy the full dignity of freedom.</li> </ul>	Build social fabric	<i>Mainstreaming</i>
<ul style="list-style-type: none"> <li>Compassionate government service to the people, national, provincial and local public representatives who are accessible, and citizens who know their rights and insist on fair treatment and efficient service.</li> </ul>	Build economic and Social Infrastructure Universal Access to Basic Services Effective planning and reporting	<i>Functioning of oversight structures</i> <i>Improved Service delivery</i>
<ul style="list-style-type: none"> <li>Massively reduce cases of TB, diabetes, malnutrition and maternal deaths, and turn the tide against HIV and AIDS, and, working with the rest of Southern Africa, strive to eliminate malaria, and improve services to achieve a better national health profile and reduction of preventable causes of death, including violent crime and road accidents.</li> </ul>	Build social fabric	<i>HIV and AIDS programmes coordination</i>
Significantly reduce the number of serious and priority crimes as well as cases awaiting trial, with a society that actively challenges crime and corruption, and with programmes that also address the social roots of criminality.	Sound and transparent governance	<i>Anti-fraud and anti-corruption measures are in place</i>
Position South Africa strategically as an effective force in global relations, with vibrant and balanced trade and other relations with countries of the South and the North, and in an Africa that is growing, prospering and benefiting all Africans, especially the poor.	Intergovernmental Coordination	<i>Coordination structures are in place</i>

## CONCLUSION

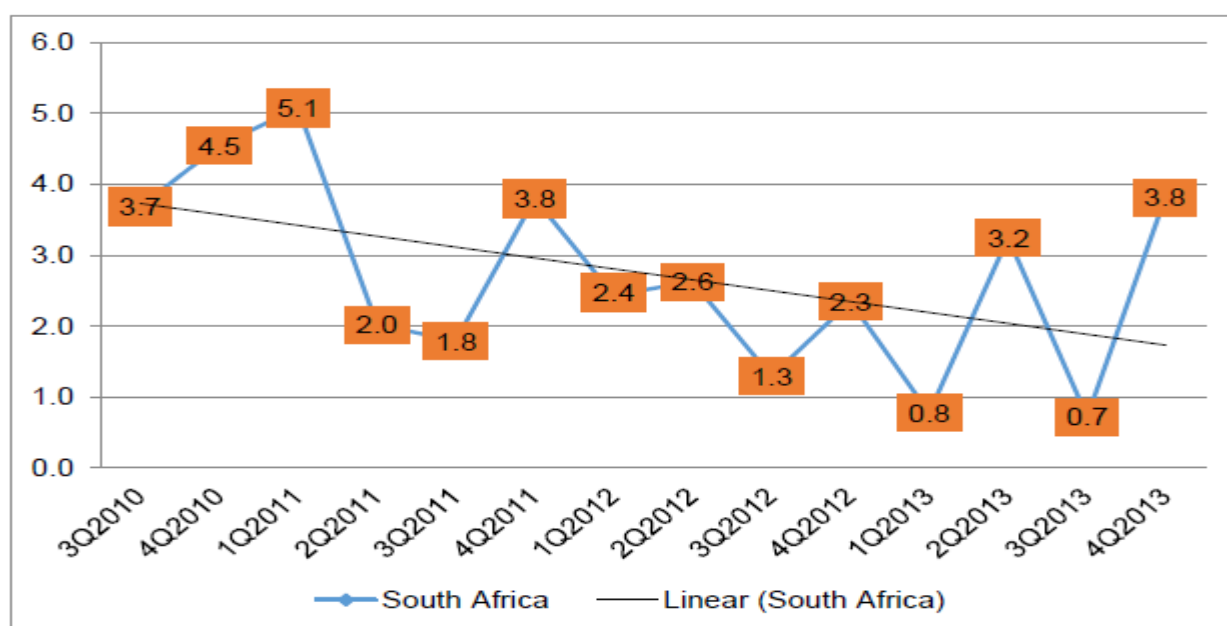
The implications of the population studies of Senqu indicate a youthful population with low skills levels and high unemployment. The majority of the population live in rural villages and rely on social grants. There is high migration to the more urban areas inside and outside the municipality for employment and educational opportunities. The high out migration to areas outside the municipality has an annual season with persons returning for Easter and Christmas holidays. Persons also tend to return to the traditional areas when they are faced with illnesses that require high caring from relatives.

## CHAPTER TWO: SOCIO – ECONOMIC AND LED ANALYSIS

### ECONOMIC OVERVIEW

In Q4 2013, economic activity in South Africa increased significantly to 3.8% quarter on quarter (QoQ), bouncing back strongly from a very low quarter 3 performance of only 0.7%. Q3 2013 was the lowest growth achievement since the 2009 recession. The figure below illustrates that South African growth has been very unstable over the past twelve months, with no clear trend line.

The largest contributors to the growth of 3.8% in Q4 2013 were the manufacturing sector (2.1 percentage points based on growth of 12.3%); mining sector contributing 0.9 of a percentage point based on growth of 15.7%; and finance sector contributing 0.4 of a percentage point based on growth of 1.5%. Whereas the electricity sector was the only sector that contributed negatively towards GDP. However, year on year (YoY) GDP growth for Q4 2013 was 2.1% YoY, compared to 1.8% in the previous quarter (ECSECC 2013).



Source: Statistics South Africa, 2014

Chart 3: Annualised GDP growth in South Africa at constant 2005 prices (Q1 2008 – Q4 2013)

Growth in economic activity in the Eastern Cape over the past year has been unstable. The year 2013 started with a zero percent growth in Q12013, improved to 3.6% in Q2 2013, dropped to -0.3% in Q3 2013 and ended on 3.0% in the last quarter of 2013. The main contributors to the growth of 3.0% in Q4 2013 were the

manufacturing sector (2.4 percentage points based on growth of 14.1%), and the trade and finance sectors (which each contributed 0.2 of a percentage point based on growth of 1.2% and 0.9% respectively). YoY GDP growth for the province was constant at 1.5% in Q4 2013 compared to the same growth rate in the previous quarter. This good performance experienced by this economy in Q4 2013 was mainly due to bouncing back of the manufacturing sector which had experienced a negative growth rate in the previous quarter (ECSECC 2013).

The economy of JGDM is relatively small contributing only 0.3 % to the South African economy and 3.7 % to the Eastern cape economy. The performance of the district has been satisfactory over the past decade or so with an average growth from 2000 to 2013 of 5 %. The 2008-2009 recession had a marginal effect overall performance and growth rates grew by 2 % as opposed to a national average of -1.5 % and a provincial average of -1%. The tertiary sector is the largest contributor to the municipality's economy with a contribution of 80.7%. this is followed by the secondary sector (14.8%) and the primary sector (14.5%) (ECSECC,2014 JGDM Economic Profile).

## ECONOMIC INDICATORS

The Senqu **local economy** generates around one quarter (25.7%) of total District GVA, representing the second largest contribution after Elundini (39.0%) and being closely comparable to Maletswai share (24.3%) of the JGDM economy. From 2000 to 2010, the local economy has grown at an average rate of 3.0%pa, while the District and provincial economies has averaged 5.6%pa and 3.2%pa, respectively, over the same period. In respect of total **formal employment** in the District, Senqu makes a relatively higher contribution (27.9%), again ranking second to Elundini (36.7%) and above the contributions of Maletswai (22.2%) and Gariep (13.2%).

**Table 11 : Summary of Local Economic Indicators, 2000-2010**

GVA at basic prices (R'm) (Constant 2005 prices)	District Share of EC (% 2010)	Senqu Share of DM (% 2010)	Senqu Share (% 2010)	Shift in Share of DM (2000-	Growth (%pa) (2000-	GPI (2000-10)	LQ (2010)

				10)	10)		
<b>TOTAL</b>	<b>3.61</b>	<b>25.74</b>	<b>100.00</b>	<b>-7.16</b>	<b>3.03</b>	<b>78.24</b>	<b>1.00</b>
<b>Primary: Total</b>	<b>7.94</b>	<b>30.27</b>	<b>5.74</b>	<b>-1.23</b>	<b>-3.17</b>	<b>96.09</b>	<b>1.18</b>
Agriculture, forestry & fishing	8.09	29.56	5.46	-1.52	-3.24	95.11	1.15
Mining & quarrying	4.66	55.65	0.29	11.02	-1.87	124.69	2.16
<b>Secondary: Total</b>	<b>2.68</b>	<b>20.50</b>	<b>11.98</b>	<b>-9.30</b>	<b>5.47</b>	<b>68.79</b>	<b>0.80</b>
Manufacturing: Total	2.22	20.95	8.17	6.74	6.55	75.66	0.81
Utilities: Total	5.09	13.11	0.79	-30.76	-6.32	31.14	0.51
<b>Tertiary: Total</b>	<b>3.73</b>	<b>26.45</b>	<b>82.28</b>	<b>-7.07</b>	<b>3.34</b>	<b>78.92</b>	<b>1.03</b>
Trade: Total	3.14	19.88	9.01	-12.04	-4.03	61.99	0.77
Transport: Total	2.89	20.45	5.62	-4.67	4.60	72.50	0.79
Finance: Total	4.42	24.97	27.86	1.47	12.72	84.23	0.97
Services: Total	3.70	31.42	39.79	-3.30	1.69	87.07	1.22

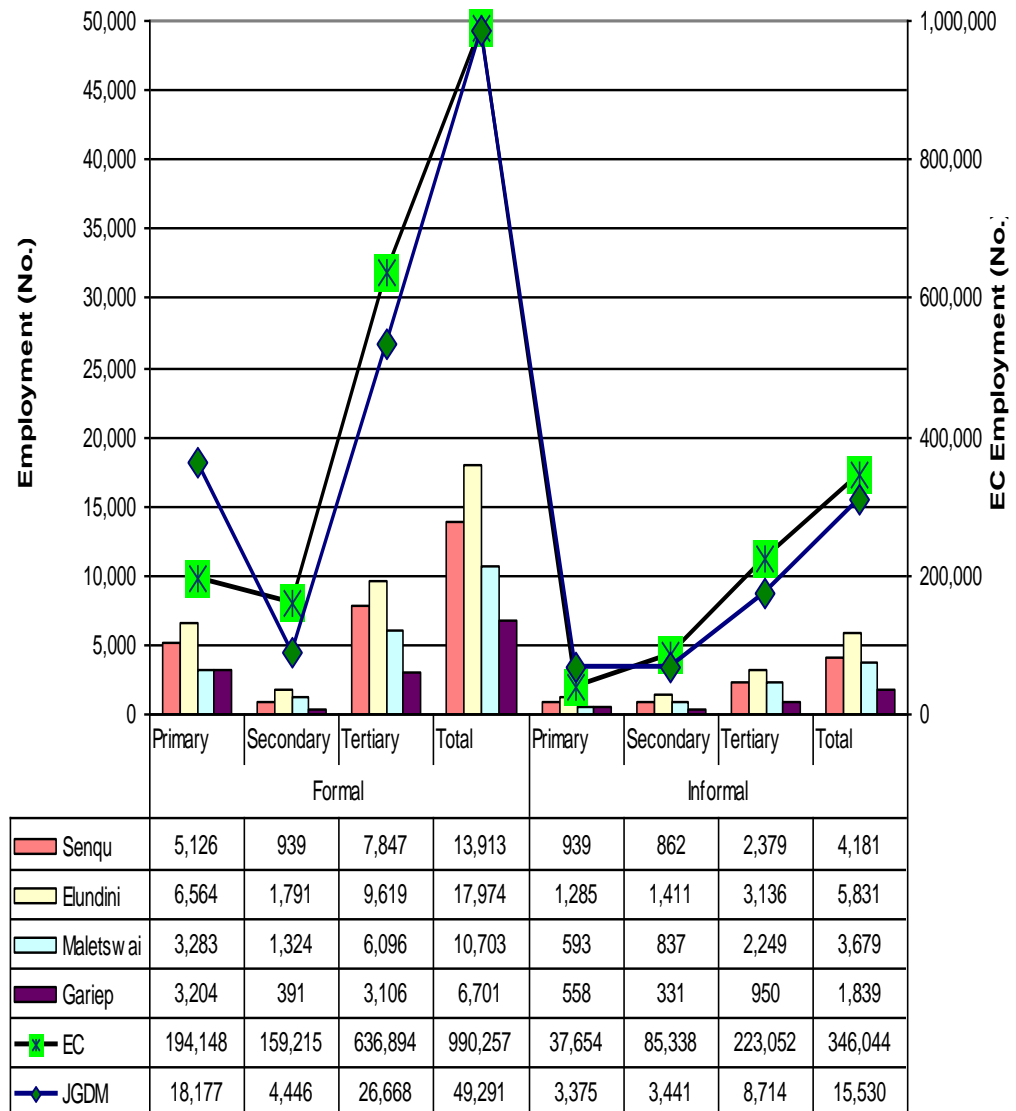
Source: Global Insight 2010

## Economic Growth, Structure and Sectors

The **tertiary sector** contributes the greatest share of GVA (82.3%) and formal employment (68.8%) to the Senqu local economy. As reflected in the above table, the Senqu economy claims a comparative advantage in the primary sector, with a location quotient (LQ) of 1.18, where both Agriculture (LQ: 1.15) and particularly Mining (LQ: 2.16) are claimed as advantages.

The local economy further claims a **comparative advantage** in the tertiary sector, with a modest location quotient of 1.03, principally owing to the relative strength of the Community (LQ:1.20) and General Government (LQ:1.23) Services. While no comparative advantage in the secondary (LQ: 0.80) sector emerges, several **Manufacturing sub-sectors are claimed as advantages**, notably the Radio and instrumentation (LQ: 3.88) and Furniture and other manufacturing (LQ: 2.65) industries, with less pronounced advantages (LQs) also claimed for the following manufacturing sub-sectors: Electrical machinery and apparatus (1.86); Petro-chemical products (1.72); Transport equipment (1.08); and Textiles, clothing and leather goods (1.02).

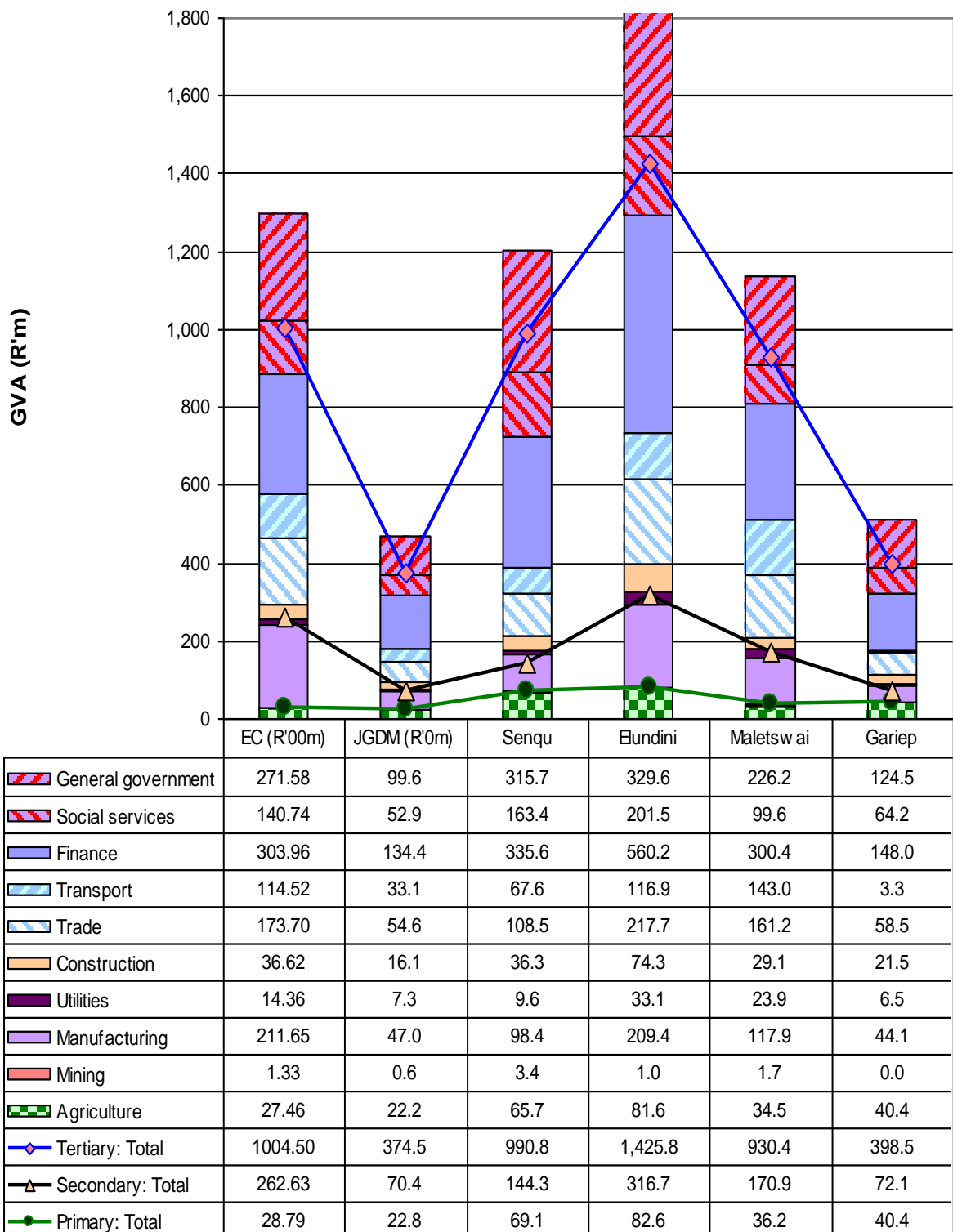
**Community services and General government (Services)** accounts for the bulk (39.8%) of local GVA and for 37.4% of all local formal employment. The dominance of Services contributes to the concentration of the local economy (Tress Index: 63.48), as well as of the District economy which has a tress index of 58.28. Given that diversification is essential for a robust and resilient economy, the promotion of economic development across a range of sectors, away from the current concentration on Services, will mitigate against negative seasonal or sectoral impacts.



**Chart 4: Employment by Main Sector and area, 2010 Global insight 2010**

Chart 5: GVA by Formal Sector and area, 2010





Considering **trex indices** for Senqu, from 1995 (63.60), through 2000 (63.41) and 2005 (61.47), the local economy was becoming less concentrated (more diversified), but has since reversed that trend to become more concentrated (63.48) in 2010. This reversal arguably owes to the continued dominance of Services coupled with the increased prominence of a second sector, namely Finance (27.9%). The only other sectors

to have increased their share of GVA contribution to the local economy, from 2005 to 2010, are Manufacturing, from 7.1% to 8.2%, and Construction, from 2.2% to 3.0%. **The Finance sector** has grown, since 2000, to displace both Community services (13.6%) and General Government (26.2%) as the largest sectoral contributor (27.9%) to Senqu GVA in 2010, although Services (considering both Community and Government sectors together) does retain its overall dominance in the local economy. The profile of formal employment differs from that of GVA, where Services is marginally dominant in Senqu (37.4%) and Maletswai (30.8%), followed closely by Agriculture at 36.3% and 30.4% respectively. By contrast, Agriculture dominates formal employment in Elundini (36.3%) and particularly Gariiep (47.6%), followed by Services at 30.6% and 29.7% respectively.

Finance, like Services, is not strictly a driving sector in that no new productive value is generated, although both can play significant roles, as services, in facilitating (or limiting) an enabling environment conducive to local economic development. Beyond these dominant service-related sectors, potential local economic drivers emerge as Mining and quarrying together with the Manufacturing sub-sectors of Electrical machinery and Transport equipment. The latter industries emerge as leading (GPI >100) comparative advantages (LQ >1; positive shift in share) and further claim higher than average growth rates, with the notable exception of Mining. Agriculture, while being claimed as a comparative advantage (LQ: 1.15), emerges as a lagging sector (GPI: 95.11) and reflects negative growth (-3.2%pa) as well as relative loss in share (-1.5%) of the District economy.

While **Mining** emerges as a relatively significant economic sector in terms of performance, no corroborating information regarding mining, quarrying or related activities, such as sand-winning, is found in the Senqu IDP (2011). Mining generates a comparatively small contribution to both GVA (0.3%) and formal employment (0.5%) in Senqu, but does emerge as a leading (GPI: 124.69) comparative advantage (LQ: 2.16; 11.0% shift in share) in the District.

The other primary sector of **Agriculture**, in spite of a lagging performance (GPI: 95.11) and negative shift in share (-1.52%), makes a relatively significant contribution to local GVA (5.5%) compared to the District (4.8%) and particularly the Province (2.1%). Moreover, Agriculture's contribution to formal employment in Senqu (36.3%) and in the JGDM (36.6%), contrasted with 19.3% provincially, represents more than one third of local formal employment. Further, Senqu is characterised by a strong presence of subsistence agriculture, which does not contribute directly to the formal economy but does enhance local food security and survivalist economics at household level, and further presents opportunities for skills development and growth in small-scale agricultural development.

The Senqu IDP (2011) notes that commercial farming is mainly in small stock (sheep and limited numbers of goats) together with some cattle farming. Limitations to commercial agricultural development, beyond the predominance of subsistence agriculture, lie in the limited extent of arable land in Senqu – one of the most degraded areas in South Africa – although intensive production of selected fruit with related processing and packaging opportunities, as well as marginal production of dry beans and grain sorghum, have been identified for Senqu. (JGDM 2010; UKDM 2009)

The District LED Strategy (UKDM November 2009) identifies **route tourism** as a significant opportunity for the District as a whole, where Senqu is presently the most developed tourism destination and where eco and adventure tourism offer the greatest potential for further development. Furthermore, Tourism was identified as a leading product for the Senqu local economy in 2004 (ECO 2006), with scenic beauty, hiking and wildlife attractions, and trout fishing, together with South Africa's only ski resort at Tiffendell. Along the tourism value chain there is potential for developing SMMEs, particularly in respect of small scale accommodation facilities and tourism products and services, including crafts and entertainment and guiding. A further local economic opportunity relates to local procurement in respect of services, products and supplies such as furniture, bottled water and services such as repairs and maintenance.

The Senqu IDP (2011) **identifies Agriculture and Tourism** as the major economic drivers of the local economy. Conventional and traditional agricultural practices may offer limited returns, recognising the local environmental limitations; However, alternative intensive practices, notably hydroponic production, can be exploited, particularly where enabled by good water quality. Where such is realisable, further advantages required for exploiting growth in intensive agricultural production include marketing together with reliable and affordable transport, as well as quality food hygiene packaging and processing processes that conform to national, and ideally international, standards.

**Tourism** does emerge as a key potential economic sector, and economic driver, particularly with the inclusion of the country's only ski resort, Tiffendell. The Senqu IDP (2011) notes that mountain tourism is the most active tourism node, albeit seasonal in nature with strong winter adventure tourism and with Tiffendell ski resort being the "key pin" with linkages to the Rhodes, Barkly East, Maclear, Ugie and Lady Grey areas. Tourism is not a distinct economic sector but a consumption-based service industry that encompasses many different economic activities. As a general rule, tourism figures are included within the tertiary sector, particularly Trade (Wholesale and retail trade, and Catering and accommodation) which generates 9.0% GVA

(8.6% trade; 0.4% catering) and 9.7% formal employment (8.8% trade; 0.9% catering) in 2010. However, the Trade sector has declined over the past 10 years in respect of GVA (-4.0%pa) and formal employment (-2.5%pa). Informal sector 'employment' in Trade has also declined (-0.5%pa) although this decrease applies to the catering sub-sector (-10.4%pa), whereas the trade sub-sector has grown (0.1%pa) and now accounts for around one third (33.5%) of all informal 'employment'.

## EMPLOYMENT

The structure of the local economy in respect of formal employment has undergone some shifts from 2000 to 2010. Services remains dominant and Utilities and Mining remain as the least prominent employers. Agriculture has shifted from being the largest employer (46.9%) in 2000 to being second-largest (36.3%) in 2010. The most significant growth is seen for the Finance sector, increasing from 2.9% to 7.5% formal employment over the last decade (7.5%pa). Positive growth is further recorded for the Mining (6.7%pa) and Manufacturing (5.9%pa) sectors. However, employment in Mining remains marginal, increasing from only 40 to 76 workers, from 2000 to 2010. Manufacturing employment increases from 267 to 471 workers over the same period. Further, all manufacturing sub-sectors have seen positive rates of growth in formal employment, which is also seen for the sector's GVA contribution in 2010.

Formal employment and GVA contributions, by sector, are reflected in the tabulated figures with greater detail for the local economy, by sector, summarised below.

**Table 12: Senqu Formal Employment and GVA Contribution (2010) and Growth (2000-2010)**

Sector	GVA (Current Prices) Contribution			Formal Employment Contribution		
	R'm	(%)	%pa (2000-10)	No.	(%)	%pa (2000-10)
<b>Primary: Total</b>	<b>69.1</b>	<b>5.74</b>	<b>-3.17</b>	<b>5,126</b>	<b>36.85</b>	<b>-4.64</b>
Agriculture	65.7	5.46	-3.24	5,051	36.30	-4.74
Mining	3.4	0.29	-1.87	76	0.54	6.66
<b>Secondary: Total</b>	<b>144.3</b>	<b>11.98</b>	<b>5.47</b>	<b>939</b>	<b>6.75</b>	<b>0.72</b>
Manufacturing	98.4	8.17	6.55	471	3.39	5.85
Utilities	9.6	0.79	-6.32	34	0.25	-7.00
Construction	36.3	3.01	9.87	434	3.12	-2.10
<b>Tertiary: Total</b>	<b>990.8</b>	<b>82.28</b>	<b>3.34</b>	<b>7,847</b>	<b>56.40</b>	<b>-0.66</b>
Trade	108.5	9.01	-4.03	1,347	9.68	-2.47
Transport	67.6	5.62	4.60	255	1.84	-0.65
Finance	335.6	27.86	12.72	1,042	7.49	7.45
Community Services	163.4	13.57	2.51	2,455	17.64	-1.85

General Government	315.7	26.22	1.30	2,748	19.75	-0.59
<b>TOTAL</b>	<b>1,204.2</b>	<b>100.00</b>	<b>3.03</b>	<b>13,913</b>	<b>100.00</b>	<b>-2.27</b>

Source: Global Insight 2010

Informal sector data is notoriously unreliable and, by its very nature, not conducive to quantification. Drawing on available estimates, informal sector 'employment' in Senqu is concentrated in the tertiary sector (56.9%), centred on Trade (34.7% - 33.5% trade; 1.2% catering), followed by Agriculture (22.5%), Construction (15.6%), then Community, social and personal services (15.0%). Growth in informal sector 'employment', at -0.5%pa, is similarly negative albeit less considerable than that in the formal sector (-2.3%pa), from 2000 to 2010. The top performing sectors in terms of local informal employment growth are Finance (16.0%pa), Manufacturing (8.6%pa), Transport (7.9%pa) then Construction (6.5%pa).

### Small Business Sector

According to the Joe Gqabi SMME Survey (3Sixty, 2010), the Senqu small business community is characterised by the following trends:

- 72% are in trade/ tourism sector following by agriculture (16.7%)
- Only 22.2% are VAT registered
- Only 22.2% are Income Tax registered
- More than 50% sole traders followed by Coops 22.2%
- About 83.3% employed less than 5 people
- Only 33.3% had a valid business plan
- Only 38.9% had received a pre-start up training
- About 50% required advice, training and business plan support
- 55.6% do not know where to get business support and advice
- 72.2% are not members of an association
- Only 16.7% participate in DM procurement database
- 77.8% believe procurement access is not easy
- Only 50% of Senqu SMMEs are registered in Senqu supplier database

This indicates a sector that is highly vulnerable, informal and in need of a stronger support system if any meaningful growth is to be realised.

### COMPARATIVE AND COMPETITIVE ADVANTAGES

#### Competitive advantages

- **Basic Services and Infrastructure**

The local municipality performs above District average in respect of access to all **basic services** but refuse removal, where only 13.45% households in Senqu enjoy regular municipal refuse collection services. The majority of Senqu households enjoy access to the RDP minimum levels of basic services in respect of housing (95.16%), energy (66.28%) and sanitation (56.13%). In Senqu's favour is the considerable allocation of local government equitable share, at R79.2m in 2011/12, which equates to around R627 per capita. The provision of regular water supplies is however a challenge due to illegal connections.

#### • **Tourism**

– **Scenic beauty, hiking and wildlife attractions and trout fishing.**

– South Africa's **only ski resort at Tiffendell**. Tiffendell Ski Resort is the only ski resort in South Africa and is uniquely positioned to capture the local skiing market. Opportunities exist to promote Tiffendell as a venue for international events such as the World Snowing Boarding Championships.

– Reopening of the **historic railway line** between Aliwal North and Barkly East passing through Lady Grey is also a unique development options that will attract tourists;

#### • **Agriculture**

##### *Wool production and agriculture*

Agriculture is one of the major economic drivers of the local economy and considered one of the New Growth path's job drivers. The total cultivated area of arable land is 47 319, 21 Ha, dry land under commercial Production has 18 178, 39 Ha; commercial irrigated Land of 3 866, 57 Ha, semi commercial (Commonages) has 25 274, 25 Ha (Information supplied by the Department of Agriculture). In general however the area has limited land available that can sustain intensive agricultural practices. The area is more suited towards stock farming than crop production due to its mountainous profile, short growing season and shallow erodible soils. However where soils are suitable dryland crops such as beans, maize, sorghum and cabbage can be produced. Fodder is also grown for winter feed and lucerne is grown under irrigation on many commercial farms. Stocking rates tend to be low due to the mountainous area but sheep, cattle and goats are in the majority. Accurate stock rates could not be received from the Department. In general agricultural infrastructure has been installed in the former homeland and communal region but farmers still express needs in particular for fencing, tractors, stock dams, shearing sheds and dip for the dipping tanks. The most common complaint is for roads to be fixed in all commercial and communal areas and especially to the lands. The former homeland is also been invaded by plants which reduce grass from growing and affect animal health like the jointed cactus and Slangbos. DRDAR will be starting programmes to eradicate the cactus and DEDEA have funded projects to eradicate Slangbos but more needs to be done as it is spreading throughout the district. Stock theft remains a constant threat to both commercial and non-commercial farmers. A positive note is the growth of farming co-operatives building relationships with commercial farmers to utilise underutilised communal land such as the Tugela co-operative near Skisizana.

In 2010/11, 46 099 196 kilograms of greasy wool was produced in South Africa. Out of this the Eastern Cape produced 14 300 585 kilograms. The Barkly East magisterial district produced 897 677 kilograms and the Lady Grey district 197 727. The entire Transkei produced 3 467 686 kilograms. In 2011/12, 44 807 741

kilograms were produced out of which the Eastern Cape produced 13 950 406 kilograms. Barkly East 876 812, Lady Grey 178, 107 and the Transkei 3,357,008 (Cape Wool production figures 2010-2012). This makes Senqu one of the largest producers of wool in the Eastern Cape. Its climate and topography makes it well suited to expand this type of farming.

**Bottling of fresh spring** water is a potential niche. Senqu has pure, clear water that is already being bottled on a small scale. Potential may exist for further expansion.

**Strategic location and proximity to** Lesotho provides development opportunities near the Telle Bridge border post as well as for the revitalisation and upgrade of Sterkspruit. These provide major tourism development opportunities for both Senqu and Lesotho.

### **Comparative advantages**

- **LED Support System**

The Senqu Municipality has a dedicated LED Unit located within its planning department. The Unit is responsible for coordination and facilitation of LED processes in Senqu as well as advise Council on LED matters. The LED Unit is not fully staffed and its capacity needs to be increased.

Senqu is one of the key partners of the Joe Gqabi Economic Development Agency (JoGEDA) which is tasked to drive special economic development projects on behalf of the district municipality and the four local municipalities in Joe Gqabi. With respect to Senqu, the Agency has prioritised commercial property development and plastic manufacturing as its immediate flagship projects. Its other partners are the local tourism organization (Senqu Tourism Association) and the Small Enterprise Development Agency (SEDA) which provides support services to tourism enterprises and other small businesses in the area. The capacity and programmes of both organizations need up-scaling through the provision of additional human and financial resources to reach across the municipal area. Other partners include the JGDM, ECDC, DLGTA, DEDEA and the Department of Agriculture.

- **EPWP, CWP & Enterprise development**

EPWP & CWP programmes are operated very effectively in the municipality. Enterprise development is however struggling as SMME's and Co-operatives struggle to become financially viable. The municipality continues however to support these initiatives through its percentages in its supply chain management policy.

### **CHALLENGES**

- **Geographic Challenge**

The majority (86%) of the Senqu population lives in predominantly rural areas consisting of rural villages and farm households. The average population density is 3.24 households per square kilometre, lower than the district and provincial population density of 3.27 and 3.89 households per square kilometre, respectively. The

population density is 17.23 persons per square kilometre - indicating that people are scarcely located, making it extremely costly and difficult to provide the prerequisite services and conditions to address unemployment and poverty.

#### • **Dependency Challenge**

For every formally employed person there are 8.08 people that depend on the same income resources in Senqu. However, despite a large potentially economic active population (57% or 72 003 people), the economy is unable to provide the required economic and employment opportunities for all these people. In the current form and conditions, the local economy can only provide employment and economic opportunities for only a quarter (25.13%) of the potentially EAP. This calls for the drastic improvement of the socio-economic conditions to ensure that more opportunities.

#### • **Poverty Challenge**

Despite experiencing positive economic growth between 2000 and 2010, Senqu's economy has been unable to create meaningful benefits for the poor. The poverty rate is 62.93% - much higher than the provincial average of 53.61%. Dependency on social grants is highest in Senqu (37.42%) compared to the district (34.46%), provincial (31.54%) and national (22.68%). Also, the state of household savings reveals a high degree of indebtedness (-R464) for Senqu which further exacerbates the poverty challenge.

Although the Municipality has and continues to support a number of poverty alleviation projects, in many instances these have not yielded much results, largely owing to poor methodologies, lack of appropriate support and institutional capacities. In many instances the impact of these poverty alleviation projects remains unknown. This is why the Municipality has prioritised a poverty alleviation strategy for the 2014/15 financial year.

#### • **Employment Challenge**

Based on the official definition, more than one third (30.34%) of the economic active group in Senqu is unemployed while the district average is 23.54%. Including those not actively seeking for work, unemployment in Senqu is as high as 65% compared to 54% and 48% for the district and Eastern Cape respectively.

Between 2000 and 2010 formal employment growth was negative at -2.27%, performing worse than the district (-1.23%) and province (-0.21%) respectively. The reason for negative formal employment growth can be attributed to:

- Poor performance of agriculture, trade and manufacturing sector;
- Over-dependency on the services sector;
- Recession and global environment.



However, also of concern is the quality of available jobs in Senqu. For example a majority of the informal and formal employment is in the Agriculture and Trade sector, if one excludes the services sector. These jobs are not high paying and therefore do not necessarily provide a good quality of life.

#### • **Income Challenge**

With about 50.25% of the households earning no income at all and 21.39% earning between R1 and R1600 per month, almost two thirds of Senqu households are indigent. Of these, more than one quarter of households (6134) earn R400 or less per month. This is indicative of Senqu's low economic base, a factor that makes it less attractive to investors. This has negative repercussions for the economy and the municipality as more and more people cannot afford to pay for their livelihoods and services.

#### • **Literacy Challenge**

Only 58.66% of the adult population can read and write compared to the provincial 66.7% and national average of 73.62%. A tenth (10.81%) of the adult population have a matric while almost 15% have no formal education. Considering that the majority of people are living in poverty, the relatively low literacy levels make it difficult to find better livelihood options.

#### • **Skills Challenge**

Majority of adult population (32.21%) are unskilled. There is a major shortage of technical skills (currently only 0.19%). However, Senqu has a relatively high proportion of professionally skilled persons (23.46%) compared to the district (15.49%) and province (13.53%). The lack of appropriate skills affects the performance of the economy, as much as it affects the delivery of basic services.

#### • **Infrastructure and Land Challenge**

While Senqu performs above district average in respect to all basic services with the exception of refuse removal where only 13.45% households are provided with the municipal refuse collection services, infrastructure backlogs remain an area of constraint that must be addressed to unlock better growth and new investments into the area. For example:-

- Extension of electrification to certain rural areas and plucking of high leakages caused by poor maintenance and aging infrastructure;
- Surfacing the 562Km gravel road backlog and improving maintenance on existing access roads and bridges;
- Improvement of waste management (backlog of 31 155 households) to address infrastructural shortages and environmental issues;
- Housing provision (backlog of 30 000 RDP houses);
- Land tenure issues, claims, rights and invasions

The effect of migration into urban areas such as Sterkspruit is also putting major strain on existing infrastructure in these areas. A more integrated approach addressing social, economic and infrastructural issues is critical.

#### • Land

The Senqu Municipality has communal land in the former Transkei homeland situated around Herschel and Sterkspruit, bordering on Lesotho. The land tenure in this area is a mixture of freehold, quit rent and PTO. Land tenure and rights in this area have traditionally been vested in traditional authorities with the Department of Agriculture distributing PTOs. The rest of the area is either freehold tenure in the former RSA towns or commercially owned farmland (Senqu SDF 2009).

The majority of the municipal land is unimproved grassland (75.6%), with only 6.6% of the area used for cultivation purposes. Approximately 13% of the surface area is classified as degraded: that is, it has previously been subjected to poor land use and management practices (e.g. overgrazing or inappropriate cultivation methods). Only 1.1% of the surface area is developed as built areas, including the urban areas of Sterkspruit, Lady Grey and Barkly East, as well as the rural settlements. Senqu has major challenges relating to land invasions of municipal owned or state land. This is due to lack of land being offered for sale and people being unable to afford land but wishing to be closer to prospective employment and urban amenities in the urban areas of Barkly East and Lady Grey. In the smaller rural hamlets of Rhodes, Rossouw and Herschel people are invading land and building informal settlements in order to move closer to urban amenities or receive housing with freehold tenure especially farm workers. There is also the land redistribution challenge that Senqu must meet. For example, to be able to meet the 30% redistribution target by 2014, 166 000 ha will need to be redistributed at 33 000 per annum at a total cost of R 83 million if the price remains at around R 2500 per hectare (JGDM ABP 2010).

#### • Growth Challenge

Between 2000 and 2010 average growth was 3.03%. Despite outstripping the average population growth (-0.89%) for the same period, this growth has not been sufficient to cause any significant dent on unemployment and poverty. It is also far below the national target of 4% to 7% required to necessary positive employment growth. The reason for limited growth can be attributed to:

- Over-dependency of the economy on the services sector which accounts for one quarter of the total GVA and formal employment;
- Significant spending outside the Senqu area (leaking bucket phenomenon);
- Poor performance of agriculture, trade and manufacturing sectors;
- Low income levels that are not attractive for investors;
- Lack of innovative value add approach to the economy;
- Effects of recession and globalization.

## SKILLS AND EDUCATION LEVELS

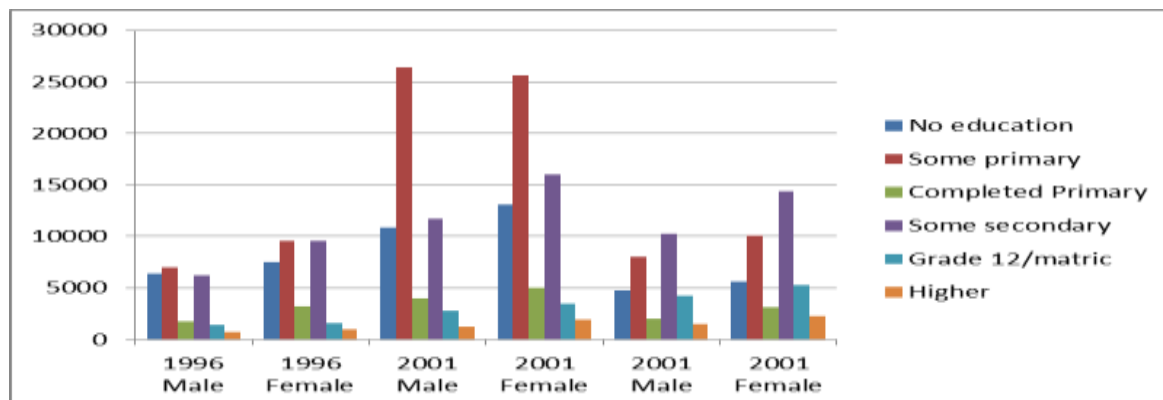
In general skills levels are low, with the majority of residents reliant on government/community services for employment or primary economic activities such as agriculture. 40 111 beneficiaries receive grants with a value of R 32 480 001 paid out monthly. It must be remembered that 41 854 people actually receive grants but as they are children only their parents are counted as beneficiaries (SASSA 2013).

## Skills and Professions

An indication of **skills and professions** is afforded by the 2007 Community Survey (StatsSA 2009). Considering only the survey population for which a profession is specified, the dominant occupational group across all areas is 'Elementary', applicable to almost one third of the Senqu (32.21%) and JGDM (31.78%) economies, as well as the Elundini (32.93%) and Maletswai (32.79%) economies. The Province (24.30%) and Gariiep (23.76%) reflect proportions closer to one quarter for "elementary occupations". "Professionals" are the next most prominent occupation within Senqu (23.46%) as well as for Elundini (14.36%), the District (15.49%) and the Province (13.53%). By contrast, "Skilled agricultural and fishery workers" are well represented in Gariiep, while "Service workers; shop and market sales workers" are next most prominent, after elementary occupations, for Maletswai (11.91%). Service and sales workers account for around one tenth (9.71%) of Senqu professions, followed closely by "Craft and related trades workers" (8.94%) then skilled agricultural workers (8.88%), while "Technicians and associate professionals" (0.19%) are the least represented in the local economy.

About 39% of Senqu Municipality workforce is made up of elementary or unskilled workers, the largest percentage in the District. Senqu Municipality has low levels of senior management and technical staff, 3% and 4% respectively. This corresponds with low levels of educational facilities in the area and indicates a need for skills development and education programmes. SLM has the second lowest levels of education behind Elundini Local Municipality in the District, with 58.85% of the population having only received a primary school education. SLM area has 153 schools of which 68 are Primary, 17 are Secondary, 63 are Combined and 5 are ECD. SLM has the lowest levels of education, with 47% of the population having only received a primary school education as can be seen in the chart below. There is only one tertiary education facility (FET College) in the Municipality. This FET College is currently being revamped with a new campus being built at Bensonvale.

**Chart 6: Education levels**



Source Statssa 2011

This chart indicates that the number of illiterate people is steadily declining and the Municipality is doing well in achieving the goal of universal primary school access. It is also good to note the increase in secondary and tertiary education.

**Table 13: No of persons aged 5-24 attending educational facilities**

	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Attending	25766	26890	52656	27123	27336	54460	23262	21904	45166
Not attending	6110	7845	15954	7878	7546	15425	5509	6226	17735
Total	33875	34735	68610	35001	34883	69884	28771	28130	56900

Source: Statssa 2011

Attendance of educational facilities is also increasing as can be seen in the table above. An analysis of education by wards indicates that Ward 10 (Sterkspruit) has the highest number of people with tertiary education, followed by wards 8, 19 (Barkly East), 11 (Herschel) and 14 (Lady Grey). Ward 2 has the highest number of people with no education, followed by Ward 19 (Barkly East), 16 (Rhodes) and Ward 9.

## EMPLOYMENT RATES

The tables below indicate that there has been a decrease in the unemployment rate to 35.5 %. However it should be remembered that the unemployment rate does not include the persons who have been looking for employment and are now discouraged. As a result the unemployment rate is actually higher. What is also a worrying factor is the high youth unemployment rate of 43.6 %.

**Table 14: Official employment status Age 15-64**

	Male	Female	Total
Employed	9478	8774	18252
Unemployed	4478	5559	10037
Discouraged work-seeker	3029	4372	7401
Other not economically active	18455	23034	41488

Source: Statssa 2011

**Table 15: Unemployment and youth unemployment rate**

Municipality	Unemployment rate			Youth Unemployment	
	1996	2001	2011	2001	2011
Joe Gqabi	51.6	53.2	35.4		
Elundini	60.5	63.7	44.4		
Senqu	59.1	54.5	35.5	63.1	43.6
Maletswai	27.5	37.4	26.7		
Gariep	34.4	43.8	25.8		
EC Total	48.2	54.3	37.4		

Source: Statssa 2011

**HOUSEHOLD INCOME AND POVERTY LEVELS**

Much of the Senqu population earn no income of between R 1 and R 1600 per month. The data from the Census 2011 indicates that 15.98 % of the households in Senqu earn no income and that a further 7.17% earn between R1 and R 4800 per month as can be seen in the table below:

Source: Statssa 2011 Table 16: Income categories

	Eastern Cape	Senqu
No income	264,309	6,081
R 1-R 4 800	98,769	2,729
R 4 801- R 9 600	165,799	4,609
R 9 601- R 19 600	384,579	10,680
R 19 601 – R 38,200	343,052	8,010
R 38 201 – R 76,400	164,896	2,756
R 76,401 – R 153,800	113,971	1,615
R 153,801 - R307,600	86,222	1,009
R 307,601 – R 614,400	46,463	380
R 614,401 – R 1,228,800	12,310	86
R 1,228.801 – R 2,457,600	3,895	51
R 2,457,601 or more	3,080	38

This poor socio –economic situation is further exacerbated by the high dependency ratio. The HDI and Gini coefficient also indicate the poor socio-economic conditions which exist in Senqu.

**Table 17 :HDI**

Human Development Index (HDI)
-------------------------------

	1996	2000	2005	2010
African	0.39	0.40	0.42	0.42
White	0.83	0.83	0.81	0.84
Coloured	0.45	0.43	0.46	0.49
Total	0.41	0.41	0.43	0.44

Source: Global Insight 2010

**Table 18: Gini coefficient**

<b>Gini coefficient</b>				
	1996	2000	2005	2010
African	0.54	0.58	0.59	0.55
White	0.59	0.54	0.49	0.42
Total	0.57	0.59	0.61	0.57

Source: Global Insight 2010

## **STAKEHOLDER INVOLVEMENT**

The Municipality has an Economic Development Forum. The aim of the forum is to:

- Provide LED facilitation and support within the Senqu municipality
- Advise on development choices by understanding the local context enough to validate claims made about local potential
- Mobilise local stakeholders
- Facilitate local partnerships within and between local public and private organisations
- Develop an annual work plan to implement the LED strategy that is reported on quarterly
- Assist with and advise on local economic development initiatives
- Coordinate all local economic development initiatives within the municipality
- Provide information and create awareness about LED within the municipality
- Monitoring and evaluation of local economic development projects

The forum meets quarterly.

Other stakeholder forums include the LTO, small farmers association and agricultural forum. However these forums require more capacitation and engagement to keep the functioning effectively.

The municipality engages with sector departments through District Support team meetings on a quarterly basis and IDP Representative Forum meetings.

## **INVESTMENT ATTRACTION, SMALL TOWN REVITALISATION AND POLICY FRAMEWORK**

The municipality is expending great effort to attract investors to the municipal areas by ensuring that towns are kept clean and that grass and trees are cut and pruned regularly. Senqu has won several awards in the cleanest town competition.

In addition the municipality has spent its neighbourhood development grant on beautifying the entrance to Lady Grey by planting trees and providing pathways linking the township to the CBD. The emphasis in Sterkspruit is on consolidation of neighbouring settlements into the existing town and resolving land tenure issues. A small town regeneration plan is being developed for Sterkspruit and will be completed by July 2015.

A small town revitalisation plan for Barkly East has been developed. Community parks Barkly in Lady Grey funded by DEA are in the process of being built. The lack of available land is preventing the development of similar parks in Sterkspruit.

The policy framework regarding businesses is in the process of being revisited in order to determine areas of hindrance for business development. These include the bylaws on building control regulations, business and street trading, liquor trading, preparation of foods at registered private kitchens and taxi ranks and taxi ranking. This is all part of the Municipality's drive to assist the development of business in the area including the ultimate adoption of informal trading regulations and the draft trade and investment policy.

#### **EXPANDED PUBLIC WORKS & COMMUNITY WORKS PROGRAMME**

Senqu municipality has successfully implemented the EPWP programme. The objectives of the EPWP programme are as follows:

- To create job opportunities through reviewing the manner that municipalities implement existing projects/programmes
- To identify and propose programmes that will contribute to additional job creation opportunities
- To ensure that the proposed job creation programmes form part of the service delivery mandates of the municipality

These principles have been incorporated into the municipality's efforts to increase employment opportunities for its residents. Projects consist of basic road maintenance, paving of streets, picking up refuse, pothole repair and stormwater channel maintenance. Over 196 jobs have been created in 2011,2012,2013 & 2014. Future projects include maintenance of municipal property, cleaning in urban areas, stormwater management in townships and data collection. However management is currently in the process of revising the current EPWP and CWP programmes to ensure that sustainable work opportunities are created and that graduates from the programme acquire skills which increase their employment activities. The CWP programme has been increased to provide jobs for 2000 participants in 2 wards.

The EPWP policy was adopted by Council on the 25<sup>th</sup> October 2012. The policy outlines the institutional arrangements for implementing EPWP, roles and responsibilities, the employment opportunities, training and EPWP target, conditions of employment, target groups and reporting process. The Director of Technical Services is responsible for implementing EPWP but the co-ordination will be done by the EPWP Steering Committee. The Committee will consist of all directors and all relevant sector heads. The responsibility of the Committee will be to:

- Coordinate the overall municipal wide coordination of EPWP and related issues
- Review the EPWP policy
- Setting departmental EPWP targets
- Enabling environment for the successful implementation of EPWP
- Reporting to the management meeting
- Monitoring and evaluation of the EPWP programme
- Setting of performance standards
- Compiling a EPWP management plan

A budget of R 3 500 000 was allocated towards a Job Creation project which proved to be successful. This consisted of various components but was registered as a single project that created 1049 temporary jobs. All internal and MIG projects were also registered with the EPWP and resulted in a total income of R 1 625 000 for the municipality under the labour rebate program of the EPWP. An amount of R 6,480,000 was budgeted for the 2014/15 financial year.

## **LED PRIORITIES & SPATIAL REALITIES**

The map below from the SDF 2013 review indicates the relationship between the LED priorities and the spatial realities. The SDF is in a process of reviewal and will be completed by June 2016.



**ALIGNMENT BETWEEN THE NSDP, SDF, NGP & LED STRATEGY**

**Table 19: Alignment between the NSDP, SDF, NGP & LED Strategy**

<b>NSDP Category</b>	<b>Applicability in Senqu Municipal Area</b>	<b>New Growth Path</b>	<b>LED Strategy</b>
<b>Innovation and experimentation.</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	Jobs driver 3: Seizing the potential of new economies	
<b>Production: High value, differentiated goods (not strongly dependent on labour costs).</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	Jobs driver 3: Seizing the potential of new economies	
<b>Production: Labour-intensive, mass-produced goods (more dependent on labour costs and/or natural resource exploitation).</b>	<ul style="list-style-type: none"> <li>Formal agricultural sector in Senqu</li> <li>Need for investigating further the potential for intensive, irrigation-fed agriculture in under-developed rural settlement areas</li> <li>Land most suited to crop production is found in the Sterkspruit area</li> <li>Stock farming is assessed as the agricultural activity with the highest potential, if correctly managed.</li> </ul>	Jobs driver 2: main economic sectors Jobs driver 3: Seizing the potential of new economies	Development Thrust 3: Sustainable Livelihoods Development Thrust 2: Enterprise Development
<b>Public services and administration.</b>	<ul style="list-style-type: none"> <li>Barkly East and Lady Grey are centres for District and Local Government administration</li> </ul>	Job driver 4: investing in social, capital and public services	Development Thrust 3: Sustainable Livelihoods Development Thrust 4: Skills Development Development Thrust 5: Institutional Development
<b>Retail and services.</b>	<ul style="list-style-type: none"> <li>Sterkspruit is a high order regional service centre, providing access to goods and</li> </ul>	Job driver 1 infrastructure Jobs driver 5: spatial development	Development Thrust 1: Locality Development

NSDP Category	Applicability in Senqu Municipal Area	New Growth Path	LED Strategy
	services to a large catchment population.		
<b>Tourism.</b>	<ul style="list-style-type: none"> <li>There are areas with development potential as tourism sites of interest relating to the Drakensberg and the Maloti Tourism Route.</li> </ul>	Jobs driver 2: main economic sectors	Development Thrust 2: Enterprise Development

## LED STRATEGY

The municipality has a LED strategy which was adopted in June 2013.

## LED Strategy Objectives

This 5-year Senqu LED Strategy aims to achieve the following economic outcomes:

- Achieve and maintain a minimum annual growth rate of 5.5 % from 2016 and beyond;
- Reduce unemployment to 20% by 2017.
- Reduce current poverty rate to 52% by 2017.
- Improve black-ownership and participation in the mainstream economy, in particular within the priority sectors of tourism and agriculture.
- To build strong and sustainable LED capacity, institutions and resources.

High Level LED Performance Baseline (2012 – 2017)		
Indicator	2012 (Current)	2017 (Target)
GVA Growth	3.03% pa	5.5% pa (min)
Unemployment	30.34%	20%
Poverty	62.93%	52%

Figure : SLED Strategy 2012 Performance Baseline

## LED Strategy Development Thrusts

The Senqu LED Strategy (2013) has 5 integrated LED development thrusts and priorities

### Chart 7: Development Thrusts



### **Development Thrust 1: Locality Development**

The Locality Development Programme will be premised on achieving the following outcomes:

- ❑ Making the municipal area more attractive to investors, tourists and individuals;
- ❑ Improving the physical and environmental appeal of the area

### **Development Thrust 2: Enterprise Development**

The purpose of Enterprise Development Programme is to:

- ❑ Create a conducive environment for existing, new and start-up businesses;
- ❑ Improve profitability, competitiveness and sustainability of locally-based enterprises;
- ❑ Prioritise development of key growth and employment sectors eg Agriculture, Tourism and Green Economy.

### **Development Thrust 3: Sustainable Livelihoods**

The purpose of the sustainable livelihoods programme is to:

- ❑ Provide the poorest of the poor with alternative livelihood options
- ❑ Support income generation activities for the poor
- ❑ Facilitate job creation projects that will benefit the poorest of the poor

### **Development Thrust 4: Skills Development**

The purpose of the skills development priority is to:

- Build the necessary skills base for economic growth and development;
- Improve employability and active economic participation;
- Support key growth and employment sectors.

#### **Development Thrust 5: Institutional Development**

LED institutional development in Senqu is designed to:

- Improve municipal capacity to coordinate and facilitate LED processes;
- Establish appropriate mechanisms to implement this LED strategy;
- Mainstream LED across municipal functions and activities
- Foster sustainable partnerships with key and relevant stakeholders
- Improve monitoring and evaluation of LED projects and initiatives.

**LED IMPLEMENTATION PLAN & ALIGNMENT WITH NATIONAL & PROVINCIAL PLANS**

**Table 21: LED Implementation Plan**

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
Improving infrastructure  Social protection  Building safer community  Transforming society and uniting the country  Reversing the spatial effects of apartheid  An inclusive and integrated rural economy	Job driver 1 infrastructure  Jobs driver 5: spatial development	Strategic Priority 1: Speeding up growth & transforming the economy to create decent work & sustainable livelihoods; Strategic Priority 3: Rural development, land & agrarian reform and food security; Strategic Priority 2: Massive programme to build social & economic infrastructure. Strategic Priority 8: Building cohesive & sustainable communities.	<b>Locality Development Programme</b>	The development of Sterkspruit is hampered by the lack of land and a long term developmental vision. The ANC Legotla took a decision to develop the town	The NDPG has been used to conduct a survey of land tenure in and around the town. A proposal to consolidate and plan the villages around Sterkspruit has been developed. A proposal to change the land tenure of the villages surrounding Sterkspruit has been sent to the Department of Rural Development and Land Affairs.	The 5 year SDF will be developed by June 2016	R.Crozier
					The Community Services Department also undertake daily cleansing activities as well as grass cutting and pruning. The same activities occur in Lady Grey and tree planting has occurred	A land audit of all the land in Sterkspruit is required by June 2016 and negotiations with Tribal authorities to stop land invasions.	R. Crozier
					Develop a small town revitalisation plan	The development of a waste management site by June 2016	L.Gologolo
					The economy of Barkly East is declining. The ANC Legotla took the decision to develop a small town revitalisation plan	Development of a Sterkspruit redevelopment plan by June 2015	B.Viedge
				Roads are the first priority for the municipality as they provide access to all goods and services	Have meetings with DPW & R around priority tourism roads, agricultural roads and roads to hospitals like: <ul style="list-style-type: none"> <li>• Khiba</li> <li>• Manxeba</li> <li>• Coville</li> <li>• Mlamli</li> <li>• Rhodes airstrip</li> </ul>	Updating of the Roads Master Plan Implementation Programme by June 2015	R.Crozier

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
					• Tiffindell roads		
				The green economy is seen as one of the economies that can produce growth.	The municipality should negotiate with the DME and Eskom and see how the municipality can become involved in the sector.	Renewable Energy Programme by 2016	R.Crozier
<p>An inclusive and integrated rural economy</p> <p>Reforming the public sector</p> <p>fighting corruption</p> <p>Transforming society and uniting the country</p>	<p>Jobs driver 2: main economic sectors</p> <p>Jobs driver 3: Seizing the potential of new economies</p>	<p>Strategic Priority 1: Speeding up growth &amp; transforming the economy to create decent work &amp; sustainable livelihoods;</p> <p>Strategic Priority 3: Rural development, land &amp; agrarian reform and food security;</p> <p>Strategic Priority 2: Massive programme to build social &amp; economic infrastructure. Strategic Priority 8: Building cohesive &amp; sustainable communities.</p>	Enterprise Development Programme	Barkly East and Sterkspruit produce very good quality wool. The Department of Rural Development and Agrarian Reform already has a breeding programme in place to improve the quality of the livestock but are now struggling to procure good quality rams	A tender was put out in 2013/14 but no responses were received. Another tender was done for 2014/15 but not awarded due to lack of funds.	Wool processing facility Feasibility study R 100 000 by March 2015. Not done due to lack of funds. The Municipality will have to seek funds for this programme.	B.Viedge
				A feasibility study on peach and vegetable processing was done by the University of Fort Hare. The organic niche market should be targeted	The municipality will form partnerships with Agricultural forums, Department of Rural Development and Agrarian reform and the UFH by June 2014. This has been delayed and will form part of the 2015/16 year	Agro-Processing Incubator. This project will investigate the possibility of red meat production and peach processing project	M.Ndlela
				The Department of Rural Development and Agrarian reform is looking at assisting farmers to sell their product directly to	The Municipality is currently in the process of completing an agreement with the Department of rural development and Land Reform around a veld management programme for severely overstocked areas.	Agriculture Development Programme.	M.Ndlela

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
				abattoirs as well as looking at how to ensure that lands in the rural areas don't remain fallow. The municipality is looking at increasing its fodder production project.			
					JOGEDA is already in the process of developing a small business incubator. The municipality will look at forming a partnership with them to look at investigating small business development in stone cutting and possible diamond mining	Business Development Support  Municipal JOGEDA partnership agreement by June 2015	JOGEDA  P.Bushula
				The municipality has reviewed its supply chain management policy for 2013/14	The municipality will review its supply chain management policy in order to promote the procurement of goods and services from local based small businesses	Local Impact Procurement Programme (LIPP)	C.Venter
					The municipality will run various trainings for local contractors on how to engage in tender processes and improve their CIDB ratings	Contractor Training has taken place in 2014/15 and will continue in 2015/16	SDF & R.Crozier
				The municipality has no policy in place.	The municipality will undertake a study of all its bylaws and policies to ensure that no impediment to trade for both formal and informal traders is in place by September 2015.	A Trade and Investment Policy was developed but Council decided that the project should be referred to JOGEDA in order to develop a regional plan.	M.Ndlela
					The municipality must also examine taxi ranks and look at issues affecting informal traders such as traffic control and the	Hawkers Association by June 2016  Informal trading policy	M.Ndlela

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
					role of each department or stakeholder in informal trading.	by 2016  Audit of businesses and their issues and solutions by June 2016	
					Many co-operatives fail in the area. This could be due to procurement processes of  Businesses – turn around payment time – limited cash flow. A value chain analysis of all projects and the roles of all stakeholders are required.	Co-operative support programme by 2017. This programme will examine why co-operatives fail and what the municipality can do to assist them.	M.Ndlela
				Emerging farmers	Looking at the purchasing of a farm to assist small farmers develop their skills		M.Ndlela
				The municipality has an adopted Tourism master plan with an implementation plan	The municipality meets annually with the LTO to look at the priorities for that year which involve the funding of CTO's, marketing of destinations, school awareness campaigns and support for emerging tourism entrepreneurs. In addition the municipality must look at partnering with the national liberation route to look at creating a Tele liberation route by 2015. Negotiations have begun.	Annual Tourism Programme implementation plan by July 2015  Tele liberation route partnership by June 2016	N.Methola
				Hawker stalls	The Municipality needs to acquire funding for the provision of hawker stalls in its urban areas as well as look informal trading guidelines	2016	M.Ndlela
Fighting	Job driver 4: investing	Strategic Priority 6:	Sustainable Livelihoods	The municipality already has a job creation fund	The municipality should form a broader forum with DPW and JGDM to launch an annual	Special Infrastructure Jobs Programme (SIJP). This project will focus on	R.Crozier and all Senqu



National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
<p>corruption</p> <p>Building safer communities</p> <p>Transforming society and uniting the country</p> <p>Improving the quality of education, training and innovation</p> <p>quality health care for all</p> <p>social protection</p> <p>transition to a low carbon economy</p>	<p>in social, capital and public services</p>	<p>Intensify the fight against crime and corruption. Strategic priority 8: Building cohesive and sustainable communities.</p>	<p>Programme</p>	<p>which promotes labour intensive activities</p>	<p>labour intensive programme which teaches skills</p>	<p>undertaking infrastructure projects in a labour intensive manner</p>	<p>Directors</p>
					<p>The Senqu Municipality will partner the Eastern Cape Department of Roads and Public Works to expand the implementation of the Hlumisa Household Contractors Programme which promotes the use of household contractors drawn from poor rural households to maintain the provincial rural road network. This will ensure that more poor households are involved in road maintenance while also earning some form of livelihood.</p>	<p>Household Contractors Programme Partnership</p>	<p>R.Crozier</p>
						<p><b>Leaking Bucket Study.</b> Research will be commissioned to identify, assess and quantify the economic leakage experienced by the Senqu Municipality as a result of external consumer spending lost to nearby economic nodes such as Aliwal North, Queenstown and Bloemfontein. It will also identify and make recommendations on potential opportunities for local communities and enterprises by June 2016</p>	<p>M.Ndlela</p>
						<p><b>Gxotindlala Programme</b> to assist with poverty alleviation projects especially in the agricultural sector</p>	<p>M.Ndlela</p>

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
<p>Improving the quality of education, training and innovation</p> <p>An inclusive and integrated rural economy</p> <p>Social protection</p> <p>Transforming society and uniting the country</p>	<p>Job driver 4: investing in social, capital and public services</p>	<p>Strategic Priority 6: Intensify the fight against crime and corruption.</p> <p>Strategic priority 8: Building cohesive and sustainable communities.</p>	<p>Skills Development Programme</p>	<p>A skills audit has already been done by the SDF for the 2013/14 WPSP</p>	<p>A skills audit has already been done by the SDF for the 2014/15 WPSP</p>	<p>Priority Skills Development Plan by July 2015</p>	<p>P.Bushula</p>
				<p>Rural women, especially those who are both domestic workers and unemployed in farming areas will be provided with basic life and technical skills to enable them to improve their earning and employability capacity.</p>	<p>A partnership is needed between the Municipality, department of education and the agricultural sector to work on improving the skills of the youth and women agricultural workers. Training and Mentoring facilities. School career programmes inc. agriculture</p>	<p>Rural Women and youth Skills Development Programme by June 2016.</p>	<p>M.Ndlela and SDF</p>
				<p>The ANC Legotla has stipulated that 22 learnerships should occur for 2013/14 in Senqu Municipality</p>	<p>Senqu Management has already got a Learnership strategy in place. A partnership needs to be developed with the agricultural sector and business to secure further learnerships by June 2015</p>	<p>Agriculture, Tourism and LED Learnerships</p>	<p>SDF</p>
<p>Reforming the public service</p> <p>Improving the quality of education, training and innovation</p>		<p>Strategic Priority 2: Massive programme to build social and economic infrastructure.</p> <p>Strategic</p>	<p>Institutional Development Programme</p>		<p>The filling of positions will be completed by June 2017. A skills audit is already complete</p>	<p>LED Unit Capacity Building Programme</p>	<p>P.Bushula</p>
					<p>The Forum takes the place of the LED forum and local action team meets quarterly. An annual meeting schedule is developed by the June of each year</p>	<p>Economic Development Forum</p>	<p>M.Ndlela</p>
					<p>An annual awareness campaign is developed by June each year</p>	<p>Local Economic Development Capacity Programmes</p>	<p>M.Ndlela</p>

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
		Priority 4: Strengthen education skills and human resources base. Strategic Priority 8: Building cohesive, caring and sustainable communities					

The Tourism Plan has 5 strategic pillars with their own interventions:

Pillar 1: infrastructure support Base	Upgrading of key tourist access roads (R58, r 392) Grading and maintenance of eight passes implementation of JGDM signage strategy Develop new and upgrade existing picnic sites and viewing points
Pillar 2: Product development and transformation	Develop a database of tourism related businesses Promote tourism networking through LTO and CTO's Establishment of a rock art interpretation centre and associated guided tours Feasibility study into small scale rail tourism Exploration of formalising cultural tourism products Provision of political support to the establishment of conservation area Expanded development and support to flower and bird routes Support and expand existing packaged tours Promote existing events and introduce new events in off season
Pillar 3: Marketing the destination	Creation of a Senqu Tourism website Develop an events calendar Conduct a marketing drive that targets key tourist segments
Pillar 4: Collaborative Institutional functioning	Build municipal tourism capacity through site visits Strengthening and capacitation of LTO and CTO's mentorship programme for emerging product owners Training and customer service programme for tourism employees Community tourism awareness programme Establish a visitor Information centre (VIC) and provide training to staff
Pillar 5: Monitoring and understanding the Tourism economy	Undertake regular tourism data collection via surveys Impact assessment for tourism projects Creation of an activities database

## **CURRENT LED UNIT STAFFING AND BUDGET**

Municipality has an LED Unit which is based in the Department of Integrated Planning and Economic Development which will be known as the Development & Town Planning Services Directorate as from 1 July 2015. The Unit has 1 Enterprise Development Officer, 1 Tourism Officer, Administrator and a Social Enterprise Development Officer post. It is headed by the IPED Manager.

The LED Unit has been allocated R 985 000 for LED and poverty alleviation and R 570 000 for tourism.

## **CONCLUSION**

The LM's lack of annual growth has resulted in an unprecedented high unemployment in the Senqu area with high dependence on government grants. This coupled with access to basic household and community services which is below optimal creates tension amongst communities who compete for relatively scarce resources. Therefore it becomes absolutely crucial that the municipality creates conducive conditions for job creation and participation in agricultural activities by availing land for development.

Businesses are not growing as SMME's as they do not receive strategic support from government institutions. Areas for great concern are centred around food security and land reform. The tourism sector is underdeveloped and needs strategic intervention to revive and contribute to the local economy meaningfully. In this regard a responsible tourism sector plan has to be developed which could provide direction to optimise the potential that exist in the area. Agriculture remains central to the development of the area. However it has to be done in conjunction with other programmes. Land administration and town planning seem to have been relegated to the background of the municipal priorities. This approach does impact negatively on the development trajectory of the municipality.

## CHAPTER THREE: BASIC SERVICE DELIVERY

### SLA's AND OTHER INSTITUTIONAL ARRANGEMENTS

Community Services has an SLA with DSRAC. In terms of the SLA Senqu runs the library service on behalf of DSRAC. This SLA is signed annually. Technical Services has an SLA regarding electricity sales with ESKOM whereby the municipality procures electricity from ESKOM and then sells it via its internal network to urban customers.

### SPATIAL ANALYSIS AND RATIONALE

#### Settlement Patterns and nodes

Senqu Local Municipality is predominantly rural with a large proportion of people residing in traditional villages and traditional homes. The area is characterised by high residential densities in the rural settlements situated on the northern periphery and the low densities in the other dispersed rural clusters (HSP 2011).

The prevalence of extensive farming in the district historically resulted in the formation of service centres, i.e. Barkly East and Lady Grey along the main transport routes. These urban centres offer services and retail facilities to the surrounding rural hinterland. Sterkspruit is a rural service centre serving the surrounding rural area and some residents from Lesotho. With urban settlement growth there is a need to improve the central business districts of these towns so that they can expand.

As Sterkspruit town has the highest level of economic activity it is classified in the SDF as a secondary urban node. In the JGDM SDF it is also recognised as an important node although not as large as its counterpart Aliwal North in Maletswai. About 83% of the municipality's population lives in the area and its surrounding villages. Sterkspruit, therefore, plays a vital role in providing higher order services and retail facilities, not only to the resident population but also to the surrounding rural communities. Both the JGDM and Senqu SDF recommend that this centre be prioritised and attention given to improving infrastructure and services in the area as well as:

- Improved accessibility
- Land Use management and administration
- Managed expansion of urban areas
- Sustainable human settlement (with a range of housing options, infrastructure upgrade, social and

economic amenities)

- Environmental Management

Barkly East and Lady Grey are regarded as Minor Urban Centres where the focus should be on:

- Managing and limiting urbanization
- Focus on in-situ upgrades
- Infrastructure upgrade and maintenance
- Environmental Management
- Urban Aesthetics

Rhodes is seen as a Tertiary Node where the spatial perspective focus should be on:

- Limiting urbanization
- Infrastructure upgrade and maintenance
- Urban Aesthetics

Rural Settlement Nodes: In order to have effective and efficient service delivery, it is important to define a hierarchy of rural settlements. Higher order rural settlements are settlements with higher population densities and accessible to other settlements. It is in these settlements that higher order services such as clinics, police stations, secondary schools, storage warehouses etc should be focused.

Higher Order Rural Settlement Node: Level 2 Nodes are nodes that will attract priority public sector investment in order to build capacity and develop these areas into service nodes. The following nodes have been identified in the Senqu area:

- Ndofela
- Qhoboshane/Telle
- Hillside
- Herschel

Lower Order Rural Settlement Node are nodes where the emphasis should be on the provision of basic infrastructure to unlock the latent development potential of these areas by creating linkages and facilitating access to and from these areas (SDF 2011).

## HUMAN SETTLEMENT

The housing backlog in the Senqu municipality is determined as 10 761 with 1 752 in the urban area and 9009 in the rural area (Housing Sector Plan HSP 2011). The plan is in the process of being reviewed. There are no military veterans on the Department's database for Senqu. The quantified housing demand is based on information from the 2001 Census, 2007 Household survey and DWA Structure count and can be summarised as follows:

**Table 21: Housing demand**

Rural	Social & Rental	Informal Settlements	Child headed households
8340	381	1 641 (3200)	566

Source: StatsSA, 2007

To deal with the housing challenge , the Department has implemented the following projects:

- Sterkspruit 400 units
- Barkly East 298

The table above does represent a true picture of the informal settlements in the area. (HSP 2011). The number of child headed households from the 2007 census is probably overstated but it is a good indication. The housing section of Technical services maintains a housing demand schedule based on information received from Ward councillors.

Census 2011 indicates that 70 % of households live in a formal dwelling and 68.5 % own their own dwelling.

**Table 22: Formal and Informal dwellings**

% Formal Dwellings			% H/Holds Owned	
2001	2011		2001	2011
71	70.2		68.2	68.5

Source: StatsSA, 2011

**Table 23: Types of main dwelling**

Municipality	Formal dwellings			Informal dwellings			Traditional dwellings		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	38962	50714	58957	4261	5940	4150	27224	28029	33987
<b>Senqu</b>	<b>17245</b>	<b>24053</b>	<b>26718</b>	<b>1441</b>	<b>1498</b>	<b>1920</b>	<b>9063</b>	<b>8323</b>	<b>9066</b>

EC Total	620970	762575	1065849	145038	166423	130405	522647	549204	476314
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Source: StatsSA, 2011

The majority of residents live in formal dwellings whilst the amount living in traditional dwellings remains constant. There has however been a growth in informal dwellings.

**Table 24: Type of ownership**

Municipality	Owned and paid off		Owned but not paid off		Rented		Tenure status	
	2001	2011	2001	2011	2001	2011	2001	2011
Joe Gqabi	4245	54987	7181	4980	8364	11533	26875	18751
Elundini	17173	21604	1381	1828	2012	3413	12643	7587
<b>Senqu</b>	<b>19917</b>	<b>24256</b>	<b>3205</b>	<b>1803</b>	<b>1932</b>	<b>2980</b>	<b>8850</b>	<b>6267</b>
Maletswai	2306	4696	1247	685	2633	2779	3302	2954
Gariep	3020	4431	1349	654	1787	2361	2080	1942
EC Total	690880	855042	15560	151103	178540	252216	456614	328732

Source: Statssa, 2011

The municipality does not have a land GIS but will implement one in the coming year with the appointment of a GIS person. All services available on land (erven) are held by the Finance department. The social viability and amenities of settlements is determined by the Department of Human Settlement in conjunction with the Municipality as settlement plans are drawn up per settlement as the municipality only acts as an agent. There are no blocked projects in Senqu.

## LAND TENURE & DEMAND FOR LAND

Senqu Municipality consists of both communal and individually owned tenure land in the former Transkei situated around Herschel and Sterkspruit. The land tenure in the former homeland area is a mixture of freehold, quit rent and PTO. Land tenure and rights in this area have traditionally been vested in traditional authorities with the Department of Agriculture distributing PTO's.

The rest of the area is either freehold tenure in the former RSA towns or commercially owned farmland. 1712 ha is under communal tenure and 5000 under commercial farmland (JGDM ABP 2010). The major challenges experienced in the area are land invasions of municipal owned or state land. This is due to lack of land being offered for sale and people being unable to afford land but wishing to be closer to prospective employment and urban amenities in the urban areas of Barkly East and Lady Grey. In the smaller rural hamlets of Rhodes,



Rossouw and Herschel, people are invading land and building informal settlements in order to move closer to urban amenities or receive RDP housing.

The area based plan of JGDM 2010 states that the need for land for arable land and grazing has decreased in rural areas and changed to a need for land for residential sites. The main issues in rural areas are farm workers looking for security of tenure, clarification of land tenure in communal areas, certainty of land rights where they overlap and lastly the firm establishment of women's rights. In urban areas, the need is for residential sites and services, upgrading of informal settlements and tenure security (JGDM ABP, 2010).

The SDF has identified land in all towns for future housing developments. A land audit has been undertaken by the housing Unit which is 90% credible.

## **LAND REDISTRIBUTION**

Land in South Africa is being redistributed through PLAS (Proactive Land Acquisition Strategy). This means that the state proactively looks for suitable agricultural land, buys it and then leases it to identified beneficiaries for a few years until it is satisfied that they can run the land effectively. In order to meet the land redistribution target of 30 % ; 166 000 ha will need to be redistributed at a total cost of R 83 million if the price remains at around R 2500 per hectare (JGDM ABP 2010). However the ABP clearly states that an emerging farmer will only succeed if the farm concerned contains both mountain and low lying ground. This means that the farms to be redistributed should be carefully sourced in Senqu.

In addition the Department must look at the variety of land needs and tenure and formulate appropriate responses, The ABP advocates redistribution occurring along the R 58 and tenure reform around the R 392 where there are immense struggles created by overlapping land rights. This affects development in the area as much time is spent trying to ascertain who owns the land rights. An example of this is the housing project in Herschel where the project was delayed due to land right disputes.

## **LAND INVASIONS & ADMINISTRATION**

Land invasions are becoming increasingly prevalent especially in Sterkspruit and Herschel. The municipality is in the process of updating its current land bylaws and serving notice on all land invaders. Signs warning against

land invasion have been erected. In addition the municipality has taken persons to court over land invasions and fenced off areas of potential invasions. Municipal outreaches and roadshows have constantly outlined the problems created by land invasions and warned residents against it. The Municipality has also held many meetings with traditional leaders around land issues and is utilising the NDPG funding to consolidate settlements around Sterkspruit to ensure that communities can receive title deeds.

## MIGRATION

About 84 % of people in Senqu had lived in the same dwelling for at least 5 years before the 2007 Survey. Almost 5 % had moved into their dwelling in the previous 5 years (HSP 2011). Most of those who had moved, moved from another location in the Eastern Cape province. About 627 people moved from Gauteng to Senqu and 205 moved from the North West Province. 175 of the people moving into Senqu came from outside of South Africa. The municipality has no migration plan in place and does not feel that it is a necessity due to the limited number of migration and informal settlements. The current housing delivery is meeting the demand.

### Settlement Type

Almost 80 % of residents live in tribal settlements and 6.2 % on farms. Just over 10 % live in urban settlements and 3.7 % in informal settlements (StatsSa, 2011). 14.3 % live in urban areas and 85.7 % in non urban areas (Statssa, 2011). The table below from the 2013 Housing plan indicates how households are divided.

Dwelling	Dwelling type		Av. no of rooms	Av no of people
	Count	Col N %	Mean	Mean
House or brick structure on a separate stand or yard	21 381	60.9%	3.8	4.0
Traditional dwelling	10 783	30.7 %	2.3	3.7
Flat in a block	948	2.7 %	2.9	2.4
Town house	129	0.4 %	3.5	2.0
Flat in back yard	0	0 %	-	-
Informal dwelling in backyard	410	1.2 %	2.1	3.3
Informal dwelling not in backyard	1 231	3.5 %	1.3	2.6
Room/flat let on shared property	34	0.1 %	5.0	2.0
Caravan or tent	41	0.1 %	4.0	5.0

Private ship or boat	0	0%	-	-
Worker hostel	65	2 %	1.0	5.0
Other	33	2 %	4.4	6.5
Total	35 105	100 %	3.2	3.8

## INFORMAL SETTLEMENTS

There is only 1 informal settlement in Nkululeko in Barkly East as in general shacks are primarily based in back yards..

There are approximately 280 informal settlement structures in Barkly East, 20 in Rhodes and none in Rossouw. There are approximately 2 900 functionally urban rural settlement households on the outskirts of Sterkspruit (HSP 2013). The majority of houses in the area are of bricks with just over 2000 informal structures. Ward 16 has the highest number of informal structures of 332. This is a mainly rural ward set in a commercial farming area apart from the township of Nkululeko in Barkly East. This is followed by Ward 19 with 261. Ward 19 consists of Barkly East then Ward 14 with 163 in Lady Grey (Statssa, 2011).

## CAPACITY TO MANAGE HOUSING DELIVERY

The Municipality does not have an accredited housing department. In terms of the Standard Charter of Accounts (SCOA) the Municipality has absorbed the staff into the directorate Development & Town Planning Services as housing is no longer a municipal function. The Municipality will however play its role in managing housing beneficiaries as well as identifying and allocating land and prioritising municipal services for identified areas.

## LAND POTENTIAL & CONSTRAINTS

It is envisaged that preliminary and detailed feasibility assessment of both land and infrastructure potential will in future form part of the project readiness assessment before capital funding is allocated. With further review and refinement of the HSP, information should be acquired to enable yield calculations on strategic land parcels.

The procedures for accessing communal land for future development are guided by the Interim Protection of Informal Land Rights Act. Once a community resolution has been obtained, it is the responsibility of the Department of rural Development and Land Reform to issue formal authorisation for the release/ transfer of land. These processes are both time consuming and costly with many examples of the process never reaching a

conclusion. The normal willing buyer/willing seller or alternatively expropriation procedures (with compensation) apply when accessing privately owned land for settlement development or municipal commonage purposes.

## ANALYSIS OF HOUSING NEED

The housing backlog is based on that of the CSIR IDEA 2000 concept based on the 1996 census. This is seen as the most accurate of the housing backlog. The housing backlog is determined as 10 761 with 1 752 in the urban areas and 9009 in the rural area (HSP 2013:31).

INSTRUMENTS	OUTCOME & TARGETS			OTHER
	Rural	Social & Rental	Informal Settlements	Child Headed H/Holds
TOTAL	8 340	381	1 641 ( 3 200)	566
Rural Housing				
Social & Rental				
Incremental				
Financial				

Source: HSP 2013

Around 10 771 households in Senqu presently live within rural, rental or informal structures and earn below R 6 400 per month per household. It is realistic to assume that this represents an indication of the number of households that are eligible from an income perspective for a housing grant. Of the above total of 10 7771 households, 10 287 earn below R 3 200 per month, which makes them eligible for the full subsidy amount.

Over 60 % reside in brick structures which indicates that urbanisation is occurring and that towns are providing a space for temporary residents which is indicated by the growing number of rental accommodation.

The presence of 381 households residing in informal flats and backrooms indicates a clear demand for rental accommodation in urban areas. The 1 272 households residing in informal settlements clearly indicates a demand for informal settlement upgrade or rental housing. The rural settlements around Sterkspruit have shown significant densification due to influx into the urban area with large numbers of informal structures being erected.

It is estimated that approximately 2 900 structures require formalisation. There are currently 566 child headed households (Senqu HSP, 2013:37).

## LAND REQUIREMENTS FOR FUTURE DEVELOPMENT

Existing rural settlements are not requiring more land. Social and rental housing should ideally be accommodated on underutilised land parcels central to the urban areas with good access to existing social and infrastructure facilities and services. Feasibility assessments will be required to determine the potential for in-situ formalisation of informal settlements. The alternatives for responding to the needs of child headed households needs to be considered before the need can be determined.

Parcels of land for future housing needs have been identified around the towns of Sterkspruit, Barkly East and Lady Grey. The land identified in Sterkspruit is near the ESKOM development and near the area identified for light industry. Unfortunately the area has been invaded and a court interdict provides against any future development until the dispute is resolved. The area is not serviced with any infrastructure apart from Rhodes.

In Barkly East an area of the commonage near the old rehabilitated solid waste site has been identified for future development as well as land near the entrance of town. The land is not serviced. In Lady Grey the area near Kwezi-Naledi has been identified for development. The area is at the back of the current township and is not yet serviced.

## CHALLENGES

- **Demand for land.** There is a huge demand for middle to lower income houses in Lady Grey, Barkly East and Sterkspruit yet no land is demarcated and available for future development in these areas. The available sites are not serviced. In addition much of the land for development falls outside municipal boundaries and under the jurisdiction of traditional authorities with communal land tenure. The municipality is busy negotiating with traditional authorities to include all the surrounding villages into Sterkspruit municipal boundaries.
- **Land invasions.** Land demarcated for future development especially in Sterkspruit is often invaded by persons from villages outside Sterkspruit seeking to be closer to town
- **Beneficiaries.** On completion of projects many houses can't be handed over due to beneficiaries either relocating or dying. Beneficiaries who die without leaving a will, create problems as the municipality then has

to decide which family member is entitled to the house. In addition some persons fraudulently receive RDP houses to which they are not entitled too.

- **Vandalism.** Many RDP houses are vandalised before the project is complete
- **Shoddy workmanship.** Contractors either do not have the skills to undertake the project or under quote which leads to projects taking many years to complete and then houses have to be rectified
- **No integration of settlements.** Housing developments are planned without future growth in mind like schools, clinics and churches
- **Errrection of illegal shelters.** House owners continue to build squatter shacks in their back yards.
- **Illegal usage of RDP houses.** Many house owners illegally rent their houses out or sell them which results in the growth of many spaza shops.
- **No fencing provided for houses.** RDP houses do not cater for fencing with the result that roadside fences get stolen for this purpose.
- **Overlapping land rights** create delays in development which is the case in Herschel where a housing project has been delayed from building over 100 houses due to a 4 year land claim dispute.
- **Unfiled building plans.** Land owners just build according to their wants without consulting the municipality
- **Disaster Houses.** The municipality is not responsible for disaster but finds that many of the reported structures do not get fixed by the District.

## INTERVENTIONS

**By law enforcement.** The municipality is in the process of restructuring some bylaws to prevent land invasions and the building of illegal structures without building permission.

**Densification.** The municipality is working with service providers to densify Sterkspruit by amalgamating it with the surrounding villages and increasing the current municipal boundaries. This will take some time as the land belongs to traditional authorities.

**Private partnerships** whereby developers buy land parcels to survey and develop it for middle income buyers.

## PROJECTS

The Departments overall project list reflects the following projects for Senqu Municipality.

**Table 25: Housing Projects delivered**

Description	Subsidies	Approval date
Herschel- Orangefontein	200	29 Sept 1995

Barkly East	511	1 August 1997
Lady Grey – PHP	1000	20 Feb 2001
Herschel R/land Phase 2	7000	30 November 2001
Lady Grey Hillside	608	29 July 2004
Lady Grey Existing Houses	50	26 April 2007
Lady Grey Hillside	397	27 June 2008
Barkly East	802	13 July 2009
Rhodes rectification	25	13 July 2009
Lady Grey Edgar	194	28 August 2009
Lady Grey Edgar	194	28 August 2009
Lady Grey Edgar	194	28 August 2009
Barkly East	802	30 September 2010
Rhodes	250	15 July 2011

**Table 26: Future Projects**

Project Type	Project Name	No of units	Budget	Implementing Agent
Integrated Residential Development Programme	Sterkspruit	4 000	ECDOHS	ECDOHS
Integrated Residential Development Programme	Sterkspruit Mid-Income	500	ECDOHS	ECDOHS
Integrated Residential Development Programme	Sterkspruit rental stock	500	ECDOHS	ECDOHS
Community Residential Unit	CRU Pilot		ECDOHS	ECDOHS
Integrated Residential Development Programme	Barkly East mid-income	500	ECDOHS	ECDOHS
Integrated Residential Development Programme	Barkly East rental stock	500	ECDOHS	ECDOHS
Integrated Residential Development Programme	Barkly East	298	ECDOHS	ECDOHS

*Source: Senqu HSP 2013*

## HEALTH SERVICES

### Current situation

Senqu Health Sub-District consists of 4 hospitals (Cloete Joubert in Barkly East, Lady Grey Hospital, Mlamli and

Empilisweni in Sterkspruit), 20 fixed clinics, 1 Satellite clinic, 8 Mobile clinics, 5 health posts and 2 community based services in Sterkspruit and 1 in Barkly East serving all the farms at Senqu. A nurses training college Lilitha was opened at the Empilisweni Hospital in Sterkspruit in 2014. A large number of people in Senqu remain without access to healthcare, as there are few mobile services in the areas of Sterkspruit due to the dilapidated state of the road infrastructure. The Rossouw area is currently served by the mobile clinic of the NGO- Donald Woods Foundation which has a contract with the Department of Health. The Donald Woods Foundation provides much of the necessary health care and primary health care information for farm workers in the Barkly East area. It is hoped that this agreement will continue.

In Ward 2 the application for construction of a new clinic is in the priority list at head office because the clinic is too dilapidated for renovations. Dental services are available at Empilisweni Hospital. Applications have been submitted for construction of new clinics at N dofela, Esilindini, Khiba villages and the renovation of clinics: Musong, Pelandaba, Herschel and Esilindini.

## CHALLENGES

- **Poor infrastructure** – The road to Mlamli – a major hospital is in a very bad condition. Poor maintained gravel roads, lack of or limited water, sanitation, electricity and communication systems, poorly maintained health care buildings, health care equipment and nurse accommodation frustrate health delivery
- **Inadequate budget**
- **Inability to attract and retain** health professional staff. There are a high number of staff vacancies
- **Inadequate Mobile services**
- **No 24 hour PHC facilities**
- **Poor quality of service delivery** – long queues and demotivated, overworked and uncaring staff - drugs and essential clinic supplies not available
- **Inadequate emergency services.** There are not enough ambulances to serve the whole area.
- **No Road signs to clinics:** Masibulele (Upper Telle), Musong, Pelandaba, Hillside, N dofela, Bensonvale, Sunduza, Esilindini, Hlomendlini & Witterbergen.
- **No Speed humps** next to Sterkspruit Town Clinic

## INTERVENTIONS

- **Committed** Professional staff
- **Good community participation** structures do exist
- **Good policies and procedures** around health care



- **Improvement in key health statistics** over the past 5 years
- **Introduction of VCT, PMTCT and ART services** is occurring across the municipality

## TELECOMMUNICATIONS

### Current situation

Although most communities have access to telecommunication either in the form of land lines or cell phones, there are still those communities that cannot access these facilities because they can't receive signals behind the mountains. From the table below it can be seen that the majority of residents utilise cell phones rather than fixed lines which means that they rely on good network coverage. Computer and internet usage is on the increase mainly due to the new smart cell phones which include internet and computer technology.

### Interventions

The municipality has written to Sentech, all the cell phone companies and the SABC to ask for more radio, TV and cellphone towers to be built in these areas. The reception in Rhodes has been improved with the installation of a new tower.

**Table 27: H/H with a radio, TV, computer, cellphone, landline and internet**

Municipality	Radio		TV		Computer		Cellphone		Landline		Internet
	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011	2011
Joe Gqabi	53004	58123	20735	52161	1472	6060	12525	77949	6034	4132	17594
Elundini	20642	21328	4229	14424	187	1301	3939	29466	886	745	5252
Senqu	20289	22158	7486	21351	392	1721	4743	31167	1277	931	6822
Maletswai	6421	8127	4705	9070	517	1825	2352	9810	1848	1181	3481
Gariep	5652	6510	4315	7316	376	1213	1491	7505	2023	1274	2039
EC Total	952523	1031168	577346	1066990	60065	200664	317980	138209	232800	165434	406738

Source : Statssa, 2011

## COMMUNITY FACILITIES

### SPORT AND RECREATION FACILITIES

#### Current situation

The Municipality has no proper sport and recreation facilities except those located in the main towns. However

some sportsfields are being built in rural areas like Kwa Gcina and Zava. Lady Grey, Sterkspruit and Barkly East have facilities that have been built and one in Sterkspruit (Patrick Shibane was renovated in 2013/14 as well as the facility in Barkly East as they suffered from vandalism). With the high percentage of youth in the population make-up it is essential to provide sports and recreation facilities.

### Interventions

The Municipality has put in floodlights in Lady Grey and is also engaged in a programme funded by the German government which promotes sportsfield development in rural areas. In addition the allocated 15 % of MIG funds will be utilised for building more rural sportsfields.

Barkly East and Sterkspruit facilities were renovated and upgraded.

## INDOOR COMMUNITY RECREATIONAL FACILITIES

### Current situation

Under the old ward demarcation, there was an indoor community recreational facility built in each ward. However 3 new wards have been added and the boundaries have changed which means that these facilities are no longer centrally located. The municipality has prioritised these wards and the rebuilding of indoor community recreational facilities in Lady Grey and Sterkspruit. These facilities are important for social cohesion as they are used for community meetings, to house indoor sports like badminton as well as being utilised for arts and cultural events like dancing.

Communities would like more of these facilities and pay points to be built. There is a Thusong Centre, formerly known as MPCC, located in Sterkspruit that houses various government departments. In addition the facilities will now include a Councillors Office in order to improve governance.

**Table 28: Community facilities audit**

Ward	Indoor community recreational facility	Condition
1	Ndofela	Good
2	Storomo	Good
3	Makalakeng	Good built 2013/14
4	Hillside	Good needs ceiling and electricity
5	Makumsha	Good needs ceiling and door fixed
6	Majuba	Good needs ceiling
7	Thaba Lesoba	Good needs ceiling
8	None	

9	None	In the process of being built
10	Bunga Hall Tienbank	The Bunga Hall has been renovated in 2013/14 The current facility is no longer adequate and requires rebuilding
11	Molweni Bantwana – Herschel Bluegums	Require water and electricity but has been renovated in 2013/14 Good needs electricity and ceiling
12	None	To be built in 2015/16
13	Zava	Good but needs ceiling
14	Transwilger Lady Grey Kwezi Naledi	Transwilger needs upgrading and money has been set aside. Lady Grey hall is inadequate and requires rebuilding. Kwezi Naledi needs a ceiling
15	Rossouw Phelandaba	The hall in Rossouw has been renovated but still needs water and electricity.
16	Nkululeko Rhodes	Nkululeko is in good condition and the new hall in Rhodes was handed over in June 2013 but has no electricity..
17	Voyizana Sunduza	Good but requires ceiling Needs repairing
18	None	In process of being built
19	Barkly East Town Hall  Fairview	Hall needs repainting, window panes replaced and ceiling fixed Bad needs repairing
<b>SPORTSFIELDS</b>		
14	Lady Grey stadium	Good but needs some maintenance
16	Barkly East stadium	Good just completed renovating
10	Patrick Shibane	Just completed renovations
2	Kwa-Gcina sports fields	Good
13	Sportsfields	Good

Source: Senqu Community Services 2015

### Interventions

The Municipality is busy ascertaining where facilities have to be built in the newly demarcated wards. The 15 % of MIG funding for sports facilities has been set aside to build more indoor recreational facilities.

## **LIBRARIES**

### **Current Situation**

There are libraries in Lady Grey, Barkly East and Sterkspruit and satellite libraries in Rhodes and Rossouw. A librarian is needed in Rhodes. The municipality runs this service as an agency function for the Department of Sports, Arts and Recreation. More funding is however required for this service to fulfil the demand of school and university learners. A new library has been opened in Sterkspruit as the old facility was too small. The Herschel facility was opened in 2013 but still requires water and electricity.

## **SAFE & SECURE ENVIRONMENT**

### **Current Situation**

The Municipality is promoting the use and development of community police forums to solve crime in rural areas. The use of drugs is increasing in these areas according to community forums. The Integrated Community Safety forum has been revived. The municipality does however participate in the CPF's.

### **Interventions**

The SAPS has been approached regarding the high levels of crime and they are looking into the possibility of increasing the number of satellite stations in the area.

## **WASTE MANAGEMENT**

### **Current Situation**

The Municipality has waste sites in Lady Grey, Barkly East, Sterkspruit, Rhodes and Rossouw. It has 2 licenced sites in Lady Grey and Barkly East and 3 unlicensed in Sterkspruit, Rossouw, and Rhodes. All sites are operational (IWMP,2013).

However refuse removal is only operated in Barkly East, Sterkspruit, Rhodes and Lady Grey on a weekly basis. Only 11.2 % of households were served in 2007 and the percentage of unserved households increased from 17.2% in 2001 to 22.6 % in 2007 (Statssa, 2007). The situation has not improved much as shown in the 2011 statistics below. This is due to the lack of machinery and staff even though improvements have occurred in both. In

fact statistics show that only 4807 households are serviced on a weekly basis. The function is moving from Community Services to Technical Services in 2015/16. It is planned that there should be a refuse transfer centre in all rural areas so that the service can be expanded to urban areas.

**Table 29: Refuse removal**

Municipality	Local authority			Communal/own refuse			No rubbish disposal		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	14683	19750	28226	40458	49457	54991	14584	15628	13382
Elundini	2699	3664	5194	17337	21312	25044	8850	8232	7048
Senqu	2392	3817	4918	19778	24256	26985	5391	5831	5698
Maletswai	5147	6509	10194	1587	1832	1355	167	1148	454
Gariep	4444	5760	7919	1758	2057	1627	175	418	182
EC Total	473774	583307	733472	524656	648410	732060	283375	249923	190156

Source: Statssa: 2011

An analysis of collection in the wards reflects that the majority of the collection is in designated urban areas. In general waste is collected once a week from households and twice a week from businesses in Lady Grey, Barkly East and Rhodes. The households in Barkly East produce 4508 kg a day and 137 T a month as opposed to 9 T in Herschel, 9 t in Rhodes, 3 t in Rossouw and 101 T in Lady Grey. 2147 households are served in Barkly East, 149 in Herschel, 1591 in Lady Grey, 144 in Rhodes, 57 in Rossouw and 539 in Sterkspruit (IWMP 2013).

The municipality is struggling to meet all the legislation pertaining to the management of waste sites. Sterkspruit is an unlicensed site which has no access control, is unfenced with waste remaining uncovered and burnt. Lady Grey site is licenced and classified as GSB. There is no plant or equipment to properly cover and compact waste and waste is incinerated and disposed in a cell. The Barkly East site is classified as GSB. There is no plant or equipment to properly cover and compact waste and waste is incinerated and disposed in a cell but is fenced with no access control (IWMP, 2013). In Rhodes, the site is unlicensed but Terreco Environmental CC have been appointed to undertake the licensing process. The waste is incinerated and disposed in a cell. In Rossouw the site is unlicensed but Terreco Environmental CC have been appointed to undertake the licensing process. Burning of waste occurs on site and it is situated next to the Wasbank River. Herschel has no landfill site and Terreco Environmental CC have been appointed to undertake the EIA process for the development of a landfill site (IWMP,2013) . Medical waste for the 4 hospitals and 14 clinics is collected by a company called Compass Waste organised by the Department of Health.

The Sterkspruit waste site is reaching the end of its life cycle and the municipality has identified a site in the nearby village of Silindini. The land has been expropriated and an EIA will be undertaken in 2014/15. The process of an EIA was delayed due to civic unrest but will continue in 2015/16.

## Challenges

- **Permitted sites.** Lady Grey and Barkly East are currently the only permitted sites
- **Contravention of the Occupational Health and Safety Act.** This risk applies not only to the staff working on this sites but extends to the general public especially scavengers who frequent most of the sites. The Waste Manager is working on the problems of trying to find a solution for waste collection and management at Rossouw and Rhodes and make them together with Sterkspruit compliant with legislation.
- **Limited waste collection services.** Waste services (collection) only offered to urban residents.
- **Recycling and waste avoidance initiatives.** There are very few recycling initiatives in the municipality ,extracting less than 1 % of the potential recyclable material. No initiatives are underway for waste avoidance. However new projects for 2014/15 include facilitating the process of developing approved and licenced solid waste sites in Sterkspruit, Rossouw, Rhodes and Herschel. Purchasing of mini refuse skips for Sterkspruit town and purchasing of refuse bins has occurred. In addition waste awareness campaign were conducted.
- The **Joe Gqabi District waste forum** co-ordinates all waste issues in the district.
- **Contravention of legislation.** The disposal of waste is a significant challenge and this is leading to a lack of compliance with legislation, water, air and aesthetic pollution. The landfill sites do not comply with DWA's minimum requirements. There is no facility available to dispose of hazardous material. No technical intervention and limited planning for medium to long term planning with regard to facilities, equipment and human resources.
- **Plans and policies.** The municipality does not have a **leachate management plan** as waste is stored on site in a cage on a cement floor until it is incinerated and then burnt. **A trade effluent policy** is not necessary as Senqu has no manufacturing industries. The **integrated waste management plan** has been reviewed and adopted in 2013.Waste by laws for Senqu are insufficient. By-Laws have been gazetted but do not comply with NEMA and were submitted to Corporate Services for reviewal (Annexure 1)
- **Cost effectiveness and waste administration of current services** is poor mainly due to a history of lack of investment in the service in terms of equipment, staff, and planning. There is also a lack of knowledge regarding the remaining lifespan of the landfill sites. There is a lack of formal data in terms of the efficiency of collection. There are inadequate records maintained on the quantities and types of waste collected and disposed.

- **Illegal dumping.** Many shop owners particularly in Sterkspruit dump their waste on the sidewalk on day when waste is not collected. In order to counteract this municipality has promoted the usage of cages and collects waste more frequently in the centre of town. The municipality has also taken action against shop owners who persist in this action. However illegal dumping in open fields and borrow pits continues. In Barkly East and Lady Grey garden refuse and building rubble are the main contents of illegal dumping. There is no initiative currently underway to address illegal dumping.

## Interventions

**Increased equipment.** A tip truck and TLB were bought in the 2011/12 FY to complement the existing operational TLB and tip truck. Weighbridges were installed in Barkly East and Lady Grey in the 2013/14 FY.

**A waste awareness campaign** has been launched in the Municipality to make people aware of reducing, recycling and reusing waste to prevent unnecessary collection of waste. Particular emphasis is placed on the hazards of illegal dumping. However more funding is required to equip all waste sites adequately with equipment and personnel and to be able to successfully monitor the amount of waste entering the area. JGDM is assisting through workshops and clean up campaigns.

**Integrated waste management plan and recycling.** The plan proposes recycling options particularly in Sterkspruit. The Waste Manager is in the process of trying to co-ordinate waste activities in such a manner that recycled waste can be collected from Rossouw and Rhodes and brought to a main site like Barkly East until collection becomes economically feasible. However this is proving to be difficult as recycling companies are put off by the distance they would have to travel to collect the waste. In spite of this recycling projects have been started in Barkly East, Sterkspruit and Lady Grey. The Lady Grey recycling deals primarily with bottles.

**Funding.** MIG Money has been set aside in the budget for the construction of new compliant waste management sites particularly in Sterkspruit and Barkly East. In addition the annual operations and maintenance budget is used for day to day activities.

**EIA's and new sites.** A new site has been proposed for Rhodes but objections were received from the community and a new site has to be found. In Rossouw the EIA has been done on the proposed site and submitted for an ROD. The EIA has yet to be concluded for Hershel and Sterkspruit.

## WATER AND SANITATION

### Current situation

Joe Gqabi DM is the WSA and WSP. Therefore no SLA has been signed between the municipality and District.

Senqu has the highest unserved population in the JGDM area. This is due to the fact that most of the population is centred in the former Transkei homeland which experienced a very low level of service before 1994.

**Table 30: RDP Water and Sanitation Services Backlog in JGDM**

JGDM Total Population	Senqu Total population	Water			Sanitation	
		No water	Below RDP standard	Above RDP standards	Served	Unserved
<b>308,363</b>	118,174	15,586	21,330	81,258	65,034	53,140
	Percentage	13.2	18.0	68.8	55.0%	45.0
	JGDM	28,676	81,257	198,431	161,717	146,646
	Percentage	9.3	26.4	64.3	52.4	47.6

Source: (STATSSA 2007 and JGDM WSDP 2011)

The 2011 census reveals that Senqu has an unserved population of 7 209 households out of 38 046 which is under 20%. The area is however prone to droughts. Water sources are the Jozanashoek dam, Lady Grey dam, Barkly East dam, boreholes and rivers.

**Table 31: Access to piped tap water** Source: Statssa 2011

Municipality	Piped water inside yard			Piped water on communal stand			No access		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	14464	22616	42057	19667	26204	31726	36521	36014	26310
Elundini	1792	3017	6855	4613	7892	13670	22893	22300	18677
Senqu	2650	7406	15897	12411	13832	15290	12794	12666	7209
Maletswai	5548	5997	10063	896	2706	2465	514	785	234
Gariep	4474	6197	9332	1747	1774	302	321	263	190
EC Total	465041	560233	857310	245551	376172	498339	583712	545235	391617

Whilst most of the population does receive water, sanitation provision which was lagging behind lags with 45 % being unserved has improved with just under 6000 households having no access as can be seen in the table below. However Senqu still has to eradicate 645 bucket toilets which are in wards 14, 16 and 19. Households with no toilets are highest in Ward 7 with 712, followed by 604 in Ward 10 and 598 in Ward 16. In Ward 16 this is due to the fact that Zakhele in Rhodes has virtually no toilets.



**Table 32: Households by type of toilet facilities**

Municipality	Flush/chemical toilet			Pit latrine			Bucket toilet			No toilets		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	7920	14589	30544	27502	27396	47224	6656	7819	1744	28436	35031	17119
Elundini	783	2768	5505	12096	11476	22702	1778	2137	271	14650	16829	8810
Senqu	919	3791	7183	14558	15386	23476	1519	2215	648	10713	12512	5996
Maletswai	4315	4902	10004	327	183	752	854	624	76	1662	3779	1461
Gariep	1903	3128	7852	521	351	294	2704	2843	749	1411	1911	852
EC Total	408138	527935	797898	419896	405737	595587	82699	84484	41872	383792	463484	225010

Source: Statssa 2011

Although the LM has more water available than the requirements, it is not spread in such a manner as to satisfy the need everywhere. The towns that have been experiencing water shortages are:

- Herschel
- Lady Grey
- Rossouw

The towns that have just enough water to satisfy the demand and might experience water shortages in the near future are:

- Sterkspruit RWS

The provision of water services is in the urban areas only, as a Water Services Provider appointed until 31 July 2012 by the Joe Gqabi District Municipality, who are the Water Services Authority.

The level of services provided in the WSP area is mostly of high quality with connections to the yard and into the house itself. Sterkspruit and Rhodes have the highest standard of water followed by Barkly East and then Lady Grey. Water is available 24 hrs/day in the area of jurisdiction but the rural areas experience many lengthy outages.

### **Water Sources**

Senqu's main towns are served from dams such as the Barkly East dam and Lady Grey dam. Sterkspruit is served by Jozanashoek dam. Rhodes and Rossouw draw water from boreholes. The communal areas are serviced with water from rivers such as the Orange, Kraai and Telle. Villages and farms also make use of springs. The threat of drought however is a constant threat as there is no water source or dam that is large enough to meet the growing demand for treated potable water.

### **Challenges**

- **Broken water pipes**, non-functioning pipes, water unavailability and poor pressure.
  
- **Backlog eradication** is the main challenge facing the JGDM, especially in the rural areas of Elundini and Senqu. An estimated R 149,603,738 for water and R 93,901,795 for sanitation is required for Senqu backlog eradication
  
- **Operation and maintenance of existing water services** schemes is also posing a major challenge to this municipality and as a result some schemes are dysfunctional at present. There is a high need for ongoing refurbishment and maintenance programme which will ensure sustainability of these schemes.
  
- **Permanent Water Treatment Works in Barkly East**
- **Lady Grey bulk water supply requires urgent attention.** This is in planning stage
- **Capacitating staff.** Staff training to be intensified and competent staff employed as incomplete reporting received.
- **No Superintendent in Barkly East.**
- **Water backlogs and illegal connections in the rural area.** The Joe Gqabi District Municipality needs to get additional funding in order to eliminate backlogs in the rural area and legalise illegal connections.
- **Rehabilitation of the Barkly East & Rhodes reticulation networks.**
- **Installation of section & bulk metering..** Although the programme has already started, the Joe Gqabi District Municipality needs to URGENTLY install metering as soon as is possible in order to achieve accurate water balancing
- **Insufficient vehicles/Replacement.**
- **Bulk supply to be established for Rossouw, as it has a serious water shortage.**
- **Bulk supply to be rehabilitated for Rhodes as current supply is insufficient during high demand periods .**
- **Lady Grey dam silt weir.** This weir needs to be cleared of silt in order to prevent more silt entering the dam, thereby reducing the Lady Grey Dam lifespan .
- **Installation of sufficient fire hydrants (all towns)** in order to reduce potential disaster risk.
- **Pressure & storage problems in Lady Grey.** A reservoir (at least 1.5 MI) needs to be investigated and erected under the Water Treatment Works in order to ensure a sufficient water reserve for Lady Grey and to reduce pressure problems in the higher part of town.
- **No movement on the Orange River Macro Water Scheme project.** The Joe Gqabi District Municipality needs to allocate a political and administrative champion in order to facilitate funding for this project.
- **Water Pressure problems in Rhodes.**
- **No capital funding for network extensions.**
- **No capital funding for spares purchases.**
- **Fencing of dams and water source protection.**

- **Land problem in Sterkspruit with regard to reservoir construction encroachment.** The Water Services authority need to meet with the stakeholders and get a mutual way forward as soon as is possible. This may involve a land swap.

## Interventions

**Borehole stand alone schemes.** Water backlogs may be eradicated by means of the development of borehole stand alone schemes.

**VIP's.** Sanitation backlogs will be eradicated by means of implementing VIP's. Projects will be prioritised by focussing on villages with the highest sanitation concern first. It is anticipated that a regional construction approach will be followed to maximise the benefit of scale in terms of price, timeframes and quality (JGDM WSDP 2010).

**Table 33: Progress to date**

	Indicator Name	Total Number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/customers reached during the Financial Year	Percentage of achievement during the year
1	Percentage of households with access to potable water	73%- 26 280 (Rural)	9720 H/Hs(Rural)	O – Done on request WSA(Rural)	8 651 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
2	Percentage of indigent households with access to free basic potable water	100% (urban) 73% (Rural)	0 9720 H/Hs(Rural)	All services H/Hs receive 6kl free	8 651 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
3	Percentage of clinics with access to potable water	100% (Urban) WSA (Rural)	0 WSA (Rural-Unknown)	All clinics within jurisdiction receive potable water	3 (Urban) WSA (Rural-Unknown)	100% (Urban) WSA (Rural-Unknown)
4	Percentage of schools with access to potable water	100%(Urban) WSA ( Rural-Unknown)	0 (Urban) WSA (Rural-Unknown)	All schools within the area of jurisdiction have potable water	9 (Urban) WSA (Rural-Unknown)	100% (Urban) WSA (Rural-Unknown)
5	Percentage of households using buckets	Estimated at 6 % (informal areas)	2 013	WSA	2013 WSA Capital	0%

					project	
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Source: Senqu Technical Services 2013

## ROADS, TRANSPORT AND STORMWATER

**Table 34: Roads in the Senqu area**

Local Municipality	National Roads	Surfaced Trunk Roads	Surfaced Main Roads	Unsurfaced Main Roads	Surfaced District Roads	Unsurfaced District Roads	Minor Roads	Municipal and Access Roads	LM Total Length (km)
Elundini	138.89	-	51.98	96.46	37.45	593.49	526.49	671.38	2,116.14
Gariiep	185.40	46.40	123.69	176.40	27.63	1,070.18	1,065.95	798.67	3,494.33
Maletswai	213.14	-	-	173.53	-	595.95	625.87	599.50	2,207.98
Senqu	116.37	-	9.17	290.93	73.01	931.36	767.16	817.36	3,005.37
District Total	653.80	46.40	184.84	737.32	138.09	3,190.98	2,985.47	2,886.91	10,823.82

Source: Department of Public Works and Roads, 2013

The table above refers to the kilometres of roads in the entire Joe Gqabi District. From this it can be seen that Senqu has the longest amount of unsurfaced main roads and access roads. In fact Senqu has the second longest road length after Gariiep.

### Tarred roads

The provincial trunk road, the R58 is in a bad condition and will be moved to SANRAL. Rock falls are also common on the road after heavy rainfalls. This affects tourism as this is the main entrance into the municipality. As such it needs to be a provincial priority. The R 393 between Lady Grey and Sterkspuit is in good condition but roaming livestock due to stolen or poor fencing remain a hazard for drivers in spite of the newly introduced road rangers. The road to Tele Bridge has recently been upgraded (JGDM ITP 2010).

### Gravel/ Unsurfaced Roads

Most of provincially maintained gravel roads have deteriorated significantly to the level where they need extensive regravelling and low level bridges need repair or replacing. The end result is people being unable to access goods and services or having to pay high prices for transport of goods and persons due to poor or impassable roads.

The Municipality has prioritised certain roads for regravelling and priority upgrading.

#### Tourism roads

- R 396 from Barkly East to Rhodes as this is an important tourist destination
- Access roads to the 7 gravel passes of Lundean's neck, Jouberts, Otto du Plessis, Carlislehoek DR 03230, Volunteers (MN 20635), Bastervoetpad, and Naudesnek (R 396). These passes incorporate 3 of the highest passes in South Africa. In addition the roads lead to Tiffindell ski resort – the only ski resort in South Africa.
- DR 393 to Lundean's neck and Sterkspruit from Barkly East
- Upgrade of DR 03214, DR 03221, DR 3222
- Airstrip at Rhodes

#### Access roads to hospitals and villages

- Khiba T 526 road
- Coville T 510 road
- Mlamli T 606 road
- Manxeba T 511 road.

#### Access Roads

Access Roads are maintained by municipalities in terms of the Municipal Structures Act however this is not financially viable for Senqu Municipality. The municipality inherited a backlog of maintenance of existing access roads as well as many villages which don't have access roads. Due to the small tax base of the area and high unemployment' the municipality is heavily reliant on the MIG grant to fund repair, maintenance and building of access roads.

Senqu is responsible for all access and municipal roads in its area. The balance of the roads falls under the powers and functions of the Department of Roads and Public Works (DoRPW). The level of road services in rural

areas is low, where most roads are gravel. The Municipality has engaged its municipal wards to identify priority access roads that need tarring. These however will still require a massive financial injection. Current gravel roads backlog in Senqu is 562km.

#### Streets

Streets within towns are the responsibility of the relevant local authority. Streets within townships in all the urban settlements are of very poor condition leading to localized flooding in bad weather, impassable roads and poor access.

#### Rail network

The railway line between Aliwal North and Barkly East is unused even though the tracks are still in place (JGDM ITP 2010). Attempts have been made to revive the track for steam train enthusiasts as it contains 2 out of the 3 railway reverses known in the world whereby the train reverses up a zigzag pattern to the top of a mountain.

#### Airfields

The only airfield which can be recognised as such lies in Barkly East but is not maintained by the municipality. There has been an investigation into a new airstrip to be located 10km south west of Rhodes near the R 396 funded by ECDORT for tourists to the Tiffindell ski resort but whether this will occur or not remains to be seen (JGDM ITP 2010).

#### Non-motorised transport

A significant number of persons in Senqu rely on either bicycles or walking to reach their destinations. As a result the municipality has paved most of the pavements in the main towns and some pedestrian walkways leading from the former townships into the town. Few pedestrian crossings and poorly lit streets and paths are some of the hazards faced by pedestrians.

## **PUBLIC TRANSPORT**

The Herschel Taxi association has 164 registered members owning 293 vehicles with 158 operating licenses and runs on 20 local and national routes. Public transport operations in Barkly East and Lady Grey are small and relatively stable. In Sterkspruit no direct travel between villages is allowed and all trips must begin or end in the central rank at Sterkspruit. It is the busiest hub. The most utilised trips are to Thaba Lesoba, Voyizana, Qhoboshane, Jozanashoek and Umlami. National destinations are Aliwal North, Johannesburg, Welkom, Bloemfontein, Queenstown and Secunda.

Road worthiness and licensing

Senqu provides a road worthy and licencing service at the Traffic Testing Station in Barkly East and Sterkspruit (not operational at present due to civic unrest..

## **STORM WATER MANAGEMENT & ACCESS ROADS**

The municipality on an annual basis targets certain priority areas for the construction of storm water as per the **Roads and stormwater master plan**. The Technical Services department in conjunction with the Community Services Department implements the regular cleaning and maintenance of the existing stormwater infrastructure

### *Challenges*

- **Chronic underfunding** and the constant deterioration of roads due to high rainfall conditions
- **Breakdown of** old out dated road machinery
- Not all villages, schools and clinics have **decent access roads**
- Not all streets in townships are **tarred or paved**
- Limited number of **pedestrian bridges**
- No **cycle lanes**
- **Limited lighting** of pedestrian walk ways although Council is slowly eliminating the backlog in urban areas.
- **Poor** road markings and potholes
- **Limited road signage** especially in rural areas
- **Commuter facilities are primitive**. Bus shelters were built in 2000 in Barkly East and Lady Grey by DoT. The current taxi rank in Barkly East is informal with no amenities and needs upgrading to an area with shelters for waiting passengers. Lady Grey has no taxi facilities but a public toilet and bus stop has been built through the NDPG. Sterkspruit has a taxi rank.
- **Noncompliance of bakkie transporters**. These need to be made legal as these are the only vehicles which are viable on the bad rural road network (JGDM ITP 2010).
- **Limited machinery and staff** to meet the storm water function especially in rural areas.
- **Fencing of commonage and communal lands along the main R 58 route and road to Sterkspruit**. The fences are constantly been stolen by community members especially RDP housing developments to fence their yards.

### **Interventions**

- **A Roads and Stormwater Master Plan** was developed to categorise roads and determine which ones are priorities. In addition on an annual basis Ward Councillors indicate which roads and bridges require attention in their areas. A road policy has been developed and adopted.
- **Paving** of township streets as part of an EPWP project and paving of sidewalks in all CBD's and the

linkages between the townships as part of the pavement management system. This assists pedestrians who do not utilise vehicular transport. The Municipality is also in the process of trying to find funding for a brick and paving brick interlocking project which will provide locally made bricks for the future Senqu paving projects.

- **Upgrading of 3km** of gravel road a month in all wards determined by the community and Ward Councillor.
- **New road machinery** and Operators.
- **Installation of street lights** in towns such as Herschel
- **Non-motorised transport.** The neighbourhood development grant will be used to assist with the building of more pedestrian bridges and walk ways. This will also allow for cycling paths. Funding is also set aside for the lighting of pedestrian walk ways.
- **Cleaning of storm water** drains on an annual basis in urban areas
- **Funding, operations and maintenance.** MIG funds are used to build new roads whilst own resources are used to repair and maintain roads and bridges.
- **JGDM Integrated transport Plan, 2010.** The LM utilises the DM's Integrated Transport Plan as it is not a transport authority and is not required to have a plan.
- **Roads Forum.** The municipality has launched the forum which deals with roads. The forum is run by the Technical Services Department. Transport related issues are dealt with at the District Transport Forum

## ELECTRICITY AND ENERGY

### Current situation

Although most of the Senqu communities have access to electricity, there are some communities that still need to be electrified either in the form of electricity installation or in upgrading of their existing lines as most of the lines particularly in Sterkspruit and surrounding villages is very weak. These are mainly in new housing developments. Council is in the process of compiling an exact backlog list for ESKOM. The most worrying ward is Ward 5 which is near Lundean's Neck where residents do not have electricity at all.

The Senqu Municipality has a licence agreement with the National Energy Regulator of South Africa. In terms of this agreement, Senqu is responsible for supplying electricity to Sterkspruit, Lady Grey and Barkly East. Rural areas (including Rhodes and Herschel) are supplied by ESKOM. Within the licensed area, the Senqu Annual Report (2011) notes that "the standard of service is mediocre".



Major electricity backlogs are noted in rural areas where 11 498 households do not have access to basic electricity services. Other electricity supply challenges include high leakages attributed to aging infrastructure, poor metering and incorrect accounting. The speed of rural electrification by ESKOM is far too slow, especially in non-grid areas. However over 81.8 % of the municipality has been served (Statssa, 2011).

**Table 35: Electricity Usage**

Municipality	Lighting			Cooking			Heating		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	18907	36392	67433	6895	12626	55150	6287	9368	22186
Elundini	2332	3738	17533	625	1320	13216	598	934	4947
Senqu	8139	21041	30866	1725	4590	24499	1517	3593	9633
Maletswai	3688	5387	10190	2302	3373	9506	2142	2788	4615
Gariep	4748	6226	8844	2243	3343	7929	2030	2054	2991
EC Total	421952	740753	1265759	309362	419243	1047718	278832	353776	527265

Source Statssa 2011

For lighting the majority of residents use electricity with 31 038 using electricity and only 104 for solar. For cooking electricity use still is dominant with 24 640. However when it comes to heating paraffin is the main fuel with 16 839 (Statssa, 2011).

Council is in talks with ESKOM though about the provision of solar heaters in current and future housing developments.

### Electrical challenges

- **Limited funding for Maintenance and upgrading of infrastructure** in areas managed by the municipality
- **Limited voltage** in the rural areas does not support large scale economic growth
- The implementation of **free basic services** for electrical supply
- Getting communities to accept **non- grid electricity**
- Number of **schools, clinics** and other social facilities that don't have a regular supply of electricity (if any supply at all)
- **Affordability** of the service
- **Difficulty** in obtaining electricity cards as vendors are far from rural areas

- **Electricity losses - 3,783,161 Kwh (Down from 5.6Mwh in previous year) due to theft ,poor metering, poor networks and incorrect accounts. Total; loss 7.21%**
- **Insufficient maintenance funding.** Council needs to increase the maintenance budget
- **Electricity backlogs in the rural areas (Eskom) - specifically non-grid areas) being addressed too slowly.** Eskom is licensed for these areas and therefore needs to apply for increased funding in order to eliminate the above.
- **Insufficient funds to obtain full staff complement..**
- **Asset control in terms of GRAP is proving problematic.** Staff vacancies need to be filled immediately
- **Electrification of street lights at Rhodes.** The Electrification of street lights was discussed with Eskom. They refused permission to use their Infrastructure to fit the street lights. Therefore the amount to do the street lights and construct our own Infrastructure increases to about R 4 000 000 to R 6 000 000. The Community also refuse to have electrical street lights. Therefore an alternative is available whereby solar lights are installed but that will double the expenses to R 8 000 000.
- **Electrification of street lights at Rossouw.** The Electrification of street lights was discussed with Eskom. They refused permission to use their Infrastructure to fit the street lights. The amount to do the street lights and construct our own Infrastructure increases to about R 4 000 000. **Barkly East 804 New House Street lights.** The Electrification of street lights was discussed with Eskom. They refused us permission to use their Infrastructure to fit the street lights. The amount to do the street lights and construct our own Infrastructure will be about R 4 000 000.
- **Zwelitsha Ward 10 Extension of Electrification.** Electrification towards the new development of Housing Infrastructure. Senqu Municipality is responsible for the requested area to supply electricity. Eskom is currently busy supplying the Houses next to Senqu border line with electricity. Therefore the Community came with the request that they now also demand electricity due to the fact that the newly developed area of Eskom receives electricity.
- **Prepaid metering.** There is a request for Prepaid Meters from the Community of the Senqu Area (Barkly East / Lady Grey / Sterkspruit). The cost for the prepaid meter installation towards the Community must be funded by the Municipality or alternative funds provided. The customers are unable to pay for the prepaid meters provided. The Smart Prepaid meter is more than double the cost of a not compatible Smart Prepaid meter. The cost for a Smart Prepaid Meter is R 1 500 per meter. Therefore funds are needed to accommodate the request of the community.
- **Smart meter system to be installed in Future.** The decision taken is that all prepaid meters purchased from now onwards will be Smart Meter compatible. This is to minimise the wasteful and fruitless expenditure in future when Senqu municipality changes to the Smart metering system. Thus a large amount of Funding needs to be requested in order for this request to become a reality in the future.
- **Eskom vs Senqu Municipality electrification boundaries.** There is no confirmed agreement registered at NERSA or Eskom or Senqu Municipality around the Demarcation area of the supply of Electricity to the community. Funding is needed to get a service provider to investigate and do all the necessary documentation to establish these demarcation areas and register it at NERSA as agreed to by Eskom vs Senqu Municipality.
- **Solar geysers.** The installation and continuation of the disrupted solar geyser installation programme.

## Interventions

- **Eskom** electrification plan

- **Department of Trade and Industry** assisting with the promotion of renewable sources of energy
- The Technical Services Departments wishes to install a **computerised asset management system** which will allow it to accurately gauge the depreciation of electrical and road infrastructure and equipment. This will assist in improving budgeting planning for the Department.

Table 36: Progress to date

	Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	Percentage of achievement during the year
1	Percentage of households with access to electricity services	Est 95% in urban  Est 68% in rural	923 in urban (new housing projects)  Estimated 11 500	0  367	400 new connections  385 (Rural)	100%
2.	Percentage of indigent households with access to basic electricity services	100% of applicants (Urban)  100% of applicants (Rural – 22.5% )	0  11 498(Rural)	847 (47% of total consumers- Urban)	847 (Urban)  11498 (Rural)	100%
3	Percentage of indigent households with access to free alternative energy sources	1% (Urban – Rossouw pilot Project (Paraffin & candles)	0	85	85	100%

Source: Technical Services 2013

## RENEWABLE ENERGY

In general however the municipality and ESKOM have to increase efforts to make the community more conscious and aware of the benefits of renewable energy. Solar is not popular due to the high theft of solar panels but wind turbines could be used provided that the turbines are designed to withstand the high wind speeds and hail encountered in the area.

## ENVIRONMENTAL LEGISLATION/EIA's

The municipality strives to adhere to all environmental legislation and conducts EIA's where necessary and prescribed by law in order to ensure sustainable service delivery. EIA's are budgeted for in all project plans where necessary. For the forthcoming year EIA's are required for the following:

PROJECT NAME	EIA REGULATIONS WHICH MAY BE TRIGGERED	LISTED ACTIVITY
Access roads	LN 1 Activity 24	This projects needs Environmental Authorization if it fits the following description

		The development of- (ii) a road with a reserve wider than 13,5 meters, or where no reserve exists where the road is wider than 8 metres; but excluding- (a) roads which are identified and included in activity 27 in Listing Notice 2 of 2014; or (b) roads where the entire road falls within an urban area.
Cemeteries	LN 1 Activity 23	<b>This projects needs Environmental Authorization if it fits the following description</b>  The development of cemeteries of 2500 square metres or more in size.
Bridge	LN 1 Activity 12	<b>This projects needs Environmental Authorization if it fits the following description</b>  The development of- (i) canals exceeding 100 square metres in size; (ii) channels exceeding 100 square metres in size; (iii) bridges exceeding 100 square metres in size; (iv) dams, where the dam, including infrastructure and water surface area, exceeds 100 square metres in size; (v) weirs, where the weir, including infrastructure and water surface area, exceeds 100 square metres in size; (vi) bulk storm water outlet structures exceeding 100 square metres in size; (vii) marinas exceeding 100 square metres in size; (viii) jetties exceeding 100 square metres in size; (ix) slipways exceeding 100 square metres in size; (x) buildings exceeding 100 square metres in size; (xi) boardwalks exceeding 100 square metres in size; or (xii) infrastructure or structures with a physical footprint of 100 square metres or more; where such development occurs- (a) within a watercourse; (b) in front of a development setback; or (c) if no development setback exists, within 32 metres of a watercourse, measured from the edge of a watercourse; - excluding- (aa) the development of infrastructure or structures within existing ports or harbours that will not increase the development footprint of the port or harbour; (bb) where such development activities are related to the development of a port or harbour, in which case activity 26 in Listing Notice 2 of 2014 applies; (cc) activities listed in activity 14 in Listing Notice 2 of 2014 or activity 14 in Listing Notice 3 of 2014, in which case that activity applies; (dd) where such development occurs within an urban area; or (ee) where such development occurs within existing roads or road reserves.
Community halls		It will depend on size and location of hall
Sport fields		The municipality must consult DEA and DEDEAT for advice since the footprint of the activity is less than 5 hectares
Solid waste sites		License needed

## DISASTER MANAGEMENT

The disaster management plan was adopted in March 2011 and will be amended and improved when funding becomes available and the District Municipal disaster risk assessment plans are complete. Emergency procurement measures are not identified in the plan as these are stipulated in the municipal supply chain management plan. Disaster Management by-laws have not been promulgated due to the lack of risk assessment

plans. However the DM does have a developed Transport and firefighting bylaw (2011) but this has not yet been adopted by the municipality as it does not stipulate tariffs or fines.

## **STATUS QUO**

The District Municipality is in the process of creating vulnerability and risk assessment plans for the entire area in conjunction with the University of the Free State. These are not yet complete due to the funding constraints suffered by the DM in the 2011/12 FY. As a result Senqu municipality has relied on the SDF, EMP and communities which have identified areas of risk. The area of disaster management falls under the Community Services Director. The municipality does not have a functional Disaster Management Unit due to funding constraints but relies on assistance from the DM. There is a Chief Fire Officer appointed by the DM which operates a fulltime fire service in the municipality due to lack of capacity by Senqu Municipality. An SLA between the DM and LM is out dated and needs revising and signing but the DM continues to run disaster management and fire services for the LM as part of their power and function to assist LM's.

## **ISD & CAPACITY TO DELIVER**

The municipality has an ISD Unit with one Officer. The Unit is located within Technical Services. The work of the Officer is to ensure that project steering committees are functional for all projects undertaken by the municipality and that the Ward councillor and Community are kept informed of all project progress. In addition all community complaints are resolved by the Officer.

The Technical Services Unit houses the PMU which consists of a Manager, Technician and Administrator. The electrical section is run by a superintendent and the roads section by a Manager. The main problems in the electricity department are the sufficient resources to attract the necessary expertise. In order to prevent a loss of skills the department is training electricians in house. On the roads section the main problems apart from aging and deteriorating equipment like graders are the budget to maintain access roads as well as attract the necessary skills like grader operators.

## **FREE BASIC SERVICE PROVISION**

The indigent register will be updated once the municipality has finished verifying all indigent information collected at the end of May 2015 . Although water and sanitation is a district function, they provide all indigent households with 6 kl water free a month and sanitation

The Municipality has budgeted the following for free basic services for 2015/16 year:

Free Basic Services; Rates	1 700 000
Free Basic Services; Electricity	6 800 000
Free Basic Services; Refuse	4 846 200

The FBS unit functions are currently performed by the Debtors Officer with the assistance of staff in the Revenue Section. Indigent Steering Committees are in place although not yet at full operational efficiency. There are no integration plans between the District and the Local Municipality.

## CHAPTER FOUR: INSTITUTIONAL TRANSFORMATION

### POLITICAL STRUCTURE

Senqu Municipality was established in terms of the Provincial Gazette Extraordinary, 28 February, Notice 22 of 2000 (with a number of subsequent amendments). Senqu Municipality is a Category B Municipality. Senqu Municipality was established to be a Collective Executive system type (MSA 117 of 1998)". Council consists of 37 Councillors of which 19 are Ward Councillors and 18 are Proportional Elective Councillors. In addition Traditional Authorities form part of the Council. Council is responsible for taking political decisions in relation to service delivery issues and playing an oversight role. Council meetings occur once per quarter. Special Council meetings are only convened whenever there is an urgent issue that needs to be discussed and an urgent decision needed to be taken.

#### Executive Committee Meetings

It is constituted by the Mayor of the municipality as the Chairperson, Political Heads of the Standing Committees of various departments in the municipality and the top management of the municipality. The Mayor as the Chairperson convenes the meetings of the Executive Committee every month.

#### Standing Committees

The purpose of the Standing Committees is to discuss and recommend certain actions be implemented by the Executive Committee or Council. Standing Committees are as follows:

- Corporate and Support Services Standing Committee
- Integrated Planning, Monitoring and Evaluation Standing Committee
- Technical Services Standing Committee
- Finance Standing Committee
- Community Services Standing Committee

These Standing Committees are chaired by the Portfolio Councillors who form part of the Executive Committee. The other members of the Standing Committees are Councillors elected by the Council representative of all political parties, Traditional Leaders and the administration of the department concerned. Standing committees meet on a monthly basis.

#### POWERS AND FUNCTIONS

Power & Function	Senqu's Capacity	Responsible Department
Air Pollution	The Municipality has no financial resources to develop an air quality plan or engage specific staff for the function	Community Services
Building Regulation	The Municipality has engaged a building inspector but currently has limited resources to engage personnel and ensure implementation of by laws	Development & Town planning Services
Child care facilities	The Municipality is in the process of ensuring that current facilities meet minimum health and safety requirements	Community Services
Electricity and gas reticulation	The Municipality only has the power to supply electricity within the urban areas. The rural areas are supplied by ESKOM	Technical Services
Fire fighting Services	The Municipality has the function but not the capacity to fulfil the service which is why the District Municipality provides fire fighting services on its behalf	Community Services
Local Tourism	The Municipality promotes local tourism in the region and the activities of local tourism organisation	Development & Town planning Services
Municipal Airports	The Municipality has no designated airports anymore	
Municipal Planning	The Municipality has an IDP and SDF which is reviewed annually. A new SDF is being developed in line with SPLUMA regulations. All land management will then be enforced as per SPLUMA regulations	Development & Town planning Services
Municipal Health Services	The Municipality only controls waste management as the District Municipality is responsible for food control, water quality, chemical safety, communicable disease control, vector control, environmental pollution control, disposal of the dead and control premises. This is because the District Municipality has the capacity as these areas form part of the Environmental Health Practitioners scope of work. The Municipality may only license a food premise after the District provides a permit indicating that the premise meets the standards	Community Services

Power & Function	Senqu's Capacity	Responsible Department
	required	
Municipal Public Transport	The municipality does not have this function as it does not operate any public transport and the District Municipality has the power to regulate passenger transport services. The Municipality has a roads forum and makes recommendations on operating licences' to the Department of Transport.	Technical Services
Pontoons, ferries, jetties, piers and harbours	The Municipality is not on the coast	
Stormwater management systems in built up areas	The Municipality has the power and function	Community Services & Technical Services
Trading regulations	The Municipality fulfils this function through various by laws	Community Services
Potable water and sanitation services	The Joe Gqabi District Municipality fulfils the role of both WSA and WSP	
Beaches and amusement facilities	The Municipality has no beaches but maintains its public spaces	Community Services
Billboards and display of advertisements in public places	The Municipality has by laws to regulate this activity but due to limited resources struggles to enforce them	Community Services
Cemeteries, funeral parlours and crematoria	The Municipality licences these premises once the District Municipality issues a certificate of compliance	Community Services
Cleansing	The Municipality regularly cleans streets and public spaces within the urban areas as it lacks capacity and resources to do so in rural areas	Community Services
Control of public nuisances	The Municipality has by laws pertaining to this function but lacks the capacity to enforce by laws	Community Services
Control of undertakings that sell liquor to the public	The Municipality has by laws pertaining to this function but lacks the capacity to enforce by laws	Community Services
Facilities for the accommodation, care and burial of animals	There are no pet cemeteries or kennels in the municipal area	Community Services
Fences and fencing	The Municipality ensures that public areas are fenced and safe and has by laws around fencing of properties	Community Services
Licensing of dogs	The Municipality does not license dogs but has by laws pertaining to the keeping of domestic pets	Community Services
Licensing and control of undertakings that sell food to the public	The District Municipality monitors the premises and issues certificates of compliance after which the Municipality may license the premise	Community Services
Local Amenities	The Municipality ensures that places are kept clean and mown and that community halls are functional but lacks the financial resources to ensure that all areas of scenic, natural, cultural and historical value and interest are well maintained	Community Services & Development & Town planning Services



Power & Function	Senqu's Capacity	Responsible Department
Local sport facilities	The Municipality maintains municipal owned sport facilities in the urban areas	Community Services
Markets	No markets exist in the municipal area	
Municipal abattoir	The Municipality does not own any abattoirs and the District Municipal Health services are responsible for ensuring that abattoirs in the area maintain hygiene standards	
Municipal parks and recreation	The Municipality ensures that places are kept clean and mown.	Community Services
Municipal roads	The Municipality does try to build and maintain municipal roads but due to decades of neglect the financial resources are insufficient to meet the demand.	Technical Services
Noise pollution	The Municipality lacks the resources to monitor noise pollution but there are by laws.	Community Services
Pounds	The Municipality does operate some pounds but due to limited financial resources fails to keep all animals off the road.	Community Services
Public places	The Municipality does own commonages around the urban areas but struggles to enforce livestock management or prevent land invasion due to limited human and financial resources	Community Services
Refuse removal, refuse dumps and solid waste disposal	The Municipality does do refuse removal in urban areas but due to financial and human resource constraints fails to adhere to all waste management site regulations	Community Services
Street trading	The Municipality has by laws pertaining to the function but has limited capacity to enforce the by laws	Community Services
Street lighting	The Municipality provides street lighting in urban areas.	Technical Services
Traffic and parking	The Municipality has limited capacity to control traffic within its area but does provide a drivers licence testing facility	Financial Services

## ADMINISTRATIVE STRUCTURE AND LOCATION

The municipality has offices in the following towns with the main office located in Lady Grey.

Lady Grey	Barkly East	Sterkspruit	Rossouw	Rhodes
Main building	Main building	Main office building	Community Hall	1 office
Old age home building	Traffic Department	Old Library		
Technical Services Department	Library – not municipal building	Bunga hall offices		
	Ekhephini Radio	MPCC		

Tourism Office	Station			
Library				

The current office accommodation is insufficient as the municipality has amended its organizational structure which has increased the number of staff establishment. More offices are being built at the office at Murray Street. These are almost complete and this in conjunction with the renovation of the 2<sup>nd</sup> floor of the Old age home will accommodate the need. The office in Sterkspruit that was burnt down due to protest action has been rebuilt. In addition payment facilities for municipal services are rendered at the Main municipal building based in Lady Grey and at the Offices in Sterkspruit.

Senqu Municipality implements its Integrated Development Plan through its administration structures headed by the Municipal Manager with the following Directorates:

- Municipal Manager's Office responsible for strategic management and internal audit
- Department: Budget and Treasury responsible for expenditure, income, supply chain management, fleet management, traffic and budget planning. This will be known as Directorate Financial services as from 1 July 2015.
- Department: Corporate and Support Services responsible for administration, document management, labour relations, capacity building, maintenance of buildings and secretariat services for Council. From 1 July 2015 they will also have the function of communications, IGR, special programmes and stakeholder relations. The Department will also be known as Corporate Services Directorate.
- Department: Community and Social Services is currently responsible for waste management, cleansing, disaster management, community facilities and library services. From 1 July 2015 they will be responsible for community facilities, commonage management, cleansing and library services only. This will be known as Directorate Community Services
- Department: Technical and Engineering Services responsible for electricity in urban areas, project management unit, ISD, access roads, storm water maintenance, housing, town planning and land administration. From 1 July 2015 they will be responsible for access roads, storm water maintenance, electricity in urban areas and waste management only. This will be known as Directorate Technical Services.
- Department: Integrated Planning, Monitoring and Evaluation responsible for PMS, IDP, LED, monitoring and evaluation, customer care, communication, legal compliance, public participation, governance, risk management, IGR and special programmes. From 1 July 2015 the department will consist of PMS, IDP, LED, GIS, monitoring and evaluation, project management unit, ISD, town planning and land administration, legal compliance and risk management. This will then be known as the Directorate Development & Town Services

The current Organogram for all departments is attached as Annexure 2. The administration is headed by the Municipal Manager, Mr. Yawa. The top management consists of five Section 56 Managers, three males and two

females who report directly to the Municipal Manager, Mr. Yawa. All Section 56 Managers have been appointed and will sign their annual Performance Agreements aligned to the IDP, budget and SDBIP by 30 July 2015.

### **ORGANISATIONAL STRUCTURE**

The organogram that was approved on 30 May 2012 was amended due to SCOA functions and adopted in February 2015. Job descriptions have been completed for all job posts. There are no plans to amend the organogram in the future. The organogram has 427 posts. Out of these 277 were funded and have all been filled. The abridged organogram is contained in Annexure 2. 25 posts were filled in 2013/14. Only one post has remained unfilled for longer than 3 months and this is the one for the Supervisor: Waste Management whereby the incumbent applied for early retirement and later withdrew the request which created delays in advertising and filling the position. The post was advertised internally and when a suitable candidate could not be found then the post was re-advertised.

Table 37: Total cost to populate organogram

	Salaries	Housing allowance	Compensation Comm	Medical Aid	Pension	UIF	Bargain Council	Bonus	Leave reserve	Tel	Skills levy	Total
Executive	3 602 160		36 022	247 680	222 180	38 137	792	211 549	130 305	73 200	36 022	459 8046
Development & Town Planning Services (D&TPS)	3 975 744		39 757	518 952	591 100	41 723	936	196 601	162 745	56 400	39 757	5 623 717
Corporate	3 510 672		35 107	577 920	489 629	37 622	1 224	251 550	146 503	36 000	35 107	5 121 334
Financial Services	5 784 932	18 792	57 849	990 720	1 066 339	61 542	2 016	369 247	250 944	60 000	57 849	8 720 230
Less meter readers	331 212		3 312	165 120	89 427	3 588	288	27 601	18 744		3 312	642 605
Sub Total	5 453 720	18 792	54 537	825 600	976 912	57 954	1 728	341 646	232 199	60 000	54 537	8 077 625
Technical	2 584 944		25 849	866 880	697 935	28 004	1 512	215 412	132 792		25 849	4 579 178
	1 487 076		14 871	165 120	118 338	16 110	360	123 923	56 657	12 000	14 871	2 009 325
D & TPS)	911 868		9 119	206 400	246 204	9 879	360	75 989	43 663		9 119	1 512 600
Road transport	1 623 168		16 232	660 480	438 255	17 584	1 152	135 264	87 101		16 232	2 995 468
Electrical services	1 787 604	12 528	17 876	371 520	306 036	19 664	792	178 763	78 885	19 200	17 876	2 810 744
Plus meter readers	331 212		3 312	165 120	89 427	3 588	288	27 601	18 744		3 312	642 605
Sub total	2 118 816	12 528	21 188	536 640	395 463	23 252	1 080	206 364	97 629	19 200	21 188	3 453 349
Community	1 523 796		15 238	257 484	283 161	15 843	432	60 473	66 062	24 000	15 238	2 261 726
Libraries	484 020		4 840	206 400	130 685	5 244	360	40 335	26 275		4 840	903 000
Community halls	1 671 072		16 711	949 440	451 189	18 103	1 656	139 256	98 294		16 711	3 362 433
Waste Manage	5 045 676		50 457	2 889 600	1 362 333	54 661	5 040	420 473	297 523		50 457	10 176 220
<b>TOTAL</b>	<b>33 992 732</b>	<b>31 320</b>	<b>339 927</b>	<b>8 908 596</b>	<b>6 403 383</b>	<b>364 116</b>	<b>16 632</b>	<b>2 418 835</b>	<b>1 577 751</b>	<b>280 800</b>	<b>339 927</b>	<b>54 674 019</b>

(Source Corporate Services 2015)

Table 38: Filled and Unfilled posts per organogram (Source Corporate Services 2015) .

	Municipal Manager	Corporate Services	Finance	Dev & Town Planning	Technical Services	Community Services
Posts on organogram	14	39	75	28	174	97
Filled	10	28	47	16	143	33
Unfilled	4	11	28	12	31	64
<b>TOTAL Filled</b>	<b>277</b>					
<b>TOTAL Unfilled</b>	<b>150</b>					

Table 39: New appointments for 2014/15 FY

Department	Position
Municipal Manager's Office	1 x PA 1 X Speaker's driver
Community Services	1 X General Assistant Refuse Removal –BE 1 X General Assistant Refuse Removal- 1 X Team Leader Driver – Waste Management 1 X Assistant Librarian - Rhodes 2 X General Assistant
Corporate Services	2 x Interns 1 X Cleaner 1 X Manager: Admin & Council Support
Finance	1 x Debtors Officer 1 X TSC Administrator 1 X E-Natis 3 X Traffic Officer 1 X cashier 2 X Snr Officer Reporting 1 x Budget & Treasury Clerk
Technical Services	2 X heavy plant operators  2 x General Assistant  1 x Electrician

Department	Position
	1 X Assistant Superintendent Roads

Source: Corporate Services 2015

The table below indicates contract workers

**Table 40: Contract Workers**

DESIGNATION	DEPARTMENT	CONTRACT PERIOD	TERMINATION DATE
MUNICIPAL MANAGER	MM'S OFFICE	5 YEARS	30 June 2017
DIRECTOR: CORPORATE SERVICES	MM'S OFFICE	5 YEARS	30 September 2017
DIRECTOR: COMMUNITY SERVICES	MM'S OFFICE	5 YEARS	30 June 2017
DIRECTOR: TECHNICAL SERVICES	MM'S OFFICE	5 YEARS	30 June 2017
CFO	MM'S OFFICE	5 YEARS	30 June 2017
DIRECTOR: DEVELOPMENT & TOWN PLANNING SERVICES	MM'S OFFICE	5 YEARS	30 September 2017
COO	MM'S OFFICE	5 YEARS	31 December 2018
MANAGER: ADMINISTRATION AND COUNCIL SUPPORT	CORPORATE SERVICES	5 YEARS	31 Augusts 2019
MANAGER: REVENUE	FINANCIAL SERVICES	5 YEARS	31 December 2018
SENIOR AUDIT EXECUTIVE	MM'S OFFICE	5 YEARS	31 January 2018

Source: Corporate Services 2015

## EMPLOYMENT EQUITY

The previous Employment Equity Plan of the Municipality expired and the Municipality developed a new five year plan for 2012-2016 with targets. A report on 2013 equity report was acknowledged by the Department of Labour on the 4<sup>th</sup> January 2014.

In terms of local demographics, the following ratios should apply for employment: 98.3% are Black, 0.57 % Coloured, 0.15 Indians and 0.97% white. Senqu does not have any people with disability in the workplace.

**Table 41: Employment Equity staffing levels**

Occupational Levels											TOTAL
	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	2	0	0	2	2	0	0	0	4	2	6
Senior Management	5	2	0	2	6	1	0	3	9	10	19
Professionally qualified	11	0	0	0	12	0	0	0	11	12	23
Skilled technical	21	1	0	2	25	0	0	1	24	26	50

Semi-skilled	31	0	0	0	3	1	0	0	31	4	35
Unskilled	63	2	0	0	21	1	0	0	65	22	87
<b>TOTAL PERMANENT</b>	<b>133</b>	<b>5</b>	<b>0</b>	<b>6</b>	<b>69</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>144</b>	<b>76</b>	<b>220</b>
Temporary employees	11	1	0	0	15	1	0	0	7	13	48
<b>GRAND TOTAL</b>	<b>144</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>84</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>151</b>	<b>89</b>	<b>268</b>

Source: WSP 2015/16

Males dominate all levels from the top to unskilled level apart from at the professional level. Blacks are fairly represented at all levels except senior management level. These levels should be monitored to ensure equitable representation.

As part of the transformation endeavours of Senqu Municipality, serious attention should be given to female representation at senior management, semi-skilled and unskilled levels. In short; employment equity across the municipality is quite good but more women are required in top structures.

Goals to rectify imbalances where they occur are represented in the table below.

Table 42: Employment Equity Goals

Occupational Levels	%	Designated										Total	Vacancies
		Male				Female				Foreign Nationals			
		A	C	I	W	A	C	I	W	Male	Female		
Top Management	Current	2	0	0	2	2	0	0	0	0	0	6	0
	Target 2012												0
	2013												0
	2014												0

Occupational Levels	%	Designated										Total	Vacancies	
		Male				Female				Foreign Nationals				
		A	C	I	W	A	C	I	W	Male	Female			
	2015													3
	Goals 2016		1			2								0
14-16	Current	0	0	0	2	0	0	0	0	0	0	2	16	
Senior Management	Target 2012					1	1						14	
	2013	2	1		1	3	0		1				4	
	2014	1				1							3	
	2015					1							2	
	Goals 2016		1										0	
10-13	Current	10	1	0	2	14	0	0	3	0	0	30	40	
Professionally qualified and experienced specialists and mid management	Target 2012												40	
	2013	3	1										28	
	2014	2	1										22	
	2015	3	1										14	
	Goals 2016	3	2		1	4	3		1				0	
7-9	Current	7				12						19	15	
Skilled technical and academically	Target 2012	1	1			2	1						10	
	2013				1	2							7	



Occupational Levels	%	Designated										Total	Vacancies
		Male				Female				Foreign Nationals			
		A	C	I	W	A	C	I	W	Male	Female		
qualified workers, junior management, supervisors, foreman and superintendents	2014	1	1				1						4
	2015					1			1				2
	Goals 2016	1				1							0
3-6	Current	39	1			6	1					47	67
Semi-skilled and discretionary decision making	Target 2012												
	2013	3	2			5	2						55
	2014	12	4			10	1						28
	2015	1	1			7	5						14
	Goals 2016	1	1			6	6						
2	Current	65	1			17						83	18
Unskilled and defined decision making	Target 2012												18
	2013					3	2						13
	2014					2	2						9
	2015		2			2							5
	Goals 2016		1			2	2						0

Source: EE Plan 2012-16

In order to successfully implement the 2012-2016 equity plan , the following resources will be required:

<b>Programme</b>	<b>Quantity</b>	<b>Resources</b>
<b>Awareness</b>	183	R 100 000
<b>Diversity management programmes</b>	183	R 100 000
<b>Discrimination awareness programmes</b>	183	R 100 000
<b>EE Trainings</b>	183	R 100 000

Source: EEP 2013

For the 2012/13 year the following training occurred

Date	Activity	Target Group	Costs	No
15/02/13	Awareness	Directors	R 50 000	7
2/03/13	Awareness	Employees	R 250 000	196
8 March 2013	Diversity management	Employees, Directors, Councillors	R 50 000	196
3 April 2013	Discrimination awareness	Employees, Directors, Councillors	R 50 000	196
15 April 2013	EE trainings	Employees, Directors, councillors	R 50 000	196

Source EE Plan 2013

The **Employment Equity Forum** consisting of Cllr Mziki, Director of Corporate Services, COO,2 professionals,2 technical persons,,1 general worker, 1 plant operator and 3 clerical workers including municipal Unions ensure that the plan is implemented by monitoring the implementation, giving feedback to employees, revising the plan annually and preparing and annual report for the Department of Labour.

## **SKILLS RETENTION**

The municipality has skills retention and a scarce skills retention policy but experiences difficulties attracting these types of staff and keeping them due to the rural nature of the municipality and the fact that it can't offer competitive salaries. The scarce skills policy was approved by Council by the end of June 2013. The Scarce Skills Committee identifies the scarce and critical skills annually. The identified scarce skills at present are that of a Deputy city Manager, IT Manager, internal auditor and Procurement Clerk.

## **HR STRATEGY & WSP**

The municipality does have an HR strategy. This was adopted on the 30 November 2010 (Annexure 7). It will be replaced by the SALGA one when this is finalised and adapted to the municipal requirements. It does need to be reviewed as it gives no long term plan for the municipality.

The HR strategy promotes recruitment and selection strategy, work place skills and employment equity, EAP, skills retention and lastly promotion and succession. The scope of the strategy includes induction training and staff orientation, implementation of the workplace skills plan, implementation of a training policy and study bursary scheme, succession planning and career pathing and employee assistance programme (EAP). The goal of the induction programme is to ensure that the new employee feel comfortable in his new working environment, becomes as productive as possible in the shortest possible period and is given every opportunity to succeed in his new job , without being set up for failure. The strategy for ensuring this is to: ensure that employees are recruited in accordance with a council approved recruitment and selection policy which takes into account the provisions of the employment equity act; implementing staff orientation interventions which means taking the employee through a step by step process to ensure that they become familiar with the municipal service as quickly as possible; presenting an induction training course that covers matters like the spheres of government, council structure and committee systems, organogram etc and lastly training in the municipal IDP and PMS..

Implementation of the **WSP** means an annual compilation of the organisation's prioritised training needs based on the IDP. This is done by the **SDF**. The goals of the annually adopted WSP are to capacitate staff members by implementing training interventions based on identified needs and to comply with the skills development act. This is done by budgeting for training and reclaiming funds from the relevant SETA.

In order for training to occur the Training Committee makes recommendations to the necessary structure to approve the following:

- Bursaries for unemployed - The committee makes recommendations for the Municipal Manager to approve
- For staff training programmes and bursaries the approval is done by Director corporate services. After the implementation of trainings programmes the SDF compiles a report for the training committee members for notification
- Internships are pre-approved by Director Corporate Services and approved by Municipal Manager
- Trainees get selected through the normal recruitment and selection processes of the Municipality

A training policy and study bursary policy have been adopted by Council and the aim is to develop the knowledge, skills and attitudes of all municipal employees, set out the roles and responsibilities of those involved in training and lastly to assist financially disadvantaged employees to finance their own training and development. Ultimately this will ensure the optimum utilization of human resources at all levels of the organisation and contribute to the personal aspirations of the individual.

The succession planning and career pathing is to enable managers to plan for their staff requirements for forthcoming years. A policy has been developed which will ensure that the necessary arrangements are made to ensure that suitably qualified people are available to fill posts and that each staff member's potential is developed to its fullest extent and that there is a career mapped out for him in the municipal service. Lastly the employee assistance programme is to assist in the identification and resolution of productivity problems of employees impaired by personal concerns but not limited to health. The goals of the programme are to ensure that staff members with personal problems are offered counselling, guidance and assistance to overcome them, to ensure that hr staff are fully trained to provide this assistance where necessary and to promote the wellbeing, productivity and moral of all employees (HR Strategy, 2010)

HR policies consist of the recruitment and selection policy, the leave policy, bursary policy, remuneration policy, promotions and transfer policy, travel and subsistence policy, standby and overtime policy, relieving allowance policy.

Annually a skills audit is done and a WSP developed and adopted by Council. A training committee also assists in prioritising training. However due to lack of financial resources, the WSP is seldom completed on an annual basis.

Training conducted for the 2011/12 financial year was conducted at the cost of R 361 798.58. The following numbers were trained:

**Table 43: Training 2014/15**

Employment category	Race										
	African		Coloured		Indian		White		Total		Total
	M	F	M	F	M	F	M	F	M	F	
SOC 100 Legislators	9	18	0	0	0	0	1	1	10	19	29
SOC 100 Directors and Corporate Managers	4	4	2	1	0	0	2	3	8	8	16
Soc 200 Professionals	7	9	1	1	0	0	0	0	8	11	17
Soc 300 Technicians and Trade workers	1	1	0	0	0	0	1	1	2	2	4
Soc 500 Clerical and Administrative Workers	3	12	1	0	0	0	0	0	4	12	16
Soc 700 Machine Operators and drivers	12	0	0	0	0	0	0	0	12	0	12
Soc 800 Labourers	0	6	0	2	0	0	0	0	0	8	8
TOTALS	36	50	4	4	0	0	4	5	44	60	102

**Source: WSP Reports 2015/16**

All training programmes that are being implemented for Staff and Councillors are linked to the IDP objectives and they are effective for staff. As a result they are able to perform their duties.

## INTERNAL CONTROL PROCEDURES

If the Code of Conduct is not adhered to by either staff or Councillors, disciplinary action is being instituted. Only 2 cases of a disciplinary nature were dealt with in the past year of 2014/15.

**The Local Labour Forum is fully functional.** It sits quarterly and sat on the 23 July 2014, 24<sup>th</sup> November 2014 and the 6 March 2015. It consists of 2 councillors delegated by Council, Municipal trade Unions, COO, Director Corporate Services and Corporate staff

## Record keeping and Information Technology

The Council has approved the Records Management Policy, Central Registry Manual and Access to Information Manual during its Council Meeting held on the 27 March 2013 which regulates the access to information. Furthermore, with the assistance of the Provincial Archivist from Department of Sports, Recreation, Arts and Culture training was conducted on the 12 June 2013 to the municipality's employees on the following aspects:

- ❖ Archival legislation and the role of Provincial Archives and Records Services
- ❖ Roles and responsibilities of users in File Plan implementation
- ❖ Importance of good record keeping practices
- ❖ Identification and care of different categories of records
- ❖ Allocation of reference numbers in correspondences
- ❖ Records maintenance
- ❖ Understanding the logic of the file plan

The IT Manager ensures that the IT policy is followed and that all staff members sign the policy acknowledging their role in keeping the municipal IT system safe from intruders. In addition the server room is kept locked at all times.

## PROTEST ACTIONS

No staff protest actions were held in the previous & current financial year. Mitigating measures are as follows:

- There is a Strike Management Committee (which sits only when there is a protest action)- comprised of Corp Services Director/MM , LR &HR Practitioner, 1 Cllr & organised labour rep.

- There is Essential Services Agreement
- Provisions prescribed in the LRA , Act 66 of 1995 (ss 64 – 77) are / will be followed.

There have been no community protests in the past financial year although there have been some in the past around the wish of certain Sterkspruit residents to form their own Municipality. This is however a Municipal demarcation issue and falls outside the ambit of Municipal powers and functions.

## **INSTITUTIONAL COHESION**

The municipality run wellness days to promote institutional cohesion. A netball and soccer team have been developed to play at the SALGA games as well as play against other sector departments and municipalities. In addition the Induction programme is also tailored to make employees feel part of the institution and promote institutional cohesion. Internal newsletters also help promote institutional cohesion.

## CHAPTER FIVE: GOOD GOVERNANCE & PUBLIC PARTICIPATION

### IDP PROCESS PLAN

#### Introduction

Senqu Local Municipality reviews its IDP and Budget in accordance with the requirements as set out in the Local Government: Municipal Systems Act (MSA) 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the Municipal Finance Management Act 56 of 2003.

The review also takes into account the 2015-16 IDP assessment recommendations which rated the municipality high in all areas but that of financial viability which was medium.

#### Adopted Process Plan

The MSA 28(1) states that *each municipal council ... must adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP*". The process plan was adopted on the 28<sup>th</sup> August 2015. The Process Plan outlines the programme to be followed and provides details on issues specified in the Act.

The Local Government: Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 of 2003 are specific to municipalities and are the key legislation for the development of the IDP. Other national sector legislations also contain various kinds of requirements for municipalities to undertake planning.

Some important National and Provincial guiding plans and policy documents for the IDP include the Medium-term Strategic Framework, the National Spatial Development Perspective (NSDP), the National development Plan, the new Growth Path, the Eastern Cape Provincial Spatial Development Plan (ECPSP), the Eastern Cape Provincial Growth and Development Plan (ECPGDP) and the Ukhahlamba (now Joe Gqabi) District Growth and Development Summit (GDS).



## IDP Process

The IDP Process is a continuous cycle of planning, implementation and evaluation.

## Institutional arrangements and roles and responsibilities

The development of the IDP and Budget involves Municipal Officials, Councillors as well as stakeholders/actors outside the Municipality.

Institution	Role & responsibility
Council	Approves, adopts the IDP and budget  Participates in M&E
Executive Committee	Decides on the Process Plan.  Manages, co-ordinates and monitors the process and drafts the IDP and budget
IDP Manager	Drafting and co-ordination of the IDP process on a day to day basis
IDP and Budget Steering Committee	Provides technical expertise for the drafting of the IDP and budget
IDP Representative Forum	Provide community needs and priorities and indigenous knowledge.  Act as a M&E mechanism

## Other actors

ACTORS	ROLES AND RESPONSIBILITIES
Ward Councillors/Ward Committees (assisted by CDWs)	<ul style="list-style-type: none"> <li>• Major link between municipality and residents</li> <li>• Link the planning process to their wards or constituencies</li> <li>• Organize public consultation and participation</li> <li>• Represent the ward at the IDP &amp; Budget Representative Forum</li> <li>• Analyse ward-based issues, determine priorities, negotiate and reach consensus.</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Represents interests, contribute knowledge and ideas to the</li> </ul>

	<p>Representative Forum</p> <ul style="list-style-type: none"> <li>• Inform interest groups, communities and organizations</li> <li>• Analyse issues, determine priorities, negotiate and reach consensus</li> <li>• Participate in designing project proposals</li> <li>• Discuss and comment on the draft IDP</li> <li>• Monitor performance in implementation</li> <li>• Conduct meetings with groups, communities, etc to prepare for and follow-up on relevant planning activities.</li> </ul>
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**Mechanisms for community and stakeholder participation**

One of the main features about IDP and Budget Processes is the involvement of community and stakeholder organizations in the process. This was done though the:

- IDP Representative & Public participation Forum to verify and add data
- Round Table
- District Municipality’s Rep Forum to ensure that local priorities are adequately reflected on the District’s IDP
- Ward Councillors and ward meetings to keep communities informed about the IDP progress (including Ward Committees and CDWs)
- Annual reports on municipal progress
- Mayoral outreaches
- Advertisements in local newspapers and community radios on the progress
- Making the IDP document available to all units and in public places for public comments
- Municipal website.

English is used as a language of governance however in community meetings languages that are spoken in that community are used. Officials are responsible for arranging venues and transport for all wards to all meetings. Transport is arranged for Traditional Leaders, Designated Groups and Ward Committees at the cost of the municipality.

**Mechanisms and procedures for alignment**

The IDP Manager (Municipal Manager) and the Manager IPED of Senqu Municipality is responsible for ensuring smooth co-ordination of the IDP process and its alignment with the District’s IDP through bilateral discussions with affected sector departments and neighbouring Municipalities as well as IDP representative Forums. Inter-Governmental Forums such as the Joe Gqabi District IDP Representative Forum are also used to ensure that beneficial alignment of programmes and projects do occur.

## Detailed IDP and budget action plan

	Activity	Purpose	Responsibility	Time frame	Progress
1.	Develop draft IDP Process Plan and present to Council for adoption	Guide IDP revision 2015/16	Manager IPED	June – August 2015	Done
2.	Discuss process plan with IDP and Budget Steering Committee and Ex Co	To ensure that management and political leadership agrees on the IDP and budget timeframes	Manager IPED & BTO	18 August 2015 26 August 2015	Done
3	IDP Representative Forum	To discuss process plan	Manager IPED	17 August 2015	Done 17 August 2015
4.	Adopt Process Plans	To guide the planning, drafting, adoption and review of the IDP and budget Establish committees and consultation forums for the IDP and Budget process	Council	28 August 2015	Adopted 28 August 2015
5.	Publish and make known Process Plan (i.e. key activities and deadlines)	Inform public of the process to be followed in developing the IDP	Manager IPED BTO	4 September 2015	Done
6.	Public engagement and consultation	Consult local communities on their development needs and priorities.	Executive Committee	1- 30 October 2015	Not held due to time constraints. Instead held a ward plan update in December 2015
7.	IDP Representative Forum	Finalise issues raised in the outreach with Communities	Manager IPED	17 November 2015	Done 9 December 2015
8.	Departmental Strategic sessions	Look at issues raised by communities and see how they can be resolved through departmental objectives , strategies and objectives	HOD's	17-20 November 2015	Done
9.	IDP & Budget Steering Committee	To look at departmental strategic sessions and develop draft objectives, strategies and project proposals	Manager IPED BTO	26 November 2015	Held on 18 November 2015
10	Report on mid-year and performance assessment	Evaluate performance of the municipality to guide future decisions as well as for the new financial year	Municipal Manager to report to Executive Committee	21 January 2016	Done

11	Draft Annual Report	Draft Annual Report to be completed.	Director D&TPS	29 January 2016	Done
12	Advert for comments on draft Annual report	21 day comment period on annual report		29 January – 19 February 2016	Done
13.	Municipal strategic session	Define municipal objectives, strategies, objectives, targets and budget proposals. Refine adjustment budget proposals	Management & Executive Committee	2-6 February 2016	Done
14.	IGR meeting	To meet and finalise budget propositions from Sector Departments	Manager IPED Municipal Manager	9 February 2016	Held but no attendance
15.	IDP & Budget Steering Committee Meeting	To meet and finalise budget proposals, incorporate information from the Strategic session and adjustment budget	Manager IPED CFO	23 February 2016	Done
16.	Audit Committee	To finalise oversight report on draft Annual report	Audit Committee Chairperson	29 February 2016	Done
17	Special Council Meeting	To approve adjustment budget	Municipal Manager CFO	26 February 2016	Done
18.	IDP Representative Forum	To meet and discuss draft IDP and budget	Manager IPED	8 March 2016	Done held on the 22 <sup>nd</sup> March 2016
19.	IDP & Budget Steering Committee	Compile draft high level SDBIP	CFO Manager IPED	17 March 2016	Not held
20.	Council	Mayor presents draft IDP, Budget and high level SDBIP to Council. Mayor presents final Annual report to council	Mayor	31 March 2016	
21	Advert for draft IDP and Budget. Advert for final Annual report adoption	Advert for comment period	BTO Manager IPED Manager Compliance & Governance	8 April 2016	
22.	Departmental SDBIP sessions	To draft departmental SDBIP's	Departments HOD's	1 - 15 April 2016	
23	Public outreach	Meet communities and receive inputs on the draft budget and IDP	Executive Committee Manager IPED	1-30 April 2016 1-8 May 2016	
24	Public comments	Meet communities and invite comments on the budget and IDP	Executive Committee Manager IPED	8 April – 8 May 2016	
25	IDP & Budget Steering committee	To finalise SDBIP and PMS targets	CFO Manager IPED	12 May 2016	

26	IDP Representative Forum	To discuss PMS targets	Mayor Manager IPED	17 May 2016	
27.	Table municipal budget and proposed revisions to the IDP	Consolidate plans for delivery of services and attainment of the development trajectory of the municipality	Mayor	27 May 2016	
28.	Final IDP to MEC and IDP summaries printed		Manager IPED	8 June 2016	
29.	Advert of IDP and budget adoption		Manager IPED BTO	8 June 2016	
30.	SDBIP to Mayor	Mayor receives and agrees on SDBIP	Municipal Manager	22 June 2016	
31.	SDBIP to Council	SDBIP given to Council for approval	Mayor	30 June 2016	
32.	SDBIP made public	SDBIP made public	Manager Compliance and Governance	14 July 2016	

	<b>Activity</b>	<b>Purpose</b>	<b>Responsibility</b>	<b>Time frame</b>	<b>Progress</b>
1.	Develop draft IDP Framework Plan and present to Council for adoption	Guide development of Process Plans	IDP Manager	June – August 2014	Complete
2.	Discuss process plan with IDP and Budget Steering Committee and Ex Co	To ensure that management and political leadership agrees on the IDP and budget timeframes	IDP Manager & BTO	7 August 2014 20 August 2014	Complete
3.	Adopt Process Plans	To guide the planning, drafting, adoption and review of the IDP and budget Establish committees and consultation forums for the IDP and Budget process	Council	29 August 2014	Complete
4.	Publish and make known Process Plan (i.e. key activities and deadlines)	Inform public of the process to be followed in developing the IDP	IDP Manager BTO	5 September 2014	Complete
5	IDP Representative Forum	To discuss process plan	IDP Manager	21 August 2014	Complete
6.	Public engagement and consultation	Consult local communities on their development needs and priorities.	Executive Committee	1- 30 October 2014	Delayed to November 2014

7.	IDP Representative Forum	Finalise issues raised in the outreach with Communities	IDP Manager	11 November 2014	Delayed to 4 December 2014
8.	Departmental Strategic sessions	Look at issues raised by communities and see how they can be resolved through departmental objectives , strategies and objectives	HOD's	1-5 December 2014	Complete
9.	IDP & Budget Steering committee	To look at departmental strategic sessions and develop draft objectives, strategies and project proposals	IDP Manager BTO	11 December 2014	Complete
10.	Municipal strategic session	Define municipal objectives, strategies, objectives, targets and budget proposals	Council	18 -23 January 2015	Postponed to February 2015
11.	Report on mid-year and performance assessment	Evaluate performance of the municipality to guide future decisions as well as for the new financial year	Municipal Manager	21 January 2015	Complete
12.	IGR meeting	To meet and finalise budget propositions	IDP Manager Municipal Manager	16 February 2015	Complete
13.	IDP & Budget Steering committee Meeting	To meet and finalise budget proposals and adjustment budget	IDP Manager CFO	20 February 2015	Complete
14.	IDP Representative Forum	To meet and discuss draft IDP	IDP Manager	24 February 2015	Delayed to 18 March 2015
15.	IDP & Budget Steering committee	Compile draft high level SDBIP	CFO IDP Manager	13 March 2015	Complete
16.	Council	Mayor presents draft IDP and high level SDBIP to Council	Mayor	31 March 2015	Complete
17.	Advert for draft IDP and Budget	Advert for comment period	BTO IDP Manager	3 April 2015	Complete
18.	Departmental SDBIP sessions	To draft departmental SDBIP's	Departments HOD's	1 - 17 April 2015	Complete
19.	Public outreach	Meet communities and receive inputs on the draft budget and IDP		1-30 April 2015 1-15 May 2015	Complete May 2015
20.	Public comments	Meet communities and invite comments on the budget and IDP	Executive Committee IDP Manager	1 April – 15 May 2015	Complete
21.	IDP & Budget Steering committee	To finalise SDBIP and PMS targets	CFO IDP Manager	1 May 2015	Delayed to 8 June 2015
22.	IDP Representative Forum	To discuss PMS targets	Mayor IDP Manager	5 May 2015	Delayed to 11 June 2015

23.	Table municipal draft budget and proposed revisions to the IDP	Consolidate plans for delivery of services and attainment of the development trajectory of the municipality	Mayor	29 May 2015	Complete
24	Final IDP to MEC and IDP summaries printed		IDP Manager	8 June 2015	Complete 5 June 2015
25	Advert of IDP adoption		IDP Manager	8 June 2015	Complete 5 June 2015
26	SDBIP to Mayor	Mayor receives and agrees on SDBIP	Municipal Manager	22 June 2015	To be done
27.	SDBIP to Council	SDBIP given to Council for approval	Mayor	30 June 2015	To be done
28.	SDBIP made public	SDBIP made public	Manager Compliance and Governance	14 July 2015	To be done

## IDP ASSESSMENT & REVIEW

It should be remembered that this document is a review of the original IDP. Thus the changes are the following:

- Incorporation of the draft 2015/16 budget
- Incorporation of sector departments draft projects and budgets
- Reviewed ward priorities and projects
- Reviewed vision, mission and strategic objectives

KPA Assessment 2014/15	Progress
Institutional development <ul style="list-style-type: none"> <li>• HRP responses to long term development goals</li> </ul>	Included
<b>SERVICE DELIVERY</b> <ul style="list-style-type: none"> <li>• FBS</li> <li>• Vulnerability and risk assessment</li> <li>• DM co-operative agreements</li> <li>• Fire services tariffs</li> <li>• Elec – determine need</li> <li>• Look at renewable energy solutions</li> <li>• O&amp;M for electricity reticulation and upgrade</li> </ul>	Included Included Working on including Included Included Included Included

## Previous IDP Assessments

KPA	Rating 2008/9	Rating 2009/10	Rating 2010/11	Rating 2011/12	Rating 2012/13	Rating 2013/14	Rating 2014/15
Spatial Development Framework	Medium	High	Medium	High	High	High	High
Service delivery	Medium	High	Medium	Medium	High	High	High
Financial Viability	Medium	Medium	Low	High	Medium	Medium	High
Local economic Development	Medium	Medium	Low	Medium	High	High	High
Good governance & public participation	Low	Low	Low	High	High	High	High
Institutional Arrangements	Medium	Low	Medium	High	High	High	High
<b>Overall Rating</b>	<b>Low</b>	<b>Medium</b>	<b>Medium</b>	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>

## PUBLIC PARTICIPATION

### Public Participation Plan

The Municipality prepares a draft annual public participation plan to Council which goes to Council by the end of the 1<sup>st</sup> quarter for adoption. This was done as can be seen by the plan below for 2014/15. The plan reflects all the events which require the public to participate for all departments and the responsible person for the event. This year 2015/16, the plan will first be sent to the Public Participation Forum for comments and additions before it is sent to Council for adoption.

<b>PUBLIC PARTICIPATION PLAN 2014-15</b>
<b>JULY</b>
Mayor's ward visit
<b>AUGUST</b>
21 IDP Representative & Public Participation Forum
29 Council
<b>SEPTEMBER</b>
4 Local Tourism Organisation
10 Local Round Table
10 Economic Development Forum
19 Agricultural Forum
Mayor's ward visits
<b>OCTOBER</b>



1 Wards 13 & 18 visit
2 Wards 7 & 3 visit
6 Wards 13 & 14 visit
9 Wards 5 & 2 Visit
13 Wards 4 & 9 visit
14 Wards 12 & 17 visit
15 Wards 11 & 18 visit
16 Wards 8 7 10 visit
23 Wards 16 & 19 visit
7 Wards 15 & 6 visit
28 Ward 1 visit
<b>NOVEMBER</b>
Mayor's ward visit
6 Local Tourism organisation
11 IDP Representative & Public Participation Forum
17 Economic Development Forum
18 Agricultural forum
<b>DECEMBER</b>
5 Council
<b>JANUARY</b>
<b>FEBRUARY</b>
16 Intergovernmental Relations Meeting
24 IDP Representative & Public Participation Forum
<b>MARCH</b>
6 Local Tourism organisation
11 Agricultural Forum
12 Economic Development Forum
<b>APRIL</b>
1 Wards 15 & 19 visits
8 Wards 11 & 18 visits
13 Wards 17 & 10 visits
15 Wards 8 & 7 visits
16 Wards 5 & 16 visits
21 Wards 12 & 18 visits
27 Wards 4 & 6 visits
28 Wards 1 & 2 visits
29 wards 3 & 14 visits
30 Ward 9

MAY
5 IDP Representative & Public Participation Forum
JUNE
4 Local Tourism organisation
9 Agricultural Forum
10 Economic Development Forum

### Public Participation Framework/Strategy

The Public Participation Framework has been developed and sent to Council for adoption. The strategy was presented to both the IDP Representative Forum and the Public Participation Forum for comment. The framework outlines the roles and responsibilities of all stakeholders in public participation as well as the mechanisms for undertaking public participation. These include the guidelines for public events that must be followed as well as the processes that members of the public must follow if they wish to submit grievances or complaints.

### Challenges and intervention for public participation

- **Geographical** – the municipal area consists of 19 wards with many villages. This will become 6 after the local government elections in 2016. Due to the mountainous terrain and the lack of infrastructure development during the homeland period, the road network is poorly conceived and as a result villages which should be directly connected are normally connected through rerouting to a main road. The Demarcation Board did not consider the terrain with the result that 1 ward has a village which is located almost 4 hours away by road as it falls on the other side of a mountain range.
- **Infrastructure** – due to the vastness of the terrain, it is difficult to find a central meeting spot in the ward which is accessible to all by foot and has a facility large enough to accommodate all residents. The municipality is in the process of ensuring that all wards at least have one community hall.
- **Education levels** – it is an ongoing process to educate the community about local government so that they can participate in an effective and efficient manner
- **Traditional leaders** – the municipality has made a concerted effort to ensure that traditional leaders are included in all public participation events and in Council activities but many still see the municipality as undermining their role and will not work with them.
- **Communication** - due to the vastness of the area and mountainous terrain telecommunication networks are limited with the result that it is difficult to communicate with communities due to lack of telephone and email networks.
- **Financial**- although a budget is set aside for public participation under the IDP and budget vote, it is not

enough as it is expensive to cater for the transport and food that is required for all these occasions. However departments also have operational budget for their public participation occasions.

- **Sustainability** – many community based organisations do not have a long life span due to in fighting or inactivity by members
- **Apathy** – members of the public do not feel the need to participate in government processes due to a variety of factors

### **Stakeholder Communication Strategy**

The municipality has a communication strategy which identifies and outlines which and how to communicate with stakeholders. It was adopted on the 27<sup>th</sup> March 2013. The adopted communication strategy relies on Ward Councillors, CDW's and the Executive Committee to ensure that information reaches the public. Other methods such as posters, loudhailers and the local radio station Ekepini and newspapers are used to keep the community informed. However due to financial constraints and the poor accessibility and poor network coverage of the region, some communities struggle to access information. As a result the onus is on developing central points where billboards will be erected and information displayed on a regular basis.

The Communications Officer has been trained on website management so that the municipal website will be continually updated and remain relevant. Monthly newsletters are printed and distributed as well as quarterly newsletters. Outreaches such as the Executive Committee outreach will occur on a quarterly basis to ensure that the community are informed and can also relay complaints to the Mayor.

The municipality has increased the amount of funding that it has given to the communication section. As a result of this funding the municipality has improved its public address system and bought a public loudhailer system for vehicles. In addition it is in the process of procuring public notice boards to be located centrally in the wards and a tent.

A stakeholder register has been developed for the Public Participation Forum. This is attached as Annexure 3. The Public Participation Forum assists the municipality in its efforts to increase the effectiveness and efficiency of public participation by mobilising stakeholders.

### **Ward Committees**

Ward committees have been formed for the 19 wards. This will become 16 after the local government

elections in 2016. Ward Committees are chaired by the Ward Councillors and consist of up to ten elected members. The purpose of the committees are to broaden participation in the democratic process of Council and to assist the Ward Councillor with organizing consultation, disseminating information and encouraging participation from residents in the ward. The Ward Committees gather information from the communities during the IDP process which are forwarded to the IDP and Budget Steering Committee for consideration in the budget process. In addition problems identified by the ward committees are forwarded to the IPME Standing Committee for resolution by the responsible Department head. These then get elevated in this way to the Executive Committee and ultimately Council through attachments in the agenda of these meetings. Officials responsible for ward committees then feedback the Council resolutions to the Ward committees through Round Table meetings. Ward committees and Councillors are also utilised to mobilise ward members for the Executive Committee outreaches. In this way both the administration and the political arm of the Municipality are aware of issues raised by Ward committees.

The Municipality did undergo **ward based planning** in February 2014 with a consultant engaged by the Department of Local Government & traditional Affairs. These plans have not interacted with and reviewed through IDP interactions such as the IDP Representative Forum and outreaches..

Ward committees have been trained. Funding has also been allocated on an annual basis to compensate ward committee members for their time but the suggested stipend amount from national treasury will not be met due to financial constraints of the municipality.

### **Traditional leadership**

The municipality is committed to meeting with Traditional leaders to find solutions to the problem of acquiring sufficient land for development outside town boundaries. Traditional leaders are represented in Council and at all standing committees. The municipality is however experiencing some resistance from Traditional Leaders who feel that their authority is being undermined by the Municipality. The Mayor has however made it a clear policy that nothing may be implemented in wards without the knowledge of Traditional Leaders and they are invited to be part of all municipal outreach events.

7 traditional leaders have been gazetted to attend Council and Standing Committee meetings and to date no representation has occurred. The Municipality is engaging with the House of Traditional Leaders to try and ensure that traditional leaders do become more involved in council affairs. However Traditional leaders do generally have better attendance at Municipal outreaches.

## SOCIAL COHESION

The municipality has several social cohesion programmes. These involve door to door campaigns whereby the municipality and sector department target certain areas and run campaigns on problems being experienced in that area such as child headed households. A plan is then formulated to resolve these issues and all stakeholders state their commitment to resolving these issues.

The Municipality has also resuscitated the Mayoral Cup whereby all sports codes participate in their codes and the winners receive prizes and cups. The Youth festival was also launched in March 2013 whereby the youth are encouraged to showcase their talents in song and art. These will and have become annual events with the latest Mayoral Cup in May 2015.

The municipality participates in community policing forums in order to unite stakeholders to fight against crime. The municipality also forms part of the moral regeneration programme of the Presidency. The **Integrated Community Safety Forum** relaunched in June 2013 under the leadership of the Community Services Portfolio Councillor. The relaunch of this forum has been delayed several times by the civic protest. The work of the new forum will be the development of an Integrated Community Safety Plan.

All of these programmes and public participation forums together assist in providing platforms whereby people can meet and discuss their differences and problems. This dialogue leads to nation building as people begin to realise that there is more that unites them than divides them.

The municipality has IGR structures such as the IDP Representative Forum whereby sector departments are engaged with in order to find solutions to service delivery issues. In addition special meetings are arranged for departments to meet outside the IDP Rep Forum. Sector departments (national and provincial) are also engaged with through Munimec and the District IGR structures such as DIMAFO. Sector departments are also contacted throughout the year to respond on community queries as well as participate in public participation programmes. In addition engagement with provincial and national departments is facilitated through the Joe Gqabi District IGR structures such as the various committees like governance and administration which are attended by the municipality and the IDP Rep Forum.

The Municipality also participates in all SALGA structures where it can meet and discuss issues with other municipalities. These structures **facilitate inter municipal planning**. The Municipality is not currently engaged in any project which requires that it forges close linkages with other Municipalities. This has however happened in the past whereby the Municipality has assisted Gariep municipality financially. In addition the District DIMAFO structure provides a space for all Mayors and Municipal Managers to meet and discuss on issues

which affect the District as a whole. Other relevant District forums are also attended by the Municipality such as the District Support Team, and Communicators Forum. There is no formal inter-municipal planning except for water, sanitation and road infrastructure which is discussed through the Water Forum and District Roads Forum.

## **OTHER PUBLIC PARTICIPATION FORUMS AND PLAYER**

### **IDP Rep Forum**

This forum meets at least four times a year to discuss progress achieved on implementation as well as to give direction around the needs and requirements of the future as contained in IDP. The forum is chaired by the Mayor and is constituted by various government departments, interested parties, organised groups, CBO's, Ward committees and NGO's.

### **CDW's**

CDW's are another resource which the municipality utilises in order to improve public participation. However the implementation of this programme remains problematic due to power struggles between ward committees and CDW's. The problem is exacerbated by the fact that CDW's report to and are paid by the Province which means that in essence the municipality has no administrative control over the actions of these individuals. The municipality has attempted to alleviate the problem by having a quarterly **Round Table** meeting where issues pertaining to ward issues are discussed. It is chaired by the Speaker and consists of Ward councillors, Traditional Leaders, LG & TA and CDW's.

### **Economic Development Forum**

This forum meets on a quarterly basis and consists of all stakeholders involved in LED. They meet to discuss issues and challenges relating to the implementation of LED. It is chaired by a Portfolio Councillor. In addition it will monitor the implementation of the LED strategy.

### **Communicator's Forum**

This forum meets quarterly to discuss issues pertaining to communicators in the region. It consists of local municipal communicators, GCIS and media representatives.

## **COMPLAINTS & FRAUD MANAGEMENT**

The municipality has a Community Care Officer who mans the Presidential Hotline as well as regular liaising with Ward Councillors and Ward Committees to ensure that they are kept abreast of any developments and complaints originating in their wards. The Officer contacts the necessary department with the complaint and then monitors to ensure that it is resolved.

The section is in the process of installing a complaints hotline which will be run by interns. In addition the system will run annual customer satisfaction surveys as well as development a customer charter which outlines the level of service which customers can expect from the municipality. The complaint management system is electronic and a SEBATA system known as Issue Management. The Customer Care Officer enters the complaint into the system and assigns it to the responsible official to deal with. If the Official fails to deal with the complaint, the system after a set amount of time refers it to their superior until it eventually lands up with the Municipal Manager. The system is in the process of being implemented. Complaints boxes are also placed in all community halls and at Municipal Offices.

The municipality has an adopted customer care charter and policy which outlines how complaints should be dealt with. This is contained in Annexure 4.

The Municipality adopted its **fraud prevention plan** in December 2008. The plan outlines what is fraud, a code of conduct for employees and Councillors, procedures for reporting fraud and lastly protection of the whistleblowers. The plan also outlines the policies and procedures that the municipality must implement in order to prevent fraud like supply chain management. The Internal and External Audit as well as the Audit committee are mandated to expose any evidence of fraud.

Most of the recommendations of the plan have been implemented and all employees are inducted about the Code of Conduct. The fact that Senqu has managed to receive an unqualified audit for 3 years indicates that the fraud prevention plan is effective. A few fraud cases have been dealt with in the past but they have been handed over to the SAPS and are now in the legal system.

## **AUDIT & OTHER COMMITTEES**

## Section 80 Committees

The only section 80 committee in Senqu is the Executive Committee which sits monthly comprising of the Mayor, Chief Whip and Portfolio Councillors. This is because Senqu has an Executive Committee system. The Executive Committee has 5 sub committees each headed by a Portfolio Councillor. These are Technical services, finance, IPME, community services and corporate services.

## Section 79 Committees

### • MPAC Committee

The MPAC Committee was set up to improve the oversight role of Council. It meets to discuss all issues related to oversight as well as develop the oversight report for Council on an annual basis. The Committee is headed by Cllr A.Kwinana and 6 Councillors. The committee now meets on a monthly basis until it is fully operational and will then meet quarterly

- Mandate committee
- Remuneration Committee
- Strategic and Governance Committee
- Ethics Committee

These committees were approved during a Council of the 27<sup>th</sup> March 2013 and their members and terms of reference have been finalised

## OTHER COMMITTEES

### Performance Audit Committee

This committee meets to evaluate the performance of the municipality and S 56 employees on a quarterly basis. It consists of the members of the Audit committee.

## AUDIT COMMITTEE AND AUDIT ACTION PLAN

The Committee meets to discuss the annual plan/charter of the internal audit unit. A charter was developed. The quarterly performance reports from the departments are also discussed in this committee.

The following are the audit opinion for Senqu Municipality for the past few years from 2007/8 financial year to date.

2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Clean



The municipality continues to implement the OPCAR (operation clear audit report) reporting template that monitors corrective matters undertaken to the prior year audit as well as PAF (preparation audit file) which sets in place the framework for all information to be collected for the 2013/14 financial year's audit. The municipality prepares an electronic audit file under the direction of the Chief Finance Officer. The order of documentation is placed in the order of financial statements as indicated in GRAP and hyperlinked to relevant line item of the financial statements. Furthermore, the Audit Action team consisting of key role-players in the audit is to continue its work to coordinate, resolve problems and share resources to continue with the improved audit results

There are some recurring financial issues raised by AG report. Recurring issues are mainly relating to non-compliance as well as performance information. The audit action plan reflected in the table below is therefore based on the matters of emphasis as well as the areas of non-compliance identified in the Consolidated Audit.

**Table 44: Audit Action Plan**

Finding	Progress to date
<p><b>Permits for landfill sites</b></p> <p>1. As disclosed in note 50 to the financial statements, the municipality has not obtained permits for landfill sites operated, as required by Section 24G of the National Environmental Management Act</p>	<p>A process to get permits is underway</p>
<p>2. The municipality does not have an approved road infrastructure policy and an approved road maintenance plan in place.</p>	<p>A road policy has been developed and will be sent to Council for adoption in 2014/15</p>

The audit action plan has been developed and monitored on a quarterly basis by the Audit Committee to ensure that the departments concerned have corrected or put measures in place to ensure that these issues will not reoccur.

**IT Steering Committee**

This committee consists of officials from every department and discusses issues relating to IT. This includes the purchasing of software and hardware as well as problems being experienced with the expansion or current usage of the IT system. It meets quarterly.

**Budget & IDP Steering Committee**

This committee meets according to the annual IDP and budget process plan. It consists of top management officials from each department, Municipal Manager, Mayor and the Finance Portfolio Councillor. It is headed by

the Finance Portfolio Councillor and discusses issues relating to the budget and IDP.

### **Management Meeting**

This meeting is chaired by the Municipal Manager which meets monthly and discusses issues pertinent to the administration.

## **SUPPLY CHAIN COMMITTEES**

**Senqu has two committees** viz the Specification/Evaluation Committee which ensures that the specifications are correct and in line with scm legislation and approves them for tender advertisements. The Committee also evaluates bids once tenders have closed and forwards their recommendations to the Bid Committee. The Bid Committee makes the final decision on tenders except for tenders above R 10 million.

### **HR Committees**

HR has several committees.

- **Local Labour Forum** which consists of selected management, Finance and Corporate Services Portfolio Councillors and the labour Unions to discuss labour issues
- **Training Committee** to discuss the implementation and development of the WSP
- **Employment Equity Committee** to discuss recruitment and selection based on EE principles
- **Placement committee** which meet on an adhoc basis to discuss issues relating to the organisational structure
- **Occupational Health and Safety Committee** which discusses issues relating to the health and safety of officials and the buildings.

## **SPECIAL GROUPS**

The Municipality has an SPU Officer and eventually the unit should receive additional staff. Portfolio Councillors for each area have been allocated from the Executive Committee

### **HIV and AIDS**

An Officer is responsible for HIV and Aids co-ordination in the municipality. An **HIV and Aids Council** co-ordinates HIV and Aids activities in the region. The Council has developed an HIV & Aids mainstreaming policy which has been adopted by Council 27 March 2013. HIV and AIDS ward Committees headed by Ward councillors are being launched in every ward. Council has also adopted a HIV and AIDS strategy for the municipality.

### **Youth Council**

The Youth Forum has just been reformed and a youth strategy and plan developed for the coming years. A ward youth committee is being launched for every ward. The municipality is increasing its funding to provide for youth projects and ensure that more youth are assisted to find employment through the youth database. The municipality is committed to channelling all job advertisements and bursaries funded by various departments through to Ward Councillors for distribution to the youth.

### **Elderly Forum**

The municipality has developed a Forum which will implement an annual plan.

### **Women Forum**

A women empowerment forum exists led by a Portfolio Councillor from the Executive Committee. A plan is done on an annual basis. The idea behind the forum is to ensure that women are empowered to take advantage of economic opportunities in the region. A ward based women committee is being launched for every ward.

### **Persons with Disabilities**

Persons with a disability have their own forum, known as the **Disabled Forum** which like the others develops and implements an annual plan. A database has been developed to indicate disability types so that sector departments may utilise it to increase the level of employment amongst people with disabilities.

### **Mainstreaming and access to economic opportunity**

The municipality's sector plans all acknowledge the fact that the Senqu population is youthful with a high degree of unemployment. In recognition of this the municipality's infrastructural projects sets youth targets in respect of youth, women and disabled. The municipality also tries where possible to implement job intensive projects. It is experiencing difficulty in promoting people with disabilities as the database of disabilities is not updated. In addition most projects in the municipality tend to involve physical labour which excludes most type of disabilities. The poor educational facilities in the area for the disabled also precluded people from many types of work as they do not have the necessary work skills to engage in any decent work opportunities. Council adopted a mainstreaming strategy on the 27 March 2013.

# CHAPTER SIX: WARD PRIORITIES AND PROJECTS

## WARD PRIORITIES

<b>WARD PRIORITIES 2015-16 (Re-examined and confirmed 18 March 2015)</b>				
<b>Ward 1 villages: Mbobo, Bhikizana, Walaza, Ndofela</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Water	Mayisela, Dokosini, Mdweni, Revel e, Mgqwetha, Mahlabathini, White City. Water pumps are broken	Access roads		
Electricity	Mgqwetha, Thulamtwana, Rasiyani			
Access roads	Ndofela. Roads to school at Ntsimekweni are bad. A bridge is required at Magano			
Job creation	For youth. Projects required - Bikizana has 1 project growing vegetables. Need at Walaza, Ndofela, Mbobo			
Sportsfields	No recreation facilities for children and youth. Infrastructure is not maintained			
Crime	Crime has escalated in the area			
Reception	MTN, Vodacom & Cell C reception and TV reception bad throughout the whole ward			
Lightning rods	Whole ward			
Sanitation -	Toilets are not complete in the Whole ward			
RDP houses	Needed 700 in ward			
Community halls	Ndofela has 1 hall. Need at Walaza, Mbobo and Bikizana			
Education	Pre-school - Bikizana (got 1), Need at Mabalana village. Need bursaries			
Social facilities	Old age home needed in whole ward			
Health	Only 1 clinic at Ndofela but very small. Need at Walaza, Mbobo, Bhikizana			

<b>Ward 2 villages: Storomo, Ndingishe, Makalaleng, Gcina, Qhimira</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Bridge	Qhimera village	Youth employment	Bridge Qhimira	
Community Hall	Ndingishe	Piggery project	Wool assistance	
Health	Need Clinic at Gcina and Ndingishe			
Access roads	Maintenance in the whole ward. regravelling		Community Hall	
Network coverage	Qhimera village, Ndingishe & part of KwaGcina. Poor cellphone reception at Ndingishe			

	& Qhimira. No reception at Qoboshane			
Speed bumps	St Theresa SSS, Tlokweg SSS			
Cemetery	Need gravel in the cemetery at Ndingishe			
Sanitation	New extensions			
LED	Funding of projects need shearing sheds at Rooival village/KwaGcina			
Sportsfields	Grading of sportsfields			
Education	Pre- school at Storomo			
Water shortage	Ndingishe not consistent and Storomo but St Theresa has nothing. Need electricity for the engines. Need engine to draw water from the river at Qoboshane			
Social	Need food parcels			

<b>Ward 3 villages: Makalalaleng,Hohobeng,Ekra,Qhoboshane,Zwelitsha</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Water & sanitation	Qoboshane,Ekra,Makalalaleng, Hohobeng, all villages. Still getting water from a stream. In Ekra the water contractors have been there but there is no water. Jongweni, they need toilets a the existing ones are full. At Hohobeng, there is a pipe but no water.	Toilets in Makalalaleng,Ekra,Qoboshane,Hohobeng,new extensions	Access roads in all villages	Shearing shed Makalalaleng,Ekra,Hohobeng,Qobshane
Electricity	New extensions. Need FBE	Electricity in Makalalaleng,Ekra,Qoboshane,Hohobeng,New extensions	MTN & Vodacom in Qoboshane,Mtshongoville	Disabled school
Housing	RDP houses needed at Hohobeng			
Education	Pre-schools at Makalalaleng,Mtshongoville. Disabled school. At Ekra the school condition is bad. It has no windows, water or stools. The wind lifts the roof when it blows.. Bursaries needed. Need crèche at Makalalaleng		Mobile clinic in Qoboshane,Hohobeng,Mtshongoville	Youth jobs
Access roads	In all villages as roads impassable when wet		Crèches in Makalalaleng,Mtshongoville	
Clinic	Qoboshane,Ekra,Makalalaleng, Hohobeng, Mtshongoville			
Poor cellphone reception - MTN & Vodacom	Qoboshane,Mtshongoville,Musong			
Community hall	At Hohobeng they need a hall as they are using a shearing shed.			
Health	Need a clinic at Hohobeng. Need food parcels			

LED	Shearing sheds needed at Qoboshane, Mtshongoville, Ekra, Hohobeng. Work opportunities. Youth at Hohobeng need jobs. Need car wash at Ekra.			
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Ward 4 villages: Mkunyazo, Boomplaas, Hillside, Mfinci, Penhoek, Maqolwaneni		2014	2015	2016
Water	No water around Mthinkhulu	T606, T514, T6007		
Access roads	Penhoek, Mfinci, Mkunyazo. Need all repaired and tools to maintain them	Access roads Mkunyazo, Penhoek, Mfinci		
Electricity	Hillside new extensions	Water		
Sanitation	No toilets in the whole ward	Electricity		
Housing	Need more RDP houses. RDP houses need fixing and disaster houses.	Pedestrian bridge Penhoek, Hillside		
Community Hall	Mkunyazo. Paypoints at Mfinci, Boomplaas Mfinci, Boomplaas			
Education	Disabled school needed at Sterkspruit. Pre-schools needed at Hillside, Penhoek, Maqolwaneni. No desks at schools. Pre-schools at Maqolwaneni and Hillside. Pre-school built in 2005 not being used			
Pedestrian bridge	between Mkunyazo and Penhoek, Hillside from 1 side of the village to the other			
LED	Gxothindidala project to plant and plough			
Sportsfields	Mkunyazo and Hillside			
TV reception bad	Whole ward			
Graveyards	Whole ward			

Ward 5 villages: Bebeza, Makhumsha, Mabele, Dangershoek, Nomlengana		2014	2015	2016
Reception	Nomlengana, Dangershoek, Mabele, Makhumsha. No TV reception	Water		
Road	Qoboshane- Nomlengana	Tractors, Sinenceba, Phakamani		
Electricity	No electricity. Need at Nomlengana, Dangershoek			
Water	Build dam in the mountains			
Housing	Fix disaster houses			
Bridges				
Health	Clinic needed			
Education	Scholar transport. Paying fees at non fee schools			
Land care projects	Donga closure. Fencing of commonage			
Sportsfields	Fields not graded			

Ward 6 villages:	2014	2015	2016
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<b>Mpoki, Musong, Dulciesneck, Majuba, Ndungunya, Rietfontein, Bultfontein</b>				
Sanitation	Dulciesneck, Musong. No toilets at Mpoki. Need toilets at cemetery as well	Soil erosion	access roads	unemployment
RDP houses	Need more at Bultfontein, Musong and Mpoki			
Access roads	Bultfontein, Musong, Rietfontein, Dulciesneck, Majuba, Ndungunya. Unfinished road at Musong. Roads to fields bad at Dulciesneck.			
Water	Need water at Bultfontein, Musong, Rietfontein, Dulciesneck. At Mpoki need water taps in yard and not the street to avoid vandalism. Engine needed at Musong>			
Reception	Poor TV reception at Bultfontein, Rietfontein & Musong. Poor cellphone reception at Bultfontein, Musong, Rietfontein, Dulciesneck, Majuba, Ndungunya			
LED	High unemployment at Rietfontein, Bultfontein, Majuba, Ndungunya. Dairy renovation at Rietfontein			
Bridges	2 Musong, 1 Bultfontein			
Education	Pre-schools at Musong, 2 Ndungunya, Majuba pre-school renovations. School needed at Musong. Students in Gr10-11 need assistance. People with skills need certification. School needed at Bultfontein			
Community Hall	Need hall at Mpoki as use shearing shed. Need pay points at Ndungunya, Dulciesneck, Rietfontein, Bultfontein			
Electricity	At Dulciesneck poles put up but no electricity & Ndungunya extension. Need FBE			
Play grounds	Bultfontein, Musong, Ndungunya, Majuba			
Fencing of cemeteries	Bultfontein, Musong, Ndungunya, Majuba			
Social	Old age home at Mpoki needs assistance			

<b>Ward 7 villages: Macacuma, Thaba-Lesoba</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Water	Water pumps not working Macacuma, Thaba Lesoba. Stock dams	Mgxojeni project needs water and elec	White door of hope - food and blankets	
Electricity	Macacuma, Thaba Lesoba new extensions, Community hall	Sihle project needs water and elec		
Sanitation	Toilets not working at Macacuma, Thaba Lesoba	Ekonwabeni old age house and electricity		
RDP houses	Macacuma, Thaba Lesoba (2000)	Ikaneng poultry project water and electricity		

Bridge required	Thaba Lesoba - Matlapaneng	Vezukhya agric co-op		
Access roads	Need maintenance and run off channels			
Fencing of graveyard				
Education	Pre-schools Thaba Lesoba			
Community hall	Macacuma			
Crime	Crime is high to tavern opening hours not being monitored			
Sportsfields				

Ward 8 villages: Mokhesi, New Rest, Tapoleng, Mogoabong		2014	2015	2016
RDP houses	Mokhesi, New Rest & Tapoleng	Poultry	Water & sanitation	Access Roads
Water and sanitation	Mokhesi, New Rest . need toilets. Pipes are cracked to dam. Jojo tanks are leaking. Illegal water connections. Need toilets	RDP houses	Cemetery fencing	fencing of cemeteries
Access roads	Mokhesi, New Rest & Tapoleng. Road maintenance is poor	Access roads	Community Hall	Building of shearing shed
Electricity	Mokhesi (Paradise new stands), New Rest & Apollo lights. Need on commonage land.	Blading of fields	Blading of fields	
Fencing of cemeteries	Mokhesi, New Rest (Paradise)		Access Roads	
Waste Management	Need solid waste site			
Social	Need vehicle testing station and liscence centre			
Community hall	New Rest & Mogoabong			
LED	Need assistance with ploughing and seeds. Fencing of lands. Stop illegal selling of lands.			

Ward 9 villages: Ngquba, Kromsprit, Lipota, Alaml, Hinana, Mapolo		2014	2015	2016
Community Hall	Between Kromsprit and Ngquba	Community hall	Sportsfields	
Health	Clinic between Kromsprit and Ngquba	Clinic	access roads	
Water	Ward	water	cellphone reception	
Electricity	Hinana, Mlamli, Kromsprit new extensions. None at pre-schools	electricity	job creation	
Sanitation	Kromsprit. Ngquba, Hinanana & Hoita	Sanitation		
Housing	Need RDP houses			
Sportsfields				
Access roads	Lepota, Kromsprit, Hinana, Mlamli			
Reception	Only MTN reception at Mlamli			
Education	Children need feeding at pre-schools.			
LED	Job creation – tractors for ploughing			

Ward 10 villages: Makhetheng, Zwelitsha, Sterkspruit		2014	2015	2016
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town,Tienbank,Matlapaneng				
Community hall	Makhetheng	Old age home - Makhetheng		
Electricity	Embekweni (Tolon). Need Apollo lights	Toilets-Embekweni		
RDP houses	Makhetheng, Tienbank & Matlapaneng	Sports ground- Tienbank & Makhetheng		
Education	Require school for the disabled in Sterkspruit			
Access roads	Makhetheng, Tienbank & Matlapaneng. maintenance	sewing project-Makhetheng		
Sanitation	Sewerage at Extension 1	EPWP project		
Speed humps	Zastron Road			
Proper waste site	Extension 1			
Cemetry	Cemetry needs to be fenced and visible graves at the school recovered.			
LED	Job opportunities and recreational facilities for the youth			

Ward 11 villages: Herschel, Ndilinkonzo,Entsimekweni,Skhisazana, Ezintatyameni, Bluegums,Meyi		2014	2015	2016
Access roads	Ndilinkonzo to Entsimekweni needs to be fixed as washed away, Skhisazana road also washed away. All others need maintenance. Paving at Herschel and Orangefontein. Mehlomakulu culvert for drainage. Raise bridge at Kwa-Meyi. Fix road to Khiba. .Speed bumps on road at st Mary's. Road to Entsimekweni project fixed. Foot bridge from RDP houses across dongas to St Mary's. Speed bumps at Herschel and Blue Gums. Roads to fields at Skhisazana and Ezintatyameni			
Electricity	Extensions. Need street lights and Apollo lights at Mehlomakulu. Entsimekweni loses electricity often. Connections very expensive. Herschel library has no electricity			
Water and sanitation	Extensions. RDP houses have no water and inside toilets. Herschel library has no water and sanitation. No water at Mehlomakulu. Toilets at Entsimekweni and Orangefontein are needed .Sanitation project of 2011 not finished. Flush toilets at St. Mary's but no water.			
Housing	Renovation of 2 roomed houses at Orangefontein.RDP houses need title deeds. Need more RDP houses at Ntinilweni			

	prevent flooding). Fix disaster houses and children headed houses.			
Cemetery	Land needed for a graveyard at Herschel. Fencing of graveyards in villages			
LED	Job creation to be extended Shearing shed at Skisizana projects not labour law complaint.			
Education	No crèche at Mehlomakulu. Renovations of schools at Ezintatyameni, Ndilinkonzo, Ebenezer (high), Skhisizana,Entsimekweni. School hall needed at St Mary's. Pre-school at Ezintatyameni			
Community hall	Community hall needed at Entsimikweni. Renovation of community halls at Blue Gums (electricity, need plastering and doors fixed up)			
Health	Clinic at Entsimikweni			
Satellite police station	Herschel			
MPCC	Blue Gums			
LED	Wool washing factory at Blue Gums, Tractors for ploughing, shopping complex			
Sportsfields	No maintained. Need kit and recreational facility at Entsimikweni			
Reception	Vodacom a problem in Skhisazana, Entsimekweni and Herschel, Meyi			

<b>Ward 12 villages: Manxeba,Hlomendlini,Magadla,Jozanas Nek, Jozana's Hoek, Magwiji</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Proclaimed and access roads	T 511,T520,T522 and access roads for the whole ward. Need bridge	Water/sport field	Community hall	Hlomendlini brick making
Sanitation	Manxeba & Hlomendlini, Magwiji school has no toilet. Insufficient toilets	Access road	Disabled centre	Shearing shed
Community Hall (3)	Magadla	Electricity	Old age home	Sport field
Poor Cellular network	Manxeba,Hlomendlini,Magadla, Jozanasneck, Jozanashoek and Magwiji	Shearing shed	Khazimla Project	
Stormwater	Stormwater drainage - villages built on hillsides and just wash away	Pre-school	Siyazama poultry farm – Magadla	
Water	Disruption because of illegal connections	Masifundise sewing project- Manxeba	Siyangena sewing project – Jozanashoek	
Sportsfields	Play fields at Jozana's Hoek, Jozanas' Neck, Magadla. Fi sportsfields			
LED	Only got 1 dipping tank and got no dip, land care projects at Manxeba,Hlomendlini,Magadla, Jozanasneck, Jozanashoek and Magwiji. Upgrading of Holohlahatsi project at Jozana dam at Magwiji	Masakhane Sewing project- Magadla		
RDP houses		Kuyasa old age home- Manxeba		

Health	Clinics - need 2	Jozanashoek wool growers		
Policing - need CPF training		Kwezi Lokusa sewing project - Hlomendini		
Cemetery	project incomplete	Hlomendini wool growers		
Education	Need 1 high school. Need 2 multipurpose centres	Hlomendini poultry farming		
		Zola dairy- Hlomendini		
		Jozanasneck old age home		

<b>Ward 13 villages: Coville, Zava, Naledi, Khiba, Nkopane, Mbonisweni, Mdl okovana</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Proclaimed roads need maintenance	T 510, T 526, T 527. Access roads all require maintenance. Need low level bridge at Mbonisweni. Culvert on Herschel road must be raised for flooding purposes			
Water	Stock dams - have 3 dams that are silted up (between Naledi and Mbonisweni, Nkopane, Nhlakovana). Bring back windmills for pumping			
Housing	RDP houses need 3000 Disaster houses not fixed. Poor design- houses collapsing at Zwellitsha. Mbonisweni needs RDP houses			
LED	Youth want job creation cleaning of cemeteries. Training of contractors. Bakeries have equipment but no electricity (funded by LG) at Naledi, Zava and Mdlkovana and Khiba. Need project assistance and job creation			
Cemeteries	Need fencing and plot numbers, water and toilets. In Zava can't dig as cemeteries on rock			
Poor cellphone reception	Mdlkovana, Coville under mountain, Nkopane on way to Mdlkovana			
Community hall	halls required at Naledi between Mbonisweni and Coville, Khiba. Community Hall needs electricity, ceiling and poor quality of chairs and no water at Zava			
Water	Low pressure especially in Khiba, Ndlkovana, Nkopane and Thaba Koloji and part of Coville. Standpipes but not functioning. New extensions without water. Upgrading and protection of the springs			
Electricity	New extensions. Pre-schools Khiba, Coville and Thaba Koloji need electricity			
Education	Pre-schools at Nkopane and Naledi			
Sportsfields	Need blading			

Ward 14 villages: Khwezi Naledi, Lady Grey town, Transwilger		2014	2015	2016
Street lights	Steve Tshwete	Job creation	Renovating of the hospital	
Electricity	New extensions	Bridge at Khwezi Naledi houses		
Sanitation	Public toilet needed at Standard bank. Toilets at Transwilger old and collapsing	Medicine at the clinic		
Housing	Need more RDP houses. 2009 roofs broken at Transwilger not fixed. Flooding of houses at Khwezi below road			
Upgrading of road	Tourist facilities like dam. Transwilger bridge not fixed. Steve Tshwete paving of streets			
Social	No sending of animals to Queenstown pound			
Hall wanted	Steve Tshwete			
Crime	Police not responding			
Job creation	Hire more local contractors and stop hiring casuals for years. Hire people to maintain park and stadium			
Water	Need water for RDP houses			
Parks for children				

Ward 15: Rossouw, Clifford, New England, Phelandaba, Zingxengele, Mission, Rockcliff Clinic, Ntaba Mhlope, Sijhora		2014	2015	2016
Sanitation	Toilets needed at Zingxengele. Toilets needed at all houses in Rossouw. Toilets are shallow and fill up quickly	Access road to fields needs repair at Phelandaba	Access roads	unemployment
Water	Permanent person needed to look after water in Rossouw			
Playing fields	Whole ward			
Dipping tank	Phelandaba			
RDP houses	Needed in whole ward. Poor design. Houses and toilets sink when it rains in Rossouw			
Access roads and storm water	Emoyeni to Ntaba Mhlope, DR 03214 over Lundean's Neck. Whole ward. Storm water drainage issue at Rossouw			
LED	Need ATM at Rossouw			
Poor cellphone reception	Sijorha, Rossouw			
Electricity	No place to purchase electricity in whole ward > Ned FBE and connection done where application fees paid.			
Education	Pre-school at Phelandaba			
Clinic	Phelandaba			

Ward 16 villages: Rhodes, Mosheshesford, Tantalion, Persville, Nkululeko		2014	2015	2016
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Land for grazing & Housing	Nkululeko			
RDP houses	Econgo & Zixinene. Need title deeds			
Education	Primary school, clinic, FET College needed at Nkululeko. Rhodes needs a public school			
Roads	Street paving at Nkululeko, tarred road between BE-Rhodes. Access road to top Location at Rhodes.			
Sportsfields	Toilets to be fixed and locked			
Library	Library at Rhodes to be opened.			
LED	Need ATM at Rhodes			
Water	Drainage needed at sportsfields Nkululeko & Rhodes. Communal taps in yards water costs allocated to individual owning yard.			
Access to services	Home Affairs need to visit more often			
Job creation	Need training to improve CIDB ratings. DPW to hire more local people			
MPC land available	Nkululeko			
Cemetries	Fencing of grave site and new grave site			
Electricity	Need Apollo lights and connection done where deposit has been paid.			
Sanitation	Rhodes			

<b>Ward 17 villages: Sunduza, Bensonvale, Top Tapoleng, Masekeleng, Voyizana, Joveleni</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
Sanitation	Joveleni. Need toilets	Joveleni - Sunduza access road	Water	
Electricity	New connections at Voyizana, Joveleni & new extensions, ESKOM does not attend to complaints	Soil erosion projects	RDP houses	
Job creation		Water in schools at Joveleni		
Maintenance of access roads		Preschool - Voyizana		
Sports fields in all villages	Needed in all villages and not graded			
Social	Fencing needed at cemetries			
Health	Voyizana needs a clinic			
Water	Extension sites			
Shearing shed	Tapoleng & Joveleni			
Bridge	Low level bridge needs to be raised as prone to flooding at Joveleni, bridge at Sunduza, Link Joveleni and Sunduza road			
RDP houses	Disaster house not fixed. Need more RDP houses			

<b>Ward 18 villages: Esilindini, Bamboespruit</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
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Electricity	Extension sites	Nkululeko to Frans road	Preschool	
Access roads	Mqhudini - Manxeba Esilindini, Bhambu (Bamboespruit), bridge to Nkululeko High School In Esilindini, Bamboes, Esilindi, Cemetery road is bad	Sewing project	Brick project	
RDP Houses		Esilindini HCBC		
Job creation		Gardening project		
Sports field				
Clinic - only go to school	Esilindini			
Preschool (only 1 at Esilindini)	Esilindini			
Need fencing of fields (trained in agriculture) (Nceda Bonke project)				
RDP houses				
Reception	TV reception bad			
Waste Management	Refuse being thrown in the bushes			
Sanitation				
Water	Extension sites			
Community hall				

Ward 19 villages: Luama Hlanjwa, Barkly East Town, Fairview, Nozicikwana		2014	2015	2016
Repair and renovate	Fairview Community hall	Fairview hall		
Bridge	between Fairview and Nkululeko	Fencing of Fairview hall		
Social	Fencing of quarry & children park in Fairview. High crime rate	Fencing of quarry Fairview		
Health	Need new clinic and extension of old one.			
Education	Youth development, computer training centre needed			
Access to services	Home Affairs Office still needed, MPCC to assist with high illiteracy rate			
Roads	Paving and surfacing of roads in town and townships and fix potholes			
Electricity	High mast lights			
LED	Job creation - sustainability - transfer of skills - training in job skills, Revamping of old cheese factory site, Recycling projects support, Support Ekepini radio station, Land still needed (extension of town boundaries), mall, more ATM's			
RDP houses	Rectification of 506 project, train houses to be renovated. Fence off houses			
Reception	ETV, SABC weak reception			
Water	New RDP houses			

## **SUMMARY OF WARD BASED PLANS**

It must be noted that ward based plans were paid for and a consultant engaged by the Department of Local Government and Traditional Affairs and not all of the plans were received by the Municipality . This has been communicated to the Department.

### Ward 1

The average growth rate across the municipal area, as derived from Stats SA, is -0.12%. Ward 1 is made up of a predominantly youthful population – with more than a third of residents being under the age of 14 years. Household sizes are shown to generally be small in the 2011 Census, however the responses from the mini Community Survey suggest that more than a third of the population may live in households of six or more residents. Education levels are high, with between 50% and 55% of the population over the age of 15 years (depending on which data set is used) having only a primary school education or less. Poverty levels are correspondingly high with 70% of the population earning R800 per month or less, although the community survey suggests that the incomes are somewhat higher. While unemployment is high, only 8% of the population is actively seeking employment. Although the Census data suggests that most people live in brick or concrete housing, the community survey suggests that a large percentage of the population resides in traditional dwellings, or dwellings constructed out of traditional materials. Due to its rural nature, there is little informal settlement in the region.

Ward 1 is poorly serviced with basic infrastructure. No refuse removal services are provided, therefore people are reliant on undertaking to manage their own refuse. 85% of the population has access to inadequate sanitation facilities and 64% have no access to piped potable water. While most residents in Ward 1 have access to electricity, paraffin is still widely used for heating and cooking. From the community survey it is apparent that many people also make use of wood for heating purposes

### Ward 2

Ward 2 is made up of a predominantly youthful population – with more than a third of residents being under the age of 14 years. Levels of education are low, with between 50% and 64% of the population having only primary school education or less (depending on the data set used). Poverty levels are correspondingly high with 70% of the population earning less than R400 per month. Although this is supported by the data from the mini-survey, this survey also suggests that there is a larger group of people earning above R3,200 per month than is reflected in the Census 2011 data. While unemployment is high, only 7% of the population is actively seeking employment. Most people live in brick or concrete houses, with about a third of the population living in homes made from traditional materials.

Basic infrastructure is in place across Ward 2, with a small percentage of the population not having access to adequate services. No refuse removal services are provided, therefore people are reliant on undertaking to manage their own refuse. However, most of the population 89%, has access to adequate sanitation facilities – mostly in for the form of VIP or chemical toilets. 54% of the residents have access to piped potable water within 200m of their home, although 28% still have no access to piped water. While most residents in Ward 2 have access to electricity, paraffin and wood are still widely used for heating.

### Ward 3

Ward 3 is made up of a predominantly youthful population – with more than a third of residents being under the age of 14 years, although there are also a large number of elderly in the area. Education levels are low, with approximately 50% of the population having only a primary school level of education or lower. Poverty levels are high with 76% of the population earning less than R800 per month. Unemployment is

correspondingly high, with 7% of the population actively seeking employment and a further 7% being discouraged work-seekers. 70% of the population resides in brick buildings, and 41% of the population list their tenure as being "other", suggesting a large proportion of the population resides in farm worker accommodation.

Basic infrastructure is in place across Ward 3, with a small percentage of the population not having access to adequate services. It is notable that although no refuse removal services are provided to the Ward, only 54% of the residents assume responsibility for their own refuse. Most of the population, 86%, has access to adequate sanitation facilities – mostly in the form of VIP or chemical toilets while no-one has no access to sanitation facilities. 67% of the residents have access to piped potable water within 200m of their home, although 11% still have no access to piped water. While most residents in Ward 3 have access to electricity, paraffin and wood are still widely used for heating and paraffin is still often used for cooking.

#### Ward 4

Ward 4 is characterised by high proportion of elderly people and children (43%). Education levels are low: 47% of the population is functionally illiterate; and poverty levels are high with 76% of the population earning R800 or less per month. Unemployment is high, with only 7% of the population having formal employment. There is also a large proportion of the population which is despondent about the potential to find work. Household sizes are generally small, with 33% of households made up of only one person and 49% of households constitute 1-2 people. This differs from the sample group, in which 40% of the respondents lived in households of 5 people or more.

Basic infrastructure is in place across some of Ward 4, with a large percentage of the population still not having access to adequate services. It is notable that although no refuse removal services are provided to the Ward, only 54% of the residents assume responsibility for their own refuse. 75% of the population has inadequate sanitation facilities, with 16% having no access to sanitation facilities. While 48% of the residents have access to piped potable water within 200m of their home, 31% still have no access to piped water. Lastly, most residents in Ward 4 have access to electricity, although paraffin and wood are still widely used for heating and cooking.

#### Ward 5

Ward 5 is characterised by a higher proportion of elderly people living in the area (10%). Furthermore, 16% of the population resides in households of 7 or more people, which is also higher than many other wards in Senqu. Education levels are low, with 72% of the population being illiterate. Unemployment is high, and only 5% of the population is formally employed. However, only 3% of the population is actively seeking employment. There is a general sense of discouragement amongst unemployed people in the Ward. Poverty levels are extremely high with 78% of the population earning R400 per month or less. 55% of the population resides in a traditional dwelling.

Access to adequate basic services is limited across Ward 5. No refuse removal services are provided, with only 34% of the population assuming responsibility for the management of their own waste. Most of the residents have access to VIP or chemical toilets, however, access to piped potable water is severely limited. Only 36% of the residents have access to piped water within 200m of their homes, and 21% have no access to piped water. Electricity is not widely available, although the respondents in the Community Survey all had electricity, with only 68% of the population making use of electricity. Wood is the most likely source of fuel for heating and cooking, followed by paraffin.



## Ward 16

Ward 16 is characterised by the fact that there are more men than women in this Ward and the relative absence of youth – only 31% of the population is under the age of 14 years and 65% are of working age (15-64 years). Employment levels are relatively high, as compared to the rest of the municipal area: 38% of the population is employed. However, poverty levels are high, with 62% of the population earning R800 or less per month. Active unemployment is relatively low, with only 4% of the population actively seeking employment. 28% of the population lives in rent-free accommodation, suggesting a large number of people living in farm worker accommodation. A large proportion of the population (25%) live in informal dwellings.

Access to services differs across Ward 16. 22% of the Ward's residents have access to regular waste removal services, while 16% have no access to a refuse dump. 27% of the residents have access to sanitation facilities which are of VIP-standard or higher, while 37% have no access to sanitation facilities whatsoever. 57% of the Ward's residents have piped water within their yard or home, while 12% no access to piped water. Similarly, access to electricity is not available across the whole Ward, with only 64% of the population using electricity for lighting purposes. Wood is the dominant fuel type for cooking and heating purposes. Candles and other fuels make up 31% of the fuel used for lighting.

## Ward 17

Ward 17 is characterised and older and younger population which is supported by a relatively smaller working age population. Households tend to be larger in this region, with 12% of the population living in households of 7 people or more. 50% of adults are functionally illiterate, and employment levels are low. Poverty levels are correspondingly high, with 70% of the population earning R400 per month or less. 14% of the population are either actively seeking employment or are discouraged work-seekers. 80% of the population lives in their own fully paid off house and only 2% live in informal dwellings.

None of Ward 17's residents have access to regular waste removal services and 77% assume responsibility for their own waste disposal. Access to sanitation facilities is generally good, with 67% of the residents having access to sanitation facilities which are of VIP-standard or higher. Only 6% have no access to sanitation facilities whatsoever. Similarly, 63% of the Ward's residents have piped water within 200m of their home, while 17% no access to piped water. Access to electricity is widely available across the Ward, with 81% of the population using electricity for lighting purposes. However, paraffin remains the dominant fuel type for heating purposes.

## Ward 18

Ward 18 is characterised and older and younger population which is supported by a relatively smaller working age population. Education levels are slightly better than elsewhere in the municipal area, with 43% of adults being functionally illiterate. However, poverty levels remain high, with 70% of the population earning R400 or less per month. 16% of the population are either actively seeking employment or are discouraged work-seekers. 64% of the population lives in their own fully paid off house while 24% occupy rent-free housing. Only 1% live in informal dwellings.

None of Ward 18's residents have access to regular waste removal services and 84% assume responsibility for their own waste disposal. Access to sanitation facilities is limited, with only 35% of the residents having

access to sanitation facilities which are of VIP-standard or higher. Only 11% have no access to sanitation facilities whatsoever. However, access to piped water is good across the Ward, with 90% of the Ward's residents have piped water within 200m of their home, and only 8% with no access to piped water whatsoever. Access to electricity is widely available across the Ward, with 83% of the population using electricity for lighting purposes. However, paraffin remains the dominant fuel type for heating purposes. And 35% of the population also relies on paraffin for cooking.

#### Ward 19

Ward 19 is characterised by a mixed age-group population, with 61% being of working age (15-64 years). Household sizes tend to be small, with 59% of the population living in households of 1-3 people. However, a large number (11%) also live in large households of 7 or more people. 49% of the population is functionally illiterate, and poverty levels are high. However, there is a larger proportion of people earning in excess of R1,600 per month than elsewhere in the municipality. 73% of households earn less than R38,200 per annum and 16% earn nothing at all. 17% of the population is employed. 66% of people live in their own fully paid for accommodation. 25% live in informal dwellings.

Characteristic of an urban region, 86% of Ward 19 has access to regular waste removal services. 82% of the residents have flush toilets or septic tanks, however 16% have sanitation facilities that are less than VIP-standard. Similarly, 83% of residents have access to piped water within their yard or their home, and only 1% have no access to piped water whatsoever. Access to electricity is widely available across the Ward, with 87% of the population using electricity for lighting purposes. However, paraffin remains the dominant fuel type for heating purposes, and wood is also widely used for heating purposes.

# CHAPTER SEVEN: VISION & OBJECTIVES

## **VISION**

***“A unified, people-centred, developmental and vibrant municipality”***

## **MISSION**

In pursuit to achieve its vision, Senqu Municipality will strive to:

1. Promote a culture of good governance,
2. Promote a culture of performance excellence,
3. Develop and maintain appropriate and economic infrastructure,
4. Develop and retain human capital,
5. Adopt a zero-tolerance against corruption,
6. Promote a conducive environment to stimulate economic development,
7. Implement appropriate financial management systems to ensure the continued growth and viability of the Municipality,
8. Ensure regular and scheduled public interaction with communities to enhance accountability and people-centred planning,
9. Provide basic service delivery needs to communities in an equitable manner,
10. Encourage the maintenance of a safe and healthy environment,

## **VALUES**

In an endeavour to achieve its mission, Senqu Municipality embraces the following values:

- People first (Batho pele)
- Integrity and honesty
- Transparency
- Accountability
- Excellence
- Humility
- Fairness
- Respect and tolerance for cultural diversity
- High ethical values
- Discipline

## **DRAFT VISION FOR 2030**

Our vision

- 1) We would like to activate the rural economy through the stimulation of small scale agriculture and tourism. In order to do this we need to:

- Improve the road infrastructure and signage of areas
- Package tourism products per region
- Make people aware of tourism
- Assist tourism organisation to promote and market the area
- Ensure that tourism owners are graded and maintain certain standards
- Beautify the towns and keep the CBD's clean and beautiful
- Fence off demarcated agricultural areas
  - Mentor projects on how to produce and market goods together with necessary business skills
- Ensure tenure security for farmers
- Encourage the procurement of goods and services from locally based businesses
- Engage and partner the private sector to create upstream and downstream agricultural industries

2) We would like to see that our towns are developed to their full potential. In order to do this we need to:

- Beautify CBD areas
- Train residents in waste management so that recycling may occur
- Strictly enforce by laws
  - Ensure that all buildings are maintained on a regular basis by private citizens and the municipality
- Enforce bylaws to destroy unsightly and old ruins
- Cut the grass on a regular basis
- Patch potholes and keep gravelled streets in good conditions
- Pave roads where possible
- Keep storm water drains open
- Engage investors in developing underutilised and unserviced grounds
- Strictly manage stock on the commonage
- Ensure that portions of the commonage are kept for poorer residents to utilise for food lots
- Ensure that stray animals are impounded
- Improve and maintain electrical infrastructure
- Improve and maintain water and sanitation infrastructure
- Improve and maintain telecommunications
- Involve residents in the maintenance and beautification of their environment
- Utilise the supply chain management mechanism to develop SMME's

3) We would like a well-functioning and transparent local government. In order to do this we need to:

- Install a performance management system that assesses all staff on an annual basis based on organisational and departmental targets
- Ensure that community complaints are dealt with in a systemic manner
- Ensure that an effective public participation system is developed and implemented
- Ensure that all records and information are effectively filed and maintained
- Train officials in customer relations and how to deal with complaints
- Train officials to be able to communicate effectively in all 3 languages spoken in the area

4) We require a financially viable municipality. In order to do this we need to:

- Revise our supply chain management to ensure the effective and efficient usage of municipal resources
- Ensure that officials know and abide to supply chain management procedures
- Ensure that the capital budget is planned for a 5 year cycle rather than annually
- Ensure that cash flow projections are accurate on a monthly basis so that money can be invested
- Ensure that officials deliver services in the most cost effective manner

5) We would like to have a vibrant local economy. In order to do this we need to:

- Improve road infrastructure so that goods may reach markets
- Identify available land for agricultural and residential purposes
- Engage traditional authorities to participate in all development opportunities
- Engage business on development opportunities and what the municipality can do to assist
- Assist co-operatives to become more business orientated
- Improve the telecommunication infrastructure
- Look at developing the communication and computer skills of the youth

## **MUNICIPAL PRIORITIES**

The following municipal priorities were identified through the Mayoral outreach and IDP Representative Forums.

1. Roads - Priority areas are places with no approach roads. In W 14, 16, 19 and 10 the emphasis should be on paving roads.

- |  |  |
|--|--|
| 2. Land –                                  | Lack of land and tenure problems. Look at expanding Sterkspruit and the development of Barkly East as a priority issue           |
| 3. Job creation –                          | Need to improve skills level of population   |
| 4. Recreational facilities –               | Needed in every ward especially for youth  |
| 5. LED –                                   | Look at agro processing e.g wool washing.  |
| 6. Communication and public participation- | Public participation must be increased. Network poles and transmitter poles for television are desperately needed in most areas. |

The following are priorities outside the Municipality's powers and functions but need addressing

- 1) Water
- 2) Sanitation
- 3) Electricity
- 4) Disaster management

## **KEY PERFORMANCE AREAS**

For the municipality to effectively deal with underdevelopment and poverty, the following Key Performance Areas were identified for measurable performance within a defined framework.

1. Good governance & public participation
2. Municipal transformation and institutional development
3. Municipal financial management and viability
4. Local economic development
5. Basic Service delivery and infrastructure

These 5 key performance areas are derived from the 5 year local government strategic agenda.

**ALIGNMENT WITH DISTRICT, PROVINCIAL AND NATIONAL PRIORITIES**

Medium Term Strategic Framework	New Growth Path	Provincial Strategic Priorities	Senqu LM & Local Gov. KPA	Outcome
<p>2. Strengthen skills and human resource base.</p> <p>8. Pursuing African advancement and enhanced international cooperation.</p> <p>10. Building a developmental state including improvement of public services and strengthening democratic institutions.</p>		<p>Strategic Priority 2: Massive programme to build social and economic infrastructure.</p> <p>Strategic Priority 4: Strengthen education skills and human resources base.</p> <p>Strategic Priority 8: Building cohesive, caring and sustainable communities</p>	<p>Municipal Transformation and Institutional Development</p>	<p>Outcome 1: Quality basic education.</p> <p>Outcome 5: Skilled and capable workforce to support an inclusive growth path.</p> <p>Outcome 3: All people in SA are and feel safe.</p> <p>Outcome 9: Responsive, accountable, effective and efficient Local Government System.</p> <p>Outcome 12: An efficient, effective and development oriented public service and an empowered fair and inclusive citizenship.</p>
<p>5. Intensify the fight against crime and corruption;</p>		<p>Strategic Priority 6: Intensifying the fight against crime &amp; corruption;</p>	<p>Municipal Financial Viability and Management</p>	<p>Outcome 9; Responsive, accountable, effective and efficient Local Government System</p>
<p>5. Intensifying the fight against crime and corruption.</p> <p>7. Build cohesive, caring and sustainable communities.</p> <p>8. Pursuing African advancement and enhanced international cooperation.</p> <p>10, Building a developmental state including improvement of public services and strengthening democratic institutions</p>	<p>Job driver 4: investing in social, capital and public services</p>	<p>Strategic Priority 6: Intensify the fight against crime and corruption.</p> <p>Strategic priority 8: Building cohesive and sustainable communities.</p>	<p>Good Governance and Public Participation</p>	<p>Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.</p> <p>Outcome 9; Responsive, accountable, effective and efficient Local Government System.</p> <p>Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.</p> <p>Outcome 11: Create a better South Africa, better Africa and a better world.</p>

Medium Term Strategic Framework	New Growth Path	Provincial Strategic Priorities	Senqu LM & Local Gov. KPA	Outcome
<p>1. Speeding up economic growth &amp; transforming economy to create decent work and sustainable livelihoods;</p> <p>4. Comprehensive rural development strategy linked to land and agrarian reform &amp; food security.</p>	<p>Jobs driver 2: main economic sectors</p> <p>Jobs driver 3: Seizing the potential of new economies</p>	<p>Strategic Priority 1: Speeding up growth &amp; transforming the economy to create decent work &amp; sustainable livelihoods;</p> <p>Strategic Priority 3: Rural development, land &amp; agrarian reform and food security;</p> <p>Strategic Priority 2: Massive programme to build social &amp; economic infrastructure.</p> <p>Strategic Priority 8: Building cohesive &amp; sustainable communities.</p>	Local Economic Development	<p>Outcome 4: Decent employment through inclusive economic growth.</p> <p>Outcome 6: An efficient competitive and responsive economic infrastructure network.</p> <p>Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.</p> <p>Outcome 8: Sustainable human settlements and improve quality of household life.</p> <p>Outcome 10: Protect and enhance our environmental assets and natural resources.</p>
<p>3. Improve health profile of the nation.</p> <p>4. Comprehensive rural development strategy linked to land and agrarian reform &amp; food security.</p> <p>6. Massive programme to build economic &amp; social infrastructure;</p> <p>9. Sustainable resource management and use.</p>	<p>Job driver 1 infrastructure</p> <p>Jobs driver 5: spatial development</p>	<p>Strategic Priority 5: Improve the health profile of the province.</p> <p>Strategic Priority 3: Rural development, land and agrarian transformation, and food security.</p> <p>Strategic Priority 2: Massive programme to build social and economic and infrastructure.</p>	Basic Service Delivery and Infrastructure Development.	<p>Outcome 6: An efficient, competitive and responsive economic infrastructure network.</p> <p>A long and healthy life for all South Africans.</p> <p>Outcome 8: Sustainable human settlements and improve quality of household life.</p> <p>Outcome 10: Protect and enhance our environmental assets and natural resources.</p>

**It should be noted that no Municipal Turnaround Strategy is incorporated into the IDP as the municipality has completed the objectives noted in the strategy.**



## MUNICIPAL STRATEGIC DEVELOPMENT OBJECTIVES

The detailed inputs, indicators and outputs are contained in the SDBIP and score cards.

Focus area and IDP No	Strategy/	5 year Target	Annual Goals 2016	Responsible Department
<b>KPA 1: BASIC SERVICE DELIVERY &amp; INFRASTRUCTURE DEVELOPMENT</b>				
Objective: Develop and maintain appropriate and economic infrastructure				
Objective: Provide basic service delivery needs to communities in an equitable manner,				
Objective: Encourage the maintenance of a safe and healthy environment,				
<b>TRAFFIC - BSD01</b>	To ensure that the traffic section operates effectively and efficiently	Effectively operating traffic section	Effectively operating traffic section	Finance
<b>ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE- BSD02</b>	To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	Annual maintenance and construction of existing access roads and bridges	Annual maintenance and construction of existing access roads	Technical services
		Annual maintenance and construction of identified storm water systems	Annual maintenance and construction of identified storm water systems	Technical Services
<b>INDOOR RECREATIONAL COMMUNITY FACILITIES - BSD03</b>	To ensure effective management of infrastructure and facilities	All wards to have at least 1 central indoor recreational facility and maintenance of existing facilities	Building of 1 facility	Community Services
<b>CEMETRIES AND PAUPER BURIAL - BSD04</b>	To ensure regular maintenance of cemeteries	Clean, establish and maintain all cemeteries in urban areas and villages around Sterkspruit	Clean and maintain all cemeteries in urban areas and villages around Sterkspruit	Community Services
	To improve cemetery records and administration	Electronic cemetery register	*	Community Services
	To build new cemeteries	New cemeteries	New cemeteries	Community Services
	To facilitate pauper burials	Pauper burials annually	Pauper burials annually	Community Services
<b>SPORTS BSD05</b>	To maintain, identify, establish and upgrade existing urban sportsfields	Existing urban sites must be well maintained and in good condition.	Upgrading of Barkly East sportsfields	Community Services
Sportsfields site identified for upgrading and development				

<b>LIBRARIES - BSD06</b>	To provide library services to all residents	All urban areas to have well maintained libraries	Ensuring regular library hours	Community Services	
<b>PARKS AND PUBLIC OPEN SPACES - BSD07</b>	To create a healthy and sustainable environment by maintaining and developing public open spaces	Development and maintenance of parks and public open spaces in each urban area.	Annual grass cutting programme	Community Services	
			Annual maintenance of public parks and open spaces		
<b>LICENSING AND CONTROL OF ANIMAL - BSD08</b>	To maintain and control the commonages	To ensure that all commonages are utilised adequately and adhere to good veld management practises	Annual maintenance & awareness campaigns	Community Services	
		Only paying stock owners and other paying hirers to be utilising the commonages	Commonage lease signings		
	To maintain and effectively operate the pounds	Well maintained pounds and limited number of stray animals	Annual Training on animal bylaw		Pound maintenance and operation
<b>WASTE MANAGEMENT - BSD09</b>	To improve the quality of life for our communities by eradicating refuse service delivery backlogs	Increase refuse collection to 7 rural villages around Sterkspruit	Increase refuse collection to the other 3 villages	Technical services	
	To reduce waste through awareness campaigns.	To have an educated community around waste and a clean environment	4 clean-up and awareness campaigns		
	To effectively manage and reduce waste	Weighbridges at all waste site to indicate amount and type of waste entering the site			
	To reduce waste reaching landfill sites through recycle campaigns.	Implement waste recycling measures in all urban areas	Facilitate the development of further waste recycling initiatives		
<b>FREE BASIC SERVICES BSD10</b>	To ensure that the indigent register is accurate	Annual updating of the indigent register	Annual updating of the indigent register	Technical Services	
	That all registered indigent households receive free basic electricity and refuse removal	No of indigent households receiving free basic electricity and refuse removal	No of indigent households receiving free basic electricity and refuse removal		
<b>ELECTRICITY AND STREET LIGHTING BSD11</b>	To upgrade the electrical network through installation of new lines (LV, MV & HV)	All urban areas to have sufficient and reliable electrical supply	Installation of new lines	Technical Services	
	To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment	Stable network	Annual maintenance and repair schedule		

	To install street lights in all existing urban areas under municipal control	All urban areas to have street lights	Installation of street lights	
	To electrify all municipal infrastructure such as community halls and stadiums to increase community usage	Electrification of all community halls where electricity is available		
	To reduce electrical leakage by maintaining existing equipment and installing new equipment	To reduce electrical leakage to under 3 % .	Decrease electricity losses to 3 %	
<b>OFFICE SPACE BDS12</b>	To provide office space and parking by building new offices and renovating existing buildings	All permanently appointed staff to have access to adequate office space	All permanently appointed staff to have access to adequate office space	D & TPS
<b>Focus area and IDP No</b>	<b>Strategy/</b>	<b>5 year Target</b>	<b>Annual Goals 2016</b>	<b>Responsible Department</b>
<b>KPA 2: LOCAL ECONOMIC DEVELOPMENT</b>				
<b>Objective:</b> Develop and maintain appropriate and economic infrastructure,				
<b>Objective:</b> Promote a conducive environment to stimulate economic development,				
	To promote responsible tourism and arts and heritage through continued support to local initiatives	Implement the Tourism Master plan	Implement the Tourism Master Plan	D & TPS
	To promote and attract development in the local economy through implementation of the LED strategy	Implement the LED strategy	Implement the LED strategy	D & TPS
<b>Focus area and IDP No</b>	<b>Strategy/</b>	<b>5 year Target</b>	<b>Annual Goals 2016</b>	<b>Responsible Department</b>
<b>KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT &amp; VIABILITY</b>				
<b>Objective:</b> Implement appropriate financial management systems to ensure the continued growth and viability of the Municipality				
<b>SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING) - MFMV01</b>	To promote the growth of BBEE and local contractors through supply chain management processes	45 % of tenders awarded to local businesses and BBBEE companies.	45 % of tenders awarded to local businesses and BBBEE companies.	Finance
	To ensure that bid committees function in accordance with scm legislation	Fully functional and compliant bid committees	Regular reporting on the work of bid committees	
	To comply with the MFMA prescriptions of supply chain management	Legislative compliance of supply chain management	Legislative compliance of supply chain management	

ASSET MANAGEMENT- MFMV02	To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting	All Municipal assets accounted for and barcoded.	Quarterly asset verification reports per department	Finance
	To ensure compliance by developing and maintaining a fully GRAP compliant asset register	Fully GRAP Compliant Asset register	Fully GRAP Compliant Asset register	
FINANCIAL MANAGEMENT - MFMV03	To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage	Cash backed budget	Cash backed budget	Finance
	To expand and protect the municipal revenue base by providing accurate bills for services rendered	All bills are accurate and delivered and processed monthly	Monthly processing of customer accounts. Accounts are 100% accurate and delivered timeously	
	To decrease unauthorised, irregular, fruitless, wasteful expenditure and minor breaches through regular reporting	Decrease in unauthorised, irregular, fruitless ,wasteful expenditure and minor breaches	Regular reporting	
	To comply with the MFMA prescripts by submitting various documents such as the AFS	100 % MFMA compliance	100 % MFMA compliance	
	To increase the amount of expenditure on the capital and operational budget including conditional grants	100% expenditure of OPEX and CAPEX budget including conditional grants	100%	
	To expand and protect the municipal revenue base by implementing the valuation role and increasing % of actual revenue collected	Implemented completed valuation roll and 100 % actual revenue collected	Completed valuation roll and reports on actual revenue collected	
PAYROLL - MFMV04	To ensure good payroll management and implementation	All salaries paid timeously	All salaries paid timeously	Finance
BUDGET COMPILATION - MFMV05	To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	Development, adoption and submission of draft, final budget and adjustment budgets according to MFMA guidelines and pre-scripts	Finance

REPORTING - MFMV06	To develop and submit S 71 reports as per MFMA guidelines and prescripts	Development and submission of the section 71 report as per MFMA datelines	13 S 71 reports delivered timeously	Finance
IT - MFMV07	To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	An secure, updated and effective ICT system with minimum downtime	Annual maintenance of ICT hardware and software	Finance
			Disaster recovery plan implemented	
			Maintained and effective internet and email facilities	
Focus area and IDP No	Strategy/	5 year Target	Annual Goals 2016	Responsible Department
<b>KPA 4: MUNICIPAL TRANSFORMATION &amp; GOOD GOVERNANCE</b>				
Objective: Develop and retain human capital,				
Objective: Promote a culture of good governance				
Objective: Promote a culture of performance excellence				
Objective: Adopt a zero-tolerance against corruption,				
SKILLS DEVELOPMENT - MTID01	To develop and implement an effective HR strategy	Implemented HR Development strategy	Implemented HR Development strategy	Corporate Services
	To develop, adopt and implement the workplace skills plan (WSDP)	Annually adopted and implemented WSDP	Reports on annually adopted and implemented WSDP	
EMPLOYMENT EQUITY - MTID02	To develop and implement the employment equity plan as per the set targets	To ensure compliance with employment equity targets	Review, develop and implement and employment equity plan	Corporate Services
RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT - MTID03	To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements	An adopted organisational structure that meets the needs of the municipality	To have all the vacant and funded positions filled and annual reviewal of staff establishment	Corporate Services
		Signed job descriptions for all posts	Job descriptions for every post	
		To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	All leave is correctly captured and processes adhered to	
		All buildings have adequate clock in systems	Implemented clock in systems	

<b>EMPLOYEE WELLNESS PROGRAMME - MTID04</b>	To ensure the physical and mental well being of employees through the implantation of an employee wellness programme	Implemented wellness programme	Implemented wellness programme	Corporate Services
<b>OCCUPATIONAL HEALTH AND SAFETY - MTID05</b>	To ensure that all Senqu buildings and staff adhere to and implement OHS legislation	100 % compliance with OHS legislation	Implemented OHS Act	Corporate Services
<b>LOCAL LABOUR FORUM - MTID 06</b>	To ensure a good relationship between management and employees through regular interactions on labour issues	Good labour relations	LLF sits regularly	Corporate Services
<b>LEGAL SERVICES - 07</b>	To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	All contracts are up to date and that the necessary legal services are contracted	All contracts are up to date and that the necessary legal services are contracted	Corporate Services
<b>MTID 08 POLICIES AND BY-LAWS</b>	To review and implement departmental policies, procedures, procedure manuals and bylaws annually	Constantly reviewed and implemented policies , procedures, procedure manuals and bylaws	Annual review and implementation of departmental policies, procedures, procedure manuals and bylaws	Corporate Services
<b>09 BUILDINGS - MTID</b>	To ensure that municipal buildings and assets are maintained and secured	Implemented annual maintenance plan	Implement and develop annual maintenance plan	Corporate Services
<b>RECORDS MANAGEMENT - MTID10</b>	To ensure that Municipal information is kept secure and filed and archived according to legislation	A fully integrated manual and electronic document management system by 2016	Implement a fully integrated manual and electronic document management system	Corporate Services
<b>PERFORMANCE MANAGEMENT AND REPORTING - MTID11</b>	To ensure that a system of departmental and individual performance management system is implemented	Implemented policy with quarterly performance reviews  Signed performance agreements for S 56, Municipal Manager and Middle Management by end July annually	Implemented policy with quarterly performance reviews  Develop and ensure performance agreements are signed annually	D & TPS

		To compile and submit SDBIP and performance reports as per legislation on an annual basis	SDBIP compilation and submission and monitoring of performance reports	
		Compilation of S 46 and S 72 reports by 25 January and end of August annually	Adopted and submitted S 46 and S 72 reports annually by legislated timeframes	
SPATIAL PLANNING - MTID12	To develop a new SDF and implement SPLUMA regulations	New SDF and SPLUMA implementation plan by July 2016	SDF and SPLUMA implementation	D & TPS
	To ensure adherence to town planning and building control legislation	Implemented town planning and building control legislation	Implemented town planning and building control legislation	
INTEGRATED DEVELOPMENT PLANNING - MTID13	To ensure development and adoption of the IDP and budget process plan and IDP s per legislated timeframes	Adopted IDP and budget process plan and reviewed IDP	Adopted IDP and budget process plan and reviewed IDP	IPME
	To co-ordinate meetings of the IDP Rep forum and IDP and Budget steering committee Meetings	Quarterly meetings of IDP Rep Forum and IDP & budget Steering Committee Meetings	Quarterly meetings of IDP Rep Forum and IDP & budget Steering Committee Meetings	
Focus area and IDP No	Strategy/	5 year Target	Annual Goals 2016	Responsible Department
<b>KPA 5: PUBLIC PARTICIPATION</b>				
Objective: Ensure regular and scheduled public interaction with communities to enhance accountability and people-centred planning,				
RISK & FRAUD PREVENTION GGPP01	To undertake risk assessments and develop risk plans to combat or mitigate risk where possible	100 % developed and implemented departmental risk action plans including quarterly risk reports	100 % developed and implemented departmental risk action plans including quarterly risk reports	IPME
	To implement the fraud prevention policy	Implemented policy	Implementation reports	
COMPLIANCE GGPP02	To ensure compliance with all legislated deadlines such as MFMA & MSA IDP and budget dates	Implemented compliance register	Implementation reports	IPME

OVERSIGHT - GGPP03	To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report	Quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report by end of March	Quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report by end of March	Office of the MM
	To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken	Quarterly seatings of Council and Ex-Co with tracked resolutions	Quarterly seatings of Council and Ex-Co with tracked resolutions	Corporate Services
	To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	Implemented and developed annual OPCAR & Audit action plan	Implemented and developed annual OPCAR & Audit action plan	Office of the MM
COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION GGPP04	To ensure that ward committees sit on a regular basis	Fully functional ward committees	Regular meetings of ward committees	Corporate Services
	To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes	Implemented communication strategy	Implementation of the strategy	
	To ensure that procedures and hotlines are put in place so that customers may complain and have their complaints dealt with like the Presidential hotline and customer care line	100 % resolving of customer complaints	Monitor the resolution of customer complaints	
	To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as round table etc	Implemented and adopted annual public participation plan	Implemented and adopted annual public participation plan	



<b>MAINSTREAMING - GGPP05</b>	To ensure that the HIV & Aids strategy is implemented through HIV & Aids Council meetings and public participation	Implementation of the HIV & Aids strategy and held HIV & Aids Council meetings	Implementation of the strategy	Corporate Services
	To ensure that targeted groups such as the elderly, people with disabilities, youth and women are developed and included in government activities	Targeted groups holding their own forums and participating in their own activities	Annual implementation of the SPU Programme	
	To increase the participation of youth in government activities through the Mayoral Cup and youth festival	Annual Mayoral cup and Youth Festival	Annual Mayoral cup and Youth Festival	

### SUMMARISED MUNICIPAL CAPITAL BUDGET 2015/16

Funding	Item	2015/16	2016/17	2017/18
SM	Parking bay	1 000 000.00	-	-
SM	Renovations 2d Floor	1 200 000.00	500 000.00	-
SM	Resurface Roads LG	9 000 000.00	-	-
SM	Renovations Transwilger Hall	1 000 000.00	-	-
SM	Extension BE Cem	900 000.00	-	-
SM	Speed Equipment		200 000.00	-
SM	Server	250 000.00	-	-
SM	Bulldozer/compactor	-	2 500 000.00	-
SM	Fencing	-	-	250 000.00
SM	Fencing Cemeteries (Sterkspruit)	1 000 000.00	-	-
SM	Renovations (Lady Grey Town Hall)	-	1 500 000.00	-
SM	Renovations (Barkly East Town Hall)	1 500 000.00	-	-
SM	Establishment of Park (Lady Grey)	500 000.00	-	-
SM	Mower	100 000.00		

			-	-
SM	Fencing Commonage	250 000.00	-	-
SM	Cherry Picker	800 000.00	-	-
SM	Conlog Meter Installation	750 000.00	800 000.00	850 000.00
SM	L-G Meters Software Installation	-	-	1 000 000.00
SM	B-E Construction High Voltage Overhead Line at Lombaard Farm.	90 000.00	-	-
SM	B-E Construction High Voltage Overhead Line at Rocky Park Farm.		80 000.00	-
SM	BE Construction 22KV High Voltage Overhead Line from Lulama up to Farms. BE	-	550 000.00	-
SM	Construction High Voltage Overhead Line at Heut Street. LG		570 000.00	-
SM	Construction High Voltage Overhead Line at Tranwilger.		97 000.00	-
SM	Construction High Voltage Overhead Line Boxer	8 000.00	-	-
SM	Construction High Voltage Overhead Empilisweni	73 000.00	-	-
SM	New MV Line From Phomolong to Ext Nr. 4	407 000.00	-	-
SM	New Construction of one Kilometer Low Voltage Line Ext. 4A.	114 000.00	-	-
SM	New MV Line From Ext. 4A to Ext Nr. 4B		230 000.00	-
SM	New one Kilometer Low Voltage Line from Ext. 4A to Ext. 4B.		130 000.00	-
SM	Furniture FBS Unit		30 000.00	-
SM	Robots Sterkspruit	-	450 000.00	-
SM	Fencing SS Store	60 000.00	-	-
SM	Tools	60 000.00	106 000.00	112 360.00
SM	Signs	170 000.00	-	-
SM	Pound Project: lady grey	1 200 000.00	-	-
SM	TLB	900 000.00	-	900 000.00
SM	Grader	-	2 200 000.00	-
SM	LDV with cage	260 000.00	-	-
SM	Transit Sites EIA	250 000.00	2 600 000.00	-
SM	Tip Truck (5 Ton) with cage	1 000 000.00	-	-
SM	Nets	12 000.00	-	-
SM	Transwilger Storm Water Channel	-	-	2 200 000.00
SM	Master Plan		-	-
SM	L-G New Street Lights Walter and Cloete street	123 000.00	-	-
SM	L-G New Street Lights Dwars Street	65 000.00	-	-
SM	S-S New Street Lights for Entrance Sterkspruit		110 000.00	-
SM	New Street Lights for Entrance from Eliot		210 000.00	-
SM	New Street Lights for lady grey Entrance		640 000.00	-
SM	New Street Lights for Kwezi Naledi	106 000.00	-	-
SM	New Street Lights for Cloete Street		100 000.00	-

MIG	Access Roads Ward 3 (Roads Asset)	1 479 738.65	-	-
MIG	Access Roads Ward 3 (Stormwater Asset)	796 782.35	-	-
MIG	Access Roads Ward 4 (Roads Asset)	962 285.40	-	-
MIG	Access Roads Ward 4 (Stormwater Asset)	641 523.60	-	-
MIG	Access Roads Ward 13 (Roads Asset)	-	1 200 000.00	1 200 000.00
MIG	Access Roads Ward 13 (Stormwater Asset)	-	800 000.00	800 000.00
MIG	Access Roads Ward 17 (Roads Asset)	1 200 000.00	1 200 000.00	-
MIG	Access Roads Ward 17 (Stormwater Asset)	800 000.00	800 000.00	-
MIG	Access Roads Ward 18 (Roads Asset)	1 200 000.00	1 200 000.00	-
MIG	Access Roads Ward 18 (Stormwater Asset)	800 000.00	800 000.00	-
MIG	Access Roads Ward 6 (Roads Asset)	-	2 400 000.00	-
MIG	Access Roads Ward 6 (Stormwater Asset)	-	1 600 000.00	-
MIG	Access Roads Ward 11 (Roads Asset)	-	1 200 000.00	1 200 000.00
MIG	Access Roads Ward 11 (Stormwater Asset)	-	800 000.00	800 000.00
MIG	Access Roads Ward 2 (Roads Asset)	-	-	2 700 000.00
MIG	Access Roads Ward 2 (Stormwater Asset)	-	-	1 800 000.00
MIG	Access Roads Ward 7 (Roads Asset)	-	-	2 220 000.00
MIG	Access Roads Ward 7 (Stormwater Asset)	-	-	1 480 000.00
MIG	Bridge Ward 5	632 510.00	3 367 490.00	-
MIG	Bridge Ward 7	-	1 200 000.00	3 367 490.00
MIG	Bridge Ward 17	-	1 200 000.00	3 367 490.00
MIG	Bridge Ward 19	-	-	7 500 000.00
MIG	Street Lights Ward 19 - BE	1 750 000.00	-	-
MIG	Street Lights Ward 14 - LG	1 000 000.00	2 000 000.00	-
MIG	Community Hall Ward 9	2 580 000.00	-	-
MIG	Community Hall Ward 12	2 580 000.00	-	-
MIG	Community Hall Ward 18	2 573 000.00	-	-
MIG	Cemetries Ward 3 Musong	1 200 000.00	-	-
MIG	Cemetries Ward 3 Qhoboshane	1 200 000.00	-	-
MIG	Cemetries Ward 6 Mlamli	1 200 000.00	-	-
MIG	Cemetries Ward 2	-	1 500 000.00	-
MIG	Cemetries Ward 10	-	1 500 000.00	1 000 000.00
MIG	Cemetries Ward 11	-	1 500 000.00	1 000 000.00
MIG	Cemetries Ward 16	-	1 500 000.00	1 000 000.00
MIG	Cemetries Jozana's Nek	-	283 947.00	-
MIG	Cemetries KHIBA 1	-	283 947.00	-

MIG	Cemetries BIKIZANA	-	276 924.00	-
MIG	Cemetries Macacuma	-	134 591.00	149 356.00
MIG	Cemetries Mfinci	-	-	269 097.00
MIG	Cemetries Ward 19 - Barkly East	-	-	745 386.00
MIG	Cemetries Madlakana	-	-	217 180.00
MIG	Sportsfields Ward 2	2 518 275.00	2 937 675.00	-
MIG	Sportsfields Ward 13	2 819 775.00	2 474 175.00	-
MIG	Sportsfields Ward 5	-	-	5 850 900.00
MIG	Solid Waste Site Ward 10 - Sterkspruit	1 586 000.00	1 000 000.00	-
MIG	Solid Waste Site Ward 11 - Herschell	1 614 750.00	1 629 850.00	-
MIG	Solid Waste Site Ward 15 - Rossouw	1 200 580.00	-	-
MIG	Solid Waste Site Ward 16 - Rhodes	1 200 580.00	-	-
MIG	Hawker Stalls Sterkspruit	1 863 100.00	-	-
MIG	Hawker Stalls - LED Project(2016/2017)	-	1 932 700.00	-
MIG	Hawker Stalls - LED Project(2017/2018)	-	-	2 037 050.00
		62 889 900.00	53 486 739.00	45 925 388.60

#### Consolidated overview of the MTREF R '000

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2013/14	2014/15	2015/16	2016/17
Total Operating Revenue	189 133	203 366	229 465	234 379
Total Operating Expenditure	156 024	189 580	196 232	205 435
Surplus/(Deficit) for the year	33 108	13 786	33 233	28 945
Total Capital Expenditure	70 490	56 206	70 739	51 281

#### REPAIRS & MAINTENANCE PER ASSET TYPE

Description	Ref	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>							
- <u>Infrastructure</u>		3 049	2 842	2 842	5 278 902	9 774 136	5 073 166

Infrastructure - Road transport		2 257	2 077	2 077	2 925 685	3 101 226	3 302 806
Roads, Pavements & Bridges		2 000	2 000	2 000	2 865 685	3 037 626	3 235 072
Storm water		257	77	77	60 000	63 600	67 734
Infrastructure - Electricity		745	718	718	1 488 217	1 577 510	1 680 048
Generation		-	-	-	-	-	-
Transmission & Reticulation		400	480	480	255 572	270 906	288 515
Street Lighting		345	238	238	1 232 645	1 306 604	1 391 533
Infrastructure - Other		43	43	43	865 000	5 095 400	90 312
Waste Management		-	-	-	865 000	5 095 400	90 312
Transportation	2	43	43	43	-	-	-
<b>Community</b>		<b>2 652</b>	<b>1 402</b>	<b>1 402</b>	<b>1 345 000</b>	<b>1 345 564</b>	<b>1 433 026</b>
Parks & gardens		24	24	24	150 000	159 000	169 335
Sportsfields & stadia		15	15	15	-	-	-
Community halls		2 500	1 250	1 250	385 000	408 100	434 627
Recreational facilities		-	-	-	-	-	-
Security and policing		109	109	109	-	-	-
Cemeteries		4	4	4	810 000	778 464	829 064
<b>Other assets</b>		<b>2 777</b>	<b>2 939</b>	<b>2 939</b>	<b>3 722 420</b>	<b>4 687 845</b>	<b>4 992 555</b>
General vehicles		1 315	1 426	1 426	1 685 740	1 786 884	1 903 032
Specialised vehicles	10	-	-	-	-	-	-
Plant & equipment		223	199	199	982 180	1 783 191	1 899 098
Computers - hardware/equipment		-	-	-	-	-	-
Furniture and other office equipment		199	329	329	45 000	47 700	50 801
Civic Land and Buildings		1 039	984	984	405 000	429 300	457 205
Other Buildings		-	-	-	501 000	531 060	565 579
Other		-	-	-	103 500	109 710	116 841
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>8 478</b>	<b>7 183</b>	<b>7 183</b>	<b>10 346 322</b>	<b>15 807 545</b>	<b>11 498 746</b>
<b>Specialised vehicles</b>		-	-	-	-	-	-
Refuse		-	-	-	-	-	-
<b>R&amp;M as a % of PPE</b>		2.9%	2.6%	2.6%	0	0	0
<b>R&amp;M as % Operating Expenditure</b>		4.5%	3.8%	3.8%	0	0	0

### 5 YEAR COMPREHENSIVE INFRASTRUCTURE PLAN

ITEM	2015/16	2016/17	2017/18
<b>ACCESS ROADS</b>			
Access Roads Ward 3 (Roads Asset)	1 479 738.65	-	-
Access Roads Ward 3 (Stormwater Asset)	796 782.35	-	-
Access Roads Ward 4 (Roads Asset)	962 285.40	-	-
Access Roads Ward 4 (Stormwater Asset)	641 523.60	-	-
Access Roads Ward 13 (Roads Asset)	-	1 200 000.00	1 200 000.00
Access Roads Ward 13 (Stormwater Asset)	-	800 000.00	800 000.00
Access Roads Ward 17 (Roads Asset)	1 200 000.00	1 200 000.00	-

Access Roads Ward 17 (Stormwater Asset)	800 000.00	800 000.00	-
Access Roads Ward 18 (Roads Asset)	1 200 000.00	1 200 000.00	-
Access Roads Ward 18 (Stormwater Asset)	800 000.00	800 000.00	-
Access Roads Ward 6 (Roads Asset)	-	2 400 000.00	-
Access Roads Ward 6 (Stormwater Asset)	-	1 600 000.00	-
Access Roads Ward 11 (Roads Asset)	-	1 200 000.00	1 200 000.00
Access Roads Ward 11 (Stormwater Asset)	-	800 000.00	800 000.00
Access Roads Ward 2 (Roads Asset)	-	-	2 700 000.00
Access Roads Ward 2 (Stormwater Asset)	-	-	1 800 000.00
Access Roads Ward 7 (Roads Asset)	-	-	2 220 000.00
Access Roads Ward 7 (Stormwater Asset)	-	-	1 480 000.00
<b>BRIDGES</b>			
Bridge Ward 5	632 510.00	3 367 490.00	-
Bridge Ward 7	-	1 200 000.00	3 367 490.00
Bridge Ward 17	-	1 200 000.00	3 367 490.00
Bridge Ward 19	-	-	7 500 000.00
<b>ELECTRICITY</b>			
Street Lights Ward 19 - BE	1 750 000.00	-	-
Street Lights Ward 14 - LG	1 000 000.00	2 000 000.00	-
<b>COMMUNITY HALLS</b>			
Community Hall Ward 9	2 580 000.00	-	-
Community Hall Ward 12	2 580 000.00	-	-
Community Hall Ward 18	2 573 000.00	-	-
<b>CEMETRIES</b>			
Cemeteries Ward 3 Musong	1 200 000.00	-	-
Cemeteries Ward 3 Qhoboshane	1 200 000.00	-	-
Cemeteries Ward 6 Mlami	1 200 000.00	-	-
Cemeteries Ward 2	-	1 500 000.00	-
Cemeteries Ward 10	-	1 500 000.00	1 000 000.00
Cemeteries Ward 11	-	1 500 000.00	1 000 000.00
Cemeteries Ward 16	-	1 500 000.00	1 000 000.00
Cemeteries Jozana's Nek	-	283 947.00	-
Cemeteries Khiba 1	-	283 947.00	-
Cemeteries BIKIZANA	-	276 924.00	-
Cemeteries Macacuma	-	134 591.00	149 356.00
Cemeteries Mfinci	-	-	269 097.00
Cemeteries Ward 19 - Barkly East	-	-	745 386.00
Cemeteries Madlakana	-	-	217 180.00
<b>SPORTSFIELDS</b>			
Sportsfields Ward 2	2 518 275.00	2 937 675.00	-
Sportsfields Ward 13	2 819 775.00	2 474 175.00	-

Sportsfields Ward 5	-	-	5 850 900.00
<b>SOLID WASTE SITES</b>			
Solid Waste Site Ward 10 - Sterkspruit	1 586 000.00	1 000 000.00	-
Solid Waste Site Ward 11 - Herschell	1 614 750.00	1 629 850.00	-
Solid Waste Site Ward 15 - Rossouw	1 200 580.00	-	-
Solid Waste Site Ward 16 - Rhodes	1 200 580.00	-	-
<b>LED</b>			
Hawker Stalls Sterkspruit	1 863 100.00	-	-
Hawker Stalls - LED Project(2016/2017)	-	1 932 700.00	-
Hawker Stalls - LED Project(2017/2018)	-	-	2 037 050.00

### JGDM Projects

Project No	Project Name	Budget	Source	2015/16	2016/17	2017/18
MIG/EC1126	Sterkspruit: Upgrading of WTW and Bulk Lines	R 110 000 000	MIG	R 12 000 000	R 10 000 000	R 10 000 000
MIG/ EC20110052	Senqu Rural Sanitation Programme	R 102 761 477	MIG	R 25 000 000	R 25 000 000	R 10 000 000
EC2012012	Senqu Rural Water Programme	R 85 000 000	MIG	R 19 000 000	R 20 000 000	R 25 000 000
ECR046	Sterkspruit Regional Bulk Sanitation	3 000 000.00	RBIG	R 10 000 000	R 15 000 000	R 24 000 000
	Sterkspruit WTW Refurbishment	21 604 000.00	DWA	R 5 000 000	R 10 000 000	R 12 000 000

### Sector Departments

**Department of Social Development**

**Department of Human Settlements**

**Department of Environmental Affairs**

#### EPIP PROJECTS

LM	Project Name	Value	2015/16 Budget
Senqu	EC- Land Rehabilitation Phase 2 (Sterkspruit)	R9 000 000.00	<b>R8 541 000.00</b>
	EC- Senqu Community Parks	R5 520 000.00	Project is in the planning phase.

#### Waste sites

LM	No of sites	Activity
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Senqu LM	Sterkspruit x 1	Issued Licence to <b>Closure</b>
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**Department of Economic Development, Environmental Affairs and Tourism (LRED Proposals)**

**Department of Rural Development and Agrarian Reform**

**Department of Roads and Public Works**

**ESKOM**

**Department of Tourism**

<b>PROJECT</b>	<b>Area</b>	<b>COSTS</b>
Holohlahatsi dam chalets	Ward 17	R 12 000 000
Tenahead Lodge and Mountain Reserve project	Ward 2	R 15 000 000

**Department of Education**

**Department of Safety & Liaison**

**Department of Home Affairs**

**Provincial Treasury**

PT will continue to provide support in the following areas amongst others;

- Assist municipality with their reporting obligations in terms of the MFMA;
- Capacity building through relevant training and workshops;
- Assist municipality to recover debts owed by provincial departments;
- Improve level of compliance with the MFMA and Treasury regulations by municipality.



## CHAPTER EIGHT: FINANCIAL PLAN 2011- 2016

In general usage a financial plan is a budget, in other words a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as salaries, insurances and also reserves some income for short term and long term savings. A financial plan is also an investment plan, which allocates savings to various assets or projects expected to produce future income.

The Vision of the Budget and Treasury office is to ensure the financial management of the resources of Senqu Municipality to ensure sustainable and equitable service delivery to all the residents of the municipality. This is supported by our mission that commits the department to render sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Senqu Municipality. In order to achieve the above the following focus areas will be maintained and worked towards:

To ensure efficient and effective financial management, the Department of Financial Services performs the following key tasks:

- Revenue Collection/Income Generation Expenditure And Control
- Budgeting
- Accounting And Reporting Information Technology Assets And Stores
- Motor Licensing

### CAPITAL & OPERATING BUDGET

The five-year financial plan includes an Operating Budget and Capital Investment Programme for the five years ending June 2017.

#### a) Budget Assumptions

The Following are some of the key budget assumptions that was taken into consideration prior to the drafting of the budget

### **External factors**

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2013 will be minimal with a slightly better growth in the outer years. Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

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

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

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

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

### **Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage (86 per cent) of annual billings. Cash flow is assumed to be 86 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **Salary increases**

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 58 of National Treasury was used to budget accordingly.

### **Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDP's, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## FINANCIAL RATIOS

### 1. FINANCIAL POSITION

#### A. Asset Management/Utilisation

1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		28%
					Total Operating Expenditure	138 009 468
					Taxation Expense	
					Total Capital Expenditure	52 727 380

2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	Statement of Financial Position, Notes to the AFS and AR	0%		0%
					PPE, Investment Property and Intangible Impairment	-
					PPE at carrying value	236 764 090
					Investment at carrying value	-
					Intangible Assets at carrying value	160 005

3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		2%
					Total Repairs and Maintenance Expenditure	3 758 247
					PPE at carrying value	236 764 090
					Investment Property at Carrying value	8 663 500

#### B. Debtors Management

1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%		96%
					Gross Debtors closing balance	28 370 388
					Gross Debtors opening balance	27 919 413
					Bad debts written Off	675 770
					Billed Revenue	32 088 406

2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		3%
					Consumer Debtors Bad debts written off	675 770
					Consumer Debtors Current bad debt Provision	19 468 123

3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		101 days
					Gross debtors	28 370 388
					Bad debts Provision	19 468 123
					Billed Revenue	32 088 406

### C. Liquidity Management

1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		15 Month
					Cash and cash equivalents	162 989 955
					Unspent Conditional Grants	11 300 729
					Overdraft	
					Short Term Investments	
					Total Annual Operational Expenditure	119 224 547

2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		6.15
					Current Assets	181 061 789
					Current Liabilities	29 433 533

### D. Liability Management

1	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		2%
					Interest Paid	1 280 551
					Redemption	793 324
					Total Operating Expenditure	138 009 468
					Taxation Expense	

2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		18%
					Total Debt	14 441 989
					Total Operating Revenue	194 046 915
					Operational Conditional Grants	111 526 897

### E. Sustainability

1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		142%
					Cash and cash Equivalents	162 989 955
					Bank Overdraft	
					Short Term Investment	
					Long Term Investment	14 437 246
					Unspent Grants	11 300 729
					Net Assets	369 902 857
					Share Premium	
					Share Capital	
					Revaluation Reserve	2 058 390
					Fair Value Adjustment Reserve	
Accumulated Surplus	250 688 532					

## 2. FINANCIAL PERFORMANCE

### A. Efficiency

<b>1</b>	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%		29%
					Total Operating Revenue	194 046 915
					Depreciation - Revalued Portion <i>(Only populate if depreciation line item in the Statement of Financial Performance is based on the revalued asset value)</i>	
					Total Operating Expenditure	138 009 468
					Taxation Expense	

<b>2</b>	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		17%
					Total Electricity Revenue	23 428 352
					Total Electricity Expenditure	19 424 456

<b>4</b>	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		-47%
					Total Refuse Revenue	7 445 216
					Total Refuse Expenditure	10 923 677

### B. Distribution Losses

<b>1</b>	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		15%
					Number of units purchased and/or generated	26 275 380
					Number of units sold	22 278 982

### C. Revenue Management

1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts)/ previous number of Active Debtor Accounts x 100	Debtors System	None		22%
					Number of Active Debtors Accounts (Previous)	7 367
					Number of Active Debtors Accounts (Current)	8 959

2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue ) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		-12%
					CPI	7%
					Total Revenue (Previous)	194 046 915
					Total Revenue (Current)	171 717 262

3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants-previous period's Total Revenue excluding capital grants)/ previous period's Total Revenue excluding capital grants ) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI		4%
					CPI	7%
					Total Revenue Exl.Capital (Previous)	151 574 212
					Total Revenue Exl.Capital (Current)	158 360 743

### ABILITY OF THE MUNICIPALITY TO SPEND

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

**Table 46: Capital budget expenditure 2012-2013**

	2012 - 2013 (Actual)	2012 - 2013 (Budget)	2012 - 2013 (Variance)	2012 - 2013 (%)
Total Capital Budget Expenditure Audited	38 223 475	41 057 664	(2 834 189)	-7%



	2012 - 2013	2012 - 2013	2012 - 2013	2012 - 2013
	(Actual)	(Budget)	(Variance)	(%)
Total Capital Budget Expenditure Audited	31 841 232	44 809 065	(12 967 833)	-29%

Table 47: Percentage of salary budget (Cllr remuneration and employee costs) to operational budget

2013 – 2014 Budget - 42.51 %  
2012 – 2011 Budget - 36.40 %

Table 48: Percentage repairs and maintenance on total budget

2015-2016 Total budget- 8%  
2013 – 2014 Total Budget - 1.5 %  
2012 – 2011 Total Budget - 1.32 %

Table 49: Percentage of budgeted income realised for past 2 years per category

2010 – 2011 = 82%  
2011 – 2012 = 91%

Table 50: Debtors turnover rate

1.82 times

Table 51: Creditors turnover rate

32 Days

The table below highlights the actual expenditure for 2011 and 2012 to indicate the ability of the municipality to spend.

**Table 52: Expenditure 2012 & 2013**

	2013	2013	2013		2012	2012	2012
	R	R	R		R	R	R
	(Actual)	(Budget)	(Variance)		(Actual)	(Budget)	(Variance)
<b>BUDGET COMPARISONS</b>				<b>BUDGET COMPARISONS</b>			
<b>Operational</b>				<b>Operational</b>			
<b>Revenue by source</b>				<b>Revenue by source</b>			
Property taxes	4 001 011	4 174 416	(173 405)	Property taxes	4 197 252	3 427 815	769 437
Government Grants and Subsidies - Capital	22 106 014	22 091 031	14 983	Government Grants and Subsidies - Capital	41 478 066	18 248 550	23 229 516
Government Grants and Subsidies – Operating	107 758 386	125 317 376	(17 558 990)	Government Grants and Subsidies - Operating	76 493 759	136 180 859	(59 687 100)
Public Contributions and Donations	50 000	50 000	-				
Fines	50 455	25 000	25 455	Fines	69 300	20 000	49 300
Service Charges	23 335 928	24 300 180	(964 252)	Service Charges	16 655 202	17 576 330	(921 128)
Water Services Authority Contribution	9 286 090	9 734 836	(448 746)	Water Services Authority Contribution	9 286 090	9 286 090	-
Rental of Facilities and Equipment	558 046	267 000	291 046	Rental of Facilities and Equipment	375 048	211 000	164 048
Interest Earned - external investments	6 790 249	6 400 000	390 249	Interest Earned - external investments	4 915 084	4 800 000	115 084
Interest Earned - outstanding debtors	1 168 564	851 940	316 624	Interest Earned - outstanding debtors	1 136 907	923 080	213 827
Licences and Permits	1 680 258	990 000	690 258	Licences and Permits	950 871	530 000	420 871

Agency Services	579 596	410 000	169 596
Other Income	688 992	670 075	18 917
Actuarial Gains	-	-	-
	<b>178 053 591</b>	<b>195 281 854</b>	<b>(17 228 263)</b>
<b>Expenditure by nature</b>			
Employee Related Costs	(40 775 916)	(45 460 099)	4 684 183
Remuneration of Councillors	(8 386 846)	(8 565 156)	178 310
Debt Impairment	(3 638 197)	(5 264 520)	1 626 323
Depreciation and Amortisation	(11 675 067)	(13 028 700)	1 353 633
Impairment	(116 766)		(116 766)
Repairs and Maintenance	(3 597 561)	(3 101 953)	(495 608)
Actuarial losses	(935 818)	(428 520)	(507 298)
Finance Charges	(1 717 717)	(1 914 745)	197 028
Bulk Purchases	(15 130 377)	(17 303 100)	2 172 723
Grants and Subsidies Paid	(731 837)	(734 000)	2 163
Other Operating Grant Expenditure	(26 240 396)	(46 678 843)	20 438 447
General Expenses	(18 873 280)	(21 835 480)	2 962 200
Loss on disposal of PPE/Investment Property	(85 282)	-	(85 282)
	<b>(131 905 060)</b>	<b>(164 315 116)</b>	<b>32 495 337</b>
<b>Net Surplus for the year (After Discontinued Operations)</b>	<b>46 148 530</b>	<b>30 966 738</b>	<b>15 267 074</b>

Agency Services	462 566	479 000	(16 434)
Other Income	499 824	347 100	152 724
Actuarial Gains	632 639	-	632 639
	<b>157 152 609</b>	<b>192 029 824</b>	<b>(34 877 215)</b>
<b>Expenditure by nature</b>			
Employee related costs	(34 732 945)	(35 960 287)	1 227 342
Remuneration of Councillors	(7 158 923)	(7 161 105)	2 182
Debt Impairment	(1 332 557)	(3 643 830)	2 311 273
Depreciation and Amortisation	(10 810 725)	(9 412 270)	(1 398 455)
Asset Impairment	-		-
Repairs and Maintenance	(3 015 464)	(7 325 100)	4 309 636
Actuarial losses	(48 981)	-	(48 981)
Finance Charges	(1 570 656)	(702 575)	(868 081)
Bulk Purchases	(12 494 708)	(13 655 670)	1 160 962
Grants and Subsidies Paid	(798 812)	(800 000)	1 188
Other Operating Grant Expenditure	(33 748 293)	(67 668 535)	33 920 242
General Expenses	(14 765 959)	(16 488 450)	1 722 491
Loss on disposal of PPE/Investment Property	(458 428)	-	(458 428)
	<b>(120 936 451)</b>	<b>(162 817 822)</b>	<b>42 339 798</b>
<b>Net Surplus for the year (Before Discontinued Operations)</b>	<b>36 216 157</b>	<b>29 212 002</b>	<b>7 462 583</b>
Discontinued Operations (Health)	(68 355)	-	(68 355)

	2013	2013	2012
	R	R	R
Capital expenditure by vote	(Actual)	(Budget)	(Variance)
Executive & Council	101 609	150 000	(48 391)
Planning & Development	39 126	55 870	(16 744)
Corporate Services	464 004	550 000	(85 996)
Housing			-
Public Safety			-
Budget & Treasury	459 688	534 131	(74 444)
Road Transport	31 296 180	33 302 022	(2 005 842)
Water			-
Electricity	1 316 720	1 560 500	(243 780)
Community & Social Services	588 521	615 000	(26 479)
Sport & Recreation	2 837 721	2 918 071	(80 350)
Waste Management	1 119 906	1 372 070	(252 164)
	<b>38 223 475</b>	<b>41 057 664</b>	<b>(2 834 189)</b>

Net Surplus for the year (After Discontinued Operations)	36 147 803	29 212 002	7 394 229
	2012	2012	2012
	R	R	R
Capital expenditure by vote	(Actual)	(Budget)	(Variance)
Executive & Council	1 288 607	1 549 520	(260 913)
Planning & Development	1 071 111	1 265 000	(193 889)
Corporate Services	9 546 448	10 147 680	(601 232)
Housing		-	-
Public Safety	-	-	-
Budget & Treasury	778 594	784 130	(5 536)
Road Transport	16 704 941	22 708 470	(6 003 529)
Waste Water Management	-	3 091 305	(3 091 305)
Water	-	-	-
Electricity	2 228 567	4 355 000	(2 126 433)
Community & Social Services	110 515	103 000	7 515
Sport & Recreation	-	514 960	(514 960)
Waste Management	112 449	290 000	(177 551)
	<b>31 841 232</b>	<b>44 809 065</b>	<b>(12 967 833)</b>

**BUDGETED FINANCIAL PERFORMANCE (REVENUE & EXPENDITURE)**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	4 001	4 312	4 492	4 521	6 201	6 201	6 201	6 856	7 267	7 695
Service charges - electricity revenue	2	18 003	22 763	23 428	20 892	21 692	21 692	21 692	26 937	28 553	30 230
Service charges - refuse revenue	2	1 948	2 504	2 623	2 271	2 271	2 271	2 271	2 444	2 591	2 721
Rental of facilities and equipment		570	424	501	295	295	295	295	312	331	351
Interest earned - external investments		6 790	7 476	8 881	6 000	6 000	6 000	6 000	7 360	6 742	7 146
Interest earned - outstanding debtors		882	1 092	1 544	898	1 048	1 048	1 048	1 142	1 210	1 283
Fines		50	65	34	64	64	64	64	250	71	76
Licences and permits		1 680	1 750	1 139	1 208	1 208	1 208	1 208	2 231	2 365	2 507
Agency services		580	1 619	2 366	2 228	2 228	2 228	2 228	2 362	2 504	2 654
Transfers recognised - operational		107 758	103 398	111 527	119 988	122 266	122 266	122 266	143 637	141 282	137 632
Other revenue	2	747	5 844	1 824	387	2 132	2 132	2 132	2 197	2 329	2 468
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>143 010</b>	<b>151 248</b>	<b>158 361</b>	<b>158 751</b>	<b>165 406</b>	<b>165 406</b>	<b>165 406</b>	<b>195 728</b>	<b>195 245</b>	<b>194 762</b>
<b>Expenditure By Type</b>	-										
Employee related costs	2	30 793	40 018	48 001	55 967	61 774	61 774	61 774	72 099	75 002	78 639
Remuneration of councillors		8 387	8 858	9 980	10 630	10 760	10 760	10 760	11 729	12 432	13 178
Debt impairment	3	2 694	5 093	5 093	4 569	4 569	4 569	4 569	4 610	4 887	5 204
Depreciation & asset impairment	2	11 579	13 437	11 766	17 105	27 902	27 902	27 902	19 132	20 280	21 598

Finance charges		1 259	1 147	1 281	1 639	1 639	1 639	1 639	1 221	1 294	1 378
Bulk purchases	2	15 130	19 167	19 424	28 545	28 545	28 545	28 545	31 200	33 072	35 222
Transfers and grants		732	333	111	150	483	483	483	-	-	-
Other expenditure	4, 5	47 172	39 739	40 428	70 975	53 383	53 383	53 383	57 532	63 609	60 810
Loss on disposal of PPE		85	993	1 926	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>117 831</b>	<b>128 785</b>	<b>138 009</b>	<b>189 580</b>	<b>189 054</b>	<b>189 054</b>	<b>189 054</b>	<b>197 522</b>	<b>210 576</b>	<b>216 030</b>
<b>Surplus/(Deficit)</b>		<b>25 179</b>	<b>22 463</b>	<b>20 351</b>	<b>(30 829)</b>	<b>(23 649)</b>	<b>(23 649)</b>	<b>(23 649)</b>	<b>(1 794)</b>	<b>(15 332)</b>	<b>(21 268)</b>
Transfers recognised – capital		22 106	20 143	35 686	44 614	36 513	36 513	36 513	35 399	36 721	38 704
<b>Surplus/(Deficit) after taxation</b>		<b>47 285</b>	<b>42 606</b>	<b>56 037</b>	<b>13 786</b>	<b>12 865</b>	<b>12 865</b>	<b>12 865</b>	<b>33 605</b>	<b>21 389</b>	<b>17 436</b>
<b>Surplus/(Deficit) attributable to municipality</b>		<b>47 285</b>	<b>42 606</b>	<b>56 037</b>	<b>13 786</b>	<b>12 865</b>	<b>12 865</b>	<b>12 865</b>	<b>33 605</b>	<b>21 389</b>	<b>17 436</b>
<b>Surplus/(Deficit) for the year</b>		<b>47 285</b>	<b>42 606</b>	<b>56 037</b>	<b>13 786</b>	<b>12 865</b>	<b>12 865</b>	<b>12 865</b>	<b>33 605</b>	<b>21 389</b>	<b>17 436</b>

**Table 53: Budget 2009-2015**

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>										
Property rates	3 938	4 197	4 001	4 425	4 376	4 376	4 376	4 612	4 888	5 182
Service charges - electricity revenue	7 888	12 156	18 003	19 157	19 456	19 456	19 456	19 499	20 669	21 909
Service charges - water revenue	1 758	-	-	2 436	-	-	-	-	-	-
Service charges - sanitation revenue	765	-	-	1 093	-	-	-	-	-	-
Service charges - refuse revenue	1 626	1 749	1 948	2 171	2 171	2 171	2 171	2 223	2 356	2 497
Service charges – other	6 761	-	-	10 319	-	-	-	-	-	-
Rental of facilities and equipment	541	375	558	283	262	262	262	278	295	312
Interest earned - external investments	5 087	4 915	6 790	6 000	7 300	7 300	7 300	7 000	7 420	7 865
Interest earned - outstanding debtors	919	885	882	903	774	774	774	843	894	948

Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	54	69	50	25	60	60	60	60	64	67
Licences and permits	880	814	1 348	840	1 140	1 140	1 140	1 140	1 208	1 281
Agency services	803	600	912	561	1 731	1 731	1 731	1 802	1 910	2 025
Transfers recognised – operating	60 489	103 353	106 224	99 545	116 003	116 003	116 003	106 932	116 861	143 006
Other revenue	361	1 132	2 219	408	1 848	1 848	1 848	371	393	417
Gains on disposal of PPE	409	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>92 278</b>	<b>130 246</b>	<b>142 935</b>	<b>148 167</b>	<b>155 122</b>	<b>155 122</b>	<b>155 122</b>	<b>144 760</b>	<b>156 958</b>	<b>185 509</b>
<b>Expenditure By Type</b>										
Employee related costs	29 383	26 261	30 716	49 846	47 476	47 476	47 476	57 313	60 751	64 397
Remuneration of councillors	6 807	7 159	8 464	9 056	9 086	9 086	9 086	9 635	10 213	10 826
Debt impairment	2 332	829	2 694	5 580	3 953	3 953	3 953	4 270	4 526	4 797
Depreciation & asset impairment	8 433	10 480	11 792	13 810	14 542	14 542	14 542	15 224	16 138	17 106
Finance charges	681	1 566	1 718	2 319	2 120	2 120	2 120	1 639	541	573
Bulk purchases	10 328	12 495	15 130	20 072	20 072	20 072	20 072	26 677	28 278	29 975
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-	-
Transfers and grants	397	799	732	333	333	333	333	334	-	-
Other expenditure	33 171	48 441	47 616	43 190	57 807	57 807	57 807	42 373	42 624	42 743
Loss on disposal of PPE	2 414	447	85	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>93 946</b>	<b>108 477</b>	<b>118 947</b>	<b>144 207</b>	<b>155 388</b>	<b>155 388</b>	<b>155 388</b>	<b>157 465</b>	<b>163 070</b>	<b>170 417</b>
<b>Surplus/(Deficit)</b>	<b>(1 667)</b>	<b>21 769</b>	<b>23 987</b>	<b>3 959</b>	<b>(266)</b>	<b>(266)</b>	<b>(266)</b>	<b>(12 705)</b>	<b>(6 113)</b>	<b>15 092</b>
Transfers recognised – capital	33 626	14 619	23 641	26 624	39 478	39 478	39 478	30 355	34 070	36 499
Contributions recognised – capital	-	-	-	-	-	-	-	-	-	-

Contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>31 958</b>	<b>36 388</b>	<b>47 628</b>	<b>30 583</b>	<b>39 212</b>	<b>39 212</b>	<b>39 212</b>	<b>17 650</b>	<b>27 957</b>	<b>51 591</b>
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>31 958</b>	<b>36 388</b>	<b>47 628</b>	<b>30 583</b>	<b>39 212</b>	<b>39 212</b>	<b>39 212</b>	<b>17 650</b>	<b>27 957</b>	<b>51 591</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>31 958</b>	<b>36 388</b>	<b>47 628</b>	<b>30 583</b>	<b>39 212</b>	<b>39 212</b>	<b>39 212</b>	<b>17 650</b>	<b>27 957</b>	<b>51 591</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>31 958</b>	<b>36 388</b>	<b>47 628</b>	<b>30 583</b>	<b>39 212</b>	<b>39 212</b>	<b>39 212</b>	<b>17 650</b>	<b>27 957</b>	<b>51 591</b>

Table 54: Capital comparisons 2009-2015

Vote Description	R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure – Vote Multi-year expenditure to be appropriated</b>	2										
Vote 3 - Corporate Services		-	-	-	2 000	2 000	2 000	2 000	4 000	-	-
Vote 5 - Road Transport		-	-	-	-	-	-	-	18 554	12 038	8 189
Vote 10 - Sport & Recreation		-	-	-	-	-	-	-	4 793	5 379	11 910
Vote 12 – Electricity		-	-	-	-	-	-	-	1 508	4 202	2 800
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>28 855</b>	<b>21 620</b>	<b>22 899</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		656	1 289	102	1 000	822	822	822	1 625	-	-
Vote 2 - Planning & Development		1 886	1 071	39	350	10 084	10 084	10 084	100	-	-



Vote 3 - Corporate Services	8 193	9 546	6 011	900	210	210	210	400	-	-
Vote 4 - Budget & Treasury	551	615	460	500	500	500	500	500	-	-
Vote 5 - Road Transport	32 056	16 705	27 716	27 905	31 580	31 580	31 580	7 160	14 975	14 860
Vote 9 - Community & Social Services	99	111	89	3 150	3 633	3 633	3 633	7 850	7 560	10 660
Vote 10 - Sport & Recreation	25	-	2 374	3 994	7 294	7 294	7 294	-	-	-
Vote 11 - Public Safety	-	-	-	500	500	500	500	1 100	-	-
Vote 12 - Electricity	458	2 229	1 317	805	965	965	965	3 920	2 220	5 200
Vote 13 - Waste Management	17	112	117	4 050	2 140	2 140	2 140	4 970	350	400
<b>Capital single-year expenditure sub-total</b>	<b>43 941</b>	<b>31 677</b>	<b>38 223</b>	<b>43 154</b>	<b>57 727</b>	<b>57 727</b>	<b>57 727</b>	<b>27 625</b>	<b>25 105</b>	<b>31 120</b>
<b>Total Capital Expenditure - Vote</b>	<b>43 941</b>	<b>31 677</b>	<b>38 223</b>	<b>45 154</b>	<b>59 727</b>	<b>59 727</b>	<b>59 727</b>	<b>56 480</b>	<b>46 725</b>	<b>54 019</b>
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>	<b>9 400</b>	<b>11 450</b>	<b>6 572</b>	<b>4 400</b>	<b>3 532</b>	<b>3 532</b>	<b>3 532</b>	<b>6 525</b>	<b>-</b>	<b>-</b>
Executive and council	656	1 289	102	1 000	822	822	822	1 625	-	-
Budget and treasury office	551	615	460	500	500	500	500	500	-	-
Corporate services	8 193	9 546	6 011	2 900	2 210	2 210	2 210	4 400	-	-
<b>Community and public safety</b>	<b>124</b>	<b>111</b>	<b>2 462</b>	<b>7 644</b>	<b>11 427</b>	<b>11 427</b>	<b>11 427</b>	<b>13 743</b>	<b>12 939</b>	<b>22 570</b>
Community and social services	99	111	89	3 150	3 633	3 633	3 633	7 850	7 560	10 660
Sport and recreation	25	-	2 374	3 994	7 294	7 294	7 294	4 793	5 379	11 910
Public safety	-	-	-	500	500	500	500	1 100	-	-
<b>Economic and environmental services</b>	<b>33 942</b>	<b>17 776</b>	<b>27 755</b>	<b>28 255</b>	<b>41 664</b>	<b>41 664</b>	<b>41 664</b>	<b>25 814</b>	<b>27 013</b>	<b>23 049</b>
Planning and development	1 886	1 071	39	350	10 084	10 084	10 084	100	-	-
Road transport	32 056	16 705	27 716	27 905	31 580	31 580	31 580	25 714	27 013	23 049
<b>Trading services</b>		<b>2 341</b>	<b>1 434</b>	<b>4 855</b>	<b>3 105</b>	<b>3 105</b>	<b>3 105</b>			

		475							10 398	6 772	8 400
Electricity		458	2 229	1 317	805	965	965	965	5 428	6 422	8 000
Waste management		17	112	117	4 050	2 140	2 140	2 140	4 970	350	400
<b>Total Capital Expenditure – Standard</b>	3	<b>43 941</b>	<b>31 677</b>	<b>38 223</b>	<b>45 154</b>	<b>59 727</b>	<b>59 727</b>	<b>59 727</b>	<b>56 480</b>	<b>46 725</b>	<b>54 019</b>
<b>Funded by:</b>											
National Government		20 730	14 514	23 641	26 624	39 478	39 478	39 478	30 355	34 070	36 499
Provincial Government		12 896	105	–	–	–	–	–	–	–	–
<b>Transfers recognised – capital</b>	4	<b>33 626</b>	<b>14 619</b>	<b>23 641</b>	<b>26 624</b>	<b>39 478</b>	<b>39 478</b>	<b>39 478</b>	<b>30 355</b>	<b>34 070</b>	<b>36 499</b>
<b>Borrowing</b>	6	<b>8 337</b>	<b>16 481</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>		<b>1 978</b>	<b>577</b>	<b>14 583</b>	<b>18 530</b>	<b>20 249</b>	<b>20 249</b>	<b>20 249</b>	<b>26 125</b>	<b>12 655</b>	<b>17 520</b>
<b>Total Capital Funding</b>	7	<b>43 941</b>	<b>31 677</b>	<b>38 223</b>	<b>45 154</b>	<b>59 727</b>	<b>59 727</b>	<b>59 727</b>	<b>56 480</b>	<b>46 725</b>	<b>54 019</b>

## OPERATING BUDGET

Table F1 details the Operating Budget for the five years starting 1 July 2012 and ending 30 June 2017

Table 55: Operating Budget

Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	4 197	4 001	4 312	4 612	4 298	4 521	4 755	5 000
Service charges - electricity revenue	12 156	18 003	22 753	19 489	19 658	20 892	22 385	23 984
Service charges - sanitation revenue	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1 749	1 948	2 504	2 223	2 223	2 271	2 315	2 354
Rental of facilities and equipment	375	570	424	278	278	295	312	331
Interest earned - external investments	4 915	6 790	7 476	7 000	7 000	6 000	5 000	4 500
Interest earned - outstanding debtors	885	882	1 092	843	843	898	957	1 020
Fines	69	50	65	60	60	64	67	71
Licences and permits	951	1 680	1 750	1 140	1 140	1 208	1 281	1 358
Agency services	463	580	1 619	1 802	2 102	2 228	2 362	2 504
Transfers recognised - operational	76 494	107 758	103 398	106 932	109 077	119 988	142 330	142 694
Other revenue	2 358	747	5 844	371	365	387	410	434
<b>Total Revenue (excluding capital transfers)</b>	<b>104 610</b>	<b>143 010</b>	<b>151 248</b>	<b>144 760</b>	<b>147 043</b>	<b>158 751</b>	<b>182 174</b>	<b>184 250</b>
<b>Expenditure By Type</b>								
Employee related costs	26 261	30 793	40 018	57 313	49 405	55 967	60 439	65 270
Remuneration of councillors	7 159	8 387	8 858	9 635	9 843	10 630	11 481	12 399
Debt impairment	829	2 694	5 093	4 270	4 270	4 569	4 980	5 379
Depreciation & asset impairment	10 480	11 579	13 437	15 224	15 550	17 105	18 815	20 695
Finance charges	1 566	1 259	1 147	1 639	1 639	1 639	1 628	1 614
Bulk purchases	12 495	15 130	19 167	26 677	26 677	28 545	31 116	33 606
Transfers and grants	799	732	333	334	334	150	150	150
Other expenditure	49 664	47 172	39 739	42 373	48 306	70 975	67 623	66 323
Loss on disposal of PPE	447	85	993	-	-	-	-	-
<b>Total Expenditure</b>	<b>109 700</b>	<b>117 831</b>	<b>128 785</b>	<b>157 465</b>	<b>156 024</b>	<b>189 580</b>	<b>196 232</b>	<b>205 435</b>
<b>Surplus/(Deficit)</b>	<b>(5 090)</b>	<b>25 179</b>	<b>22 463</b>	<b>(12 705)</b>	<b>(8 981)</b>	<b>(30 829)</b>	<b>(14 058)</b>	<b>(21 184)</b>
Transfers recognised - capital	41 478	22 106	20 143	30 355	42 089	44 614	47 291	50 129
<b>Surplus/(Deficit) for the year</b>	<b>36 388</b>	<b>47 285</b>	<b>42 606</b>	<b>17 650</b>	<b>33 108</b>	<b>13 786</b>	<b>33 233</b>	<b>28 945</b>

Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>								
Property rates	4 197	4 001	4 312	4 612	4 298	4 521	4 755	5 000
Service charges - electricity revenue	12 156	18 003	22 763	19 499	19 658	20 892	22 385	23 984
Service charges - sanitation revenue	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1 749	1 948	2 504	2 223	2 223	2 271	2 315	2 354
Rental of facilities and equipment	375	570	424	278	278	295	312	331
Interest earned - external investments	4 915	6 790	7 476	7 000	7 000	6 000	5 000	4 500
Interest earned - outstanding debtors	885	882	1 092	843	843	898	957	1 020
Fines	69	50	65	60	60	64	67	71
Licences and permits	951	1 680	1 750	1 140	1 140	1 208	1 281	1 358
Agency services	463	580	1 619	1 802	2 102	2 228	2 362	2 504
Transfers recognised - operational	76 494	107 758	103 398	106 932	109 077	119 988	142 330	142 894
Other revenue	2 356	747	5 844	371	365	387	410	434
<b>Total Revenue (excluding capital transfers)</b>	<b>104 610</b>	<b>143 010</b>	<b>161 248</b>	<b>144 760</b>	<b>147 043</b>	<b>158 751</b>	<b>182 174</b>	<b>184 250</b>
<b>Expenditure By Type</b>								
Employee related costs	26 261	30 793	40 018	57 313	49 405	55 967	60 439	65 270
Remuneration of councillors	7 159	8 387	8 858	9 635	9 843	10 630	11 481	12 399
Debt impairment	829	2 694	5 093	4 270	4 270	4 569	4 980	5 379
Depreciation & asset impairment	10 480	11 579	13 437	15 224	15 550	17 105	18 815	20 695
Finance charges	1 566	1 259	1 147	1 639	1 639	1 639	1 628	1 614
Bulk purchases	12 485	15 130	19 167	26 677	26 677	28 545	31 116	33 606
Transfers and grants	799	732	333	334	334	150	150	150
Other expenditure	49 664	47 172	39 739	42 373	48 306	70 975	67 623	66 323
Loss on disposal of PPE	447	85	993	-	-	-	-	-
<b>Total Expenditure</b>	<b>109 700</b>	<b>117 831</b>	<b>128 785</b>	<b>157 465</b>	<b>156 024</b>	<b>189 580</b>	<b>196 232</b>	<b>205 435</b>
<b>Surplus/(Deficit)</b>	<b>(5 090)</b>	<b>25 179</b>	<b>22 463</b>	<b>(12 705)</b>	<b>(8 981)</b>	<b>(30 829)</b>	<b>(14 058)</b>	<b>(21 184)</b>
Transfers recognised - capital	41 478	22 106	20 143	30 355	42 089	44 614	47 291	50 129
<b>Surplus/(Deficit) for the year</b>	<b>36 388</b>	<b>47 285</b>	<b>42 606</b>	<b>17 650</b>	<b>33 108</b>	<b>13 786</b>	<b>33 233</b>	<b>28 945</b>

## **CAPITAL BUDGET & BORROWING**

Table 56 details the estimated Capital Investment Programme for the five years starting 1 July 2012 and ending 30 June 2017. The Capital Investment Programme remains subject to the availability of funding.

Table 56: Capital Investment Programme

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 3 - Corporate Services	-	-	-	4 000	-	-	-	-
Vote 5 - Road Transport	-	-	-	18 554	9 720	13 163	19 362	20 975
Vote 9 - Community & Social Services	-	-	-	-	-	5 200	9 210	1 240
Vote 10 - Sport & Recreation	-	-	-	4 793	4 366	-	-	-
Vote 12 - Electricity	-	-	-	1 508	-	-	-	-
Vote 13 - Waste Management	-	-	-	-	-	4 552	4 682	-
<b>Capital multi-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 855</b>	<b>14 086</b>	<b>22 915</b>	<b>33 254</b>	<b>22 215</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Executive & Council	9 400	137	714	1 625	825	1 770	70	-
Vote 2 - Planning & Development	-	851	7 319	100	270	1 190	-	-
Vote 3 - Corporate Services	82	570	2 191	400	9 700	6 950	1 500	-
Vote 4 - Budget & Treasury	4 730	371	330	500	500	800	750	400
Vote 5 - Road Transport	2 287	18 592	18 947	7 160	28 074	3 653	12 617	11 020
Vote 6 - Waste Water Management	14 030	12 488	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	490	1 095	1 160
Vote 9 - Community & Social Services	-	714	2 868	7 850	6 255	3 070	3 260	3 621
Vote 10 - Sport & Recreation	-	2 838	2 781	-	1 000	8 818	2 325	5 875
Vote 11 - Public Safety	-	-	-	1 100	1 600	100	250	250
Vote 12 - Electricity	1 149	1 279	775	3 920	3 750	5 130	14 938	3 880
Vote 13 - Waste Management	-	1 120	1 741	4 970	4 430	1 320	680	2 860
<b>Capital single-year expenditure sub-total</b>	<b>31 677</b>	<b>38 960</b>	<b>37 665</b>	<b>27 625</b>	<b>56 404</b>	<b>33 291</b>	<b>37 485</b>	<b>29 066</b>
<b>Total Capital Expenditure - Vote</b>	<b>31 677</b>	<b>38 960</b>	<b>37 665</b>	<b>56 480</b>	<b>70 490</b>	<b>56 206</b>	<b>70 739</b>	<b>51 281</b>

d) Debt Management Framework

Table below details the Debt Management Framework. Loans will only be raised to fund the Capital Investment Programme.

Table: Debt Management Framework

Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	46 976	29 570	35 066	28 531	26 148	30 775	32 668	34 696
Government - operating	129 267	101 456	102 171	106 932	109 077	119 988	142 330	142 694
Government - capital	-	22 106	32 219	30 355	42 089	44 614	47 291	50 129
Interest	4 915	6 790	7 476	7 843	7 548	6 898	5 957	5 520
<b>Payments</b>								
Suppliers and employees	(106 146)	(109 123)	(109 280)	(137 130)	(160 489)	(170 032)	(174 941)	(182 229)
Finance charges	(1 566)	(1 259)	(1 147)	(1 639)	(1 639)	(1 639)	(1 628)	(1 614)
Transfers and Grants	(799)	(732)	(333)	(334)	(334)	(150)	(150)	(150)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>72 647</b>	<b>48 808</b>	<b>66 173</b>	<b>34 559</b>	<b>22 401</b>	<b>30 454</b>	<b>51 528</b>	<b>49 046</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	764	213	236	-	-	-	-	-
Decrease (increase) in non-current debtors	-	14	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(31 677)	(39 029)	(37 665)	(56 480)	(70 490)	(56 206)	(70 739)	(51 281)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(30 913)</b>	<b>(38 802)</b>	<b>(37 429)</b>	<b>(56 480)</b>	<b>(70 490)</b>	<b>(56 206)</b>	<b>(70 739)</b>	<b>(51 281)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Borrowing long term/refinancing	8 473	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(21)	191	417	43	75	82	88	96
<b>Payments</b>								
Repayment of borrowing	(329)	(728)	(805)	(899)	(791)	(827)	(893)	(965)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>8 123</b>	<b>(537)</b>	<b>(388)</b>	<b>(856)</b>	<b>(716)</b>	<b>(745)</b>	<b>(805)</b>	<b>(869)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>49 858</b>	<b>9 469</b>	<b>28 356</b>	<b>(22 777)</b>	<b>(48 805)</b>	<b>(26 498)</b>	<b>(20 016)</b>	<b>(3 104)</b>
Cash/cash equivalents at the year begin:	66 272	116 147	125 897	101 623	154 253	105 448	78 950	58 934
Cash/cash equivalents at the year end:	116 147	125 897	154 253	78 846	105 448	78 950	58 934	55 830

## GRANTS RECEIVABLE

Table below details the Grants receivable in the 2015/16 and outer years

Table 57: Grants Receivable

Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework		
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand				
<b>RECEIPTS:</b>	1, 2			
-				
<b>Operating Transfers and Grants</b>				
<b>National Government:</b>		142	140	136
Local Government Equitable Share		437	082	372
Finance Management		129	128	124
Nat Gov: Councillor Remuneration		273	548	272
Municipal Systems Improvement		1 600	1 625	1 700
Municipal Infrastructure (MIG)		6 712	7 019	7 330
Nat Gov: EPWP Incentive Grant		930	957	1 033
		1 863	1 933	2 037
<b>Provincial Government:</b>		2 059	-	-
Libraries		1 200	1 200	1 260
<b>District Municipality:</b>		-	-	-
<b>Total Operating Transfers and Grants</b>	5	143 637	141 282	137 632
<b>Capital Transfers and Grants</b>				
<b>National Government:</b>		35 399	36 721	38 704
Municipal Infrastructure (MIG)		35 399	36 721	38 704
<b>Total Capital Transfers and Grants</b>	5	35 399	36 721	38 704
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		179 036	178 003	176 336

Table 58: Grants expenditure

			% Spent
<b>22.01</b>	<b>Equitable share</b>	<b>98 133 000.00</b>	<b>100%</b>
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>22.02</b>	<b>National: Municipal Infrastructure Grant (MIG)</b>		
	Balance unspent at beginning of year	11 733 700.87	
	Current year receipts	27 953 000.00	
	Conditions met - transferred to revenue	-40 672 772.37	
	<b>Balance transferred to current (assets)/liabilities</b>	<b>-986</b>	<b>102%</b>
		<b>071.50</b>	



	Municipal Infrastructure Grant was utilised to construct roads, pavement, community centres and storm water channels in Senqu.		
<b>22.03</b>	<b>National: Municipal Finance Management (MFMA)</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	1 550 000.00	
	Conditions met - transferred to revenue	-1 550 000.00	
	<b>Balance transferred to current liabilities</b>	<b>-</b>	<b>100%</b>
	Municipal Finance Management grant was used to implement the reforms of the MFMA.		
<b>22.04</b>	<b>National: Municipal Systems Improvement Grant</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	890 000.00	
	Conditions met - transferred to revenue	-890 000.00	
	<b>Balance transferred to current liabilities</b>	<b>-</b>	<b>100%</b>
	The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register.		
<b>22.05</b>	<b>National: Neighbourhood Development Partnership Grant</b>		
	Balance unspent at beginning of year	7 919 056.27	
	Current year receipts	-	
	Conditions met - transferred to revenue	-	
	Returned to the National Revenue Fund	-1 307 000.00	
	Transferred to Trade Payables - Note 8	-4 602 000.00	
	<b>Balance transferred to current liabilities</b>	<b>2 010 056.27</b>	<b>100%</b>
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2014	
		R	
<b>22.06</b>	<b>National: Expanded Public Works Program</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	2 160 000.00	
	Conditions met - transferred to revenue	-2 160 000.00	
	<b>Balance transferred to current liabilities</b>	<b>-</b>	<b>100%</b>
	The EPWP was utilised to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities.		
<b>22.07</b>	<b>National: Dept Sport (Youth Development - Sport Fields)</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	1 398 033.00	
	Conditions met - transferred to revenue	-1 398 033.00	
	<b>Balance transferred to current liabilities</b>	<b>-</b>	<b>100%</b>
	The Department of Sport grant was utilised to provide new and improved sport facilities within the Senqu area.		
<b>22.09</b>	<b>Prov Gov - Housing (Hillside)</b>		

	Balance unspent at beginning of year	453 422.84	
	Current year receipts	-	
	Conditions met - transferred to revenue	-220 771.43	
	<b>Balance transferred to current liabilities</b>	<b>232 651.41</b>	<b>49%</b>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
<b>22.12</b>	<b>Herschel People's Housing</b>		
	Balance unspent at beginning of year	7 719 168.60	
	Current year receipts – Interest	334 343.54	
	Conditions met - transferred to revenue	-	
	<b>Balance transferred to current liabilities</b>	<b>8 053 512.14</b>	<b>0%</b>
	The grant was received to be utilised for housing projects within the Senqu area.		
<b>22.19</b>	<b>Vuna Awards</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	470 000.00	
	Conditions met - transferred to revenue	-110 404.09	
	<b>Balance transferred to current liabilities</b>	<b>595.91</b>	<b>23%</b>
	The Vuna Awards grant was a monetary prize won by Senqu Municipality in the Vuna awards contest in February 2014. The funds will be utilized towards addressing any matters raised in the audit reports that may prevent the municipality from obtaining a Clean Audit.		
<b>22.20</b>	<b>Alien Vegetation Eradication</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	1 523 000.00	
	Conditions met - transferred to revenue	-878 087.61	
	<b>Balance transferred to current liabilities</b>	<b>644 912.39</b>	<b>58%</b>
	The grant was received from the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to remove alien species and there after conduct Land rehabilitation within the area.		
<b>22.21</b>	<b>Libraries</b>		
	Balance unspent at beginning of year	-	
	Current year receipts	1 200 000.00	
	Conditions met - transferred to revenue	-1 200 000.00	
	<b>Balance transferred to current liabilities</b>	<b>-</b>	<b>100%</b>

## FINANCIAL STRATEGY

Senqu Municipality's three (3) key economic sectors are Agriculture, Services and the Tourism sectors, with the latter (Tourism), having the potential to grow. Data from the 2007 Community Survey indicates that the

average unemployment rate of the Senqu Municipal area is 16%. This number only includes people that are actively searching for work. The percentage of people who are unemployed but not looking for work is 65%, compared to 54% for the district and 48% for the province

## **a) REVENUE RAISING STRATEGY**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 86 per cent annual collection rate for consumer revenue;
- National Treasury guidelines; Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 59: Detail Investment Information**

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>									
<b>Parent municipality</b>									
Deposits - Bank		67 095	65 867	113 870	43 983	95 388	95 279	98 785	108 067
<b>Total:</b>		<b>67 095</b>	<b>65 867</b>	<b>113 870</b>	<b>43 983</b>	<b>95 388</b>	<b>95 279</b>	<b>98 785</b>	<b>108 067</b>

**Table 60 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months		Rand thousand	
<b>Parent municipality</b>				
Standard Bank 38 848 973 1 - 005	32 day	32 day	42 694	2 202
Standard Bank 38 848 606 6 - 001	Call Deposit	Call Deposit	5 137	265
Standard Bank 38 848 916 2 - 002	Call Deposit	Call Deposit	47 449	2 448
<b>TOTAL INVESTMENTS AND INTEREST</b>			<b>95 279</b>	<b>4 915</b>

## **b) ASSET MANAGEMENT STRATEGY**

Ultimately the objectives of Senqu Local Municipality regarding Asset Management are to ensure that the assets of the Municipality are properly managed and accounted. The Municipality has developed a comprehensive asset and insurance policy that fully complies with the GRAP standards and regulations placed upon the municipality by the National Treasury. The policy has been implemented and some of the key aspects included in the policy are as follows

- Ensuring the accurate recording of asset information
- The accurate recording of asset movements
- Exercising strict physical control over all assets (Security,

- safekeeping, housekeeping)
- Providing correct and meaningful management information in conjunction with other disciplines and functions which, inter alia, includes Insurance
- Compliance with Council's Insurance and Payments Procedure
- Effecting adequate insurance of all assets
- Maintenance of Council's Assets

By clearly clarifying roles and responsibilities within the asset management policy the municipality has ensured that clear reporting lines exists to ensure that proper account can be given regarding the use/misuse of all municipal assets.

Senqu Local Municipality ensures that proper provision is made within the asset management policy for the maintenance of assets through comprehensive maintenance plans. Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Municipal Manager / Chief Financial Officer of the municipality for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned. The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

## **ASSET REGISTER**

The Municipality has compiled a Fully GRAP Compliant Asset register that were tested by during the 2011 - 2012 Audit were no findings pertaining to the Register were raised by the AG.

Senqu municipality has implemented a system of internal control consistent with the transcripts of the Municipal Asset Management and Insurance policy to ensure that all assets are accounted for and the useful lives of the assets are reassessed on an annual basis.

Strict Control is also kept on the safeguarding of assets to ensure that service delivery is not disrupted in any way or form.

## **c) CAPITAL FINANCING STRATEGY**

Capital Projects are mainly funded from the Municipal Infrastructure Grant but the Municipality maintains efficient and effective revenue collection systems and effective cash flow management systems and is thus in a able position to fund shortfalls from grant funding. Through the above practices, Senqu Municipality is also able to fund capital expenditure not covered in the MIG as an example vehicles and office equipment.

## **FINANCIAL MANAGEMENT POLICIES (See Annexure 1)**

### a) General Financial Philosophy

The financial policies of Senqu Local Municipality has been drafted to provide a sound control environment thus ensuring adherence to all applicable laws regulations and to comply with best practices thereby providing a secure and fraud free management of financial services. The Budget and Finance Office has the following objectives:

- To Fully Implement the MFMA and all its underlying reforms
- Implementation of the Legislature relevant to municipal finances and the municipality as a whole
- Effective Management of the Budget Process
- Providing strategic and specialised financial information and guidance through the Budget and Treasury Office in support of all other departments within the municipality
- Efficient and Effective Management of Municipal Revenue
- Establishment of a Supply Chain Management Unit and the full implementation of the municipal supply chain policy
- Establishment of a FBS/Indigent Support Unit
- Maintenance of Internal Financial Control
- Production of Financial Performance Reports
- To Retain the Financial Viability of the Municipality
- To have an Unqualified Audit Report

### b) Budget and Integrated Development Policy

This policy sets out the budgeting principles, which Senqu Municipality will follow in preparing each annual budget, as well as the Integrated Development Planning process through which the municipality will prepare a strategic integrated development plan, for each five-year period. This policy is not reviewed annually

c) Tariff Policy

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 (see part 9 of this policy) of the Municipal Systems Act No. 32 of 2000. In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

**All tariffs are be indicated in a tariff schedule, which is an addendum to the policy and is reviewed and amended by Council annually.**

d) Rates Policy

The local Government: Municipal Property Rates Act, No 6 of 2004, requires that the municipality develop and adopt a rates policy in consistent with the Act on the levying of rates on rate able property in the municipality. The rates policy of the municipality to which residents / communities will annually be invited to make suggestions / recommendations during its budget process will be based on public submissions, which can include oral presentations and bilateral meetings in order to obtain clarity on the submitted comments as well as further motivations thereof. The municipal council will not take the final decision before such a consultative processes has been concluded.

In developing and adopting this Rates Policy, the Council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

The Constitution enjoins local government to be developmental in nature, in addressing the service delivery properties of our country and promoting the economic and financial viability of our municipalities. There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities. Revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of discriminatory legislation and practices and it is essential that municipalities exercise their powers to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation and which take account of historical imbalances and the burden of rates on the poor.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property Rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households; these includes installing and maintaining streets, roads, sidewalks, lighting and cemeteries. Property Rates revenue is also used to fund municipal administration and costs of governance, which facilitate community participation on issues of Integrated Development Plans and municipal budgets. Property Rates revenue would under circumstances be used to fund any function of the municipality.

Municipal Property Rates are set, collected and used locally. Revenue from property rates is spent within the municipality, where the citizens and voters have a choice on how the revenue is spent as part of the Integrated Development Plan and budget processes, which the municipality will annually invites the community to input prior the council's adoption of the budget. The following principles will ensure that the municipality treats persons liable for rates equitable:

Equity – the municipality will treat ratepayers with similar properties the same;

Affordability – the ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor / indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

In applying its Valuations and Rates Policy, the Council adheres to all the requirements, as set out below, of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.



#### e) Free Basic Services and Indigent Support Policy

The principles of the Free Basic Services and Indigent Support Policy is as follows:

- Ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and service charges of those who can afford to pay;
- To link this policy with the municipality's *IDP (Integrated Development Plan)*, *LED (Local Economic Development)* initiatives and poverty alleviation programmes;
- To promote an integrated approach to free basic service delivery; and
- To engage the community in the development and implementation of this policy.

#### Policy Objectives

In support of the above principles the objective of this policy will be to ensure the following:

- The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;
- The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households; and
- Co-operative governance with other spheres of government.

#### f) Credit Control & Debt Collection Policy

The purpose is to ensure that credit control forms an integral part of the financial system of the local authority, and to ensure that the same procedure be followed for each individual case.

Principles underlined in the policy is as follows

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.

- All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- A copy of the application form including conditions of services must be handed to every new customer on date of application for services. A copy of the council's Credit Control and Debt Collection policy would on request is made available to any customer.
- Billing is to be accurate, timeous and understandable.
- The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- Incentives and disincentives may be used in collection procedures.
- Results will be regularly and efficiently reported by the Municipal Manager and the Mayor.
- Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- Debtors may be referred to third party debt collection agencies and may be placed on the National Credit Rating list.

g) Supply Chain Management Policy

The objective of this policy is to provide a policy framework within which the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

- gives effect to – section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act;

- is fair, equitable, transparent, competitive and cost effective;
- complies with – the Regulations; and
- any minimum norms and standards that may be prescribed in terms of section 168 of the Act; is consistent with other applicable legislation and guidelines, being:
- does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

Banks Act, 1990, Act No.94 of 1990
The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996
Public Finance Management Act, 1999, Act No 1 of 1999
Preferential Procurement Policy Framework Act, 2000, Act No 5 of 2000
Local Government: Municipal Systems Act, 2000, Act No 32 of 2000
Construction Industry Development Board Act, 2000, Act 38 of 2000
Preferential Procurement Regulations, 2001, Pertaining to the Preferential Procurement Framework Act – Notice 22549 of 10 August 2001 – Gazette No 7134
Broad-Based Black Economic Empowerment Act, 2003, Act No 53 of 2003
Municipal Finance Management Act, 2003, Act No 56 of 2003
National Treasury: MFMA Circular No. 2 – Supply Chain Management – 20 July 2004
Prevention and Combating of Corruption Activities Act, Act No 12 of 2004.
Local Government: Municipal Finance Management Act, 2003 – Municipal Supply Chain Management Regulations – Notice 868 of 2005
National Treasury: MFMA Circular No. 22 – Model Supply Chain Management Policy – 25 August 2005
Code of Conduct for Supply Chain Management Practitioners and Other Role Players - August 2005.
Municipal Supply Chain Management Model Policy – August 2005.
National Treasury: MFMA Circular No.25 – Supply Chain Management Guide, General Conditions of Contract and Municipal Bidding Documents – 3 October 2005.
A Guide for Accounting Officers of Municipalities and Municipal Entities – October 2005
General Conditions of a Contract – October 2005.
Senqu Municipality: Supply Chain Management Policy Ver. 1 – 1 January 2006.
Government Notice 44 – Exemptions from Supply Chain Management Regulations – 18 January 2006.
National Treasury: MFMA Circular No. 29 – Supply Chain Management Issues – 31 January 2006.

Although there were findings raised by the AG related to SCM in the 2013 – 201 Audit the municipality remains committed to the full implementation of the SCM Regulations, MFMA requirements and the Municipal SCM policy.

Control measures were implemented to address the findings raised by the AG and additional controls were also implemented by the municipality to be in a position to ensure compliance with SCM and PPPFA regulations such as the redesign of evaluation forms and the reviewal of the SCM policy. Senqu Municipality also plans to implement demand and procurement management plans for the 2013- 2014 Budget year to ensure enhanced compliance through proper planning.

The SCM unit within the municipality is also being capacitated and this in turn ensures that the SCM Policy is being properly enforced and implemented.

#### **Policy reviewal and implementation**

Policies are reviewed annually to ensure compliance, relevance and consistency. The last review was on the 28 May 2013. Policies are implemented but have not been promulgated into by-laws and gazetted as an adopted Council policy is taken as a legal document of Council. However the municipality is looking at the legal necessity of turning some financial policies into bylaws. All other policies and bylaws are contained in Annexure 1 with their reviewal dates.

### **ACCOUNTING PRINCIPLES & POLICIES APPLIED IN ANNUAL FINANCIAL STATEMENTS**

#### **Basis of Preparation**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

<b>GRAP 5</b>	Borrowing Costs
<b>GRAP 6</b>	Consolidated and Separate Financial Statements
<b>GRAP 7</b>	Investments in Associate
<b>GRAP 8</b>	Interests in Joint Ventures
<b>GRAP 101</b>	Agricultural
<b>GRAP 102</b>	Intangible assets
<b>IPSAS 20</b>	Related Party Disclosure
<b>IFRS 3 (AC140)</b>	Business Combinations
<b>IFRS 4 (AC141)</b>	Insurance Contracts
<b>IFRS 6 (AC143)</b>	Exploration for and Evaluation of Mineral Resources
<b>IAS 12 (AC102)</b>	Income Taxes
<b>SIC – 21 (AC421)</b>	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
<b>SIC – 25 (AC425)</b>	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
<b>SIC – 29 (AC429)</b>	Service Concessions Arrangements – Disclosures
<b>IFRIC 2 (AC435)</b>	Members' Shares in Co-operative Entities and Similar Instruments
<b>IFRIC 4 (AC437)</b>	Determining whether an Arrangement contains a Lease
<b>IFRIC 9 (AC442)</b>	Reassessment of Embedded Derivatives
<b>IFRIC 12 (AC445)</b>	Service Concession Arrangements
<b>IFRIC 13 (AC446)</b>	Customer Loyalty Programmes
<b>IFRIC 14 (AC447) IAS19</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
<b>IFRIC 15 (AC448)</b>	Agreements for the Construction of Real Estate
<b>IFRIC 16 (AC449)</b>	Hedges in a Net Investment in a Foreign Operation

The municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011

GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

The municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3. A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements. In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated

replacement cost. The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

## **PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

## **GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

## **COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## **PRESENTATION OF BUDGET INFORMATION**

As noted, GRAP 24 is not yet effective, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

## MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

## STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
<b>GRAP 6 (Revised)</b>	<b>Consolidated and Separate Financial Statements</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 7 (Revised)</b>	<b>Investments in Associate</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 8 (Revised)</b>	<b>Interest in Joint Ventures</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 18</b>	<b>Segment Reporting</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>Unknown</b>
<b>GRAP 24</b>	<b>Presentation of Budget Information in Financial Statements</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>1 April 2012</b>
<b>GRAP 25</b>	<b>Employee Benefits</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>Unknown</b>
<b>GRAP 103</b>	<b>Heritage Assets</b> No adjustments necessary as the municipality has any significant heritage assets.	<b>1 April 2012</b>
<b>GRAP 104</b>	<b>Financial Instruments</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>Unknown</b>



<b>GRAP 105</b>	<b>Transfer of Functions Between Entities Under Common Control</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 106</b>	<b>Transfer of Functions Between Entities Not Under Common Control</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 107</b>	<b>Mergers</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

## **RESERVES**

### ***Capital Replacement Reserve (CRR)***

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

### ***Valuation Roll Reserve***

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of the Valuation roll

### ***Employee Benefits Reserve***

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus/(deficit).

### ***Revaluations Reserve***

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17. All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

## **LEASES**

### ***Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

### ***Municipality as Lessor***

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

## **GOVERNMENT GRANTS AND RECEIPTS**

### ***Unspent Conditional Government Grants and Receipts***

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable. Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies. This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### ***Unpaid Conditional Government Grants and Receipts***

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been

met. They represent unpaid government grants, subsidies and contributions from the public. The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

## **UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable. Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public. This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## **PROVISIONS**

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient

objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
  
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

## **EMPLOYEE BENEFITS**

### ***(a) Post Retirement Medical Obligations***

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(b) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

**(d) Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

***(e) Pension and Retirement Fund Obligations***

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

**PROPERTY, PLANT AND EQUIPMENT**

***Initial Recognition***

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and

condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### ***Subsequent Measurement – Cost Model***

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### ***Subsequent Measurement – Revaluation Model***

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.



### ***Depreciation and Impairment***

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	5 – 50	Buildings	100
Pedestrian Malls	20	Specialist vehicles	10 - 30
Electricity	15 – 50	Other vehicles	5 - 20
Water	15 – 20	Office equipment	5 - 10
Sewerage	10 – 50	Furniture and fittings	7 - 15
		Bins and containers	5 - 10
<b><u>Community</u></b>		Specialised plant and	
Buildings	100	Equipment	10 - 30
Recreational Facilities	20 – 30	Other plant and	
Security	5	Equipment	2 - 12
Halls	20 – 30	Landfill sites	30
Libraries	20 – 30		
Parks and gardens	15 – 20	Emergency equipment	10 - 30
Other assets	15 – 20	Computer equipment	5 - 10
<b><u>Heritage Assets and Land</u></b>			
Heritage assets	50- Infinite		
Land	Infinite		
<b><u>Finance lease assets</u></b>			

Office equipment	3		
Other assets	5 – 6		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### ***De-recognition***

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### ***Land and Buildings and Other Assets – Application of Deemed Cost (Directive 7)***

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

## **INTANGIBLE ASSETS**

### ***Initial Recognition***

An intangible asset is an identifiable non-monetary asset without physical substance. An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

### ***Subsequent Measurement – Cost Model***

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### ***Amortisation and Impairment***

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is

in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	5
Computer Software Licenses	5

***De-recognition***

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

***Application of deemed cost (Directive 7)***

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

**INVESTMENT PROPERTY**

***1.17.1 Initial Recognition***

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### ***Subsequent Measurement – Fair Value Model***

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

### ***De-recognition***

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### ***Application of deemed cost - Directive 7***

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

## **NON-CURRENT ASSETS HELD FOR SALE**

### ***Initial Recognition***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### ***Subsequent Measurement***

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## **IMPAIRMENT OF NON-FINANCIAL ASSETS**

### ***Cash-generating assets***

Cash-generating assets are assets held with the primary objective of generating a commercial return. The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### ***Non-cash-generating assets***

Non-cash-generating assets are assets other than cash-generating assets. The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance. The value in use of a non-cash-generating asset is

the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance. The carrying amounts

of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

## **INVENTORIES**

### ***Initial Recognition***

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### ***Subsequent Measurement***

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. In general, the basis of allocating cost to inventory items is the weighted average method. Cost of land held for sale is assigned by using specific identification of their individual costs.

## **FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

### ***Initial Recognition***

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair



value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

### ***Subsequent Measurement***

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

### ***Receivables***

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method. For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

### ***Payables and Annuity Loans***

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **De-recognition of Financial Instruments**

#### Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### ***Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **REVENUE**

### ***Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages. Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets. Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

After a period of twelve months all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain. Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

### ***Revenue from Exchange Transactions***

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Billings for electricity are done monthly for customers served directly by the municipality as per the norms and standards of revenue management. Monthly billing and reconciliation takes place ESKOM bills the other customers. Customers are billed annually for rates Does the municipality bill consumers on a monthly basis as per norms and standards of revenue management

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units. Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method. Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits. Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### ***Grants, Transfers and Donations (Non-Exchange Revenue)***

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

### ***(a) Related parties include:***

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and

- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

***(b) Key management personnel include:***

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the

Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability. Management judgement is required when recognising and measuring contingent liabilities.

## **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

### ***Post Retirement Medical Obligations and Long Service Awards***

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.



### ***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets. For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### ***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

### ***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time. For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's

valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### ***Provisions and Contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

### ***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

### ***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

### ***Provision for Task Implementation and Back Pay***

The provision at 30 June 2010 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system. The provision at 30 June 2011 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

### ***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

### ***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

### ***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

### ***Componentisation of infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

**INFORMATION & COMMUNICATION TECHNOLOGY**

The ICT Software used by Senqu Local Municipality is summarized in Table below:

**Table 61: ICT software**

Company	Programme	Application
Sebata	Sebata Financial Management Solutions	Sebata Consolidated Billing Sebata Ledger Sebata Payroll Sebata Assets Sebata Stores

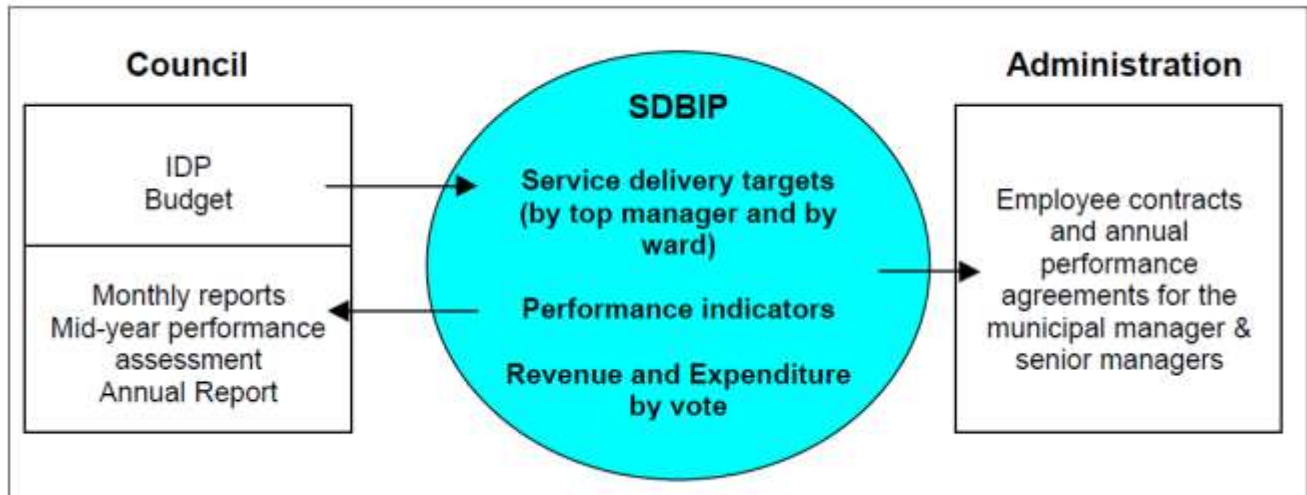
		Sebata Cashbook Sebata Financial Management Solutions
Microsoft	MS Office	MS Word MS Excel MS PowerPoint MS Publisher Adobe MS Outlook
Sophos	Sophos Protection	Sophos Antivirus
Standard Bank	Standard Bank Business Online	Standard Bank Business Online Electronic Banking
SITA	eNatis	Motor Vehicle Registration

Source: Senqu Municipality

### ***THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)***

The SDBIP marries the Performance Management System (as required under the Municipal Systems Act) with the budget and the IDP. Thus the strategic direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The requirement for a SDBIP is stated in the MFMA, Section 69.3 (a) and is the responsibility of the Municipal Manager.



The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through links with the IDP.
- The Financial Imperative – Through links with the budget.
- The Performance Imperative – Through links to the PMS.

The National Treasury Circular 13 describes in detail the approach to SDBIP's. Basically there is a high level SDBIP for the purpose of high level monitoring by stakeholders, backed by full detail all the way to the individual employee.

Starting from the top (the Municipal Manager), all staff operate under KPI's within the identified KPA's. In effect the SDBIP becomes the implementation tool for the budget and the basis for non-financial monitoring.

At the highest level every vote could be aligned to an IDP strategy and some KPI's. These then form the basis of future monthly and in year reporting. The draft SDBIP is contained in Annexure 8.

## VALUATION ROLL

The Municipal Valuation date is the 1<sup>st</sup> of July 2012, thus all valuations must this be completed before the 31<sup>st</sup> of January 2012. In terms of The Municipal Property Rates Act of 2004, Chapters 4, 5, 6 and 7 a municipal valuation process of all properties within a municipal jurisdiction must be completed by a municipality within the ambit of this Act (MPRA) given due consideration to rights of community members and the municipality/municipal valuator which will conduct the valuation process.

In order to achieve the above an informative consultation process with community members will be embarked upon explaining activities to be performed by the municipal valuers and the rights of community members regarding the entire valuation process. This informative consultation process will also afford community members an opportunity to gain clarity on any uncertain matters which they might have. All meeting dates and places will be formally advertised and placed on notice boards in municipal offices.

It is expected that meetings will take place either in the last week of September 2012 or the first week of October 2012. Formal dates for meetings to be held, will be decided upon at a meeting with the Municipal Valuator on the 11<sup>th</sup> of September 2012 and published in newspapers and notice boards on the 12<sup>th</sup> of September 2012. This has been done and the process of lodging objections closed on the 26<sup>th</sup> March 2013.

In conclusion the new updated valuation roll will be implemented in the 2013 – 2014 budget year and the updated valuation roll to be implemented in the 2013 – 2014 budget year. Yearly Supplementary Valuation Rolls are being conducted in years that general valuation does not take place

## **INTERNAL CONTROLS**

The municipality has an effective internal control system in place as evidenced by its VUNA award for 3 consecutive year's unqualified audit. All issues relating to the audit are addressed in Chapter 5

Risk management is conducted on an annual basis by the IPME department and risk assessment reports generated quarterly per department.

## **SUPPLY CHAIN MANAGEMENT**

**Senqu has three committees as per legislation. "Bid Committees"** means the committees established in terms of this policy to prepare bid specifications, bid documentation, evaluate responsive bids and, where so authorised, to adjudicate responsive bids and any reference in section 117 of the Municipal Finance

Management Act to municipal tender committees shall be construed as a reference to the aforesaid committees. These Committees are:

the Specification/Evaluation Committee which ensures that the specifications are correct and in line with scm legislation and approves them for tender advertisements. The Committee also evaluates bids once tenders have closed and forwards their recommendations to the Adjudication Bid Committee. The second committee is the Adjudication Bid Committee that makes the final decision on tenders except for tenders above R 10 million. The specifications and evaluation committee are combined as this assists with administrative efficiency.

The Unit consists of 5 staff members who handle bids, demand management, contract management as well as managing the database and issuing orders. The Unit assists the Compliance and Governance Manager to monitor the performance of suppliers and bidders. The turnover rate of procurement is between 45 days if adjudication sits regular

Contract management is with PMU at Technical Services. This will be moved to Development & Town Planning Services from 1 July 2015

## **SCOA STANDARD CHARTER OF ACCOUNTS**

The Municipal Council has taken a resolution to execute the SCOA project. The Municipality has established a SCOA Steering committee and has restructured its Organogram to fit into the SCOA requirements.

All budget projects have been structured to be SCOA compliant and the financial system has been restructured to accommodate this. SCOA will be fully implemented during the 2015/16 Financial year.



# CHAPTER NINE: PERFORMANCE MANAGEMENT SYSTEM

## MONITORING & EVALUATION SYSTEM & UNIT

The M& E unit consists of the Manager Governance and Compliance with a risk management Officer and an intern. The Unit is responsible for the development of the Institutional SDBIP, departmental SDBIP, S56 Managers scorecards and that of the line managers' scorecards. In order for administrative efficiency the PMS scorecard is combined with the SDBIP so that only one report is received. The SDBIP, PMS and IDP objectives, strategies, indicators and targets are aligned on an annual basis.

Particular care has been paid to this in 2012/13 and 13/14 in order to avoid the AG's comments on 11/12 that the SDBIP targets were poorly worded thus making it difficult to determine whether the target had been met. The AG also claimed that the IDP objectives did not match those of the SDBIP and PMS. This was due to a change of wording which has been addressed and now the wording is the same in all documents.

The evaluations for the 2011/12 financial year are still being completed in line with the PMS policy which states that Directors will only be formally assessed once the final annual report is approved. It is therefore impossible to accurately state what percentage of the SDBIP targets was met.

In order to verify that targets are met, the responsible individuals submit quarterly reports with their portfolio of evidence to the Head of Department who checks it and submits it to the Manager Governance & Compliance. It is checked and a quarterly assessment is carried out. Formal assessment is only done in the second and fourth quarter.

## MPAC

The MPAC has been trained again just to ensure that members are fully conversant with their roles and responsibilities. The Committee meets and discusses the departmental quarterly reports submitted by Directors and develops an annual S 46 report on performance assisted by the Manager Compliance and

governance. As MPAC has improved its capacity so has its ability to interrogate the evidence provided by directors to support that targets have been met. As a result in the 2013/14 financial year the compliance with reporting and submitting of evidence has been much improved.

## **PMS IMPLEMENTATION AND ROLL OUT**

The Municipality has implemented an organisational PMS as per the policy adopted in 2009. However roll out to Managers below S56 has been delayed due to the limited functioning of the local labour forum which fails to sit regularly. In addition the lack of job descriptions for all posts and implementation of the organogram hindered the process as well. As a result the developed roll out plan has not been implanted. It is however planned that the PMS will be implemented to line managers in 2013/14.

## **ABRIDGED PERFORMANCE MANAGEMENT POLICY**

The policy was adopted by Council on the 3<sup>rd</sup> July 2009.

### • Applicability

This policy will be applicable to the following employees:

- All s56 Managers duly defined as per s56 of the Municipal Systems Act No 32 of 2000.
- All other Managers and staff who have negotiated fixed-term contracts;
- All other employees within Senqu Municipality for whom this policy is currently applicable in terms of the approved roll-out plan.

### • Governance Issues

This policy and framework will be guided by the following governance and supporting structures:

- Council (required to adopt this policy);
- The Municipal Manager who facilitates the review and amendment of this policy;
- The Municipal Manager who assumes responsibility for the management and administration of performance management application; and

- The Performance Management Audit Committee and in their absence the Audit Committee.

## PHASES WITHIN THE PERFORMANCE MANAGEMENT CYCLE

The Performance Management Cycle is an annual cycle, which extends from 1 July to 30 June, during which time performance is measured against performance targets. Through the process of planning, steps are taken to “plan” and set performance targets for the period under review. These targets will be ultimately linked to the achievement of the IDP objectives, which represent the targets of the Municipality as a whole.

These targets in turn, are reflected within the Municipal Scorecard (as high-level strategic objectives) which is further translated into departmental objectives (as reflected also within the SDBIP’s or Service Delivery Budget and Implementation Plans. These, in turn, are translated into plans, which become increasingly operational, as they cascade from the senior Managers down to the lower levels. Each “subordinates” scorecard (depicting performance objectives and performance indicators) are drawn from the Manager’s scorecard immediately above.

### Linking employee Performance Management System to Human Resources Development

Every employee is required to have Action / Personal Development Plan (PDP) that is prepared at the end of the formal performance review. These plans should form a key part of the skills development planning process. Individual learning plans provide the opportunity for managers/supervisor and employees to jointly identify training and development needs in order to improve job performance and to support individual development.

The individual learning plan, which must be completed annually, records the actions agreed to improve performance and to develop skills and competencies. It must be developed to improve the ability of the employee in their current job but also to enable employees to take on wider responsibilities and extend their capacity to undertake a broader role where appropriate. Where applicable it should also contribute to enhancing the potential of individuals to carry out higher level jobs. This plan contributes to the achievement of continuous development of employees within the Municipality. Action/ Personal Development Plan should be used by the head of department to develop a comprehensive departmental skills plan. Managers are encouraged to use development activities other than training courses when preparing the learning plan. Such development activities may include:

## MEASURING EMPLOYEE PERFORMANCE

The criteria to measure an employees performance will be reflected on the scorecard as outputs (or agreed upon objectives, i.e. targets). This describes exactly what was required to be achieved during the year.

Performance Indicators for each output will be provided and will detail the evidence that will be required to assess whether or not the employee has achieved the required objective.

The Inputs are reflected as the knowledge, skills and behaviour required in order achieving these objectives i.e. the inputs or behaviour required.

Actual performance will be evaluated on evidence provision and a Portfolio of Evidence will be required to be presented for each individual in order to substantiate the achievement or non-achievement of required performance in all areas highlighted within the scorecard. A column entitled "Reason for Deviation" will be completed to indicate reasons for over or under achievement, so that ratings may be made within context.

#### WEIGHTINGS AND INDICATORS (Technical, CMC's and CCR's)

Indicators or inputs will be weighted according to the impact within each Key Performance area on the scorecard. As a standard rule of thumb and to ensure a balanced scorecard-type approach to performance management, 80% of the final score will be made up of the Technical Key Performance Areas for the position in question. CCR's (cross-cutting results) or Core Management Competencies (CMC's) will account for 20% of the final score.

KPA's are scored out of 160 points for the technical aspect of the position and 40 points are allocated to the CMC's or CCR's. As in the case of all indicators, these inputs will detail the required targets and the evidence required in order to measure actual performance achieved against the desired objectives.

#### THE FINAL ASSESSMENT (June/July)

The final assessment for the Performance Cycle occurs during July (after the July – June annual term), however no ratification and payment of bonuses may be concluded until the Annual Report for the same period under review has been submitted to and ratified by Council.

#### The Performance Review Panel (Final Review)

The constitution of the Performance Management System Evaluation Committee will be as follows:

- Municipal Manager
- Mayor
- Portfolio Councillor for Corporate Services
- Portfolio Councillor for Budget & Treasury

Note: Should the Mayor not be able to attend, two (2) different Portfolio Councillors may be appointed to take his/her place.

- All s56 Managers
- Performance Management System Facilitator

It must be noted that all the s56 Managers will form part of this Evaluation Committee and will be part of the panel that reviews each Manager, including the Municipal Manager, in this way ensuring that a Peer Review takes place.

The Performance Management System Facilitator is appointed externally and it will be required of this person to remain responsible for monitoring and facilitating the process of review.

This person will consolidate the final results that will be presented to the Chairman for ratification and for final presentation to the appointed Audit Committee for approval and verification.

**Note:** The constitution of this panel will be required to change for lower levels and this reflects the level for s56's; Departments shall submit to the Top Management Meeting how their panels shall be constituted. Should there be a deviation to the panel constitution for any reason council must ratify such deviation

Portfolio of Evidence

Managers and staff will be required to provide evidence to support any formal evaluation of performance and will prepare for assessment meetings accordingly. It is critical to ensure that documentary evidence to support performance achieved, is obtained and filed in a folder termed a *Portfolio of Evidence*. This document is made available to both the Evaluation and Audit Committee, so that assessment results are able to be justified. SDBIP's may be used as supplementary evidence.

Recognition and Qualifying for Bonuses

s56 Employees

The Municipal performance regulations for s56 Managers promulgated in August 2006 in respect of the management of performance evaluation outcomes indicate that a performance bonus ranging between 5% and 14% of all-inclusive remuneration package may be paid in order to recognize **outstanding** performance.

Special Cases (s56)

S56`s that entered into contracts prior to implementation of the Regulations Performance management system are treated as special cases in terms of section 39(2) of the regulations. One aspect of the contracts deal with payment of performance bonuses up to 20% ,in terms of contract arrangement this remains applicable. In determining the performance bonus, it must be noted that the relevant percentages will be required to be based on the overall rating calculated by using the applicable assessment rating calculator. Accordingly:

Special Cases

<b>RATING</b>	<b>ASSESSMENT SCORE</b>	<i>PERFORMANCE REWARD</i>
5	81 - 100	Total Package x 20% (full bonus)
4	66 - 80	Total Package x 20% x percentage (%) obtained in formal evaluation
3	51 - 65	Total Package x 20% x percentage (%) obtained in formal evaluation
2	36 - 50	Total Package x 20% x percentage (%) obtained in formal evaluation
1	Less than 35	No Reward

Other s56 Managers (In terms of Municipal performance regulations promulgated in August 2006)

- A score of 130% to 149% is awarded a performance bonus ranging from 5 – 9% and
- 150 and above is awarded a performance bonus ranging from 10% - 14%.

On the “new” performance management system the Managers need to have their bonus worked out on the sliding scale framework. This score is now out of 200 points. Their bonus should be scored as follows :

<b>Score / 200</b>	<b>% Bonus</b>
130 (65%)	5
134 (67%)	6
138 (69%)	7
142 (71%)	8
146 (73%)	9
150 (75%)	10
154 (77%)	11
158 (79%)	12
162 (81% - 82 %)	13
166+ (83% +)	14

The KPA's must constitute 80% of the final score and the CCR's must constitute 20% of the final score. This means that the KPA's must be scored out of 160 and the CCR's must be scored out of 40 points.

Scoring

If the KPA's received an individual score based on the 5-point rating scale, then you would determine the weighted scores as follows :

*Example :*

If there were 6 individual indicators under a specific KPA, you use the 5- point rating scale for each individual indicator. If you scored 19 points out of a possible 30 (6 individual indicators multiplied by 5) and the weighted score was out of 15, the following is the method to calculate the final weighted score for

the indicator : 19 divided by 30 multiplied by 15 = 9.5.

#### Merit Increases (s56)

Merit increases for Section 56 (special cases included) employees are determined by performance against targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit increase. The merit increase is calculated as a percentage of the total annual package of the employee, as indicated in the table hereunder.

<b>Score / 200</b>	<b>Merit increase</b>
130 to 141 (65% - 70%)	1% of total package
142 to 149 (71% - 74%)	2% of total package
150 to 161 (75% - 80%)	3% of total package
162 to 165 (81 - 82%)	4% of total package
166+ (83% +)	5% of total package

Budgetary provision must be made on an annual basis for the payment of performance bonuses and merit increases as indicated above.

#### All other employees

Bonuses will be awarded between 2% and 5% of the total package.

- 80% achievement i.e. scores of 160 and above will be entitled to a performance bonus of 5%.
- 75% - 80% i.e. scores of 150 to 159 will receive a bonus of 4%.
- 73% - 75% ie. scores 146 to 149 will receive a bonus of 3%; and
- 70% - 72% ie. scores of 140 to 145 will receive a bonus of 2%.

Scores of below 70% will not receive a bonus.

#### Merit Increase (Employees below s56)

Merit increases for employees below s56 will be phased in once the necessary Budgetary provisions have been made and only employees achieving 80% and above will receive 1% of total package as a "once off" payment in lieu of a merit increase.

### **MANAGEMENT OF POOR PERFORMANCE**

Poor performance will be required to be managed through ongoing coaching, however, formal coaching is required to be conducted during the September and March reviews.

Failing the required improvement in performance, the employees will be managed as per the terms of their performance contracts and agreements (as per s56 and fixed-term contract positions) whilst other employees will have performance managed as per the Disciplinary and Grievance Procedure and Code.



**ANNEXURE 1: MUNICIPAL SECTOR PLANS, POLICIES & BY LAWS**

<b>PLANS</b>	<b>STATUS</b>
Senqu Spatial Development Framework,	Reviewed 2013 from 2009. Adopted 28 May 2013 review. This is the last review of the document. A new document will be drafted in the 2014/15 financial year.
Detailed Disaster Management Plan	Adopted 29 April 2011
Land Use Management Framework	Principles contained in SDF
Land Use Management System	Principles contained in SDF
Integrated Waste Management Plan	Adopted June 2013
Air quality management plan	No as not a licensing authority
Environmental Management Plan	Yes as part of the Joe Gqabi District Municipality Environmental Management Plan 2011. The plan ensures that all resources are utilised in a sustainable manner
3 year financial plan	Yes and draft adopted 30 March 2012
Work Place Skills Plan	Yes done annually
Employment Equity Plan	Yes done annually
HR Strategy	Yes done annually
Organogram	Adopted 2015
PMS framework and policy	Adopted 2010. Revised 2011 and draft adopted 11 March 2011
A. Water Service Development Plan (all WSAs) B. Water Resources Plan C. Forestry Plan	Not applicable but utilised information from JGDM WSDP 2010
Integrated Transport Plan	Not applicable as not transport authority but utilised JGDM revised ITP 2010
Housing Plan	Adopted 2011
Energy Master Plan (Electricity Master Plan)	Not applicable as not a REDS

<b>PLANS</b>	<b>STATUS</b>
Local Economic Development Strategy/Plan	Adopted June 2013
Infrastructure Investment Plan (EPWP)	Yes as part of the CIP and EPWP but will be changed
Area Based Plans ( Land Reform)	Not applicable as done for DM's but utilised JGDM ABP 2010
Anti-Corruption Strategy	Yes
Municipal turnaround strategy	Yes but completed
Tourism Plan	Adopted 31 January 2013

**MUNICIPAL POLICIES  
CORPORATE SERVICES**

<b>POLICY</b>	<b>DATE APPROVED</b>	<b>REVIEWAL DATE</b>	<b>RESPONSIBLE DEPARTMENT / PERSON</b>
1. Integrated Human Resources Development Strategy	30/11/2010	Due for reviewal	HR, Corporate Services
2. Leave	30/11/2010	To be adopted by Council on 03 July 2013	Corporate Services
3. Recruitment and Selection Policy	27/03/2013	Annually	Corporate Services
4. Bursary	25/09/2007	To be adopted by Council on 03 July 2013	Corporate Services
5. Promotion, Demotion and Transfer policy	27/03/2013	Annually	Corporate Services
6. Occupational Health and Safety	20/09/2007	Due for review	Corporate Services and OHS Committee
7. Telephone Usage	27/03/2013	Annually	Corporate Services
8. Cellular phones & 3 G policy	27/03/2013	Annually	Corporate Services
9. Career Development and succession Planning	30//11/2010	Due for Reviewal	Corporate Services and Training Committee
10. Remuneration	30/11/2010	To be adopted by Council on 03 July 2013	Top Management / Corporate Services
11. Subsistence and Travel Allowance	27/03/2013	Annually	Corporate Services
12. Standby and Overtime	20/09/2007	To be revoked – included in remuneration policy	Corporate Services
13. Employees Assistance Programme	11/2005	Due for reviewal	Corporate Services
14. Relieving Allowance Policy	11/2005	To be adopted by Council on 03 July 2013	Corporate Services
15. HIV/Aids Policy	11/2005	Due for reviewal	MMS' Office and Corporate Services

16. Code of Conduct For Staff Members	2005	Due for reviewal	Corporate Services
17. Sexual Harassment	11/2005	Due for reviewal	Corporate Services
18. Relocation	27/03/2013	Annually	Corporate Services
19. Employment Equity Policy	09/2010	Due for reviewal	Corporate Services
20. Scarce Skills Remuneration Policy	2010	To be adopted by Council on 03 July 2013	Corporate Services
21. Exit Interview Form	11/2005	Due for reviewal	Corporate Services
22. Fleet Management Policy	July 2009	Due for reviewal	Corporate Services
23. Housing Subsidy Scheme	November 2005	Due for reviewal	Corporate Services
24. Inclement Weather	February 2005	Due for reviewal	Corporate Services and OHS Committee
25. Confidentiality of Information and Classification Policy	11/2005	Due for reviewal and Approval	Corporate Services
26. Business Continuity Plan		Due for reviewal and Approval	Corporate Services
27. Termination of Employment		To be adopted by Council on 03 July 2013	Corporate Services
28. Central registry Manual	27/03/13		Corporate Services
29. Records Management Policy	27/03/13		Corporate Services
30. Access to information Manual	27/03/13		Corporate Services
31. Housing Policy	27/03/13		Corporate Services

## FINANCE

POLICY	DATE APPROVED	REVIEWAL DATE	RESPONSIBLE DEPARTMENT / PERSON
32. Supply Chain Management	30 June 2006	Annually 28 May 2013	Corporate and Finance
33. Credit Control & Debt Collection	11/2005	Annually 28 May 2013	Corporate and Finance
34. Cash Management Banking and Investment Policy	11/2005	Annually 28 May 2013	Corporate and Finance
35. Asset Management and Insurance Policy	28 May 2013	Annually	Corporate and Finance
36. Rates and valuation policy	11/2005	Annually 28 may 2013	Corporate and Finance
37. Information System Security/ IT Policy	13/02/2009	Annually	Corporate and Finance
38. Tariff and Services Policy	2007/03/30	Annually 28 May 2013	Corporate and Finance
39. Free Services and Indigent Subsidy Policy	28 May 2013	Annually	Corporate, Technical and Finance
40. Credit Card Policy	No dates on the policy	Due for review	Corporate and Finance
41. Borrowing, funding and reserve policy	28 May 2013		Corporate and Finance

42. Disaster Recovery Plan	2012/02/22		Finance
43. Tariff and Service Policy	2012/03/20		Finance
44. Disaster Recovery Plan	2012/01/22		Finance
45. IS Security Policy	2012/03/23		Finance

#### IPME

POLICY	DATE APPROVED	REVIEWAL DATE	RESPONSIBLE DEPARTMENT / PERSON
46. Customer Care Policy	11/12/12	Annually	Corporate and IPME
47. LED Strategy	June 2013	Annually	Corporate and IPME
48. Communication & Information Disclosure	11/2005	Annually	Corporate and IPME
49. Performance Management Policy	3 July 2009	Annually	Corporate and IPME
50. Code of Conduct for councillors	2005	Annually	Corporate and IPME
51. IDP & Budget Policy	2013	Annually	Finance & IPME
52. HIV & Aids Strategy	27 March 2013		Corporate & IPME

#### MUNICIPAL MANAGER'S OFFICE

POLICY	DATE APPROVED	REVIEWAL DATE	RESPONSIBLE DEPARTMENT / PERSON
53. Fraud and Management Policy	14/08/2009	Annually	Corporate and MMs' Office
54. Grant In Aid	02/2007		Corporate and MMs' Office
55. Risk Management and Frame Work	25/ 06/ 2009	Annually	Corporate and MMs' Office
56. Audit Charter	25/06/2009	Annually	Corporate and MMs' Office
57. Delegation Framework and Register	2008	Due for reviewal	Corporate and MMs' Office
58. Notice of Gathering			Corporate and MMs' Office
59. Internal Audit Plan	2011/06/30		Corporate and MMs' Office
60. Declaration of Interest Guide/ Policy	2006/03/31		Corporate and MMs' Office
61. Affirmative Action and Employment Equity Frame Policy	No dates on the policy	Annually	Corporate and MMs' Office
62. Gender Equity Policy	No dates on the policy	Annually	Corporate and MMs' Office
63. Public Participation Policy	2009	Annually	Corporate and MMs' Office
64. Fraud Prevention Plan	December 2008	Annually	MMs' Office
65. Promotion of Access to Information Act of 2000 Manual	No dates found in the policy	Due for Review	MMs' Office
66. Framework for use , management and maintenance of Mayoral vehicle	1 October 2013		MM's Office

## TECHNICAL SERVICES

POLICY	DATE APPROVED	REVIEWAL DATE	RESPONSIBLE DEPARTMENT / PERSON
67. Standard Operating Procedures			Technical Services and Corporate Services
68. Subdivision, rezoning consolidation and building policy	2009/07	Annually	Corporate and IPME
69. Spatial Development Framework	2009	28 May 2013	Technical Services
70. Housing Scheme / Subsidy Policy	2005/11		IPME and Corporate Services

## COMMUNITY SERVICES

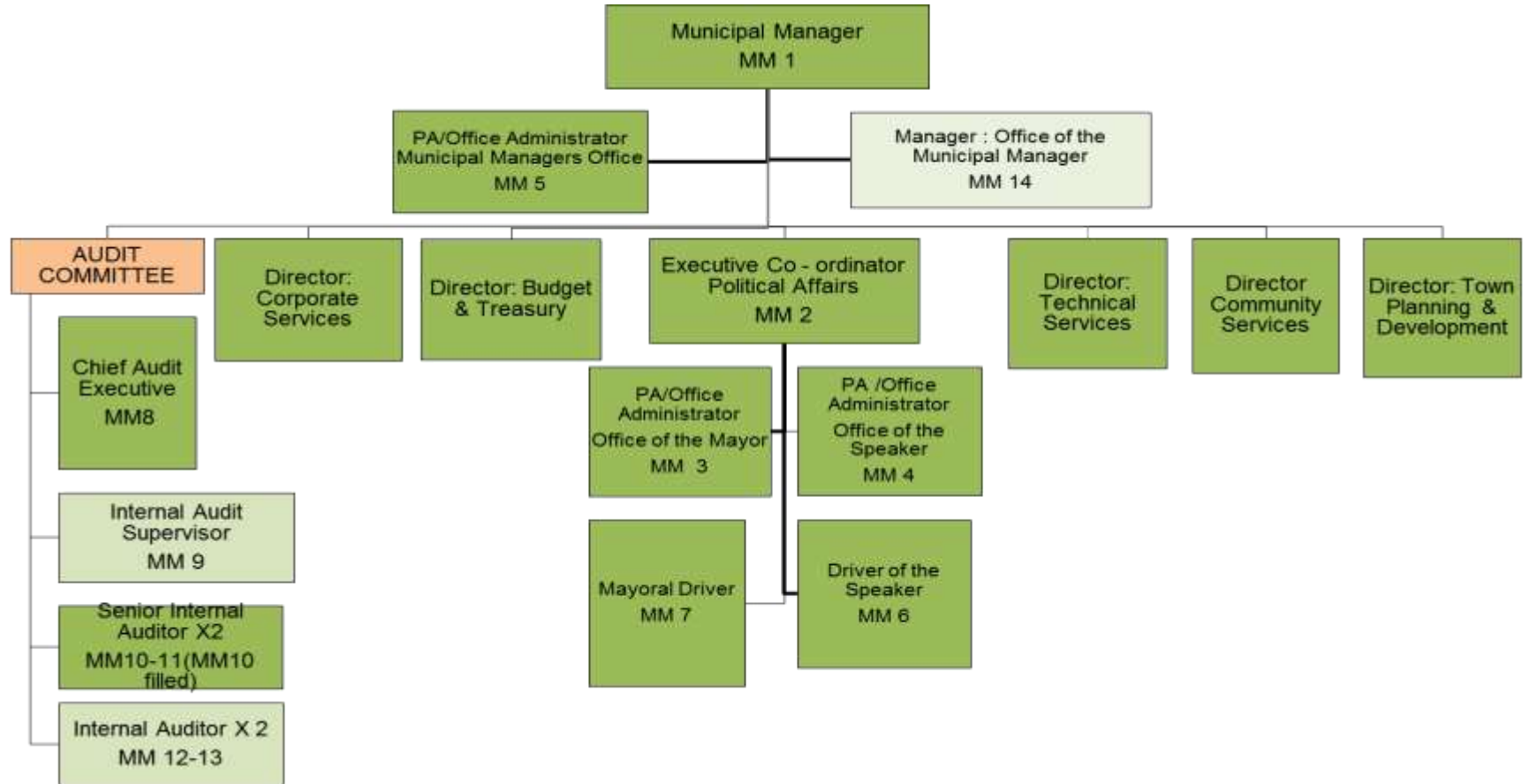
POLICY	DATE APPROVED	REVIEWAL DATE	RESPONSIBLE DEPARTMENT / PERSON
71. Pauper Burial	18 March 2010		Community and Corporate Services
72. Waste Management Policy			Community and Corporate Services
73. Catering Policy	30 September 2011		Community Services
74. Use of Municipal Facilities	Still to be approved by the Council.		Community Services

BY LAW 2005/2/09	SUBJECT
Abattoirs	Abattoirs
Advertising signs and the disfigurement of the front or frontages of streets	Advertising signs and the disfigurement of the front or frontages of streets
Air pollution	Air pollution
Airport	Airport
Animals, birds and domestic pets	Animals, birds and domestic pets
Building control regulations	Building control regulations
Business and street trading	Business and street trading
Cemeteries	Cemeteries
Childcare services	Childcare services
Commonage	Commonage
Community Fire services	Community Fire services

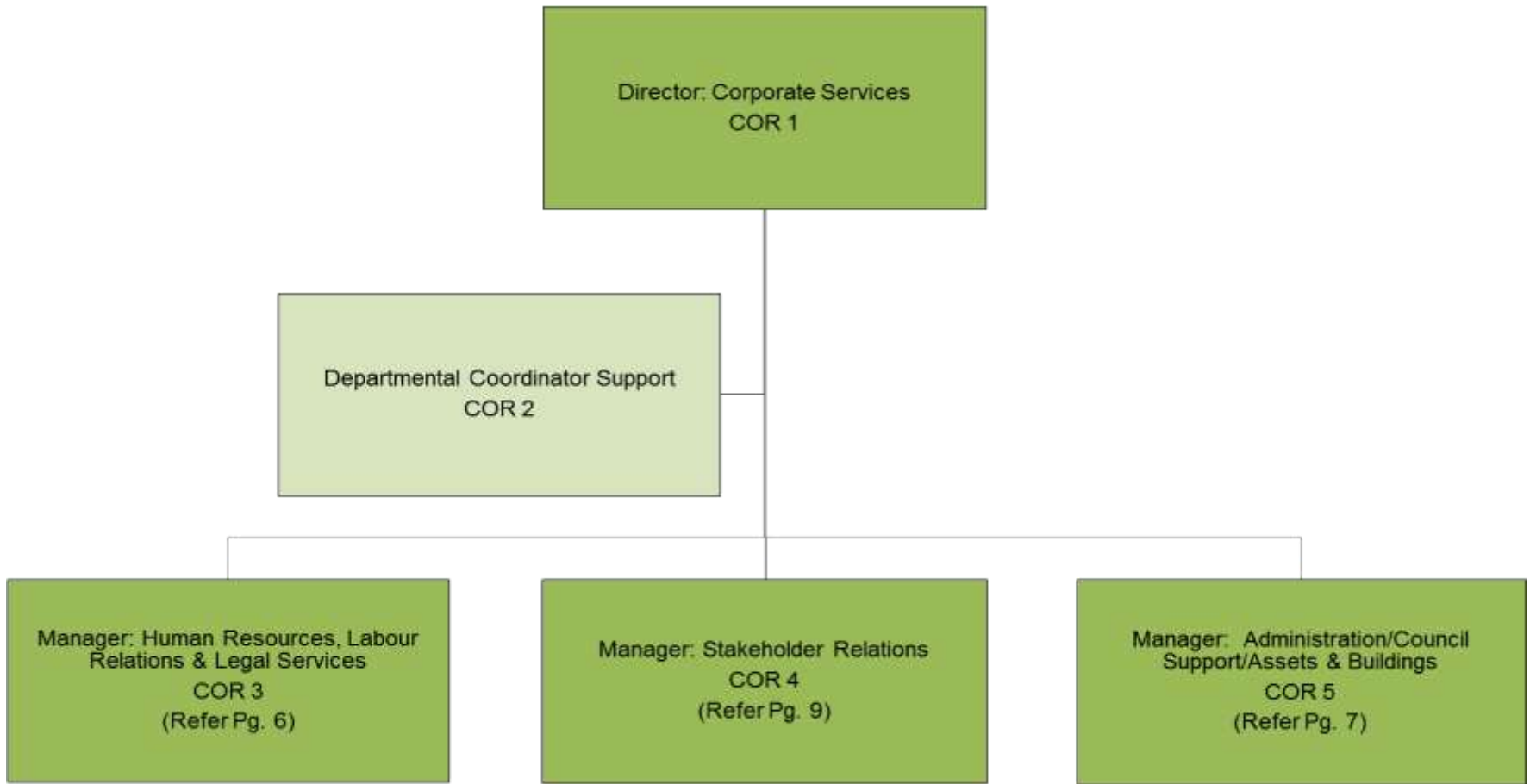
<b>BY LAW 2005/2/09</b>	<b>SUBJECT</b>
Corporate Identity	Corporate Identity
Dumping and littering	Dumping and littering
Electricity supply	Electricity supply
Keeping of dogs	Keeping of dogs
Liquor trading	Liquor trading
Municipal Honours	Municipal Honours
Noise pollution	Noise pollution
Preparation of foods at registered private kitchens	Preparation of foods at registered private kitchens
Prevention of nuisances	Prevention of nuisances
Public amenities	Public amenities
Public roads	Public roads
Road Traffic	Road Traffic
Street Lighting	Street Lighting
Taxi ranks and Taxi ranking	Taxi ranks and Taxi ranking
Unightly & Neglected Buildings and premises	Unightly & Neglected Buildings and premises
Ward committees	Ward committees
Water supply sanitation services	Water supply sanitation services

**ANNEXURE 2: ABRIDGED ORGANOGRAM**

**Office of the Municipal Manager**

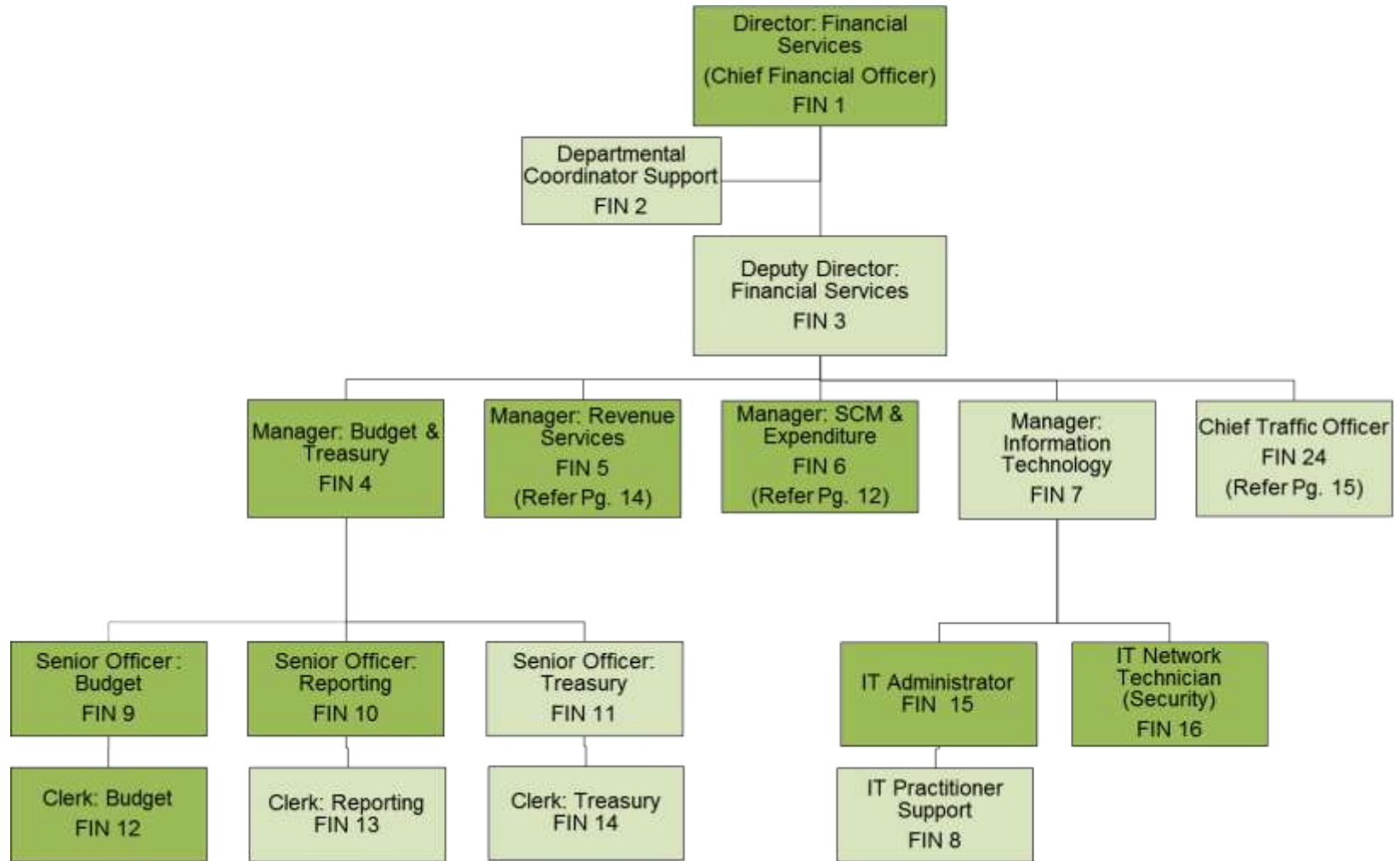


**Directorate Corporate Services**

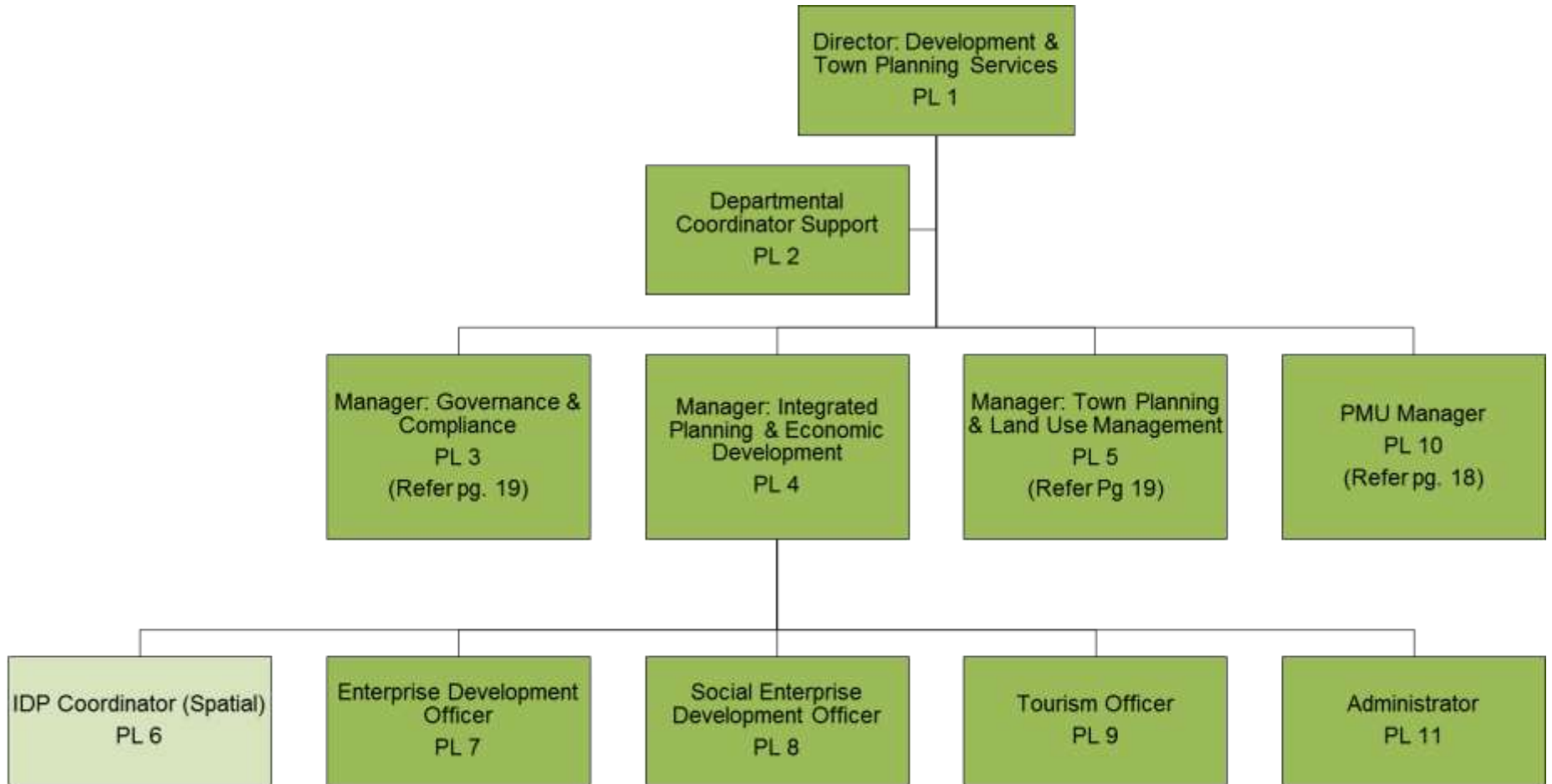




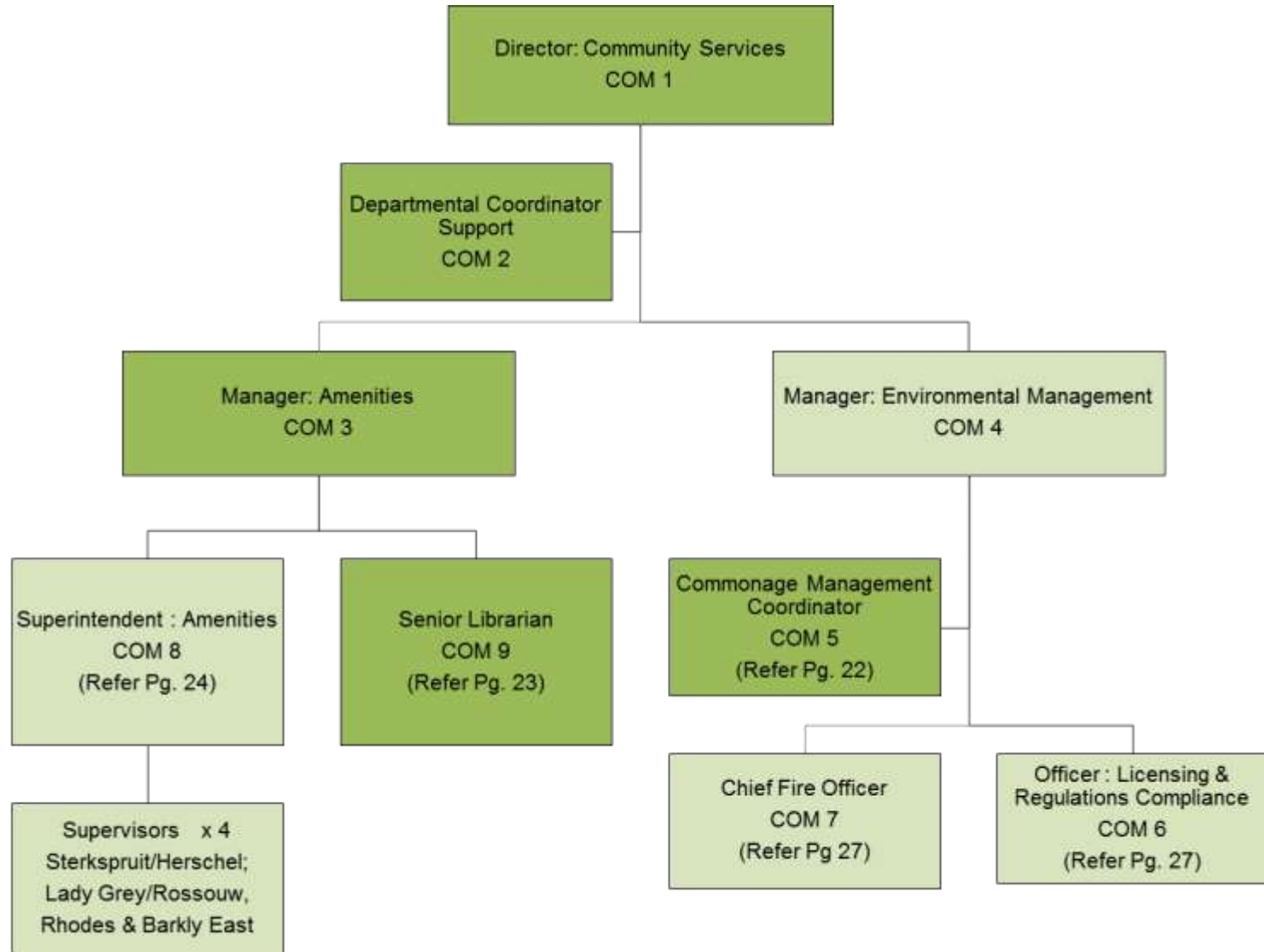
**Directorate Financial Services**



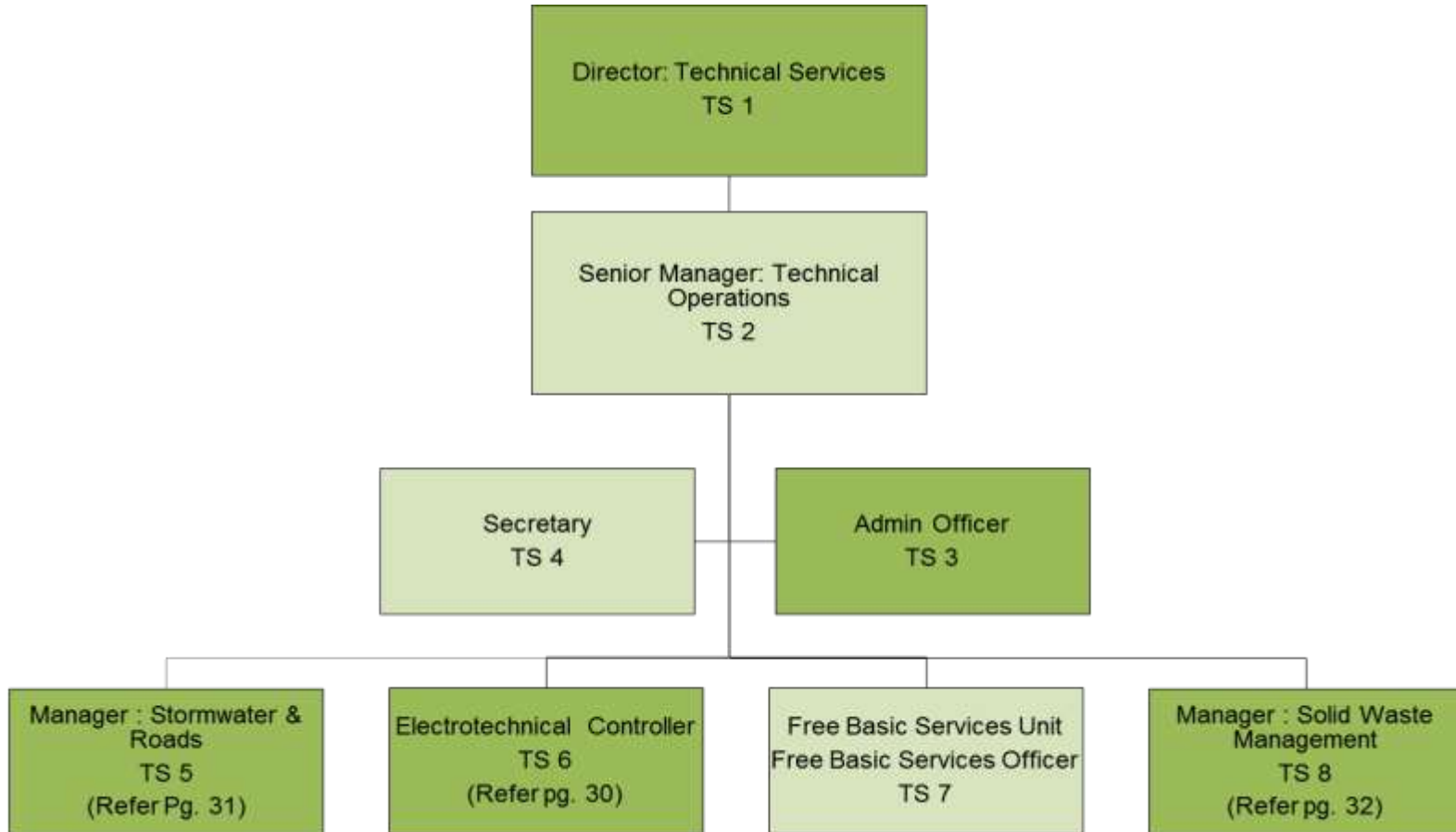
**Directorate Development and Town planning Services**



**Directorate Community Services**



**Directorate Technical Services**



**ANNEXURE 3: STAKEHOLDER REGISTER**

**Senqu Community Stakeholder Register**

2014/15



Organisation	Contact Person	Contact details
AGRICULTURE		
Clanville Boere Vereeniging	JVA Greyling	045 9421005
	M.J.Greyling	045 9421009 <a href="mailto:ricksu@nokwi.co.za">ricksu@nokwi.co.za</a> mjakang@ananzi.co.za
Hershel Farmers Support Centre	B.W.Mafantir	076 1304682
Transvaal Agricultural Union (TAU SA)	J.Schoeman	083 6510739 P.O.Box 263 Barkly East 9786 <a href="mailto:jacoschoeman@telkomsa.net">jacoschoeman@telkomsa.net</a>
Small Farmers	Ntsokolo Dyasi	078 7589522
Barkly East Small Farmers	Thobile Yalezo	073 1902622
	Thembinkosi	078 2089281
NAFU SA	Siyanda Chitha	079 0319110
	Caleb Nxele	<a href="mailto:sgsiyanda@webmail.co.za">sgsiyanda@webmail.co.za</a> 072 5526357
Senqu Farmers Association	Mr. Gielie Greyvenstein	082 921 7061 or 0459719100 (F) <a href="mailto:gpqboerdery@xsinet.co.za">gpqboerdery@xsinet.co.za</a>
COMMUNITY ORGANISATIONS		

Organisation	Contact Person	Contact details
Council of Churches	Nombuyiselo Mjobo-Spambo	076 9119032 P.O.Box 124 lady grey 9755
SACC - YF	Mxolisi Sonti	mxolisisontis28@gmail.com 072 4221753
JSC	Wiseman Ntshwaxu Zabevuya Matyebo	072 1328781 <a href="mailto:tawise@webmail.co.za">tawise@webmail.co.za</a> 078 3999461
LGCB0	Mbulelo Nomaxhayi S.Makafani	079 8401315 073 2222379
LGTA	Porelo Dikobo	073 8609255
Sport Forum	Phumla F.N. Dawule Bongeka Mzangwe F.Mzangwe Z.Khoba	078 3624731 073 6437962 078 1845903 072 4876820
Senqu Youth Council	Mr. Velile Stokwe Chair Nomfundo Gcinisa (Deputy) Siyabulela Mei (Sec)	073 9678083 074 7307571 083 4754127
<b>RATEPAYERS</b>		
Lady Grey Ratepayers Association	P.C.Wood	082 5769009
<b>BUSINESS</b>		
GLS Shop Mehlomakulu	Gloria N Moseleuyama	082 8470350
	S.L.Q Busakwe	P.O.Box 10 Sterkspruit 9762 <a href="mailto:Luvuyo.busakwe@impilo.ecprov.gov.za">Luvuyo.busakwe@impilo.ecprov.gov.za</a>
Khula Bhele	B.T Mpelwane	08 7323405
Sakhikamva Co-op	Matsepang Mandrew	072 1356228
Sterkspruit brick makers	A.K.Gebuza	073 8327084

Organisation	Contact Person	Contact details
	Mlamli Kongisa	073 0715534
Masiphilisane	Ntombizanele Matuka	073 6127158
Thusanang	Deneo Potlaki	073 0305589
Senqu WEE	P.C.K.Oldjohn	073 0353634
Aligeo guest House		073 6298642
BMS Pollaspot Complex Projects Co-op	Ras Luther	083 4221659
Lady Grey	S,Mputhi	072 1902328
	M.Mkmethwa	078 4610678
Masabelane	N.P.Kongisa	073 3816836
	Z.L.Bikizana	076 406260
Refefgotso Construction	E. Moketsi	072 9107195
Sterkspruit Business Forum	Welile Mbolekwa Chairman	Tel: 051 004 0053 Fax: 086 542 9381 Email: <a href="mailto:welile@sharpaxemedia.co.za">welile@sharpaxemedia.co.za</a> <a href="mailto:welile@msn.com">welile@msn.com</a> Mobile/cell : +2783 692 6514
WARDS		
Community Development Workers	Nomngqophiso Shumane (Ward 1)	073 8380516
	Nomfundiso Mvula (Ward 2)	083 9580116
	<i>Deceased</i> (Ward 3)	
	Sichumile Ndluzele (Ward 4)	073 730 7230
	Thekanti Lamani (Ward 5)	073 273 9407
	Poelo Dikobo (Ward 6)	073 860 9255
	Sindiswa Tyesi (Ward 7)	073 730 7230
	Coceka Mpu (Ward 8)	079 656 1123
	Noluthando Mqungquthu (Ward 9)	079 206 0924
	Thembeka Setlai (Ward 10)	072 315 0112
	078 757 2858	
	Hlalele Sereba (Ward 11)	078 571 9823
	Caswell Nyongwana (Ward 12)	
	<i>Deceased</i> (Ward 13)	078 652 4089
	Lieketseng J.Marai (Ward 14)	072 959 7488
		079 260 3899

Organisation	Contact Person	Contact details
	Mongezi Motleleng (Ward 15) Vuyani Letlaka (Ward 16)	
Senqu Ward Committee	M.V.Odendaal V.D.Mngezana	083 4032376 073 20552136
Traditional Leaders	Chief Manxeba Chief Nkopane Chief Vukani Chief Kakudi	084 7477 313 078 119 3777 078 253 4011 076 847 1099



## **ANNEXURE 4: CUSTOMER CARE**

### **Customer Service Policy Statement:** Providing Goods and Services to Residents of Senqu Municipality

#### **1. Our mission**

The mission of Senqu Municipality is to provide community services that enhance our valued quality of life through equitable delivery of services; effective stewardship of our unique physical environment; cooperative planning and resources development and fiscal responsibility."

#### **2. Our commitment**

In fulfilling our mission, Senqu municipality strives at all times to provide its goods and services in a way that is transparent, affordable, efficient, effective and relevant to the individual residents' need and respects their dignity and independence.

#### **3. Providing goods and services**

Senqu Municipality is committed to excellence in serving all customers including people with disabilities and we will carry out our functions and responsibilities in the following areas:

##### **3.1 Communication**

We will communicate with people with disabilities in ways that take into account their disability.

We will train staff who communicate with customers on how to interact and communicate with people with various types of disabilities.

We will communicate with people in their own language

We will communicate in a concise manner avoiding all jargon to enable the customer to fully comprehend and understand the communication.

##### **3.2 Telephone services**

We are committed to providing fully accessible telephone service to our customers.

We will train staff to communicate with customers over the telephone in clear and plain language and to speak clearly and slowly.

##### **3.3 Billing**

We are committed to providing accessible invoices to all of our customers. For this reason, invoices will be provided in the following formats upon request:

Hard copy or e-mail.

We will answer any questions customers may have about the content of the invoice in person, by telephone or e-mail.

##### **3.4 Goods and services provided**

- Buying of pre-paid electricity
- Grave plot applications
- Building plans
- Town Planning zoning applications
- Cutting of grass on verges and parks
- Hire of commonage for grazing
- Hire of community halls
- Buying of vehicle licence discs
- Change of ownership of vehicles
- Writing of Learners Drivers liscence
- Driving Licence tests
- Electrical connections
- Hiring of stadiums and sport facilities
- Street signs
- Impounding of stray animals
- Storm water drainage

- Street and access road maintenance
- Business applications

#### **4. Notice of temporary disruption**

Senqu Municipality will provide customers with notice in the event of a planned or unexpected disruption in the facilities or services. This notice will include information about the reason for the disruption, its anticipated duration, and a description of alternative facilities or services, if available.

The notice will be placed at all public entrances and service counters on our premises.

#### **5. Training for staff**

Senqu Municipality will provide training to all employees, volunteers and others who deal with the public or other third parties on their behalf, and all those who are involved in the development and approvals of customer service policies, practices and procedures.

Applicable staff will be trained on policies, practices and procedures that affect the way goods and services are provided. Staff will also be trained on an ongoing basis when changes are made to these policies, practices and procedures.

#### **6. Feedback process**

The ultimate goal of Senqu Municipality is to meet and surpass customer expectations. Comments on our services regarding how well those expectations are being met are welcome and appreciated.

Feedback regarding the way Senqu Municipality provides goods and services can be made by e-mail, verbally, suggestion box and feedback card. All feedback will be directed to the Customer Care Officer. Customers can expect to hear back in 3 working days.

Complaints will be addressed according to complaint categories already established in our municipal's complaint management procedures.

#### **7. Modifications to this or other policies**

We are committed to developing customer service policies that respect and promote the dignity and independence of people. Therefore, no changes will be made to this policy before considering the impact on the people concerned and discussing the proposed changes with them.

#### **8. Questions about this policy**

This policy exists to achieve service excellence to customers. If anyone has a question about the policy, or if the purpose of a policy is not understood, an explanation should be provided by, or referred to the Customer Care Officer.

### **CUSTOMER CARE POLICY (condensed)**

#### **3. OBJECTIVES OF THE POLICY**

With this policy Senqu Municipality aims to achieve the following objectives:

- To fulfil the human right of every citizen to be treated with dignity and respect
- To foster quality customer service standards for all citizens of the municipality
- To ensure satisfactory service delivery for the customers of the municipality
- To make people aware that the municipality values and encourages their input in activities of the municipality
- To promote equality, courtesy and delivering on the mandate of government for all our customers
- To comply with legislation
- To provide a quality service to all stakeholders interacting with the Municipality – the public, service providers, contractors, fellow staff members in every department and other government agencies.
- To ensure that customers are provided with the relevant information as and when is needed in the appropriate format.
- To ensure customer complaints are addressed promptly, timeously and to the full satisfaction of the client

- To ensure that customers, both internal and external to the Municipality receive a consistent and fair treatment at all times.
- To reduce financial and time costs incurred arising from poor customer service due to repeat calls from and to customers
- To equip our staff with knowledge and competencies to continuously enhance the service standards according to changing customer needs.

#### 4. CUSTOMER SERVICE COMMITMENT

Senqu Municipality commits itself to maintaining quality customer service guided by these principles:

- To provide services of high quality standards to all our customers, by giving them value for their money
- To treat our customers with equity, professionalism and dignity at all times
- To maintain effective communication with our customers, by continuously engaging them on information that is of importance to them in terms of developments within the municipality
- To address all issues that are raised by our customers in the best possible manner, to ensure satisfaction and resolve matters directed to the municipality
- To employ knowledgeable staff who will assist customers, and be able to resolve their customer queries
- To promote and uphold confidentiality of all our customer queries, in order to make it safe for customers to come forward with any problems
- To ensure maximum utilisation of all resources so that service delivery is satisfactory to all customers

#### 5. STANDARDS AND VALUES

5.1 The key objective is to ensure consistency in our customer service by:

- a. Providing a standard that is simple and user friendly.
- b. Providing a documented framework and guidelines.
- c. Developing performance targets which are reviewed regularly and gather feedback from staff, Councillors, our partners and the public.

##### 5.2 *Waiting times*

- a. After initial contact, customers will be given an indication of how long they can be expected to wait. If waiting times are to exceed 10 minutes, customer services staff must inform the customer.

##### 5.3 *Telephone calls*

- a. Staff will aim to answer telephone calls within 15 seconds or after 2 rings, whichever is greater.
- b. Calls in departments and sections should be answered with:
  - Good morning / afternoon
  - Department and name - preferably surname or first name
- c. However staff in Customer Services or satellite/external offices should answer calls with:
  - Good morning / afternoon, the facility/site and their name.
- d. Staff should aim, wherever possible, to resolve the customer's enquiry at first contact.
- e. Telephones will be attended during published opening hours. If staff are away from their desk, phones should be diverted to another person / section or a message should be taken. Never leave the customer with the impression that you are "unable to

assist him/her”

- f. In cases where a customer has a hearing impairment, arrangements can be made via the Customer Services department
- g. If members of staff need to telephone a customer, they will ask if it is convenient or arrange another time to call and keep the appointment. **THE SWITCHBOARD SHOULD NEVER BE USED** for this purpose.
- h. If a call is put on 'hold' the customer must be told why this is happening and kept updated if the waiting time is longer than expected.

#### *5.4 Answer phones and voicemail*

- a. Answer phones and voicemail may be used to ensure that telephone calls are answered. We will aim to provide the following:
  - Recorded messages from answer phones will provide customers with an alternative contact number or details.
  - Answer phone / voicemail will give the caller an option to leave a message.
- b. All Council messages must be responded to as soon as possible - ideally within 24 hours or the next working day if the message is left over a weekend, after hours or a public holiday.
- c. Staff / sections should update voicemail each day detailing whether available, on holiday or giving alternative contact details / numbers or forward calls to another number or colleague.
- d. Wherever possible the use of voicemail should be avoided. It is a sign of being too busy to attend to customers.

#### *5.5 Written correspondence and notices*

- a. Incoming written correspondence (fax and mail) will be acknowledged within three days (at maximum) and responded to in 10 working days (at maximum).
- b. Receipt of an email will be acknowledged in one (1) working day.
- c. The presentation and content of any written correspondence must be clear, easy to understand and jargon free, accurate and include a contact name and number.
- d. All issues raised by the customer will be acknowledged and responded to within the correspondence.
- e. In written communication with customers, the logo of the municipality must appear in all documentation and/or letters communicating information regarding the municipality
- f. All correspondences received must have a turnaround period of 5 days for answering, so that customers and stakeholders know feel priority from the municipality
- g. Written notices to the public must be placed on public areas where all public can access it, e.g. libraries, Thusong Service Centre, etc.

#### *5.6 Complaints Procedure*

- a. Staff will aim to resolve all concerns raised by the customer immediately and informally.
- b. Staff will inform the customer that if the informal resolution is not to their satisfaction, they may make a formal complaint and explain how to do this.
- c. Customers should have an acknowledgement of their complaint within three days and a full written reply within 15 days.

- d. Heads of Departments will analyze any complaints about the service in their respective units and take remedial action so that problems do not recur.
- e. These service failures may involve:
  - i. Unjustified delays.
  - ii. Failure to follow council policies, rules or procedures.
  - iii. Failure to provide a service according to Batho Pele principles
  - iv. Failure to tell people of their rights or entitlements.
  - v. Providing inaccurate or misleading advice

### *5.7 Publications*

5.7.1 The following information will be available in council publications:

- a. Standards of service against targets.
- b. Progress on projects undertaken by the municipality
- c. Changes made to services as a result of feedback, complaints or consultation with relevant stakeholders.

### *5.8 Suggestions*

- a. We will encourage customers, partners and staff to make suggestions through a suggestion book located at the Reception area
- b. Additionally, the council will inform customers of any changes made to services as a result of their suggestions
- c. Suggestions and complains should be acknowledged within 3 working days of receipt.
- d. Suggestions and complains should be addressed within 4 working days after acknowledgement
- e. Where concerns could not be addressed customers should be given valid reasons.

### *5.9 Customer Safety and Health*

- a. All customers visiting council buildings will be provided with a safe environment.
- b. Where possible, buildings which receive members of the public will have a designated member of staff for (1) Health and Safety (2) First Aid and the details displayed.
- c. The Council shall at all times comply with Health and Safety guidelines as espoused in the OHS Act No 85 of 1993.

### *5.10 Staff training and development*

- a. We will ensure that staff receives continuous training to enable them to satisfy customer expectations and keep their skills up-to-date.

### *5.11 Staff name badges*

- a. Where appropriate, staff will be neatly dressed to meet members of the public.
- b. Where appropriate, staff will wear printed name badges that specify their name and designation

### *5.12 Buildings and signage*

- a. Buildings will be clearly signed internally and externally.
- b. Reception points will be attended during opening hours.
- c. Reception points will be welcoming, clean and tidy

- d. Reception points will display clear and accurate opening times.
- e. Details of services and personnel available will be displayed clearly in all reception areas.

#### 5.13 Information / Communication

- a. Information for the public will be clear and reviewed regularly.
- b. Published information will be accessible to customers with specific needs and in line with the Promotion of Access to Information Act no. 2 of 2000
- c. Information to the public and other stakeholders should be sent timeously

#### 5.14 Availability and access

##### 5.14.1 We will ensure customers have easy access to information about:

- a. Opening times.
- b. Offices and addresses. c. Names of Managers.
- d. Facilities / services available. e. Access details.
- f. Means by which contact can be made. g. Out of hours contact details.

#### 5.15 Staff conduct, awareness and safety

- a. Staff working at information centres must arrive on time at work and should never leave their centres unattended. Timeous permission should be sought from the immediate supervisor if a staff member wishes to leave the Information centre for whatever reason. The necessary disciplinary procedures shall be proffered against any staff member violating this clause.
- b. Staff will be courteous and polite and expect to be treated in the same way by customers.
- c. In any case of extended dispute, frontline staff must seek assistance from their immediate Supervisor who will liaise with the immediate Manager.
- d. We will ensure that procedures are in place to safeguard staff from both verbal and physical attack.
- e. We will take action - legal or otherwise - where verbal or physical attacks are made to staff.
- f. Staff shall at all times dress properly and wear their respective name badges for ease of identification by customers.
- g. In no time should staff, while at the Information centres answer cellphones. This is because cellphones are believed to be private and clients will have an impression they are not attended to.

#### 5.16 Customer information provision

- a. Stored information will be made available in accordance with Promotion of Access to Information Act no. 2 of 2000
- b. Any communication will be clearly identified as Molemole Local Municipality with author, current date and any reference numbers.
- c. We will also promote the use of electronic service delivery to provide customers with information.

### 6. PERFORMANCE MONITORING & EVALUATION

- a. This policy will be reviewed every year to accommodate changing client's preferences
- b. We will have systems and processes in place that allow us to monitor and evaluate our performance and publicise our performance against standards.
- c. Senqu Municipality will ensure that systems are in place to monitor service performance against the set standards
- d. Information will be collected from internal staff, service providers and the public to obtain inputs for improving the system

## 7. CONCLUSION

This policy document shall achieve the following goals.

- Ensuring improved customer service approach
- Promote cohesion amongst service units
- Increase efficiency in service delivery level standards
- Promote the Local Government: Municipal Systems Act 32 of 2000, to promote to access of information by the public on municipal services
- To encourage customer inputs for service delivery and improvement
- To provide a better understanding on customer needs
- To serve, to satisfy and to promote equality of all customers and stakeholders of the municipality.

**ANNEXURE 5: COUNCIL RESOLUTION FOR IDP PROCESS PLAN**

**ANNEXURE 6: COUNCIL RESOLUTION FOR IDP ADOPTION**

**ANNEXURE 7: COUNCIL RESOLUTION ON HR STRATEGY**

**ITEM 10.4  
HR STRATEGY**

**ORDINARY COUNCIL MEETING**

**30 NOVEMBER 2010**

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**1. INTRODUCTION**

The purpose of the HR Strategy is to set out a Human Resource Management Framework for Senqu Municipality to meet the organization's strategic goals and objectives. The Municipality's vision which is "valuing our diversity and quality of life for all" must ultimately be realized via the deployment and maximum utilization of human resources. The HR department must evolve from the Traditional HR functions towards a more strategic role in human resource management and the attached HR Strategy defines how this process should take place.

The focus areas of this document are the following:

Human Capital Management (People focus)

HR Administrative Issues

Legislative Compliance.

**3. RESOLUTION**

2.1 The Council adopted the Human Resource Strategy Document.

2.2 The HR Strategy be workshopped to all staff, Directors and Corporate Services Standing Committee and EXCO Members.





## **ANNEXURE 8: SDBIP**

### **REFERENCES**

Auditor General's Management Letter 2015

ECSECC 2013

ECSECC 2014 – Joe Gqabi District socio-Economic Profile

Global Insight Data 2010

Joe Gqabi Water Services Development Plan 2010

Joe Gqabi Environmental Management Plan 2006

Joe Gqabi Environmental Management Plan Draft December 2011

Joe Gqabi Disaster Management Framework 2005

Joe Gqabi Integrated Development Plan 2012/13

Joe Gqabi Integrated Transport Plan 2010

Joe Gqabi Area Based Plan 2010

New Growth Path

National Development Plan

Senqu's Municipal turnaround strategy 2010

Senqu Integrated Development Plan 2014/15

Senqu budget 2014/15

Senqu 3 year financial plan 2011

Senqu Spatial Development Framework 2011 & 2013

Senqu Integrated Waste Management Plan 2013

Senqu Human Resources Strategy

Senqu WSDP

Senqu Employment Equity Plan

Senqu HIV and Aids Mainstreaming Strategy 2013

Senqu CIP

Senqu PMS Framework 2011

Senqu LED Strategy 2013

Senqu Housing Sector Plan 2013

Senqu Tourism Plan 2013

DEAT website

ECSECC website

CEEPA<sup>2</sup>: Mapping the South African Farming sectors' vulnerability to climate change and variability

Copies of the Document or sector plans may be ordered electronically from the IPED Manager via an email request to [viedgeb@senqu.gov.za](mailto:viedgeb@senqu.gov.za) or downloaded from the municipal website <http://www.senqu.gov.za>