

**AMATHOLE DISTRICT**  
**MUNICIPALITY**



**2016 – 2017**

**INTEGRATED DEVELOPMENT PLAN**



### ***A STORY OF AMATHOLE DISTRICT***

A place of opportunities whose sole focus is serving its communities.

Siyakukhonza mhlali wase Amathole!

A district named after intaba zeMathole, on the calves of the Drakensberg.

Indawo apho ilanga xa liphuma likhanyisa likhazimle lixele ububele babemi balendawo.

Apho kugquba ikhala (the aloe), as one of the most prominent indigenous flowers, kunye no mnga, umthi omfutshane nowomeleleyo, ofana nje nqwa, nomxhelo wabantu balapha.

Apho umkhonto negqudu (the spear and knobkerrie) symbolise the liberation struggle and frontier wars of resistance fought throughout the district.

As well as the peaceful state that we currently enjoy.

Apho iimpondo zenkomo (bull's horns) symbolise strength, power, stability and fertility.

Ze iinkomo nemfuyo, zibonisa ubutyebi, which is the all-time focal point of Xhosa existence.

## OUR LOCAL MUNICIPALITIES

EC 121: MBHASHE LOCAL MUNICIPALITY



EC124: AMAHLATHI LOCAL MUNICIPALITY



EC 122: MNQUMA LOCAL MUNICIPALITY



EC126: NGQUSHWA LOCAL MUNICIPALITY



EC 123: GREAT KEI LOCAL MUNICIPALITY



EC127: NKONKOBE LOCAL MUNICIPALITY



EC128: NXUBA LOCAL MUNICIPALITY



## GROWTH NODES IN THE AMATHOLE DISTRICT AREA

### ➤ **Mbhashe**

- Maize Production
- Livestock
- Aloe
- Ocean Economy
- Metals
- Tourism and Culture

### ➤ **Mnquma**

- Manufacturing and Trade
- Tourism
- Ocean Economy
- Metals
- Textiles
- Forestry
- Green Economy

### ➤ **Great Kei**

- Tourism and Culture
- Ocean Economy
- Green Economy
- Metals
- Forestry

### ➤ **Amahlathi**

- Forestry/ Timber
- Berries
- Textiles
- Green Economy

### ➤ **Ngqushwa**

- Citrus/ Pineapple
- Beef Production
- Renewable Energy
- Ocean Economy
- Textiles
- Tourism and Culture

### ➤ **Nkonkobe**

- Citrus
- Palegonium
- Heritage
- Forestry
- Renewable Energy

### ➤ **Nxuba**

- Renewable Energy
- Agriculture

**STATE OF NATURAL RESOURCES IN THE DISTRICT**

Natural Resources	
Major Natural Resource	Relevance to Community
<ul style="list-style-type: none"> <li>• Misty Amathole Mountain Range</li> <li>• The Great Fish River complex</li> <li>• Well-watered Wild Coast</li> <li>• Mild and temperate climate</li> <li>• The diverse range of vegetation types, including the semi-arid Karoo, thornveld, succulent and thicket areas.</li> <li>• ADM possesses 81.52 % of areas remaining natural and 18.48 % of areas where no natural habitat remains</li> <li>• The coastline extends for approximately 269 km</li> <li>• The biodiversity of the Amathole DM is represented in 5 major biomes that describe the different biotic communities. These biomes are Savanna (34.5%), Grasslands (31.5%), Albany Thicket (29.6% of the area), Indian Ocean Coastal Belt (3.7%) and Forests (0.6%)</li> <li>• There are 56 recorded rivers in the Amathole district municipality</li> <li>• There are four major drainage regions in the ADM, i.e., Great Fish River catchment, Amathole catchment, Great kei River basin, and Mbashe River basin</li> <li>• There are 9565 wetlands at Amathole district municipality</li> <li>• Within the Amathole DM there are approximately 49 functional estuarine systems</li> </ul> <p>Coastline which includes estuaries, conservancies, national heritage sites, rocky shores and sandy beaches.</p>	<p>This diversity of natural resources provides the district with numerous opportunities for growth, development, agriculture, industry, biodiversity management, conservation and tourism, water resource management and provision. Opportunities in:</p> <ul style="list-style-type: none"> <li>- Wind Energy (Great Kei, Ngqushwa and some parts of Nxuba and Nkonkobe)</li> <li>- Sola Eney (Nxuba, Nkonkobe and Amahlathi)</li> <li>- Biomass and Waste</li> <li>- Hydro Energy</li> </ul> <ul style="list-style-type: none"> <li>▪ Community based initiatives in rural coastal communities</li> <li>▪ Recreational activities</li> <li>▪ Job creation through sustainable livelihood projects, Alien removal</li> <li>▪ Fishing farming</li> <li>▪ Eco-tourism</li> <li>▪ Conservation agriculture</li> <li>▪ Working for the water and Coast programs</li> </ul> <p>Recreation and Tourism, research and education, cultural values, commercial and subsistence agriculture</p>
Freshwater systems	Mariculture and acquaculture

## REPORT OUTLINE

The structure of IDP is as follows:

### **CHAPTER 1: THE VISION**

Chapter one of the IDP provides a concise summary of the municipal vision, mission and values.

### **CHAPTER 2: DEMOGRAPHIC PROFILE OF THE DISTRICT**

This chapter provides a detailed profile of the Amathole District.

### **CHAPTER 3: STATUS QUO ASSESSMENT**

This chapter provides the situational analysis of the district in relation to the 5 Key Performance Areas of Local Government, together with the district-wide community priorities and needs.

### **CHAPTER 4: DEVELOPMENT OBJECTIVES, STRATEGIES, PROGRAMMES AND PROJECTS**

This chapter provides a detailed breakdown of objectives that indicate what the district municipality can reasonably achieve within the 5 year period and within the available resources, as well as strategies and programmes that provide the concrete interventions that the district municipality will implement to attain its objectives.

### **CHAPTER 5: SECTOR PLANS**

This chapter provides a list of all ADM sector plans and their status, with executive summaries of the newly developed sector plans. The sector plans contain strategic interventions that respond to the status quo assessment.

### **CHAPTER 6: FINANCIAL PLAN**

Chapter six provides the District Municipality's financial strategies, medium term expenditure, proposed budget as well as the 3 Year Capital Plan.

### **CHAPTER 7: PERFORMANCE MANAGEMENT SYSTEM**

Chapter seven provides an overview of the monitoring and evaluation process, a background to the ADM Performance Management Framework as adopted by the District Municipality.

## **ACRONOMYS**

AA – Accountability Agreement	MFV – Municipal Financial Viable and Management
ADM – Amathole District Municipality	MOU’s – Memorandum of Understanding
AET – Adult Education and Training	MPAC – Municipal Public Accounts Committee
ANC – African National Congress	MRM – Moral Regeneration Movement
BCMM – Buffalo City Metropolitan Municipality	MSA - Municipal Systems Act
CDW – Community Development Workers	MSA – Municipal Structure Act
CLO’s – Community Liaison Officer	MSU – Municipal Support Unit
DBSA – Development Bank of South Africa	MTI – Municipal Transformation and Institutional Development
DEAT – Department of Economic Affairs and Tourism	NDP – National Development Plan
DIMAFO – District Mayors Forum	NSDP – National Spatial Development Plan
DIMS – District Information Management System	O&M – Operations and Maintenance
DPCF – District Planning and Coordinating Forum	PGDP – Provincial Growth and Development Plan
DORA – Division of Revenue Act	PMS – Performance Management System
DWAF – Department of Water and Forestry	PP- Performance Plan
ECDC – Eastern Development Cooperation	PSDP – Provincial Spatial Development Plan
EDAMS - Water Information Management System	PWD – People With Disability
ELIDZ – East London Industrial Development Zone	SALGA – South African Local Government Association
EPWP – Extended Public Works Programme	SALGABC - South African Local Government Association Bargaining Council
GDP – Gross Domestic Product	SCM – Supply Chain Management
GGP – Good Governance and Public Participation	SDBIP – Service Delivery and Budget Implementation Plan
GIS – Geographic Information System	SDF – Spatial Development Framework
GRAP – Generally Recognized Accounting Practices	SDI – Service Delivery and Infrastructure Investment
GVA – Gross Value Added	SMME’s – Small Medium Micro Enterprise
HDI – Human Development Indicator	SLA – Service Level Agreement
HIV - Human Immunodeficiency Virus	SODA – State of the District Address
HRD – Human Resource Development	SONA – State of the Nation Address
ICT – Information Communications and Technology	SPU – Special Programmes Unit
IDC – Industrial Development Cooperation	STEP – Subtropical Thicket Eco-system project
IDP – Integrated Development Plan	VPN – Virtual Private Network
IGR – Intergovernmental relations	WSA – Water Services Authority
JD’s – Job Description	WSDP – Water Services Development Plan
KPA’s – Key Performance Area	WSP – Workplace Skills Plan
KPI- Key Performance Indicator	WSP –Water Service Provider
LED – Local Economic Development	
LGCF – Local Government Communicators Forum	
LLF- Local Labour Forum	
MEC – Member of the Executive Committee	

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## **EXECUTIVE MAYOR'S FOREWORD**



Some 30 years ago in the year 1986, South Africa was characterised by the height of the visible struggle which was simmering on the edge of eruption to civil war. It was in these years that the momentum of the Rivonia trial, the momentum of 1976 Soweto uprising and the momentum of the United Democratic Front needed an extra push. It was at this time that PW Botha and later on FW De Klerk were quivering under world sanctions pressures and free Nelson Mandela campaigns instigated by the African National Congress.

And as a true leader of society that it was then, and still is now, the African National Congress made a call to the People. Under the title From Ungovernability to Peoples Power - ANC Call to the People; the ANC NEC made a call to its people, its forces. The ANC said and I quote: "We have reached a point of no return. The historic conditions necessary to ensure the collapse of the apartheid system have taken shape in greater measure than ever before in our history. But much still needs to be done to destroy it once and for all."

"Let us together, under the leadership and umbrella of the ANC, render apartheid South Africa even more ungovernable. Let every township and every community become a stronger organised fortress of our revolution." "Let us move from Ungovernability to People`s Power!" That was a call made by the African National Congress, some 30 years ago. A call to keep the momentum, render the apartheid state ungovernable, a call to push towards the finishing line. As history has already taught us, that call led to a total collapse of Apartheid, the release of political prisoners, the banning of Apartheid and later on the taking over of power by the ANC.

When we gathered at this year's institutional strategic planning session to craft the foundation for the 2016/ 2017 Integrated Development Plan, we did so mindful of the fact that the expectations are high, the pressures are ever rising and the tide is building up. We are aware that the people out there are looking at us in government, having exercised their rights and voted us into power, and they want nothing else but answers. We created a roadmap to 2016 mindful of the fact that at this time of the year, we will be faced with a year like no other, a year of the local government elections.

Mindful that despite the fact that our term was a five year period, it is judged as 22 years since we attained the hard fought freedom and democracy. This is a period of taking stock and strategizing. But doing it with the minimum amount of time wasted possible. We need to be more practical in our approach ... we must deal with the realities on the ground and put together an action plan that responds adequately. That is the essence of our IDP. The first step that we must take into cognisance

in the demand for water services, fire and emergency services during this period, is consciously retain the availability for 24/7.

One of the key principles of the back to basics approach is about the entrenchment of holding leaders accountable with clearly defined the roles and responsibilities. That is what governance relates to. This is a principle that is aligned with that one of putting people first by enriching democracy through public participation. We need to be accessible more so in this time of drought and water shortages. Our communications and customer care systems ought to be able to inform the public prior to the challenges taking place and take them through until a crisis is averted or resolved.

I would like to think that we have heeded that call made by the African National Congress in 1986. I think we have been able to adhere to the instruction to advance peoples power. But unlike in 86', when the need was to make this country ungovernable, we have made this country more stable, sound and a responsive delivering sphere of government . Even though we have run a good race and have a very good story to tell, we will continue to advance peoples power as we head towards for the finish line.

Our people deserve nothing less.

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**N. Khonza**  
**EXECUTIVE MAYOR**

## MUNICIPAL MANAGER'S MESSAGE



Political leadership and administrative arms of Amathole District Municipality (ADM) converged at the Mandelson Hotel and Conference Centre, Amahlathi on 13-15 January 2016 under the Theme of **'KEEPING MOMENTUM TO ADVANCE PEOPLE'S POWER TOWARDS THE FINISHING LINE- 2016'** to map out the municipality's strategic plan of action for the remainder of the current term of Council and beyond. The fundamental purpose of the institutional strategic planning session was to provide an account of ADM achievements and challenges since 2011 till 2015, develop interventions for the remainder of the term and the state of readiness for the transitional arrangements in light of the 2016 Local Government Elections.

ADM has made strides in bringing life and dignity to the general populace of Amathole District through the accelerated sanitation program. Today we can say it without and fear of contradictions that a huge dent have been made in line with National Government program to eradicate bucket system. Indeed this is an account on progress in the intervention as stated by the Honourable President Zuma during his State of the Nation Address in 2014. Year 2015 was declared by the State President as the year of 'Freedom Charter' and as a response to that ADM aligned its development plans with this founding document as it marked 60 years anniversary by ensuring that every household within our jurisdiction has access to basic services like water, sanitation, electricity, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment.

In the past few months we experienced severe drought that has affected most arears of our Country including our district. ADM had to take resolution declaring certain areas as disaster and seek intervention from National government. Indeed department of Water Affairs came to our rescue with provision of water tanks as mitigation of the challenges. ADM has developed a clear process plan guided by the amended government prescripts and regulations for the development of its IDP and the long term plan that has accommodated the transition process after 2016 local government election. Council has also put systems in place to monitor implementation of projects and procured kit to assess impact of such projects. These systems are to ensure that ADM gets value for money and all our projects achieve their intended objectives as well change the lives of people of Amathole District.

Support to our local municipalities was also a topical issue during the institutional strategic planning which was premised by cohesive planning between ADM and its Local Municipalities. Moving forward it was resolved that

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local municipalities must be encouraged to cooperate and participate in ADM planning structures and where such is not embraced it be escalated to MM's Forum or IGR Tech Forum and to DIMAFO. ADM recognise that agriculture in our district is and will remain the gold that should be used as a tool for economic transformation. We have fostered close working relations with both provincial and national government department for support in unlocking this potential that will improve economic viability within our district. ADM has been affected by demarcation both by inner and outer boundaries, after 2016 local elections there will be six local municipalities with Nxuba merging with Nkonkobe to form soon to be made one municipality. This will affect the district municipality in terms of resources however ADM is managing this transition process working with the affected municipalities and other government institutions. In terms of revenue enhancement and financial viability, the strategic planning session developed mechanisms of intensifying revenue collection as well as maintaining good financial management and stability.

I would like to thank all key stakeholders especially sector departments and local municipalities that took it upon themselves as individuals and organised bodies to contribute to the development of this Integrated Development plan. The political and administrative leadership as well as staff in general that have played a crucial role in ensuring the production of this credible and implementable document. This document will serve as a governing tool for councillors and officials for the remaining term and 16/17 financial year in delivering services to the people of Amathole District Municipality. Working together towards the attainment of the mission and vision of ADM we can do more.

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**C. MAGWANGQANA**

**MUNICIPAL MANAGER**

## **THE EXECUTIVE SUMMARY**

### **(i) Background to this Document**

This document represents the 2016/17 draft reviewed Integrated Development Plan (IDP) as prepared and adopted by the Amathole District Municipality (ADM). It is submitted and prepared in fulfilment of the Municipality's legal obligation in terms of Section 25 of the Local Government: Municipal Systems Act 32 of 2000.

In addition to the legal requirement for every Municipality to compile an Integrated Development Plan, the Municipal Systems Act 32 of 2000 also requires that:

- the IDP be implemented;
- the Municipality monitors and evaluates its performance with regards to the IDP's implementation;
- the IDP be reviewed annually to effect necessary changes and improvements.

Section 34 further states that:

“A municipal council must review its integrated development plan annually in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand.”

### **(ii) The IDP Review Process**

On 21 August 2015, the Amathole District Municipality adopted its District IDP Framework Plan together with the IDP/PMS/Budget Process Plan. These plans were adopted in accordance with the relevant legal prescripts and have dictated the process to be followed for the development of the IDP and the Budget. The District IDP Framework served as a guide to all local municipalities falling within the Amathole area of jurisdiction, and for purposes of alignment in the preparation of their respective Process Plans.

In brief, the District Framework Plan outlines the time frames of scheduled events/activities, structures involved and their respective roles and responsibilities. The IDP/Budget Process Plan outlines in detail, the way in which the ADM embarked on its 2016/17 IDP review and Budget processes from its commencement in July 2015 to its completion in June 2016.

Organizational arrangements were put in place as per the IDP/PMS/Budget Process Plan and all legislative prescripts were adhered to. Of particular note, have been the operations of structures, such as IDP/PMS/Budget Representative Forum, IDP Steering Committee, Budget Steering Committee, Intergovernmental Relations (IGR), District Mayor's Forum (DIMAFO), and District Planning Coordination Forum. These have executed their mandates in terms of the adopted IDP/PMS/Budget Process Plan and ensured the achievements of key milestones and deliverables. Particular attention was paid to the IDP, SDBIP & Budget linkages, district-wide analysis, integration and alignment of local, district and provincial plans.

In the process of developing the IDP and the Budget, a strategic planning session was held on 13-15 January 2016. The session was intended to facilitate provision of a framework that will guide the municipality's strategic direction as reflected in the 5 year strategic document.

The draft reviewed IDP and Budget for 2016/2017 was tabled and approved by Council on 31 March 2016. These documents were widely publicised for comments before being tabled before Council for adoption on 20 May 2016.

In order to address the IDP comments from the MEC, these were forwarded to the relevant departments and IDP forums where they were discussed and used as a basis for improving the credibility of the IDP. Strict compliance

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with Regulation 3(5) has been ensured through an ongoing process of consultation between the ADM and its 7 local municipalities through the operations of the abovementioned structures.

The table below outlines the public participation process with specific reference to meetings and workshop dates of the various role players:

**Table 1: ADM ACTION PLAN**

<b>ADM ACTION PLAN PARTICIPATION STRUCTURES &amp; MEETING DATES</b>	
<b>PRE-PLANNING (July – August)</b>	
IDP Steering Committee workshop to outline the review process	12 July 2015
Councillor workshop on the IDP review process	1-3 July 2015
IGR Forum meeting to outline the review process	24 August 2015
DIMAFO meeting	16 September 2015
Budget Steering Committee to discuss the new budget legislation and membership	22 July 2015
IDP/PMS/Budget Representative Forum [district-wide launch]	17 September 2015
<b>ANALYSIS (September– November)</b>	
IDP Steering Committee to review implementation progress and prepare for the IDP Launch	02 September 2015
DIMAFO meeting	12 November 2015
District Planning Co-ordinating Forum to discuss situational analysis and local priorities	17 November 2015
Budget Steering Committee to assess project spending of the 1 <sup>st</sup> quarter	20 November 2015
IGR Forum to give feedback on the situational analysis	29 October 2015
IDP Steering Committee to present final situational analysis	02 November 2015
IDP/PMS/Budget Representative Forum [district-wide development priorities]	19 November 2015
<b>OBJECTIVES; STRATEGIES and PROGRAMMES (December – March)</b>	
Technical Strategic Planning session	6-8 December 2015
Institutional Strategic Planning session	13-15 January 2016
Departmental IDP workshop to refine objectives, strategies and draft projects	2-10 February 2016
Budget Steering Committee to approve draft budget allocation (IDP/Budget link)	15 February 2016
IGR Forum to discuss the draft IDP and Budget	09 March 2016
Council workshop on draft IDP & Budget	4 March 2016
IDP Steering Committee to check alignment and sector specific guidelines	01 March 2016
IDP Representative Forum (present draft IDP, Budget and SDBIP)	16 March 2016
Council approval of the draft IDP & Budget and Annual Report	11 March 2016
District Mayors' Forum (DIMAFO)	10 March 2016
<b>APPROVAL (April – June)</b>	
IDP/ Budget road shows (public presentation hearings at LMs)	7-16 April 2015
Council Open Day (present final draft)	22 April 2016
Council Meeting (IDP and Budget final adoption)	29 April 2016



*Amathole District Municipality IDP Review 2017-2016 – Version 5 of 5*  
**(iii) Community Involvement**

The following is an outline of the public participation events undertaken as means to allow citizens to play an active role in the affairs of the municipality.

**TABLE 2: Community Involvement**

EVENT	VENUE	DATE
Mandela Month activities (building toilets)	Nkonkobe (Njwaxa) village	15 July 2015
Mandela Month activities (building toilets)	Ngqushwa (Qamnyana village)	17 July 2015
Women's month	East London	28 August 2015
Indigent registration	Great Kei	07 August 2015
Mayoral Imbizo	Nxuba (Bedford)	18 August 2015
Mayoral Imbizo and Launch of sanitation	Ngqushwa (Hoyi)	20 August 2015
7th language conference for African Intellectuals	Nkonkobe ( UFH )	3=4 September 2015
Civic Education	Amahlathi	07 September 2015
Annual report public hearings:	ALL LMs	September-October 2015
	Amahlathi: (Stutterheim)	30/09/2015
	Mbhashe (Dutywa)	13/10/2015
	Nkonkobe (Alice)	13/10/2015
	Great Kei (Komga)	13/10/2015
	Ngqushwa (peddie)	14/10/2015
	Mnquma (Ndabakazi)	13/10/2015
Water forum	Nkonkobe Kolomana	20 October 2015
Launch of sanitation	Nkonkobe Ngele	28 October 2015
Indigent registration	Amahlathi Cathcart	29 October 2015
Public hearings on renaming of new municipality (Nkonkobe and Nxuba)	Bedford/ Fort Beaufort/ Middledrift/ Adelaide	October –Nov 2015
Mkiva Humanitarian Awards	Mnquma Butterworth	October 2015
Indigent registration	Nxuba	November 2015
Basic business certificate awards	Mnquma- Butterworth	19 January 2016
Basic business certificate awards	Nxuba- Adelaide	20 January 2016
Service delivery campaign-water forum	Ngqushwa –Feni	22 January 2016
Service delivery campaign drought intervention awareness	Mnquma	26 January 2016
Drought intervention campaigns	Mbhashe (Zundwana; Govan Mbeki)	27 January 2016
Drought intervention campaigns	Mbhashe( Lower Mbancolo)	03 February 2016
Drought intervention campaigns	Mbhashe ( Fort Malan)	04 February 2016
Drought intervention campaigns	Mbhashe (Badi)	04 February 2016
Mayoral Imbizo/ Launch of service delivery	Mnquma Busila	17 February 2016
Live screen (SOPA)	Mbhashe( Willowvale)	19 February 2016

**Amathole District Municipality IDP Review 2017-2016 – Version 5 of 5**

<b>EVENT</b>	<b>VENUE</b>	<b>DATE</b>
Indigent registration	Mnquma Zizamele	24 February 2016
IDP/Budget Public Hearings	ALL LMs	April 2016
Council Open Day	Mnquma	April 2016
SODA	Amahlathi	April 2016

**(v) Relevant Documents**

The following documentation should be read with the IDP:

- Municipal Systems Act and relevant regulations
- IDP Guide Pack, with specific reference to Guide 3 and Guide 6
- District IDP Framework Plan
- ADM IDP/PMS/Budget Process Plan
- Various sector plans and programmes
- Amathole (7) Category B IDP's (2012 - 2017)
- ADM Performance Management Framework
- District Spatial Development Framework (SDF)
- Provincial Growth and Development Plan (PGDP) (2004-2014)
- Provincial Spatial Development Plan (PSDP)
- National Spatial Development Plan (NSDP)
- National Development Plan

**(vi) Alignment with National and Provincial Programs**

The following National programs informed the IDP process:

- State of the Nation Address (SONA)
- State of the Province Address (POSA)
- State of the District Address (SODA)
- State of Local Government in South Africa
- Municipal Demarcation Board Reports
- Municipal Powers & Functions
- ANC Manifesto
- ANC January 8th Statement
- King III Report & Code on Good Governance for South Africa
- 12 Outcomes of Government – Role of Local Government
- Back to Basics

Table C below depicts how ADMs 5 key performance areas (KPA's) are aligned with the national and provincial outcomes and priorities:

**TABLE 3: LOCAL GOVERNMENT KPA's ALIGNED TO PROVINCIAL PRIORITIES, NATIONAL OUTCOMES, NDP AND SDGs**

MUNICIPAL KPA	NATIONAL OUTCOMES	NATIONAL DEVELOPMENT PLAN (NDP) CHAPTERS	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
<b>Service Delivery</b>	A long and healthy life for all South Africans	Chapter 10	<ul style="list-style-type: none"> <li>• Ensure health lives and promote well-being for all at all ages</li> </ul>
	Quality basic education	Chapter 9	<ul style="list-style-type: none"> <li>• Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</li> </ul>
	An efficient, competitive and responsive economic infrastructure network	Chapter 4	<ul style="list-style-type: none"> <li>• Ensure availability of and sustainable management of water and sanitation for all</li> <li>• Ensure access to affordable, reliable, sustainable and modern energy for all</li> <li>• Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</li> </ul>
	Sustainable human settlements and improvement quality of household life	Chapter 8	<ul style="list-style-type: none"> <li>• Make cities and human settlements inclusive, safe, resilient and sustainable</li> </ul>
	Protect and enhance our environment assets and natural resources	Chapter 5	<ul style="list-style-type: none"> <li>• Ensure availability of and sustainable management of water and sanitation for all</li> <li>• Protect, restore and promote sustainable use of terrestrial ecosystem, sustainably manage</li> </ul>

			forests, combat desertification, and halt and reverse land degradation and halt biodiversity
<b>Local Economic Development</b>	Decent employment through inclusive economic growth	Chapter 3	<ul style="list-style-type: none"> <li>Promote sustainable, inclusive and sustainable economic growth, full and productive employment and decent work for all</li> </ul>
	An efficient, competitive and responsive economic infrastructure network	Chapter 4	<ul style="list-style-type: none"> <li>Ensure availability of and sustainable management of water and sanitation for all</li> <li>Ensure access to affordable, reliable, sustainable and modern energy for all</li> <li>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</li> </ul>
	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Chapter 6	<ul style="list-style-type: none"> <li>End poverty in all its forms everywhere.</li> <li>End hunger, achieve food security and improve nutrition and promote agriculture</li> </ul>
	Sustainable human settlements and improvement quality of household life	Chapter 8	<ul style="list-style-type: none"> <li>Make cities and human settlements inclusive, safe, resilient and sustainable</li> </ul>
	Protect and enhance our environment assets and natural resources	Chapter 5	<ul style="list-style-type: none"> <li>Ensure availability of and sustainable management of water and sanitation for all</li> <li>Protect, restore and promote sustainable use of terrestrial ecosystem, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity</li> </ul>
<b>Financial viability and Management</b>	Responsive, accountable, effective and efficient Local Government systems	Chapter 13	<ul style="list-style-type: none"> <li>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</li> </ul>

<b>Institutional Transformation and Development</b>	Quality basic education	Chapter 9	<ul style="list-style-type: none"> <li>• Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</li> </ul>
	All people in South Africa are and feel safe	Chapter 12 &14	<ul style="list-style-type: none"> <li>• Ensure sustainable consumption and production patterns</li> <li>• Take urgent action to combat climate change and its impacts</li> <li>• Conserve and sustainably use the oceans, seas and marine resources for sustainable development</li> </ul>
	Skilled and capable workforce to support an inclusive growth path	Chapter 9	<ul style="list-style-type: none"> <li>• Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</li> </ul>
	Responsive, accountable, effective and efficient Local Government systems	Chapter 13	<ul style="list-style-type: none"> <li>• Strengthen the means of implementation and revitalize the global partnership for sustainable development.</li> </ul>
<b>Spatial Planning</b>	Sustainable human settlements and improvement quality of household life	Chapter 8	<ul style="list-style-type: none"> <li>• Make cities and human settlements inclusive, safe, resilient and sustainable</li> </ul>
	Responsive, accountable, effective and efficient Local Government systems	Chapter 13	<ul style="list-style-type: none"> <li>• Strengthen the means of implementation and revitalize the global partnership for sustainable development.</li> </ul>
	Protect and enhance our environment assets and natural resources	Chapter 5	<ul style="list-style-type: none"> <li>• Ensure availability of and sustainable management of water and sanitation for all</li> <li>• Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</li> </ul>

	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Chapter 13	<ul style="list-style-type: none"> <li>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</li> </ul>
<b>Good Governance and Public Participation</b>	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Chapter 6	<ul style="list-style-type: none"> <li>End poverty in all its forms everywhere.</li> <li>End hunger, achieve food security and improve nutrition and promote agriculture</li> </ul>
	Responsive, accountable, effective and efficient Local Government systems	Chapter 13	<ul style="list-style-type: none"> <li>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</li> </ul>
	Create a better South Africa, a better Africa and a better world	Chapter 7	<ul style="list-style-type: none"> <li>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</li> </ul>
	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Chapter 13	<ul style="list-style-type: none"> <li>Strengthen the means of implementation and revitalize the global partnership for sustainable development</li> </ul>

**(vii) Powers and Function**

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, a municipality has executive authority in respect of, and has the right to administer:

- the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
- any other matters assigned to it by national or provincial legislation.

In addition, national and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 to the Constitution which necessarily related to local government, if:

- that matter would most effectively be administered locally; and
- the municipality has the capacity to administer it. (Section 156(4), Constitution)

Section 83 read with section 84(1) and (2) of the Municipal Structures Act 117 of 1998 (Structures Act) **divides** up the functions listed in Schedule 4B and 5B of the Constitution between local municipalities and district municipalities.

The Minister, in terms of section 84(3) of the Structures Act, and the MEC, in terms of section 85(1) of the Structures Act may make adjustments to the functions and powers of local and district municipalities by way of notice in the Government Gazette and Provincial Gazette respectively.

National Legislation may also assign certain duties and responsibilities relating to national or provincial government powers and functions.

In addition to the above, a district municipality is obligated in terms of section 83 (3) to seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by –

- ensuring integrated development planning for the district as a whole;
- promoting bulk infrastructure development and services for the district as a whole;
- building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

**Powers and Functions as assigned to the ADM in terms of Section 84 of the Systems Act**

1. Integrated Development Planning for the district as a whole;
2. Water and Sanitation;
3. Municipal Health Services ;
4. Solid waste disposal;
5. Regulation of passenger transport services;
6. Fire Fighting Services;
7. Promotion of local tourism;
8. Fresh produce markets and abattoirs servicing a major proportion of the district area;

9. Control of cemeteries and crematoria servicing a major proportion of the district area;
10. Municipal public works relating to the above functions.

**Powers and Functions assigned by the MEC to the ADM:**

11. Building regulations

**Duties and responsibilities assigned to the ADM by National Legislation:**

12. Municipal Disaster Management as set out under the Disaster Management Act 57 of 2000;
13. Identifying of housing needs and planning responsibilities as set out under chapter 4 of the Housing Act 107 of 1997;
14. Atmospheric emission monitoring and licencing as set out under the National Environment Management: Air Quality Act 29 of 2004.

**(viii) Perception Survey**

ADM conducted a stakeholder perception survey in 2011/12 to assess the social and economic impact of development interventions at community level. The existing Community Development Workers (CDWs) and Community Liaison Officers (CLOs) were utilized as fieldworkers as they are well positioned to undertake the research due to their local knowledge of the communities they serve. ADM's aim is to improve the credibility of the information within the IDP by gaining a better understanding of:

- Service Delivery
- Local Economic Development
- Governance and public participation
- Municipal Transformation
- Institutional Development

The results of the survey showed that:

- People are satisfied with water services but not sanitation.
- There is a strong perception that poor roads have an impact on tourism.
- People are happy to pay for services.
- People are not satisfied with promotion of LED opportunities especially with regard to tourism and local investment.
- People trust ADM but would like to see an improvement in transparency.
- People would like to be heard but do not submit their opinions to ADM.
- Communication of Council decisions, policies etc. needs to improve.
- Customer Care offices are under-utilized, further research is required to find out why.
- The function of the Municipal Support Unit (MSU) is not widely publicized.

Recommendations:

- Further field study with more representative sample and expanded questionnaire
- Review Communications Strategy with focus on: LED; Indigent Subsidies; Communication of decisions, by-laws and policies; Business process analysis of information management.



- Organizational diagnosis of Customer Care and MSU focusing on: Organizational structure; financial structure; control mechanisms; communication processes; personnel requirements.

ADM will be conducting comprehensive community satisfactory survey in the 15/16 financial year which will also form bases of for the new IDP.

**(ix) Back to Basics (B2B)**

The B2B acknowledges that local government has been a primary site for the delivery of services in South Africa since 1994 there has been tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms. Yet despite our delivery achievements, it is clear that much needs to be done to support, educate and where needed, enforce implementation of local government's mandate for delivery. The transformation of the local government sector remains a priority for the current administration. Our National Development Plan makes it clear that meeting our transformation agenda requires functional municipalities and a capable machinery at a local level that can create safe and healthy and economically sustainable areas where citizens and people can work, live and socialize.

to understand where we are, where we could be and what needs to be done to improve performance. The goal of B2B to improve the functioning of municipalities to better serve communities by getting the basics right.

B2B has four priority areas that will ensure that municipalities set the proper standards for municipal performance:

**Priority 1:** For those municipalities in a dysfunctional state we will aim to perform at the very least the basic functions of local government

**Priority 2:** For those who are functional but are not doing enough in critical areas of service, we will support municipalities to progress to a higher path. Here the focus will be on building strong municipal administrative systems and processes, and ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored.

**Priority 3:** We will incentivise municipalities that are performing well by giving them greater flexibility and control over their resources and grants, and encourage them to move beyond the basics and transform the local space economy and integrate and densify our communities to improve sustainability.

**Priority 4:** There will be a targeted and vigorous response to corruption and fraud, and a zero tolerance approach to ensure that these practices are rooted out.

Amathole District Municipality is still in the process of developing its own B2B principles that will respond to its level of performance.

**(x) ADM Long-term Vision**

In response to the national developmental trajectory which adopted a long term strategy in the form of national development plan, ADM have already made strides in developing its localized blue print which ADM Long term Vision. This is work in progress due to the consultative and participative nature of the process that has to ensure inclusivity and ownership of the vision.

A draft framework of the vision has been developed and will be refined by soliciting further inputs from social partners that include government departments, parastatals, state owned entities, non-governmental organizations, religious groups, traditional leaders, industry and business sector. It is planned that the final plan will be finalised end of 2015/16 year.

**(xi) COGTA MEC Comments on IDP Credibility**

KPA	RATING 2012- 2013	RATING 2013-2014	RATING 2014-2015	RATING 2015-2016
<b>Spatial Development Framework</b>	High	High	High	High
<b>Service Delivery and Infrastructure Investment</b>	High	Medium	High	High
<b>Financial Viability</b>	High	High	High	High
<b>Local Economic Development</b>	High	High	High	High
<b>Good Governance and Public Participation</b>	High	High	Medium	High
<b>Institutional Arrangements</b>	High	High	High	High
<b>OVERALL RATING</b>	High	High	High	High

**CHAPTER 1: THE VISION**

*The Vision, Mission and Core Values of ADM as adopted by Council in May 2012 are as follows:*

**i. Vision**

***“Amathole District Municipality:***

Commitment towards selfless, excellent and sustainable service to all our communities.

**ii. Mission**

**The Amathole District Municipality, in its developmental mandate, is dedicated in contributing to:**

- Ensuring equal access to socio-economic opportunities.
- Building the capacity of local municipalities within ADM’s area of jurisdiction.
- Ascribe to a culture of accountability and clean governance.
- Sound financial management.
- Political and administrative interface to enhance good service delivery.
- Contributing to the betterment of our communities through a participatory development process.

**iii. Core Values**

- **Selflessness**  
*In all our business activities we commit that corruption and unscrupulous business practices will be dealt-with decisively and objectively.*
- **Pro-poor**  
*The poorest of the poor will be the main focal point for ADM’s business and service delivery.*
- **Responsiveness**  
*We will continue to strive for improved turnaround time in the delivery of services and in dealing with our valuable customers.*
- **Transformative**  
*We will make considerable strides to ensure that adequate capacity (skills and human capital) equates the mandate and business of ADM.*
- **Inclusivity**  
*We will include all our stakeholders in our planning, implementation, monitoring, evaluation and reporting in ensuring an integrated effort towards service delivery.*
- **Dignity and respect**  
*We will ensure that our service delivery restores human dignity and respect.*
- **Good work ethics**  
*We will be professional in our conduct and ascribe to the Batho Pele principles.*
- **Transparency**  
*Throughout our business operation we will ensure access to information and fairness to our stakeholders.*
- **Integrity**  
*We will constantly conduct ourselves with utmost integrity as councillors and officials of ADM*
- **Accountability**  
*We are committed in being held to account by our stakeholders and primary customers*

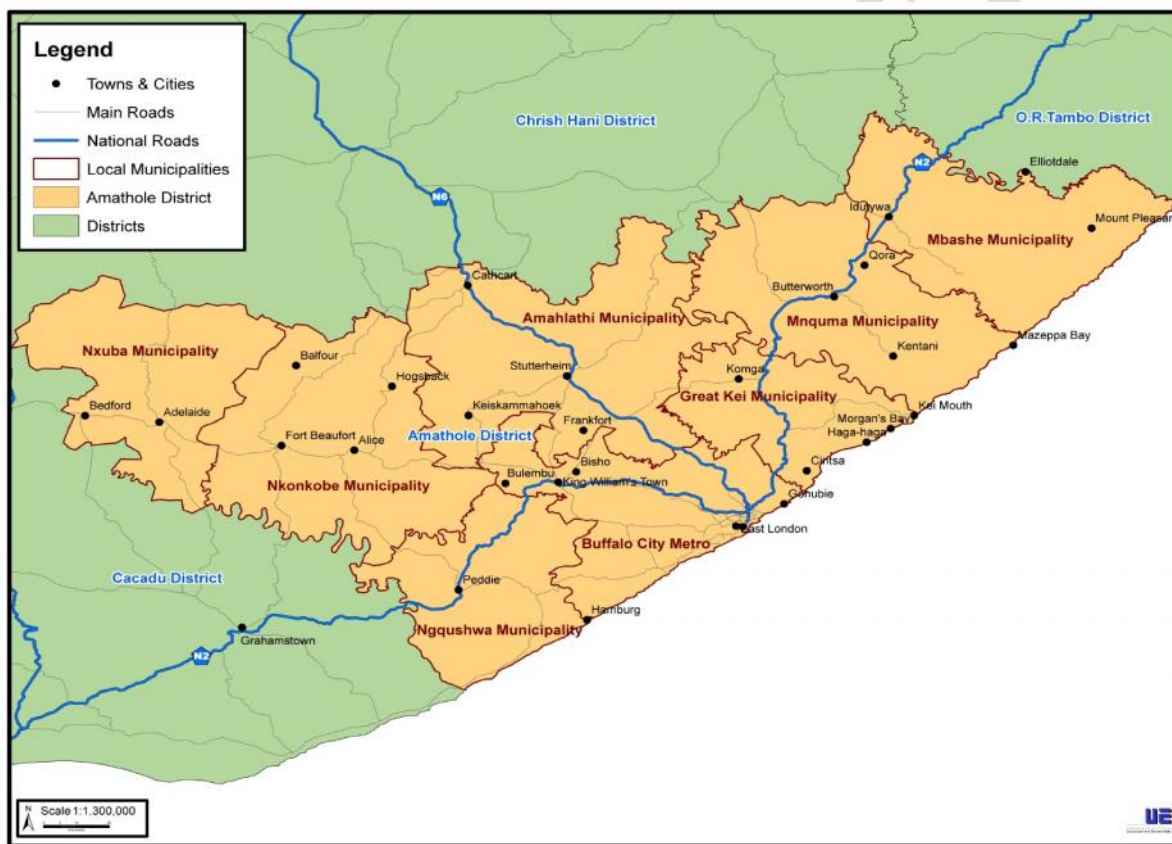
**CHAPTER 2: DEMORGRAPHIC PROFILE OF THE DISTRICT**

**2.1 SPATIAL PROFILE**

The Amathole District Municipality was official demarcated after the local government elections of December 2000 during the establishment phase of South African municipalities. The district is

situated on the eastern seaboard of the Eastern Cape, and stretches from the Indian Ocean coastline in the south to the Amathole Mountains in the north, and from Mbolompo Point (just south of the Hole-in-the-Wall along the Transkei Wild Coast) in the east to the Great Fish River in the west. It is one of six districts within the Eastern Cape, and is the 3rd largest in terms of population, behind the O.R Tambo and the Nelson Mandela Bay Metropolitan areas. It is bordered by the Cacadu, Chris Hani, and OR Tambo municipalities. The District covers a land area of roughly 21 229km<sup>2</sup>.

Figure 1: Map of Amathole District Municipality



Source: Urban-Econ Eastern Cape, 2011

The geographic area of the district municipality has suffered a major reduction in size due to the re-demarcation process that occurred prior to the 2011 and 2016 local government elections. Buffalo City Local Municipality used to be one of the eight local municipalities of ADM but has since been categorised as the metropolitan municipality as well as the amalgamation of Nkonkobe and Nxuba to Raymond Mhlaba LM. The re-demarcation process resulted in the district being composed of seven local municipalities which

are Amahlathi, Great Kei, Mbashe, Mquma, Ngqushwa, Raymond Mhlaba. Despite the new district demarcations, which directly affected the economic and socio-economic figures of the Amathole region, Buffalo City Metro and ADM continue to share inter-regional trade and administrative services as before, and the status quo is expected to remain in the future

The **Amathole District Municipality's** area of jurisdiction is made up of 7 local municipalities, as follows:

- **Amahlathi Municipality**, comprising the towns of Stutterheim, Cathcart, Keiskammahoek and Kei Road, numerous peri-urban and rural settlements;
- **Nxuba Municipality**, comprising the towns of Bedford and Adelaide and surrounding rural areas;
- **Nkonkobe Municipality**, comprising the towns of Alice, Fort Beaufort and Middledrift, the smaller towns of Hogsback and Seymour, numerous peri-urban and rural settlements;
- **Ngqushwa Municipality**, comprising the town of Peddie, the coastal town of Hamburg, numerous peri-urban and rural settlements;
- **Great Kei Municipality**, comprising the town of Komga, the small coastal towns of Kei Mouth, Haga Haga, Morgan Bay and Cintsa, and a number of rural settlements;
- **Mquma Municipality**, comprising the main town of Butterworth, the small towns of Ngqamakwe and Centani, numerous peri-urban and rural settlements; and
- **Mbhashe Municipality**, comprising the towns of Idutywa, Elliotdale and Willowvale, and numerous peri-urban and rural settlements.

Amathole District Municipality offices are situated in Chiselhurst, East London; and there are 7 satellite offices in all its local municipalities (Dutywa, Butterworth, Komga, Stutterhiem, Peddie, Fort Beautiful and Adelaide).

## **2.2 DEMOGRAPHIC PROFILE**

The Demographic Profile of the ADM presents the district and LM population dynamics, household, age and gender distributions, as well as the district and LM's access to basic services. The ADM's health profile is also provided in this section. The Amathole District Municipality is the third largest district in the province by population, behind O.R Tambo and the Nelson Mandela Bay Metropolitan area. The population estimates for 2013 indicate the Amathole district has 898 000 people, which is a 0.9% increase from 2011, 0.6% decrease from 2007 and 4.4% decrease from 2000.

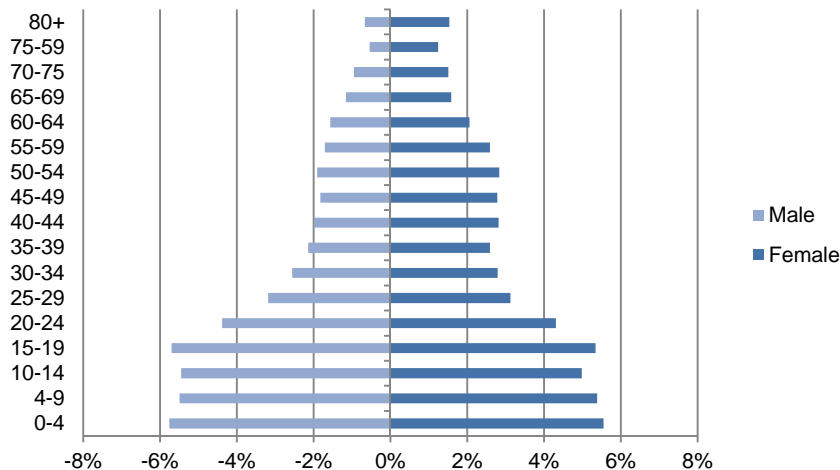
A significant part of the former Ciskei homeland is located within Amathole District, and this has influenced the region’s population growth. Population density is high in settlements along major transportation routes including the N2 (Butterworth &Dutywa), the R72 (Peddie), the R63 (Alice) and the N6 (Stutterheim).

**Table 5: Population of Eastern Cape – 2001-2011**

	Census 2001		Census 2011	
	N	%	N	%
Cacadu	388,206	6.2	450,584	6.9
<b>Amathole</b>	<b>968,920</b>	<b>15.4</b>	<b>892,637</b>	<b>13.6</b>
Chris Hani	800,289	12.7	795,461	12.1
Joe Gqabi	341,750	5.4	349,768	5.3
O.R.Tambo	1,295,145	20.6	1,364,943	20.8
Alfred Nzo	773,708	12.3	801,344	12.2
Buffalo City	704,855	11.2	755,200	11.5
Nelson Mandela Bay	1,005,779	16.0	1,152,115	17.6
<b>Eastern Cape</b>	<b>6,278,651</b>	<b>100.0</b>	<b>6,562,053</b>	<b>100.0</b>

The Amathole District constitutes 13.6% (898 000 people) of the Eastern Cape’s population (6.6 million people).

**(i) Age and Gender Distribution**



The majority of the population in Amathole district is in the less than 4 years age cohort for both genders i.e. males and females. This is reflected in the broad based population pyramid illustrated above. The pyramid is broad based indicating that there is high birth rate where there are more males at birth than females. As they progress in later years the number of males diminishes with females become more than males due to a higher mortality rate of males than females. This

phenomenon has been observed universally. Only 31% of the population (281 000 people) is over 40 years of age. There are more women in the district than men, which is in line with national and provincial trends. The decrease in population as depicted in the above population pyramid as people age may be attributed to a combination of multiple effects, with the most prominent as population mortality and strong migration tendencies within the district.

### **Analysis/ Implications**

#### **0-4 years in majority**

The socio economic implication for this age cohorts include:

- Increase in dependency ratio
- High demand for social grants
- Pressing need for early childhood development centres, accessible health care centres, child immunization programme, schools, scholar transport, school nutrition programme, sport and recreation centres and other social development related programmes.
- Exposure to social ills against vulnerable groups (children in this case), social ills like domestic violence, child abuse, child trafficking, “muti” murders

#### **Essential Interventions by the district**

- Planning for social amenities, infrastructure
- Strengthening Intergovernmental relation with relevant departments, especially social development, health and education

**Table 6: Population Distribution by race**

Municipality	African	White	Coloured	Asian
				<b>0.04%</b>
<b>Amathole</b>	<b>97.66%</b>	<b>1.04%</b>	<b>1.26%</b>	<b>0.02%</b>
<b>Mbashe LM</b>	<b>99.83%</b>	<b>0.06%</b>	<b>0.10%</b>	<b>0.08%</b>
<b>Mnquma LM</b>	<b>99.66%</b>	<b>0.11%</b>	<b>0.15%</b>	<b>0.02%</b>
<b>Great Kei LM</b>	<b>91.83%</b>	<b>7.12%</b>	<b>1.03%</b>	<b>0.02%</b>
<b>Amahlati</b>	<b>96.58%</b>	<b>2.23%</b>	<b>1.18%</b>	<b>0.01%</b>
<b>Ngqushwa LM</b>	<b>99.70%</b>	<b>0.15%</b>	<b>0.15%</b>	<b>0.05%</b>
<b>Nkonkobe LM</b>	<b>95.16%</b>	<b>1.00%</b>	<b>3.78%</b>	<b>0.10%</b>

It is blatant that blacks constitute the majority of population at ADM. They constitute 99.66 %, followed by coloureds at 1.26% and whites with 1.04 % and finally by Asians and Indians at 0.02. %.

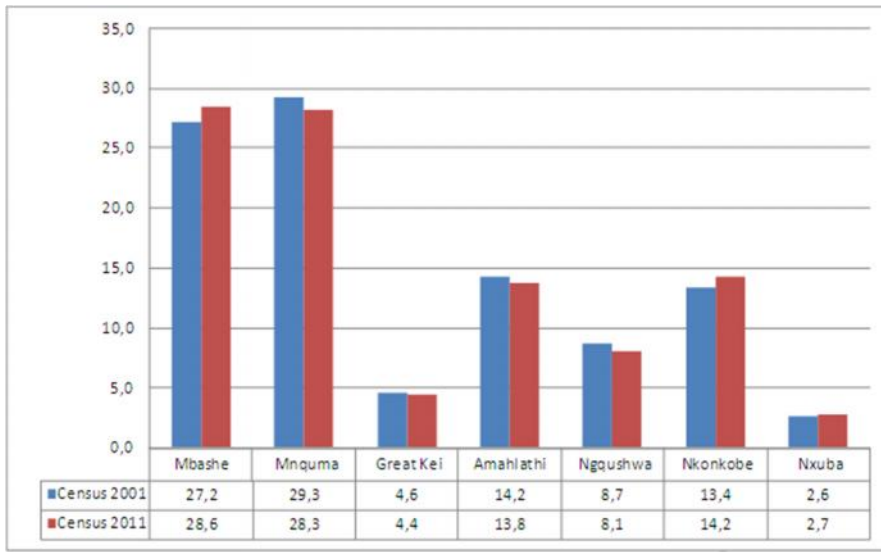
#### **Analysis/Implication**

The fact that 98% of the population at ADM is blacks, means that the district faced with a huge challenge of redressing the legacy of the past oppressive regimes. This is compounded by the rural and the topographical setup of the region. The majority of the population that is historically disadvantaged poses a huge service delivery and socio-economic challenge to the district. This is the population group that is characterised by

- Income inequality
- Low literacy levels
- High Mortality rate
- Lack of access to services
- Being faced with huge service delivery backlogs.
- Burden of diseases including HIV/AIDS and TB
- Denied access to economic opportunities.
- Being treated as a labour reserve for economic centres in other provinces.
- Being discouraged work seekers



**(ii) Population Growth**



The district experienced marginal growth between 2008 and 2013 of 0.5%. However, the ADM has experienced negative growth in population since 2000 (-4.4%). The local municipalities with the lowest growth rates were the Great Kei and Ngqushwa municipalities with -0.5% and -0.4% respectively in the 2008-2013 periods. The local municipalities with consistent growth are the Mbhashe and Nkonkobe municipalities, growing 1% and 2.4% since 2008.

**Implications/Analysis**

In general, the Eastern Cape the province is experiencing stagnant population growth and this is also reflected in the geographic area of Amathole District. In terms of population growth, the overall negative growth in the district has huge implications for the future. This may cause dilemma in planning as there is a possibility of making wrong decisions in providing social and economic infrastructure like clinics, schools, economic development centres etc, that may end up being white elephants without utilitarian values. Negative population growth which is sometimes referred to as "Under-population" is usually defined as a state in which a country's population has declined too much to support its current economic system. This is highly unlikely for the district due to the broad based population pyramid which reflects a baby boom with a potential for procreation in future. Population dynamics influence economic growth, employment and poverty, and the management of assets.

For Great Kei and Ngqushwa LMs with population growth of (-0.5 %) and (-0.4%) respectively, there are various reason for such phenomenon that may include migration and mortality. The consistent growth of 1% and 2.4 % for Mbhashe and Nkonkobe may be attributed to the fact they are both primary economic nodes which attract more people in search of economic and educational opportunities. If the trends continue, the implication for the district is the consideration for future development plans plan that will be consistent with the population growth rate. In the main consideration should be made for three principal categories of assets which are physical, natural and human. Physical assets consist of human-built infrastructure that is strongly related to economic activity.

(iii) Human Development

The framework for human development is underpinned by three dimensions which are education, living standards, and health. While these dimensions are critical for human development, it is important to note that individual achievements with respect to education, income and health do not guarantee progress when social constraints exist.

**Education**

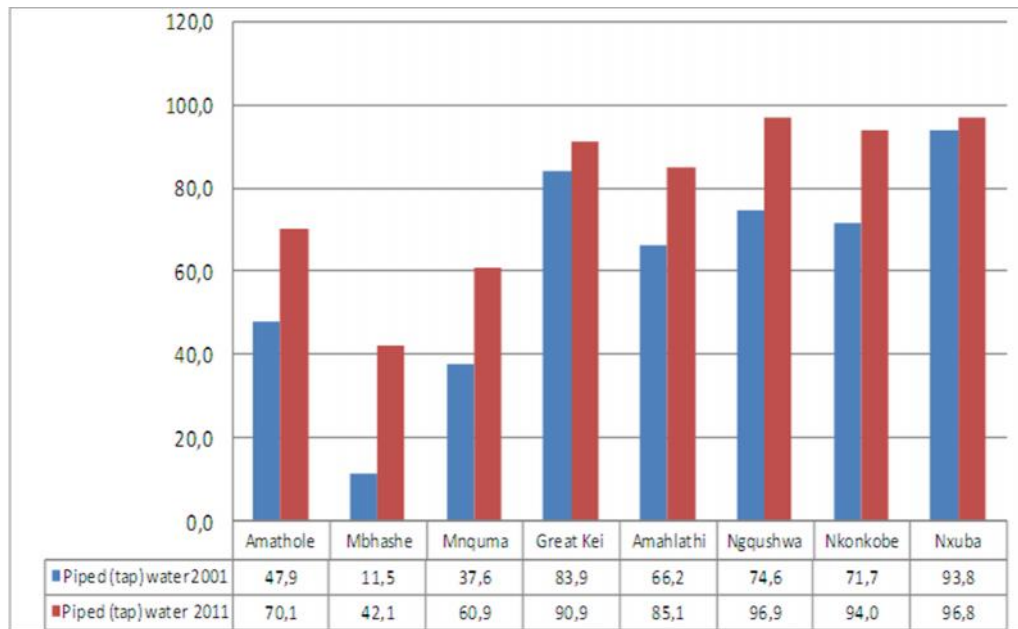
The district possesses more population without any form of schooling than the province, and less high educated population. Amathole has more population with some Primary and Completed Primary education (only) than the provincial figures. The large number of people with low levels of education may be attributed to various reasons that include decline in population growth, the migratory trends, and the historical socio-political circumstances. The table below reflects the status quo in respect of education.

**Table 7: Distribution of the population aged 20 years and older by highest level of education, sex and municipality**

ADM	2001			2011		
	Male	Female	Total	Male	Female	Total
No schooling	49642	87619	137261	22747	41223	63970
Some Primary	50498	52548	103046	54213	56955	111168
Completed Primary	15826	21910	37736	16392	20914	37306
Some Secondary	50818	72933	123751	71618	96583	168201
Grade 12/Std10	19846	26894	46740	27470	36193	63663
Higher	8400	14392	22792	10805	17955	28760
Total	195030	276296	471326	203245	269823	473068

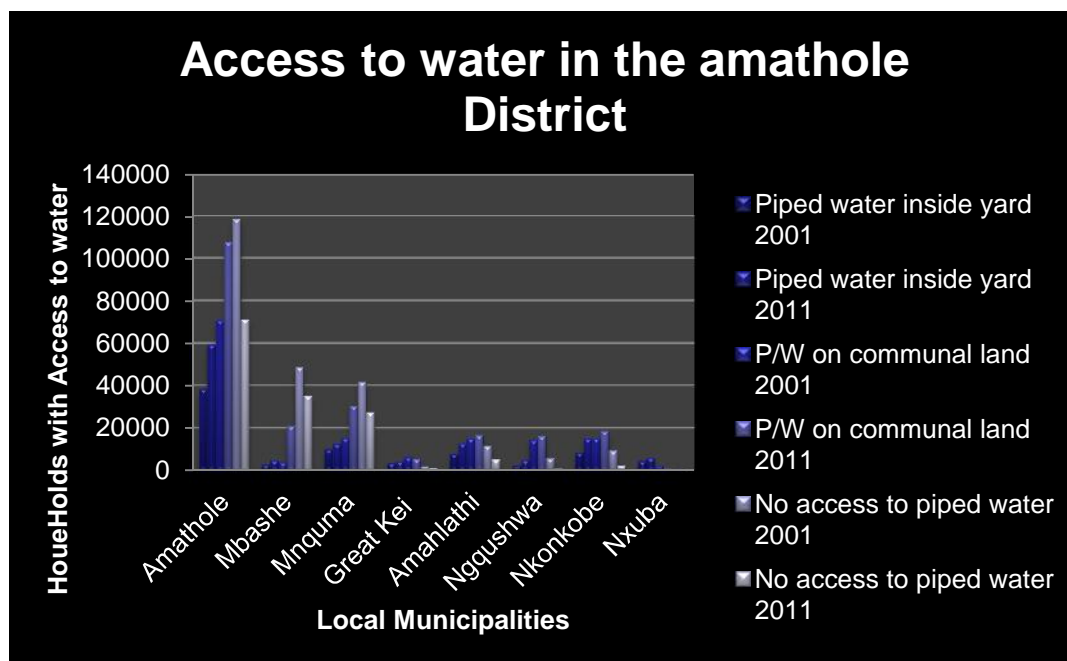
**Access to Services**

**Figure 3: Piped water**



The proportion of Amathole households with access to piped water has increased since 2001 from 112 400 households (48.6%) to 166 600 households (70.1% of households) in 2011.

Municipality	Piped water inside yard		P/W on communal land		No access to piped water	
	2001	2011	2001	2011	2001	2011
Amathole	38075	59275	70774	107406	118218	71094
Mbashe	2614	4620	3662	20683	48444	34822
Mquma	9809	12332	15114	30140	41363	27260
Great Kei	3445	4146	6091	5231	1829	933
Amahlathi	7615	12639	14941	16438	11521	5083
Ngqushwa	2027	4779	14120	15937	5488	668
Nkonkobe	8265	14896	15000	18345	9171	2114
Nxuba	4300	5863	1846	633	403	216
year	2001	2011	2001	2011	2001	2011

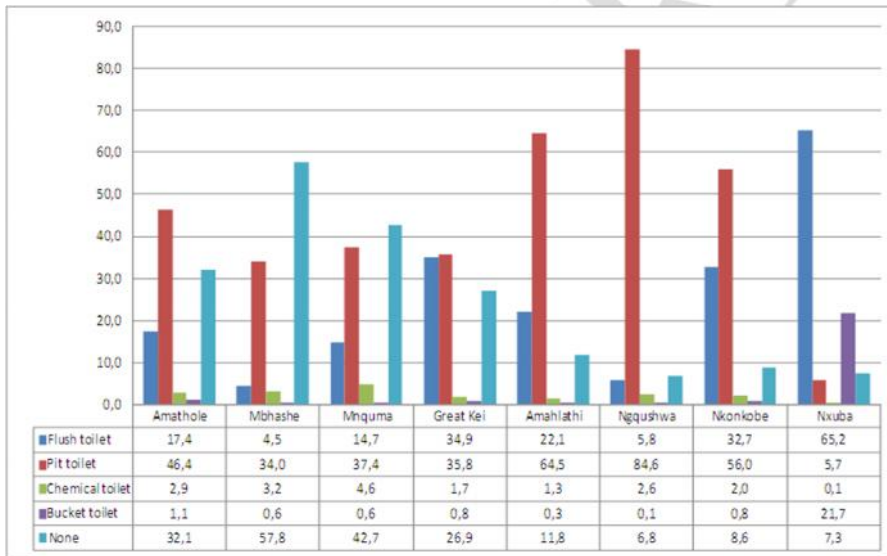
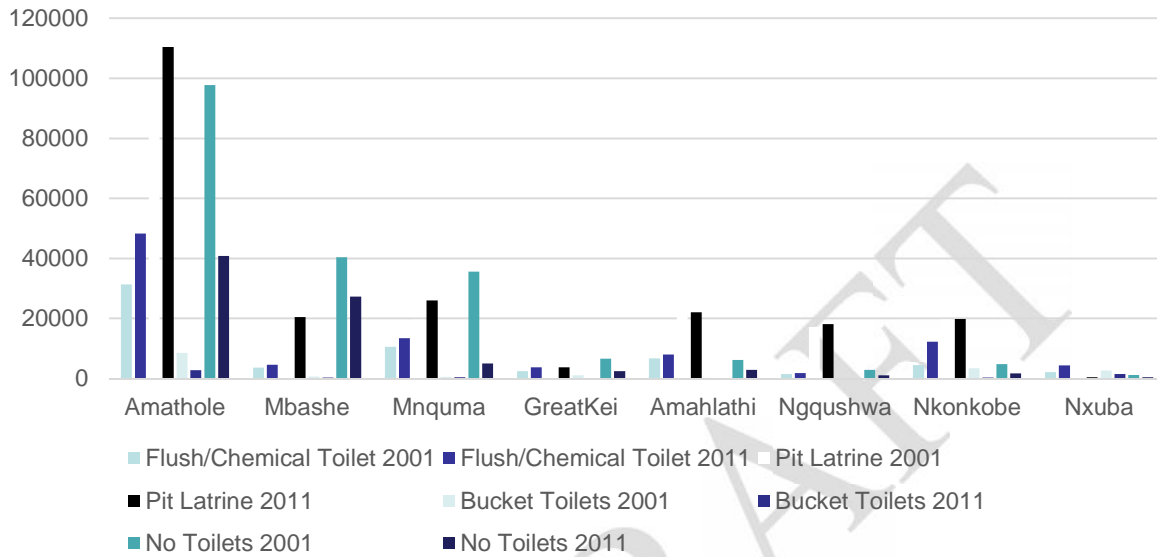


### Sanitation

The proportion of Amathole households with access to a flushing toilet has increased from 29 000 households (13.8% of households) in 2001 to 41 300 households (17.3% of households) in 2011.

Municipality	Flush/Chemical Toilet		Pit Latrine		Bucket Toilets		No Toilets	
	2001	2011	2001	2011	2001	2011	2001	2011
Amathole	31306	48281	89502	110446	8490	2717	97770	40816
Mbashe	3573	4619	10212	20420	584	336	40351	27288
Mnquma	10498	13444	19628	26047	527	446	35631	5028
GreatKei	2466	3767	1231	3688	1018	85	6649	2449
Amahlathi	6725	8013	20969	22027	163	89	6221	2899
Ngqushwa	1473	1808	17110	18097	164	27	2888	1052
Nkonkobe	4497	12245	19729	19785	3405	279	4814	1701
Nxuba	2083	4385	622	382	2628	1456	1215	398

Distribution of Household by Type of Toilet Facility and Municipality 2001 and 2011



Households with no access to proper toilet facilities has decreased significantly from 98 500 households (43.1% of households) in 2001 to 40 600 households (17.3% of households) in 2011.

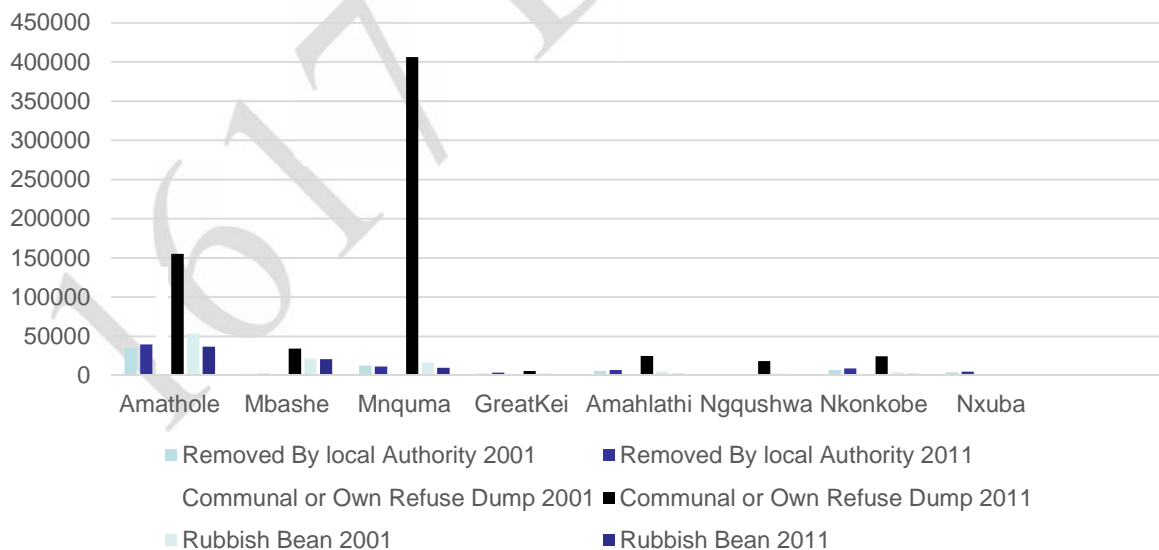
**Refuse removal**

Refuse removal is not the competency of the district municipality in terms of division the powers and functions between the district and the local municipalities. The district municipality is charged with a responsibility of determining the waste management strategy for its entire geographic area, regulation of

such strategy as well as the establishment, operation and control of waste disposal sites. It is also responsible for the bulk transfer facilities and waste disposal facilities for a combination of local municipalities in its geographic area. According to 2011 Census a slight increase of 1.4% of households whose refuse is removed by local municipalities has been observed since 2001. In the main almost two thirds (63.9%) of households in the district make means to remove their refuse while 15.6% of households have no access at all. The table below illustrate the scenario on refuse removal.

	Removed By local Authority		Communal or Own Refuse Dump		Rubbish Bean	
	2001	2011	2001	2011	2001	2011
Amathole	34707	39642	138869	155105	53491	36893
Mbashe	2058	2199	3926	34244	21736	20828
Mnquma	12797	11296	36769	406037	16719	9797
GreatKei	2500	3569	6196	5810	2669	858
Amahlathi	5786	7117	23351	24905	4941	1872
Ngqushwa	561	1593	18591	18588	2482	1148
Nkonkobe	6874	8842	21359	24364	4202	1985
Nxuba	4130	5080	1678	1159	741	404

Distribution of Households by types of refuse removal and Municipality 2001 and 2011



**Analysis / implications**

The waste management scenario is not at the desired level due to various reasons including the fact that:

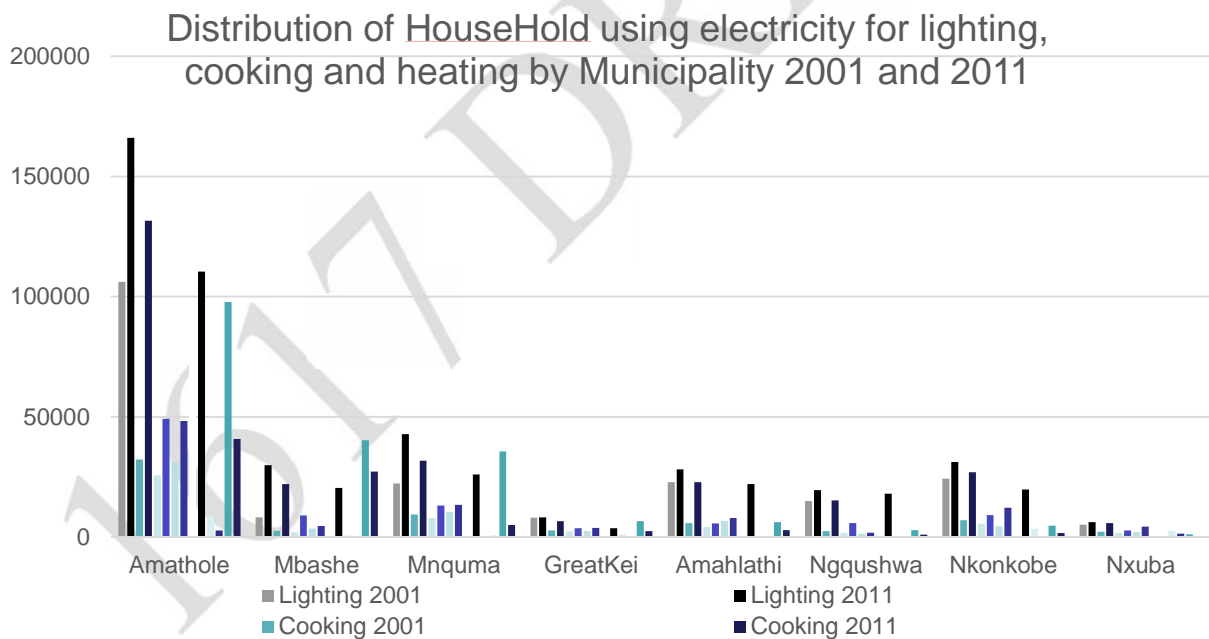
- Waste management is not being prioritised in the same manner as other basic services.
- Projects falling within the ambit of Integrated Waste Management Plan not budgeted for.
- There is a huge gap in the regularization of waste sites.
- Licensing and authorisation by the responsible government department process is a cumbersome process that takes a long time to conclude.
- Rural municipalities lack sufficient capacity to address their waste management challenges, and whilst policies and support programmes have targeted many of these municipalities, they have failed to achieve the type of institutional and capacity development that is required.
- A clear framework for managing capacity development for waste management has also not been developed.
- There is prevalence of illegal dump sites where burning of solid waste is regarded as a normal practice without considering the negative impact on the environment.
- Land availability is problematic due to the effect of land claims. Some local municipalities struggle to access land for transfer stations for waste management.

**Access to energy**

Provision of electricity is not the core business of ADM instead it is the local municipalities that perform the function in partnership with ESKOM. ESKOM enjoys the monopoly of electricity distribution industry partly because the process of developing Independent Power Producers is still in infancy stage. The municipalities do not have the capacity to generate and transmit electricity, they are only limited to the electricity distribution component of the value chain. Whether local municipalities at ADM have entered into the Service delivery Agreements (SDAs) with ESKOM, is matter that has to be determined.

**Table 8: The Electricity usage**

Electricity Usage	Lighting		Cooking		Heating	
	2001	2011	2001	2011	2001	2011
Amathole	106151	166075	32273	131522	25715	49230
Mbashe	8272	29863	2598	22095	1988	8990
Mnquma	22374	42795	9462	31788	7901	13161
GreatKei	8117	8264	2707	6571	2344	3718
Amahlathi	22892	28158	5808	22907	4262	5628
Ngqushwa	14950	19545	2470	15327	1784	5875
Nkonkobe	24325	31264	7028	26979	5557	9123
Nxuba	5222	6187	2200	5855	1678	2733

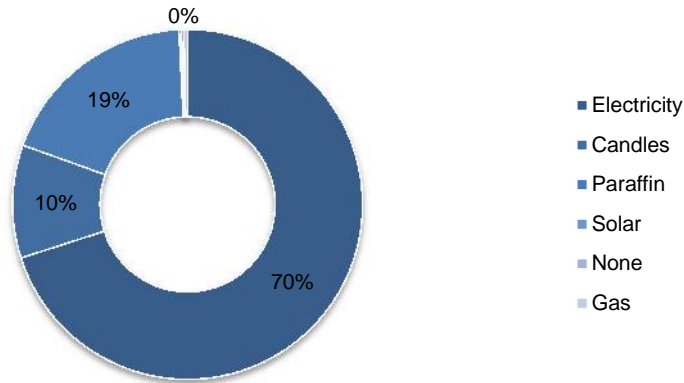


Only 166 500 households (70.0% of households) in the Amathole District have access to electricity for lighting; an increase from 109 300 households (47.3% of households) recorded for 2001. Despite the



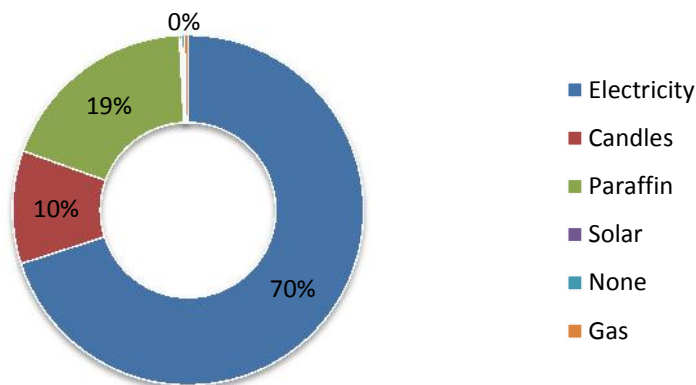
relatively high proportion of households with electricity in the ADM, and the large increase over the 1996-2011 periods, it is below the national average of 82%.

**: Access to Energy for Lighting**



**Analysis/Implications**

Access to Energy can be determined by the indicator Access to Energy for lighting and provides a measure of what type of fuel is used within households. These include paraffin, electricity, candles solar power and gas. Only 166 500 households (70.0% of households) in the Amathole District have access to electricity for lighting; an increase from 109 300 households (47.3% of households) recorded for 2001. This is below the national average of 82%



*Source: Quantec, 2011 Census*

Electricity is the main dominant form of energy that is used for various purposes that have been highlighted earlier on. It is worth noting that a sizable number of the population is still reliant on paraffin for lighting, cooking and heating. Although paraffin may be easily accessible, it is relatively not a cheap fuel and the major concerns are environmental, fire and health hazards associated with this form of energy. In addition candles pose a major fire hazards that may have consequence of catastrophic proportions.

(iv) Health Indicators

Eastern Cape is generally characterised by low life expectancy and high infant and maternal mortality which reflects the most aspects of the dysfunctional health system in the province. This scenario is mirror imaged at Amathole due to the fact that is the third largest in terms of population size. From Amathole District's health statistics there is an indication that only 37.7% of all pregnant women perform an antenatal visit before the 20 (of 38) week period, which is below the national average of 44%, but an increase from the district's 23.4% in the 2007/2008 review. In terms of a hospital stay, an average person spends 5.5 days which is above the national average of 4.2 days, and the national target of less than 4 days. These could be attributed to various factors that include poor transport infrastructure and low socio-economic status resulting to complications in health care. High Average Length of Stay numbers can also indicate that the health facilities are ill-equipped for efficient treatment cycles.

The Amathole District has the 4<sup>th</sup> highest rate of deliveries from teenagers younger than 18, and the 3<sup>rd</sup> highest rate in the Eastern Cape behind Alfred Nzo and O.R Tambo Districts. Alternatively, the Amathole District has the lowest maternal death rate in the province, with only 18.8 deaths per 100 000 births. Post birth, Amathole has only an 80.7% immunisation rate, 13% below the national average, indicating that almost 20% of all children born in the district do not receive vaccinations, and are at risk of Hepatitis B, Measles and Polio.

**HIV/AIDS Occurrence**

In terms Antenatal HIV, prevalence is around the national average of 29%, indicating that 29 babies from every 100 HIV-positive pregnant women are HIV-positive. The availability of Anti-Retro Virals in the district is among the lowest in the country, with only 62% of eligible children receiving the drug.

Provincially, HIV/AIDS remains a problem with 11% of the provincial population diagnosed as HIV-positive, and 27% (9 000 deaths) of all deaths (33 000 deaths) as a result of HIV in 2013. The success of Anti-Retro Virals is evident, in that the number of people who are consuming ARVs is increasing, with 28 000 adults (of

an estimated 100 000 HIV-positive people) and 2 000 children (of 3 200 HIV-positive children) in the ADM currently on the drug in 2012/2013 period.

### **Other Health Indicators**

The Amathole District has one of the highest Tuberculosis occurrence rates nationally, with 3.53% of all suspected TB cases confirmed. This figure is well above the national average of 2.4% and the target of 2%. However, the Amathole District has the lowest number of reported cases per 100 000 people in the Eastern Cape, with only 591 reported cases, below the national average of 687, per 100 000. The lower ADM incidence of TB does not necessarily mean that it is not a serious problem for the district, as only 72.8% of all reported cases complete treatment successfully, and only 61.8% are cured.

### **Implication/Analysis**

The health status of ADM citizen needs urgent attention in order to improve the current situation in respect of health systems. It evident that ADM Children are at risk of complications and preventable diseases due to:

- Low rates of antenatal visits
- Low supply of ARV
- Low Immunization Rates
- Prevalence of HIV/AIDS and TB

### **Possible interventions**

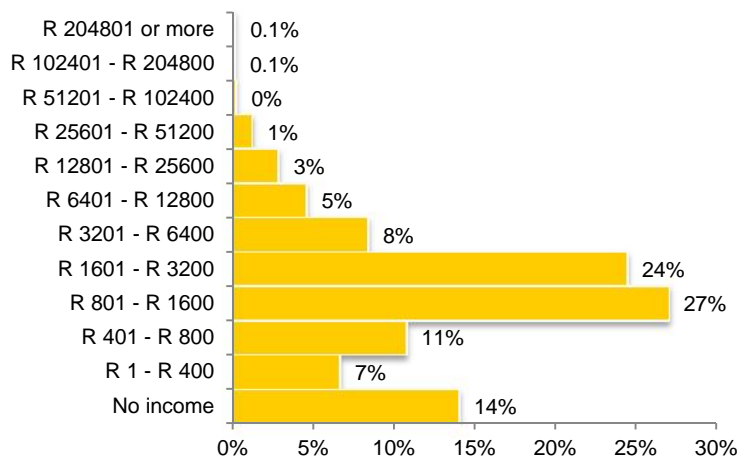
Mechanism should be put in place to deal with:

- Incorrect understanding of definitions of health and health care systems in order to address dysfunctionality of health system. Health should be viewed in the context of being in a state of complete mental, physical and social wellbeing rather than the absence of disease.
- Elements of access, equity and affordability of health care need to be addressed to ensure provision of sound quality of health service through a responsive system.
- The burden of disease with specific focus on HIV/AIDS and TB epidemics that pose a huge challenge to the district's healthy citizens.
- Specific focus that should be given to child and maternal mortality, non-communicable diseases as well as physical injuries due to violence and accidents.

**(v) District Employment and Labour Profile**

The Amathole District has an average weighted monthly household income of approximately R3 700, well below the Eastern Cape average of R5 900 per month. It is estimated that approximately 17.3% of households in Amathole earn between R1 and R800 a month, while an estimated 14.0% earn no income, translating to a total of 74 500 households (31.3%) that live below the poverty line. Although the district has a relatively high proportion of households that live below the line of poverty, it also has one of the highest percentages of households that earn between R801 and R6400 a month in the province, which may be attributed to a better supply of unskilled and semi-skilled positions that offer medium wages. The Gini Coefficient dropped from 0.83 in 2001 to 0.72 in 2011, an indication of reduced income inequality as a result of improved access to education and employment opportunities.

**Household Income and Employment Levels**



The unemployment rate of the district is higher than the absorption rate. Ngqushwa local municipality has the highest unemployment rate of 52.8, followed by Nkonkobe LM with 48.1 while Great Kei LM has the lowest unemployment rate of 29.8. The official employment status by Geography for economically active population group of age 15 – 64 is reflected in the table illustrated below.

The employment rate for the Amathole District is currently at 18.3%, an increase from 6.5% in 2001. The government services sector accounts for a total of 38% of all formally employed persons in Amathole. Other notable contributors to employment include agriculture (15.1%) and trade (25.5%). Although the unemployment rate for the Amathole District has declined from 64.8% in 2001 to 42.9% in 2012, it still remains above the provincial unemployment rate of 30.8%, and above the New Growth Path goal of 14% by 2020. The NGP’s goal of 65% Labour Force Participation rate is also above the current rate of 45%. Of the formally employed working age population, the majority occupy skilled labour positions (41.0%), an increase from 29.5% in 2001. The proportion of highly skilled workers has increased from 14.4% in 2001 to

19.4% in 2012 while the proportion of workers employed in semi and unskilled positions decreased from 56.1% to 39.6% between 2001 and 2012.

### **Analysis Household income**

Income distribution, the income distribution of population at ADM is highly skewed this may be attributed to various factors that include:

- The majority of the population are low income earners
- High income earners are a minority who are predominantly white and highly educated black professionals and business people
- Indication of a disposable income reflects low levels of affordability

Impact on the diversification of the economy and implications for spatial development framework i.e. calls for the forms of spatial developments that are geared towards improvement of socio-economic circumstances of the general population.

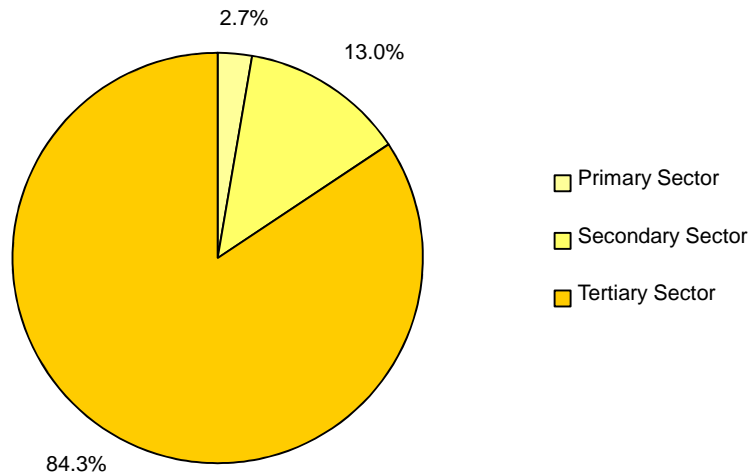
#### (vi) Economic Functionality

The re-demarcation process that took place before local government election in 2011, giving the Buffalo City Municipality a metropolitan status resulted in the reduction of ADM's economic output. The overall economic output was reduced by almost 60% due to the relocation of strategic economic hubs of East London, King William's and the provincial administrative capital of Bisho which had a big contribution to the district. Currently, it mainly Mquma and Amahlathi local municipalities that jointly account for 57 % of the district output.

### **Sector and District GVA Contribution**

The Amathole District, not unlike the province has a very small Primary Sector contribution towards total output, with only 2.7% of total GVA\_R from this sector. However, this contribution is still larger than the Primary Sector of the Eastern Cape, at 2.1%. Figure illustrated below shows the contribution of the Primary, Secondary and Tertiary Sectors towards total ADM GVA\_R.

#### ***Amathole GVA Sectoral Contributions, 2011***



*Source: Quantec: Standardised Regional, 2014*

#### **Agriculture, Forestry and Fishery's Sub-sector Overview**

- The Primary sector within the ADM contributes 2.7% of total district GVA\_R. It consists of the Agriculture, Forestry and Fisheries Sub-sector and the Mining and Quarrying Sub-sector.
- The district has highlighted varying products within the sector for development, namely citrus, pineapples and grain products. There are also plans for blueberry plantations. The total 2011 GVA\_R figure for the Agriculture, Forestry and Fishery's sub-sector is R 298 million, averaging - 0.2% growth over the 2008 to 2011 period. The total number of employed people within the subsector is 20 669, down 27% from 2008's 27 897.

#### **Fisheries and Aquaculture Industry Overview**

- The Fisheries and Aquaculture industry is included in the Agricultural Sub-Sector. Given the relative infancy of the industry both nationally and provincially there are only a limited number of aquaculture facilities currently operating in the district. At present three projects were identified across the district, one in the Mnquma Local Municipality – Qolorha Abalone Fish Farming – producing both abalone and fin fish; one in the Ngqushwa Local Municipality (Mhala Development Trust) and another in the Komga (Great Kei Local Municipality) which exclusively produces abalone. The projects in the Mnquma and Great Kei Local Municipalities have provided to be the most successful
- Major challenges experienced by fish farmers relate to: funding, training and equipment. Of significance, both projects reported very limited skills capacity related to fish farming; and notably

there is also a dearth of skills and capacity in the extension group which is supposed to provide support. For these farms to yield significant profits, significant investments in both start-up capital (for equipment and inputs) and skills development are required.

#### **Manufacturing Sub-Sector Overview**

- The total real GVA\_R of the district's manufacturing in 2011 was R 1.1 billion, R 27 million less than in 2008, equating to a real decrease of -2.4% over the period. The decrease was along similar lines to the decreases in real manufacturing GDP\_R at both a national and provincial level which, over the same period, was -3% and -2% respectively. These numbers indicate that the Amathole Districts manufacturing sector shrank by an average annual rate of -0.8% year-on-year between 2008 and 2011.
- Although the Amathole District's manufacturing sector outperformed the provincial and national averages, it contributes a significantly smaller percentage to the total GVA\_R of the district (9.3%) than the same sector does at a provincial (17.1%) and national level (17.4%). The Manufacturing Sub-Sector employs 8 023 people in the ADM, 60% of the Secondary Sector and 6% of the total employment figures. The sector employed 8 9 82 in 2008, therefore having lost 869 jobs.

#### **Agro-processing Industry Overview**

- The agro-processing industry is a subset of the manufacturing sector that process raw materials and intermediate products derived from the agricultural sector . The total real GVA\_R for the agro-processing industry in the Amathole District was approximately R 435.3 million in 2011. The agro-processing industry accounts for 40% of the total manufacturing sectors GVA\_R and 3.7% of the overall GVA\_R of the Amathole District.
- Although the agro-processing industry accounts for a significant share of manufacturing GVA\_R, its overall contribution has declined almost consistently since 2000 when it accounted for 49.3% of total manufacturing GVA\_R. The decline suggests that the manufacturing sector is diversifying and potentially moving away from agro-processing industries.
- The diversification can be of concern in that the agro-processing industry has been identified by the IDP as a key vehicle for creating jobs and spurring growth as a result of the industries strong linkages with primary agriculture. The agro-processing industry employs approximately 2 400 people, or 30% of the Manufacturing sub-sector.

#### **District Electricity Industry Overview**

- The electricity sub-sector is a very marginal sub-sector in the Amathole District, generating only R 73.2 million in real GVA\_R in 2011, equivalent to 0.6% of the total GVA\_R of the district. The contribution to total GVA\_R has also remained fairly static between 2008 and 2011, remaining at

+/- 0.6% since 2008. The marginal nature of the electricity sub-sector in the Amathole District is further highlighted by the fact that the industry employs only 132 people or 0.1% of the total labour force. The low employment rate is almost 40% less than the 211 people employed by the sub-sector in 2000.

- With respect to renewable energy, the district does not possess significant plans for generation, however does intend on generating some from some projects in various stages of development. The New Growth Path outlines the goal for South Africa to reach 10 000 GWh of renewable energy production, which would require 3 725 MW of generation capacity.

### **Tourism Industry Overview**

- The development and extent of the tourism industry varies across the Amathole District. The eastern part of the district (along the wild coast) has a number of well-established and recognised products while the more rural, eastern parts of the district (Mbhashe and Mquma Local Municipalities) have very little in terms of product offerings.
- The tourism supply portfolio of the Amathole District is largely nature based with supporting product strengths found in the outdoor and heritage categories. Wilderness, tranquillity and culture are constant themes throughout the Amathole District, and it is the combination of these characteristics and the unspoiled natural environment, which attracts tourists to the area.
- The Wild Coast, which covers a large portion of the eastern part of the district, is considered a key attraction for the strict, but the development of attractions within this location is hampered by the areas accessibility. Road connectivity, particularly in this area, is critical if the Wild Coast is to be developed in the future.
- There are several distinct tourism clusters that can be identified in the Amathole District namely: Kei Mouth, Butterworth and Hogsback and surrounds. The largest cluster, Butterworth, primarily comprises accommodation establishments and caters for the significant business tourist market that visits the area on a daily basis. The other two clusters – Hogsback and surrounds; and Kei Mouth – cater almost exclusively to leisure tourists.
- Of all the tourist attractions and activities identified in the Amathole Tourism Plan, 54.9% are related to cultural tourism. Cultural tourism products, which include heritage sites, museums, graves, traditional villages, are found throughout the Amathole District but mainly in the Nkonkobe and Mquma Local Municipalities.



- The Amathole District Municipality has a variety of adventure tourism products almost exclusively along the Wild Coast and near the Hogsback area. The environment and rural nature of this part of the district make it ideal for adventure activities such as boating, surfing and mountain biking.

### **Construction**

- The Construction Sub-sector has also experienced jobless growth over the 2008 - 2011 period. The sub-sector's employment figured declined by 18% within the district, despite the sub-sector itself growing 7%. While construction activities do require infrastructure development to take place, they also serve as an indicator of regional development themselves, indicating where new projects are being undertaken.
- While this does not necessarily mean that the Great Kei and Nkonkobe districts do not possess comparative advantage for construction within the district, it should also be noted that on-going projects and targeted schemes also originate within the LM, for example aquaculture development within the Great Kei LM. The district does not possess a provincial comparative advantage

### **Community, Social and Personal Services & General Government**

- General Government is the only other sub-sector to exhibit signs of positive employment and GVA\_R growth over the review period. This is somewhat expected, due to the expected response of government during times of economic uncertainty, namely, to increase expenditure to substitute for a lack of investment expenditure. Community, Social and Personal Services experienced a 5% decline in employment and a 1% increase in ADM GVA\_R output over the period.

### **Conclusion**

It is worth noting that this situational analysis serves as a precursor to the development of ADM Vision 2030. It has been mainly a desktop exercise through the review of various statistical and socio-economic data. ADM is in a process of developing a long range plan stretching to 2030 which is called ADM Vision 2030. The primary intention of ADM Vision 2030 is to outline the localized long term plan of the district and ensure alignment with the Eastern cape province's long term plan as well as the country's developmental blue print officially known as the national development Plan (NDP) i.e. Vision 2030.

A comprehensive situational analysis builds a quantitative and qualitative baseline of the conditions of inhabitants of ADM and will be used as an on-going monitoring tool going forward. It will also help the leadership political and administrative to understand better the current situation inside and outside the area of jurisdiction of Amathole District Municipality. In addition it will enhance the understanding of developments in the Macro- and Micro-environment that may influence the future of the district.

The process will entail gathering information for systematic strategic planning process. The results of the analysis will also enable the incumbent leadership to make critical decisions about the future of ADM and preparation of long term action plan that takes care of urgent issues.

In developing the long term vision for the district it is important to consider the following:

#### **THREATS**

- Regional Instability (SADC) that may result in social, developmental, trade, education, health, diplomatic, defence, security and political challenges.
- Migration to the south ( consideration on the impact thereof)
- Changes in political office (possibility of changes in ideology may impact on the long term strategy)
- Climate Change and Environmental degradation: (the impact of consumerism, waste generation, pollution, general exploitation and depletion of natural resources, water security, food security etc.)
- Globalisation: A need for regional economies to fine tune and maximise their competitive edge will necessitate calls for rethink of strategies. Development of proactive approach to counter the impact of globalization might be necessary. In addition the possible future effects of global economic meltdown and the hegemony of Transnational Corporations to the regional economy.

#### **OPPORTUNITIES**

Infrastructure is generally viewed as a catalyst for economic growth hence the establishment of the Presidential Infrastructure Coordinating Committee (PICC) to oversee the massive roll-out of infrastructure development. There are Strategic Infrastructure projects that offer leverage for economic growth and job creation.

## **CHAPTER 3: STATUS QUO ASSESSMENT**

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

<b>Strategic Goal:</b> Improve organizational cohesion and effectiveness.
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**Intended Outcome:** Improved organizational stability and sustainability.

### **3.1.1 ORGANIZATIONAL AND ESTABLISHMENT PLAN**

Section 66 of the Local Government: The Municipal Systems Act (Act No 32 of 2000) requires a Municipal Manager to, within a policy framework determined by the Municipal Council and subject to any applicable legislation, establish a mechanism to regularly evaluate the staff establishment of a Municipality and, if necessary, review the staff establishment. (Amendment requires the approval of Council). ADM has developed Conduct of Conduct for both employees and councillors in line with the prescripts of the legislation.

All employees are binded by the Code of Conduct and are obliged to sign on the first day of starting work and councillors when they are sworn in as well as the Standing Rules of Council. Councillors are binded by the Standing Rules of Council. Both these Code of Conducts are developed in line with the requirements of the Municipal Systems Act.

#### **Institutional Structure of ADM**

The Institutional structure of ADM is divided into two levels, namely, Political and Administrative structures. The Administrative structure is accountable to the Political structure.

#### **Political Structure of ADM:**

The principalship of ADM lies with Council under the Chairpersonship of The Speaker and it operates a number of committees that assist in the realisation of the Council's mandates. Listed below are the committees that assist Council in carrying out its responsibilities:-

- E2.1** Municipal Public Accounts Committee
- E2.2** Rules Committee
- E2.3** Audit Committee
- E2.4** Performance Audit Committee
- E2.5** District Speaker's Forum

#### **Standing Committees:**

- Municipal Transformation and Institutional Development
- Service Delivery and Infrastructure Development
- Local Economic Development
- Municipal Viability and Financial Management
- Good Governance and Public Participation

#### **Other Committees**

- (a) District Mayors Forum
- (b) Intergovernmental Relations Committee
- (c) Local Labour Forum
- (d) Remunerations Committee

- (e) Special Programmes Forum
- (f) Skills Development and Employment Equity Steering Committee

**Administrative Structure of ADM:**

The head of the administrative structure is the Municipal Manager. Municipal Manager is accountable to Executive Mayor. The Council approved the creation of the following seven departments:-

- The Municipal Managers Office and Strategic Planning and Management;
- The Engineering Services;
- The Community Services;
- The Corporate Services;
- The Budget and Treasury Office;
- The Land, Human Settlement and Economic Development;
- The Legislature and Executive Support Services

**Table 3.1: Departments and Section 56 Managers**

<b>Name of Department</b>	<b>Section 56 Manager</b>	<b>Filled/Vacant</b>
Municipal Manager	Chris Magwangqana (Mr)	Filled
Community Services	Yolisa Mniki (Ms)	Filled
Engineering	Mpumelelo Shezi (Mr)	Filled
Strategic Planning and Management	Ralph Links (Mr)	Filled
Land, Human Settlements and Economic Development	Mpumelelo Gaba (Mr)	Filled
Legislative & Executive Support	Linda Simanga (Ms)	Filled
Corporate Services	Lulama Taleni (Mr)	Filled
Budget and Treasury Office	Nkosinathi Soga (Mr)	Filled

**3.1.1.1 Employment Equity Plan**

The current Amathole District Municipality (ADM) Employment Equity Plan was reviewed and adopted by Council in May 2011. The Plan expired on 30 June 2014. The plan was developed and submitted to the Department Labour. Furthermore the plan has been reviewed and adopted by Council in May 2015. The plan seeks to achieve reasonable progress towards Employment Equity in the workforce. After the analysis of the existing employee profile of ADM it was discovered that at ADM race is no longer a problem but the main challenges are:

- Under representation of females and
- Gross under representation of people with disabilities.

As a first step towards addressing the identified problems, it was necessary for ADM to set its targets as well as time frames attached to them. Currently women representation is sitting at 41% to men, while disability

**Table 3.3: ADM Employee Profile Including people with disabilities**

(Total number of employees (including employees with disabilities) in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites)

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	5	1	0	0	2	0	0	0	0	0	8
Senior management	58	2	1	1	36	0	0	2	1	0	101
Professionally qualified and experienced specialists and mid-management	42	3	1	5	43	2	0	3	0	0	99
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	143	5	0	5	152	5	3	6	0	0	319
Semi-skilled and discretionary decision making	187	4	0	1	194	2	0	3	0	0	391
Unskilled and defined decision making	613	8	0	0	269	1	0	0	0	0	891
<b>TOTAL PERMANENT</b>	<b>1043</b>	<b>22</b>	<b>2</b>	<b>12</b>	<b>694</b>	<b>10</b>	<b>3</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>1801</b>
Temporary employees	5	1	0	0	2	0	0	0	0	0	8
<b>GRAND TOTAL</b>	<b>1048</b>	<b>23</b>	<b>2</b>	<b>12</b>	<b>696</b>	<b>10</b>	<b>3</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>1809</b>

The table above shows that ADM had, as at 30 June 2014, 1809 employees, one (1) of which is a foreign national and does not count for the Employment Equity. Out of the 1808, 1085 which is 60% are males and 723 which is 40% are females. The breakdown per occupational level is discussed below:-

- **Top Management** [Municipal Manager & Directors] – ADM has seven (8) positions in the top management level of which one (1) was filled in 2014/2015 financial year. There are six (6) males and two (2) females. In terms of percentage, males are at

75% and females count for 25% only. This is a gross under representation of females. ADM rolled out in 2013/2014 period a programme called, Women Empowerment, which seeks to empower and encourage women to apply for top and senior managerial level positions. Hopefully, the status quo will change as time progresses.

- **Senior Management** [TASK Grade 17 to 20] – ADM has 101 employees in this occupational level. The figure excludes the foreign nationals as they do not count for the employment equity. There are 62 (62%) males and 38 (38%) females. There is also some lack of applications from females when the positions in this occupational level are advertised. The development of Employment Equity Plan should talk to closing the gap between males and females and that can happen through the use of affirmative action whenever recruitment for senior managerial level positions are advertised.
- **Professionally qualified specialists and mid-management** [TG 14 – 16] – In this occupational level there are 99 employees. The males are 51 (52%) and females are 48 (48%). There are no challenges in terms of gender balancing in this level but ADM needs to maintain the existing status. This is the level on which the promotion policy may be used to feed in to the female category at senior management level.
- **Skilled technical and academically qualified workers, junior management** [TG 9 – 13] – In this level there are 319 employees. The males are 153 (48%) and females are 166 (52%). This status needs to be maintained.
- **Semi skilled** [TG 5 – 8] – This category has 391 employees and the split is 192 (49%) males and 199 (51%) females. This status also needs to be maintained.
- **Unskilled** [TG 3 – 4] – This occupational level has 891 employees. The split is 621 (70%) males and 270 (30%) females. This is where the biggest problem is. This level is mainly composed of the types of duties that require physical engagement like digging trenches, carrying heavy objects etc. The challenge with this level is that females do not apply for duties that require physical engagement. This can be overcome by changing the mindset of the community. There are no longer duties for males and duties for females. All people must be encouraged to apply. Affirmative action needs to be applied in this category during recruitment to bring gender to the equilibrium point.

One of the main challenges highlighted above is the gross under representation of people with disabilities. The statistics of people with disabilities are illustrated in Table 3.4 below:-

**Table 3.4:** Total number of employees with disabilities only in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	1	0	0	0	0	0	1
<b>TOTAL PERMANENT</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Contract Workers</b>											
<b>GRAND TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

**Opportunities/Enablers**

Opportunities that were identified include the following:

1. to integrate goals with the performance management system of all heads of department.
2. to ensure that all managers and supervisors participating in ADM selection panels are sensitive to EE issues and always discuss it in their selection sessions.
3. Section 24 of the Employment Equity Act enforces the employment of a Senior Manager who will be dedicated for Employment Equity and report to the Chief Executive Officer; in our case the Municipal Manager
4. to design an Employment Equity Plan, which will enforce the employment of suitable women in positions through the application of affirmation action

### **3.1.2 HUMAN RESOURCE DEVELOPMENT**

The ADM has a Human Resources Development Unit with its primary purpose to provide accredited, quality training for both employed and unemployed candidates of ADM and Local Municipalities within its jurisdiction. This is in line with the Skills Development Act No. of 97 of 1998, Skills Development Levy Act No. 09 of 1999, South African Quality Assurance (SAQA) Act No 58 of 1995 and Employment Equity Act No 55 of 1998.

The unit co-ordinates, monitors and evaluates all skills development initiatives to ensure that they enhance Service Delivery and Corporate Governance, as well as improve financial viability of ADM and Local Municipalities within its jurisdiction, stimulate local economic development which would subsequently alleviate poverty, and being change agents for effective Municipal Transformation and Institutional Development.

#### **3.1.2.1 District Human Resources Development (HRD)**

The Human Resource Development Strategy was developed and adopted by Council in 2010-11 in line with the HRD Strategy for South Africa 2010 -2030 as well as the Provincial HRD Strategy. The Strategy was reviewed in 2012/13 in line with the IDP review process. As part of implementation of the HRD Strategy, a number of programmes have been such as:

- In 2011/12, “New Venture Creation” Learnership was implemented for 10 unemployed People with disabilities (PWDs).
- In 2012/13, training on Plumbing was also conducted for 29 Amathole District Municipality employees.
- Also in 2012/13, a Ceremony for Performance Awards in Mathematics was held for seven schools within the Amathole District, and these awards were meant to motivate and to promote excellence, in line with the recommendations of the Implementation Plan of the District HRD Strategy.
- In 2013/14, two Career Exhibitions.

With the development of the Strategy, the entire Municipality has been able to understand the Skills Development dynamics of the District, including the skills development landscape in the District. This understanding has enabled the District to plan relevant skills development initiatives accordingly, in order to improve on service delivery

As is evident above, that the strategy does not only focus at strengthening internal capacity, but it also seeks to develop and improve capacity for its community members, particularly the previously marginalised groups. In his 2011 State of the Nation Address, President Jacob Zuma unveiled government’s plans to intensify job creation initiatives. All spheres of government were requested to align their programmes with the job creation imperatives. Due to its rural nature, ADM is faced with challenges of high poverty and unemployment rates and views skills development as imperative to stimulate local economic development which would subsequently alleviate poverty and address unemployment needs.

#### **Rare and Scarce Skills**



There is a Policy on Scarce Skills that is in place which was adopted by ADM.

*Bursary on Rare Skills*

Eleven students from disadvantaged backgrounds are currently receiving assistance through this programme which is coordinated by HRD Unit, four of the seven are currently doing first year whilst the others are doing second year. One is currently undertaking experiential Learning at ADM.

*a) Workplace Skills Plan (WSP)*

According to the Government Gazette of June 2005, all employers are expected to submit their Workplace Skills Plans to their respective SETAs by the 30 April of each financial year. The approved Workplace Skills Plan for the financial year 2014/2015 was signed off by management, Portfolio Councillor and the Union, and it also reflects all the training programmes that were identified by the departments for both Councillors and employees, and the document was submitted to the Local Government SETA within the stipulated period. Currently Corporate Services is implementing the training identified in the plan.

*b) Local Economic Development Learnership (NQF4)*

This programme was identified in line with the implementation the approved District HRD Strategy for 2013/2014. A Service Provider was appointed in September 2013 for implementation and coordination programme for ADM. Fifteen candidates will be selected from the local municipalities with the assistance of the Skills Development Facilitators from the local municipalities.

*b) Local Economic Development Learnership (NQF4)*

This programme was identified in line with the implementation the approved District HRD Strategy for 2013/2014. Twenty candidates were selected from the local municipalities with the involvement of the Skills Development Facilitators from the local municipalities. The learners are currently based in the Local Municipalities to gain practical knowledge. The programme will be completed in November 2014.

*c) Training of Officials and Councillors*

Training is currently being conducted in line with the Council approved Workplace Skills Plan as well as the Annual Training Programme. An allocated budget with a total amount of R2 800 000 and R 3 400 000.00 was earmarked for training in 2013/14 and 2014/15 respectively.

*d) Internship Programme*

Eight candidates are currently participating in the internship programme, 4 of the candidates are participating in the Municipal Finance Management Internship Programme which is funded by National Treasury and 4 candidates are participating in the Local Government Seta funded internship programme

*e) Experiential Training*

A total number of 10 candidates were exposed to the world of work in the last financial year and 8 learners from various institutions are currently participating in the ADM's experiential learning programme.

*f) Adult Education and Training (AET)*

This programme was previously known as Adult Basic Education and Training (ABET). All ADM employees based in the Local Municipalities were encouraged to take part in this Programme. The rate of attendance was currently at 99%. In 2013/14, ADM enrolled 90 participants, but the number decreased to seventy six (76). The decrease was due to some employees withdrawing from the programme due to health reasons and some have since reached their retirement age and others passed away.

*g) Minimum Competency Levels Training*

In order to meet the requirements of National Treasury with regards to training on Minimum Competency Levels, as stipulated in the Gazette 29967, 67 Managers participated in the Municipal Finance Management Programme (MFMP) which was conducted by various Institutions of Learning.

*i) Employee Study Assistance Scheme*

The department is currently co-ordinating a Study Assistance Programme. 279 employees enrolled during 2013/14 under the Employee Study Assistance programme.

**3.1.2.2 Human Resources (HR) Strategy**

The development of HR Strategy and its implementation plan is a requisite of the IDP. The strategy serves as a framework and guide to HR functions. The development and implementation of the HR Strategy is meant to create an enabling environment that will assist towards improving service delivery. An amount of R500 000 was budgeted for the development of HR Strategy during 2013/14. However, there will be future financial need for the implementation of HR Strategy imperatives.

**3.1.3 RECRUITMENT AND SELECTION**

The objective of the Recruitment and Selection Unit is to provide staff the through implementation of the Recruitment and Selection as well as the Promotion and Transfer policies. The unit is also responsible for compliance with the Employment Equity Act 55 of 1998.

The structure of the unit has a total eight (8) positions comprising of 1 manager, 2 Senior HR Officers, 2 Assistant HR Officers and 3 Senior HR Clerks. The average total number of positions filled per annum is about 300.

**Challenges and Remedial Actions.**

- Inability to meet the Employment Equity targets.
- A Women Empowerment Programme has also been implemented during the current financial year.

### **3.1.4 EMPLOYEE WELLNESS & OCCUPATIONAL SAFETY**

The objectives of the Employee Wellness and Occupational Safety Division are to promote health by providing the employees with ongoing education, information and communication in all health related aspects. They are also encouraged to be proactive about their health and modify their lifestyle for their own health benefits. The Division has a responsibility of ensuring a safe work environment of all the employees at work and safety during operations.

This is to comply with the Occupational Health and Safety Act 85 of 1993, Medicine and Related Substances Control Act 101 of 1965, Employment Equity Act 55 of 1998 and the Compensation of Occupational Injuries and Diseases Act 130 of 1993.

The Employee Wellness and the Occupational Health and Safety strategies were adopted by the Council in 2012/13; the implementation thereof was started in 2013/14 and is continued during this current year (2014/15).

On the Wellness day that was held for the employees based at Amahlathi, a total of 72 employees submitted themselves for HIV test and only two were positive and were referred to their doctors for follow up such as blood monitoring for CD4 count and viral load. Peer education programme was conducted for employees based at Nxuba, Nkonkobe and East London. These employees are a source of information on HIV/AIDS matters in their areas of work. HIV awareness and Candle light memorial was conducted for employees based at Mquma and Mbashe where 50 employees were in attendance. This was to remind them about their responsibility in fighting the disease and to remember their colleagues, relatives and friends who passed on because of HIV.

Flu vaccine and Hepatitis A & B were administered to employees working with water and sanitation based in local municipalities as they are exposed to cold in winter and also to blood and blood products during their work processes.

Weight management programme that was started in May, 2013, has escalated to all LMS, a total of 256 employees are on the programme and are reaping the good results. A young lady who was on chronic treatment for blood pressure has stopped the treatment as her blood pressure is normal. Most of them have joined sport.

Chronic ailment workshop was conducted for employees based at Mquma, Mbashe, Nkonkobe and Nxuba, a total of 78 employees have benefited. This is to encourage compliance with treatment and diet. Counselling sessions have been conducted and the main concerns of the employees are the mismanagement of personal finances and substance abuse. Workshops were conducted by ABSA educating them on budgeting, analysing their debts and advising them how to manage them. The pressing challenge is the informal financial institutions that they are exposed to, who manage their finances for them. Substance abuse workshops were also conducted and the employees with problems identified and some were referred to SANCA others to the Social Services near them for assistance

The Occupational Safety workshops were conducted for employees in all Local Municipalities including East London. Safety inspections were also conducted, some areas are better in compliance though not hundred percent. All employees exposed to chemicals were done lung function test, and hearing test done to all those who are exposed to noise which is 85decibels and more during their work. All results were normal. All employees who are exposed to hazards were

supplied with protective clothing including new employees. Employees exposed to hazards that are detrimental to their health are continually being educated on occupational diseases, with the aim of strengthening the use of protective clothing in preventing these diseases.

### **Challenges**

- ✓ Mismanagement of personal finances is still a challenge but there is improvement, the scenario is much better than the previous years.
- ✓ Lack of compliance in plants still poses a challenge and this is affecting the employees negatively
- ✓ Employees working in canals in the Western region (Adelaide) are exposed to life threatening conditions and communication is also a case for concerned, even the road to these areas is very bad and there is a forest that one has to drive through and have to leave the car/van and walk some kilometres to the canal.
- ✓ Inadequate staff which affect the employees. There are three EAP Practitioners servicing more than two local Municipalities with a lot of areas that are distributed throughout the municipality. They are conducting three intensive programs e.g. EAP, HIV/AIDS Workplace Programme and Occupational Health. They all need constant follow up.

## **3.1.5 ORGANISATIONAL DEVELOPMENT & JOB EVALUATION**

### **3.1.5.1 Organizational Development**

The objective is to provide organisational design services to ensure that ADM has the most appropriate structure and improved work processes to achieve the goals of the organization. This is done through facilitating processes, advising management and departments about the most appropriate structures to be effective at ADM. ADM is undergoing a Business Re-engineering process was appointed with the aim of developing an optimal organisational structure for ADM for the future.

### **Challenges**

- Prioritizing proposed new positions, taking into consideration the necessity of the Satellite Model and limited financial resources.
- Implementing the new structure over a phased-in period of time.
- Identifying and prioritizing funding for potential positions which have been identified on the Macro & Micro Structure

### **3.1.5.2 Job Evaluation**

The objective is to ensure the correct grading of the jobs of the 8 municipalities in the ADM area. This done through developing of job descriptions, and submission of these JDs to a Job Evaluation Grading Committee with the intention of grading the jobs using the TASK Job Evaluation System. The grading results are externally audited to ensure accuracy of grading outcomes. All Amathole District Municipality positions, filled and vacant have job descriptions. A District Grading Committee will be established which is constituted by ADM and the 7 LMs.

## **Challenges**

- **Auditing of Results** - There is no SALGA initiated structure to audit jobs graded within ADM. This causes additional financial expenses due to having to contract a service provider
- **Pay Structure**- The ongoing dispute regarding the pay structure as detailed in the Categorization and Wage Curve Agreement continues to cause uncertainty within ADM and its staff.
- **Job Descriptions** - Although the standard of the job descriptions submitted for grading are generally of a high standard, there are still inconsistencies in the quality of one job description to another. It remains a challenge to ensure that JDs submitted are of the same standard.

### **3.1.6 ADMINISTRATION**

#### **3.1.6.1 Auxiliary Services**

As part of the support functions for the success of the Amathole District Municipality in order to fulfil its statutory functions outlined in the Municipal Structures Act, 1998, it is key that the support mechanisms outlined in the Municipal Systems Act, 2000 be put in place. Part of those support mechanisms include functions related to giving support to Council as well as other ancillary functions and giving support and aid to ADM Council.

The goal of the Auxiliary Services Section is to provide an efficient auxiliary services function to both internal and external departments by providing the following services:

##### a) Asset Management

The ADM has developed an Asset Management Policy as a guide to properly manage and maintain assets.

- Immovable Assets

The ADM has about 209 immovable properties of which a total of more than 110 have been transferred back to the local municipalities. This process has to be fast tracked in order to reduce entries in the ADM's Asset register as indeed ADM will have a less effective role to play in the administrative processes of these properties.

This transfer process is influenced by the assignment of powers and functions in terms of the Section 12 Notices. Various conveyancers are ensuring that this is realized in terms of the Deeds Registries Act, 1937. Further-more, in managing such assets, provisions of Section 14 of the Municipal Finance Management Act always prevail.

In the process of analysing the current status quo on assets of Council, it became clear that these are not properly secured, including personnel and councillors hence the need to develop a security plan is identified as a key factor.

- Movable Assets (Fleet)

In order for Council to function and execute its core responsibility, a requirement being a support aid in the form of fleet was identified. This is a support aid which requires both acquiring and then maintaining.

The institution has experienced a number of challenges with regards to the management of fleet. During the 13/14 financial year, the “essential user scheme” was introduced. Further to this, during the 1415 financial year fleet management strategy was developed. The purpose of the strategy is to manage the challenges that have been experienced in the management of fleet within the institution

The ADM’s fleet as at October 2013 comprised a total of 336 vehicles which can be categorised as follows:

**Table3.5: Number and Type of Vehicles**

TYPE OF VEHICLE	NO. OF VEHICLE
Sedans	36
Trucks	29
Microbuses	3
Fire Engines	6
TLB’s	02
Bakkies	245
Trailers	8
Tractor	5
Panel Van	2

In the process of ensuring the MFMA provisions are enhanced including property management process the ADM ensures that:

- Adequate control of allocated vehicles by some departments is always enhanced in a manner that designated officials within departments also prioritize the issuing of vehicle’s trip authorities, return of keys to relevant Department, submission of accurate logbooks and petrol slips.
- It became clearly evident that the appointment of a dedicated official was necessary to manage the fleet operations, as well as to implement the policy on maintenance and manage the software that monitors the local movement of the vehicles. This will assist in ensuring effective service delivery.

b) Office accommodation

Office accommodation is a problem that is prevalent at Amathole District Municipality. It is for this reason of office space scarcity that an Office Accommodation Committee was established comprising representatives from all other departments was established. The main objective of the committee is to look at the office space challenges, prioritise and allocate according to departmental needs.

As a result of office space shortage, ADM has leased a number of buildings around East London where some of its departments are housed. ADM also has leased offices in the local municipalities falling within its area of jurisdiction and also the same scenario is prevalent. In order to address the office space challenge, ADM is sourcing office space in Satellite offices to accommodate all departments e.g at Nkonkobe and Nxuba. Department of Provincial Public Works has been approached to donate land, vacant plot to ADM for building offices in Satellite offices. ADM is now sourcing office accommodation to house ADM in East London.

#### Challenges

- Unavailability of office accommodation that will house all the ADM departments.
- Lack of suitable office space for rental in satellite offices.
- Lack of adequate space for ADM vehicles in satellite offices and this exposes the vehicles to theft.
- The increasing number of new appointees in relation to the available office space has created congestion in some offices resulting in breaches of the Occupational Health and Safety Act Provisions
- Accessibility to ADM offices for the physically challenged is compromised and could lead to penalties from the Labour Department.

#### c) Security Services

ADM is providing security for both its Staff and Assets twenty four hours. Currently ADM is demarcated to three regions viz Eastern Region allocated to Eastern Guard security, Western Region allocated to Xhobani Security Services and Central Region allocated to Chippa Investment Holdings. This provision is made in the form of armed responses and security guards. Currently ADM is sitting with a compliment of 159 Guards from a number of 142 Guards during the last financial year and managing 75 sites.

#### d) Fencing

The following Water Work Stations need to be prioritized in terms of fencing, whether this is a O&M or CS responsibility viz. Seymour Water Treatment Works, Cintsa Water Treatment Works, Butterworth Water Treatment Works, Willowvale Water Treatment Works and Elliotdale Water Treatment Works. Remember all these are drinking water facilities of which the results could be catastrophic. Future Budget Forecasts and Planning are the key elements.

#### e) Switchboard Operations

The switchboard operators currently connect internal and external staff to the relevant officials within the institution. There are currently two (2) switchboard operators manning the switchboard operators are providing a service to the entire ADM and the public. The growth of staff members increased the service that is being delivered to more people. This has led to the switchboard board being constantly busy.

### **3.1.7 LABOUR RELATIONS**

ADM has a Labour Relations Unit that aims to advance economic development, social justice, labour peace and the democratization of the workplace by fulfilling the primary objects of the following Acts:

- Labour Relations Act
- Basic Conditions of Employment Act
- SALGBC Collective Agreement on Discipline and Dispute resolution

The function of the unit is to manage and maintain good relations between labour and employer. Engagements with Organised Labour take place frequently, mainly through the Local Labour Forum (LLF). Relations between the parties can be described as cordial. Meetings of the Local Labour Forum are scheduled to convene four (4) times a year in line with the municipal calendar of Council meetings.

The municipality has developed a Labour Relations Strategy in 2013/14 financial year. This strategy will pave way for proactive Industrial Relations practices.

There had been some isolated incidents to demonstrate that the relationship needs to be enhanced and maintained. This led to a situation where a dispute arose between the parties and while this may be normal, a caring employer must be able to avert fallouts that may occur as a consequence. There is a very high success rate in arbitration cases referred against the Municipality, attesting to the correctness of management decisions taken on disciplinary matters. The institution handles roughly about twenty disciplinary matters per quarter.

#### Challenges

- Understaffing of the Unit, rendering it incapable of dealing with the workload in terms of quantity and quality, and possible violation of Collective Agreements;
- Reluctance of managers to chair proceedings where unpopular outcomes might result;
- Lack of clear understanding of ADM disciplinary processes by some Presiding Officers.

### **3.1.8 PERSONNEL ADMINISTRATION**

ADM has a fully-fledged Personnel Administration unit that provides personnel support especially in relation to payroll and benefit administration within ADM and support to Local Municipalities under its jurisdiction.

#### **The key functions are:**

- The payment of salaries for Councillors and employees;
- The maintenance of Personnel records of Councillors and employees;
- The administration of Councillor and employee benefits;
- The provision and interpretation of conditions of service and relevant legislation.



### **3.1.9 PERFORMANCE MANAGEMENT SYSTEM**

The Municipal Systems Act 32 of 2000 requires all municipalities to develop a performance management system, set targets, monitor and review performance based on indicators linked to their IDP. The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal Performance Management System.

ADM has a fully-fledged Performance Management section in the Planning, Monitoring & Evaluation Unit under the Strategic Planning and Management Department. The main purpose of establishing this unit is to ensure management and coordination of performance information. Its functions are as follows:

- Development and review of the Performance Management Framework
- Development of the Service Delivery & Budget Implementation Plan
- Facilitate performance monitoring, evaluation and reporting
- Cascading of the PMS to levels below Section 57 Managers (in line with SDBIP)

#### **3.1.9.1 Organizational Performance Management**

The Municipal Systems Act 32 of 2000 requires all municipalities to develop a performance management system, set targets, monitor and review performance based on indicators linked to their IDP. The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal Performance Management System.

<b>ANNUAL PERFORMANCE COMPARISON OF ADM OVER 3 YEARS</b>			
	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>
Annual Overall Performance	<b>71%</b>	<b>83%</b>	<b>79%</b>

During the 2013/2014 year the overall ADM performance results reflect a 79% success rate caused by mixed performance results of departments in implementing the SDBIP. It is difficult at this stage to compare 2013/14 results with 2012/2013 and 2011/2012 financial periods. This is caused by the fact that 2013/14 results are system results, whereas 2012/13 and 2011/12 results were calculated manually. The system has been fully utilized in 2013/14 and the scores depicted below for the Institution and departments reflect how the Institution has performed.

ADM has improved its performance management system through the use of an Electronic system called E-perform which was introduced in 2011. E-Perform acts as catalyst for the inculcation of performance management across the organisation and can be applied at all levels. However, currently it is being successfully applied at an institutional and top tier management levels. There are plans in place to cascade the system to lower levels.

The 2012/13 audit revealed that there were no material findings concerning the usefulness and reliability of the performance information in the annual performance report. This is great

achievement that we intend to keep up as we are moving towards a clean audit in 2014/15 financial year.

### **3.1.9.2 Individual Performance Management**

According to PMS Framework, all municipalities are required to cascade Performance Management to all levels of employees in the municipality. This will ensure that all employees below the Section 57 managers are also held accountable for performance. An Employee Performance Management Policy was adopted in 2011 and reviewed in 2013.

ADM is currently cascading Performance Management System to all levels below the s57 Managers, using the following tools as means of planning, monitoring, review and reporting individual performance:

- Accountability Agreements, Performance Plans, Personal Development Plans (Task Grade 11-20)
- Performance Promises, Action Plans and Personal Development Plans (Task Grade 1-10).

Accountability Agreements and Performance Promises are currently being implemented in a manner that ensures the creation of an interface between Service Delivery and Budget Implementation Plan and individual performance. Individual performance reviews are conducted at the end of each quarter. Annual assessment to determine who should get the performance rewards are conducted at the end of the fourth quarter.

However, the following challenges continue to hinder the progress with regard to implementation of Individual Performance Management System within ADM:

- Non co-operation of some supervisors in the implementation of the system
- The value of the performance rewards that are approved are perceived by many employees to be of a very low standard, as a result, it does not motivate or encourage them to perform beyond the set standards
- Low morale of staff
- Inaccessibility of some of employees to computers especially those in Satellite offices has a negative impact in the implementation of the system because in designing/developing the performance/action plans computers are utilised
- Limited capacity in District on PMS function
- Absence of uniform electronic PMS in LM's

Minimal quality checking of information

Now that the cascading of Performance to individuals below S56 Managers, and a use of an electronic system is used in a phased approach, this is a

#### **SUCCESS OF THE PROCESS:**

- An electronic system is currently used for the next level of Top management to monitor and report on their performance i.e. (General and Senior Managers)

- Motivation from other employees as rewards system is implemented
- Staff awards are being conducted/implemented

### **3.1.10 INFORMATION AND COMMUNICATION TECHNOLOGY**

ADM established an Information Management Unit with the main objective to manage the planning, development, evaluation, coordination, implementation and maintenance of enterprise wide Information Technology (IT) system initiatives that support organisation in meeting its strategic objectives and goals in service delivery. The unit must ensure the alignment is achieved between the IT initiatives (which is IT Strategy) and business strategy (that is the IDP – Integrated Development Plan). The unit is responsible to build and maintain the network infrastructure, data centres and business applications. In so doing the data management is inherent together with systems analysis as major functions. Then the governance in terms of legislative compliance and decision making is of high importance in managing IT services with security management of the infrastructure. The other responsibility is the development, implementation and coordination of Disaster Recovery and Business Continuity. Then the responsibility of supporting local municipalities as legislated and in our business model coordinated by the Municipal Support Unit then implemented by the line departments/ business units.

#### **Infrastructure**

The network infrastructure internally is of sound quality, secured and standard. It connects all head office blocks around the East London main town via Virtual Private Network (VPN) which is currently being upgraded to meet the requirements as stipulated by the business to operate and run the business systems/applications. The VPN extends to the 7 satellite offices in each main town of the local municipalities under its jurisdiction. The other remote areas beyond these main towns are connected via ADSL and 3G including the Water Schemes, Treatment Works and Fire Stations depending on whether the service is available. But it suffices to indicate that there are areas where none of these services are available thus leaving those sites not connected and with no communication means at all. The most sites affected are service delivery related and core function of the municipality which is water, sanitation and health. The requirement is to create connectivity in all areas using alternative telecoms medium available.

ADM has a healthy Internet connectivity that suffices the needs and the ability to host its own website and mailing services and currently being upgraded to the latest fibre technology available. This has further been enhanced by a second line support and mail being hosted as backup for continuity of using emails with an external service provider. This allows ADM to receive emails if the internal systems are down. Furthermore key users have been equipped with 3G cards to access systems and emails for enhancing and improving connectivity and communication. The only issue would be balance the requirement/need, which is the users, application and devices, with the bandwidth to be available. This will require upgrading the internet bandwidth. This is mainly caused by the organisational growth in terms of personnel with access to computers and internet. The IT Master Strategic Plan (ITMSP) guides this.

#### **Data Centres**

ADM has data centres that are consolidated and virtualised to host business systems/applications. These are used across the municipality and all areas hence the network connectivity using any

available technology in those areas. Currently, the institution is building a data centre as a recovery site in terms of business continuity at first level. This has been a challenge since it is costly to replicate systems and cater for redundancy from all aspects. This has posed a challenge and issue in terms of meeting governance requirements for disaster recovery and business continuity, surely implications on audits in terms of legislative and standards compliance. The financial distress of municipalities has a heavy impact since ADM is not immune to this especially being a rural municipality where poverty levels are very high. The plans guiding this are the IT Disaster Recovery Plan (DRP)/Business Continuity Plan (BCP) and Enterprise Business Continuity Management Plan (BCMP).

### **Systems**

ADM has implemented systems internally and shared others with its Local Municipalities. There are requirements for reporting to National and Provincial government and hence implementation of systems is key to meet these requirements. At minimum, the following systems are implemented at for major business processes and functions:

- Financial Management System (Venus)
- District Information Management System (DIMS) {Project Management & Reporting, Performance Management, Mapping of Projects, Supply Chain Management, HR}
- Water Information Management System (EDAMS) {centralised and shared with LM's}
- Electronic Document Management System (Documentum)
- Geographic Information System (GIS – ArcGIS ESRI)
- Payroll {Human Resource} System (Payday)
- Health Information Management System (Inzekile – for environmental health practitioners)

There are core services that form the foundations of building information systems that are in place in ADM and they are listed as follows:

- Directory Service (Microsoft Active Directory)
- Electronic Mail (Microsoft Exchange)
- File Storage (Storage Area Network – EMC SAN)
- Print Servers

The business systems applications analysis was conducted and currently being concluded with a Master Systems Plan (MSP) which is a roadmap for all IT systems/applications which in turn will be the guide. Of course, the recommendations will have to be implemented and resources be allocated to achieve the desired outcome.

### **Support Services**

ADM has implemented a call logging system to track and log calls thus establishing the IT helpdesk. The system is ITIL compliant, thus requiring proper processes to be put in place in terms of IT Service Management. This is the area that is a challenge since it requires external support and experience and resources to be allocated such as funding. This area also forms part of the IT Audit as auditors put reliance on security, logical and physical access to systems, user accounts management etc. this ensures that the systems that hold data which contributes to the Annual Financial Statement are secured, integral and reliable.

Also this area requires personnel (in the form of IT Technicians) to be available to support and fix computer and IT related problems so that users in the service delivery departments are able to perform their functions. This includes the ability to write and produce reports, to have access to systems/applications related to their functions, and being agile to respond to all IT related issues. The major challenge is having enough resources to address these problems and get to reach all sites that are connected to the network and provide support at that level. The organisation is growing and expanding. Where possible, technology is required to be used for remote support and automation. Furthermore with regards to office automation, this areas needs focus and strategy due to the shared responsibility internally. This creates a gap in providing support fully to a point of resolution. The ITMSP is guide and its implementation will yield result with the required resources. The helpdesk system is accessible via the web and intranet and linked to emails with notifications, escalations and satisfaction surveys.

### **Geographic Information System (GIS)**

ADM developed a 3 year GIS Strategy in 2009 which was reviewed in 2012 for another 3 years and this year as the final year of implementation it seeks to implement a property Workflow Management System as an additional module to the existing system (GIS). The GIS Strategy was developed after the User requirements Analysis was undertaken with inputs from key stakeholders within the Amathole District Municipality and it's local municipalities under its jurisdiction. This then culminated to initiatives to assist with spatial planning and management. The biggest challenge is the availability of skill sets to undertake and implement successfully this system as it is a fairly new technology since it transforms town planning, land administration and development planning.

The major initiatives that are currently in place are:

- Land Audit – this covers the entire district using Deeds data with ownership and land parcels.
- Social/Local facilities/amenities – this project captured all facilities within the district including schools, community halls, clinics, heritage sites, churches, shops, etc. of course the maintenance of this data is posing a challenge.
- Water Infrastructure integration – capturing and integrating the corporate GIS system with the Water Information management Systems since it holds the infrastructure assets. The challenge is maintenance and updating of new water infrastructure and assets. But the major issue is the backlog in terms of the assets transferred from the local municipalities and Department of Water Affairs.
- Cadastral – verification of ERF as allocated by the Surveyor General for surveyed land parcels and divisions approved.
- Land Use Management System – integration to the corporate GIS and updates from the local municipalities. The major challenge is to complete and be consistent in flow of information thus requiring a business process mapping exercise with a requirement for all role players involved in managing land parcels and ervens.

The GIS Shared Services was established to assist local municipalities due to the lack of GIS skills at local municipality level. Of course the benefit being the ability to continue with the GIS service and maintenance of the systems deployed in each local municipality as ADM installed a GIS server for each municipality in its jurisdiction. Furthermore, ADM is hosting an integrated GIS website that is accessible over the internet to be used by local municipalities and anyone who is a potential investor or has interest in the region. This cause is beneficial to economic growth and development.

### **3.1.11 POLICY AND RESEARCH**

#### **Introduction**

In its 2013/14 Integrated Development Plan (IDP), Amathole District Municipality (ADM) identified Policy Development and Research as one of its priority areas. Applied research and policy development play a significant role in improving planning and service delivery. Within the context of Developmental Local Government, these tools are output driven and relevant to service delivery and developmental planning as underpinned by goals and objectives of developmental local government.

Subsequently to the identification of the function, the Policy Development and Research Unit was established and has four intervention areas (strategic pillars) as per its adopted Policy and Research Management Model which area as follows: (i) Policy Formulation, (ii) Knowledge Management, (iii) Long-term Planning, and (iv) Research. The Amathole District Municipality is at a stage of a paradigm shift in terms of developmental planning as underpinned by the aforementioned strategic pillars with the aim to enhance planning outlook and improve service delivery for the benefit of its citizens. The Unit is in the process of establishing systems, developing procedures and building networks in ensuring that policies are developed in a systematic and standardized approach; and applied research is scientific, relevant and output driven.

The unit is responsible for the development of a long-term vision of the district i.e Vision 2030.

### **3.1.12 PROJECTS OFFICE**

#### **Background**

The Projects unit was formed to deals with Key issue of the improvement of quality assessment on tender proposals and bid reports Accelerated plan for service delivery projects, Change the system of internally funded projects - identify project to determine the basis of a "pool of funds Alignment of the project cycle with the MTEF budget cycle Allocation of budget only at BAC level Accommodate budgeting for multiyear projects Organising financing instruments for emerging suppliers Monitoring of variance on actual against projected project expenditure Submission of business plans as pre-requisite for project approval and inclusion in the IDP

The resolution taken meant that departments would not be allocated funds directly to them, but funds would be kept in a pool (pool funding model), in the MM's office and departments would get allocations as and when they show readiness to spend the funds. The pool funding concept was also supported by evidence which showed that departments in the institution had failed to spend all their allocations for 3 financial years. This resulted in rollover of funds, a lot of unguided declarations of funds in the year and re-applications of funds to top up on projects. Projects are identified and approved by council however budget to the approved projects is only allocated once appointment of service provider has been made.

### **Current state**

The Projects office's responsibility is primarily about management and allocation of budget to projects and monitoring progress of all municipal projects. Utilisation of the current Projects management system and reporting on accurate expenditure is still a challenge in the municipality.

It is important that there are other focus areas that should be considered e.g. Projects verification and Impact assessment on Projects for optimal usage of funds allocated to projects. The Unit currently does not have the capacity to meet all the responsibilities expected of it as there is only one full time employee and that being the Senior Manager: Projects

### **Key Issue:**

The following are key issues emanating from the current situation analysis:

- Insufficient Budget Allocation to project with high impact.
- Minimal documentations of Knowledge and lessons learned through projects and programme development and implementation
- Projects verification and Impact assessment on Projects.

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

**Strategic Goal:** Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance.  
**Intended outcome:** Sustainable delivery of improved services to all households

**3.2.1 WATER AND SANITATION SERVICES**

Amathole District Municipality became a Water Services Authority (WSA) in 2003 and a Water Services Provider (WSP) to the ADM district 2006. ADM completed its Section 78 process in 2006 and as a result has over the past eight years been building its capacity to manage the water services provider function as efficiently and effectively as possible. ADM signed SLA’s with the local municipalities during the transfer of the function to the district. The SLA’s are no longer effective since the ADM took over the full water service authority and provider function. ADM adopted a Water Services Development Plan (WSDP) in May 2012 and is reviewed annually in line with the IDP review processes.

Informing the WSDP are Water and Sanitation Master Plans which have been developed for each municipality. These master plans provide a guiding document for where new infrastructure development, refurbishment and upgrades are required. The severe drought during 2008 through to end of 2010, old infrastructure, funding constraints, high water loss and low levels of revenue collection have been constant challenges that the WSP Division has faced in trying to meet its objectives.

In this regard it has been decided that the goals and objectives of the Water Services divisions should centre around Key Performance Indicators (KPI’s) that the Department of Water Affairs has developed as part of its Regulator Performance Monitoring System (RPMS). The RPMS framework will also be used as an outline for developing Water Services reports, in an attempt to improve the quality of monthly and quarterly reports, which has been identified as an area for improvement in the Water Services Division.

**Table 3.1: Amathole District Total Households**

	Amathole	Mbhashe	Minquma	Great Kei	Amahlathi	Ngqushwa	Nkonkobe	Nxuba
<b>1996</b>	199,805	49,792	58,350	8,383	28,788	20,455	28,615	5,421
<b>2011</b>	237,777	60,124	69,732	10,310	34,160	21,384	35,357	6,710
<b>Change (%)</b>	19%	21%	20%	23%	19%	5%	24%	24%

*Source: Quantec, 1996 and 2011 Censuses*



Table 2.1 provides the household and population figures for the ADM and the population change between the 1996 and 2011 censuses.

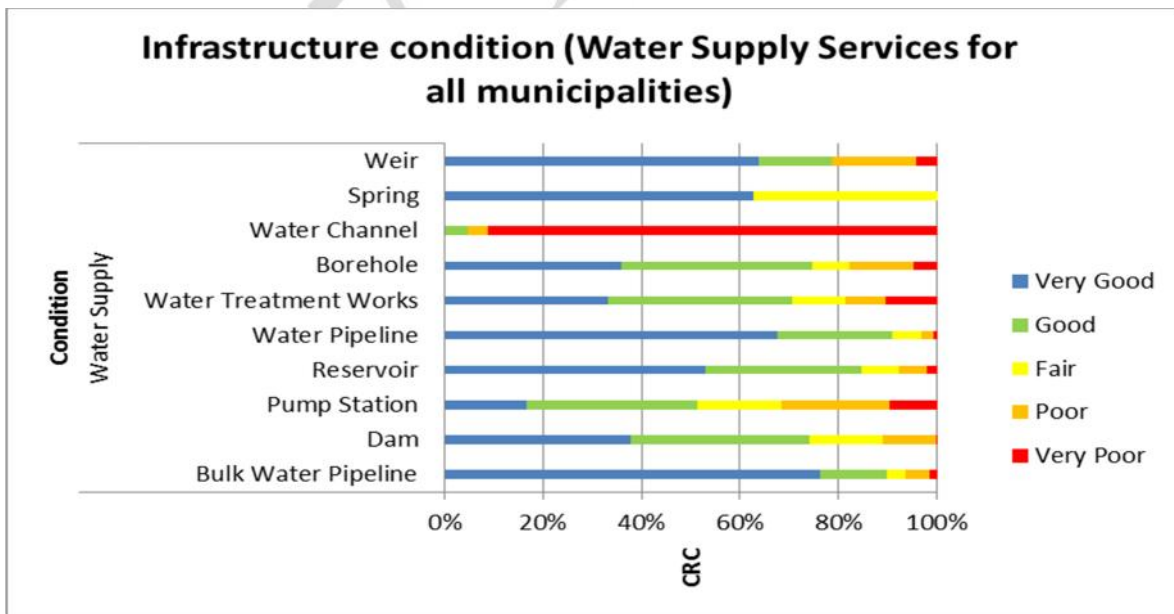
**Table 3.2: Access to Basic Services**

Proportion of Households with minimum level of Basic services				
	Year 10/11	Year 11/12	Year 12/13	Year 13/14
Electricity service connections	n/a	n/a	n/a	n/a
Water - available within 200 m from dwelling	46.66 %	49.46 %	65.57 %	91%
Sanitation - Households with at least VIP service	26.14 %	29.07 %	43.63 %	49%
Waste collection - kerbside collection once a week	n/a	n/a	n/a	n/a

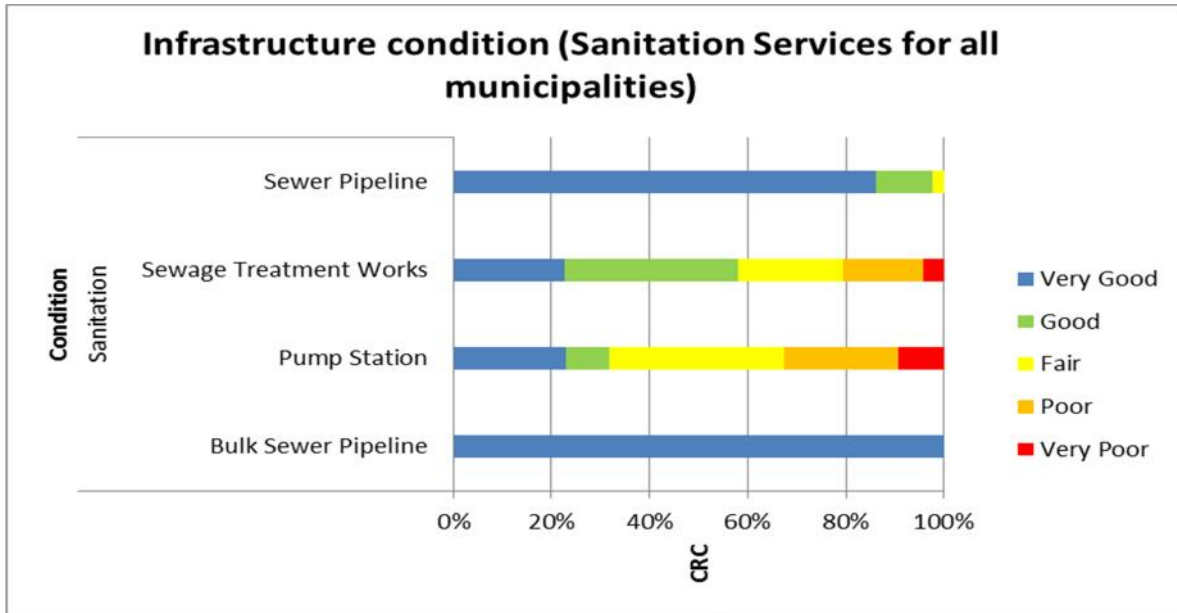
**State of Water and Sanitation Infrastructure**

Figure 1 and Figure 2 below, provide an overview of the condition distribution for ADM’s Water and Sanitation Supply infrastructure, expressed as a percentage of the total Current Replacement Cost (CRC) of all Water Supply and Sanitation assets respectively. While it appears that most of ADM’s infrastructure is in fact in good condition, that fact that the “Current Replacement Cost” exceeds R 4 billion, means that even the 5% that is in poor condition, represents a significant financial refurbishment burden to the municipality.

**Figure 3.1: Condition of Water Supply infrastructure for all municipalities**



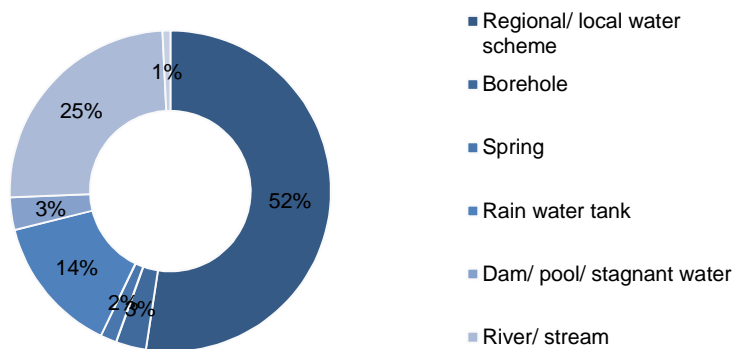
**Figure 3.2: Condition of Sanitation Services infrastructure for all municipalities**



▪ Access to water supply

The proportion of Amathole households with access to piped water has increased since 2001 from 112 400 households (48.6%) to 166 600 households (70.1% of households) in 2011. Of the households in 2011, 49.6% of the households access water from a regional/local water scheme. Approximately 71 100 households (30% of households) don't have access to piped water which has declined significantly from 98 500 households (52.1% of households) in 2001.

Figure 3.3: Access to Water Services



Source: Quantec, 2011 Census

Table 3.3: Access to Piped Water<sup>1</sup>

<sup>1</sup> Access to piped water includes access to water inside dwelling, inside yard or at a public tap.

	Amathole	Mbhashe	Minquma	Great Kei	Amahlathi	Ngqushwa	Nkonkobe	Nxuba
<b>Number of Households 2011</b>	166,646	25,322	42,410	9,377	29,084	20,698	33,254	6,501
<b>Percentage Change 1996-2011 (%)</b>	122%	726%	204%	48%	72%	92%	74%	30%
<b>Percentage of Total HH, 2011 Census</b>	70%	42%	61%	91%	85%	97%	94%	97%

Source: Quantec, 1996 and 2011 Census

**Table 3.4: Access to water per Household**

Description	Households			
	Year 10/11	Year 11/12	Year 12/13	Year 13/14
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	31902	31902	31902	31902
Piped water inside yard (but not in dwelling)				
Using public tap (within 200m from dwelling)	111990	118718	125467	186624
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	143892	150620	157369	218526
Minimum Service Level and Above Percentage	60.00%	62.76%	65.57%	91%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	96108	89380	82631	21474
No water supply				
Below Minimum Service Level sub-total	96108	89380	82631	21474
Below Minimum Service Level Percentage	40.00%	37.24%	34.43%	9%
Total number of households*	240000	240000	240000	240000

**Table 3.5: Access to water per household - Levels below the minimum**

Households - Water Service Delivery Levels below the minimum						
Description	Households					
	Year - 2010/11	Year - 2011/12	Year - 2012/13	Year 2013/14		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.

Formal Settlements						
Total households	233 816	234 254	234 254	234 254		234 254
Households below minimum service level	104 162	96 108	89 380	82 631		82 631
Proportion of households below minimum service level	243.48%	40.00%	37.24%	34.43%	%	34.43%
Informal Settlements						
Total households	5 746	5 746	5 746	5 746		5 746
Households below minimum service level	5 746	5 746	5 756	5 756		5 756
Proportion of households below minimum service level	100%	100%	100%	100%	%	100%

Over such an extensive district it is difficult to monitor the reliability of each water supply system and in this regard ADM will systematically roll out a **Telemetry system** in order to remotely monitor each water system. This will enable ADM officials to remotely monitor reservoir levels and water production.

Another critical aspect to ensuring access to water supply is to ensure all water infrastructure is in a good working condition. The recent Asset Verification Project revealed that an estimated R 40 million is required per year to repair or replace water and sanitation infrastructure assets in order to ensure that the assets are able to deliver the services they were designed to deliver in the most efficient and cost effective manner. **Refurbishment** of old and dilapidated infrastructure will therefore remain a critical objective of the ADM. Focus will be centred around the refurbishment and upgrading of Water and Waste Water Treatment Works, Dams and the replacement of old pipe networks.

Other initiatives that the ADM has embarked on to improve the reliability and sustainability of infrastructure designed to provide access to water supply include the development of Water Services Provider Business Plan, a **Ground Water Management Plan** and the development of **Dam operating rules**.

#### **Climate Change and Risk management in terms of Drought Situation**

Climate change is a global concern caused by emissions of greenhouse gases into the atmosphere. South Africa is one of the greatest per capita emitters of greenhouse gases. Emissions are accounted for at the national level but the effects of climate change may be apparent at local levels, such as changes in local patterns of temperature and rainfall.

Due to the change in weather patterns and regular appearances of the El Nino phenomenon, certain areas in the District are experiencing regular periods of below-normal rainfall conditions and even serious drought conditions – in this regard special planning initiatives are required and alternative water resources need to be explored.

As it is likely that in the future there will be more frequent periods of drought caused by climate change, it is deemed wise for the ADM to invest in more sustainable and permanent drought intervention measures. In this regard the ADM has embarked on a retro-fitting project to reduce water loss and has investigated desalination and water re-use as alternative supplies for certain

areas. Re-use and desalination are however very capital intensive and implementation will depend available funding and prioritisation.

- **Access to free basic water supply**

Over 80% of ADM is considered indigent and therefore eligible for free basic services. Free basic water services are provided through means of a communal stand pipe within 200 meters walking distance from households. This service is found mainly, but not limited to rural areas, while indigent consumers living in towns receive a free allocation of 10kl of water per month via a normal house connection.

This issue with “free basic services” is that they are free only to the consumer, but someone still has to pay for providing the service. Payment for these services is thus received via the “equitable share” allocation. Considering the dispersed nature of the district, this grant is barely sufficient to cover the costs of providing the services required. It is therefore imperative that these services are monitored and controlled effectively. . It is therefore imperative that these services are monitored and controlled effectively. In this regard the ADM will begin dealing very strictly with illegal connections, by either legalising them or removing them.

ADM has recently looked into the issue of yard connections, with the view of piloting yard connections in identified rural villages. A number of issues, such as households connected to rising mains, poor quality of connections, connections to connections as well as community and political resistance were encountered. While the actual piloting of yard connections could therefore not take place, the ADM learnt valuable lessons from the project, which will assist to inform the development of a policy to regulate the installation of yard connections in rural areas across the District.

The ADM is currently in the process of piloting the installation of yard connections in rural areas and following the outcomes of this project will develop a policy to regulate the installation of yard connections in rural areas across the District. The biggest challenge faced with this project is that allowing more flow, even if paid for creates two main challenges. Firstly the ADM currently does not have the capacity to bill rural consumers and secondly and more importantly rural systems were only designed to supply the free basic allocation, so allowing some customers to consume more water will prevent other users downstream receiving any water. The principle of “some for all” needs to be maintained instead of allowing the “all for some” situation to develop.

The table below summarises current access to free basic services:

**Table 3.6 Access to free basic services**

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#

Year -2011/12	111990	143892	111990
Year -2012/13	118718	150620	118718
Year 2013/14	125467	157369	125467

\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute

▪ Access to sanitation

The proportion of Amathole households with access to a flushing toilet has increased from 29 000 households (13.8% of households) in 2001 to 41 300 households (17.3% of households) in 2011 while households with no access to proper toilet facilities has decreased significantly from 98 500 households (43.1% of households) in 2001 to 40 600 households (17.2% of households) in 2011. These numbers represent a significant improvement in access to proper sanitation within the district.

Table 3.7 and 3.8 below illustrate the provision of the sanitation services to households, the level of services as well as the backlogs:

Table 3.7: Sanitation Service Delivery Levels

Sanitation Service Delivery Levels				
Description	Year 2010/11	Year 2011/12	Year 2012/13	Year 2013/14
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<b>Sanitation/sewerage: (above minimum level)</b>				
Flush toilet (connected to sewerage)	600	22637	23882	23882
Flush toilet (with septic tank)	Included above	Included above	Included above	Included above
Chemical toilet	N/A	N/A	N/A	N/A
Pit toilet (ventilated)	64956	69763	80826	93573
Other toilet provisions (above min.service level)	0	0		
Minimum Service Level and Above sub-total	87593	92400	104708	117455
Minimum Service Level and Above Percentage	36.50%	38.50%	43.63%	49%
<b>Sanitation/sewerage: (below minimum level)</b>				
Bucket toilet	1088	1088	**624	*624
Other toilet provisions (below min.service level)	0	0	0	121921
No toilet provisions	151319	146512	134668	122545
Below Minimum Service Level sub-total	152407	147600	135292	122545
Below Minimum Service Level Percentage	63.50%	61.50%	56.37%	51%
Total households	240000	240000	240000	240000
*Total number of households including informal settlements				T 3.2.3

Table 3.9: Households - Sanitation Service Delivery Levels below the minimum

Households - Sanitation Service Delivery Levels below the minimum	Households
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Description	Year 2010/11	Year 2011/12	Year 2012/13	Year 2013/4		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	234254	234254	234254	201,405,000	150,000,000	234 254
Households below minimum service level	152407	147600	135292			122 545
Proportion of households below minimum service level	63.50%	61.50%	56.37%			51%
Informal Settlements						
Total households	5746	5746	5746	0	0	5746
Households ts below minimum service level	5746	5746	5746			5746
Proportion of households ts below minimum service level	100%	100%	100%			100%
						T 3.2.4

Table 3.10: Access To Sanitation

Access to Sanitation	
Proportion of households with access to sanitation	
Year 2011/12	92400
Year 2012/13	104708
Year 2013/14	105963

Table 3.11: Access to Sanitation – Access to Flush/Chemical Toilets

	Amathole	Mbhashe	Minquma	Great Kei	Amahlathi	Ngqushwa	Nkonkobe	Nxuba
<b>Number of Households 2011</b>	48,500	4,670	13,507	3,775	7,996	1,828	12,311	4,413
<b>Percentage Change 1996-2011</b>	168%	285%	85%	155%	92%	517%	390%	293%
<b>Percentage of Total HH, 2011 Census</b>	20%	8%	19%	37%	23%	9%	35%	66%

Table 3.12: Access to Sanitation

Total no. of households in ADM	Total no. of households in ADM with access to sanitation	Total no. of households in ADM without access to
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		<b>adequate sanitation (backlog)</b>
239 490	84 444	155 046

In order to ensure the sustainability of the provision of sanitation services, ADM has developed a “**Maintenance Plan for Ventilated Improved Pit Latrines (VIP’s)**”. An aspect of ensuring access to sanitation will therefore be through the ongoing servicing of VIP latrines, while the “**retro-fit**” policy will assist in the maintenance of latrines constructed through the bucket eradication project and the **refurbishment** programme will begin to address the renewal / replacement of aging sewer networks and Waste Water Treatment Works.

▪ **Access to free basic sanitation**

The sanitation backlog as at 2011/12 stood at 147,600 households for the whole of Amathole District Municipality. One of the challenges on sanitation that is faced by the municipality is the buckets that are utilised on the informal areas, this will take time for the municipality to eradicate this backlog as firstly the areas need to be formalised.

**Accelerated Sanitation Programme (ASAP)**

The ADM is working towards meeting the national water service delivery targets of “adequate potable and effective supply of safe water to all by 2014 and adequate and sustainable sanitation to all by 2014. The ADM as the Water Services Authority (WSA) in its area of jurisdiction is facing enormous water and sanitation backlogs. Given the historical of underdevelopment in the rural areas, ADM has made stride in pushing the frontiers of poverty backwards. ADM is however aware that the greater part of restoring the dignity of its people and providing them with sustainable and efficient municipal services remains a fundamental task in the new dispensation.

ADM in its 2013/14 Strategic Session resolved to allow the Municipal Manager to investigate alternative potential funding sources. In December 2013, the ADM approached the Municipal Infrastructure Support Agency (MISA) with a view of requesting assistance to facilitate potential funding sources and/ or resources necessarily capable to make an indelible dent on these noble projects for ADM’s struggling poor masses.

As a result, ADM pledged its MIG allocations for the next two financial years. The pledge will enable ADM to accelerate the implementation of sanitation projects for the benefit of 66 700 households. It is the intention of ADM to fast track the services delivery over a period of 9 to 12 months commencing July 2014. Fast tracking these water and sanitation projects will enable ADM to save on cost escalations (approximately R68 million) and also on implementation time (approximately 12 months minimum). The Implementation started in September 2014 in preparation for the launch that was done by the President of South Africa in October 2014.

The programme covers the following sanitation projects:

<b>Name of Projects and Disciplines</b>	<b>No of Units</b>	<b>Total Project Amount</b>
Mnquma Region 1B Wards 7,8,9,10,12,20,21,22 Project (Sanitation)	16 745	R 158 622 003.85



Amahlathi Region 1A and 1B Wards 1,2,3,16 Project (Sanitation)	4 227	R 40 041 587.73
Great Kei Wards 1,2,3,4,6 Project (Sanitation)	5 256	R 49 789 114.06
Mnquma Region 2 Project (Sanitation)	3 697	R 35 020 934.50
Mbhashe Region 2A Project (Sanitation)	5 901	R 55 898 981.47
Mnquma Region 2B Sanitation	6 624	R 62 747 814.00
Nkonkobe region 2A sanitation VIP	10 407	R 98 583 429.60
Ngqushwa region 2 sanitation VIP	13 843	R 131 131 970.40
<b>TOTAL</b>	<b>66 700</b>	<b>R 631 835 837.00</b>

Currently the programme is under Implementation with the target date of completion being end of June 2015. Upon completion of the programme ADM would have eradicated 66700 households with sanitation backlog. As of end April 2015 there are 20 112 toilet structures completed.

ADM has been able to remove all bucket system in the formalised areas, the challenges that has been experienced is:

- The existing bucket system in the informal areas. This is due to the area not being zoned as the residential area. The function of zoning lies with the local municipalities. It is for this reason that the institution is not able to provide the services, and
- The informal settlements.

The Water Services Act does not make provision for providing water in the informal areas. in response to the above, ADM is in the process of developing a policy on **Temporary/alternative service provision to informal settlements and farms** during the 15/16 financial year. The aim is to enable Council to provide temporal sanitation structures to informal areas.

#### Areas with unreliable services – water and sanitation

While it is not easy to single out areas with unreliable water and sanitation services, the following table does highlight some of the problematic areas.

No.	Scheme	Nature of Problem	Cause	What ADM is doing to address the problem
1	Fort Beaufort: Bhofolo area	Intermittent / no water supply	Insufficient network capacity / high water losses	Upgrading infrastructure and leak detection and repair.
2	Gaga-Tyume	Frequent outages	Numerous pipe bursts	Pipe repair
3	Ngqushwa	Intermittent / no water supply	High number of unauthorised yard connections in areas that	Developing policy on yard connections in rural areas.

			have only been designed to supply water to communal standpipes	
4	Cathcart: Kati Kati	Intermittent / no water supply in high lying areas	Insufficient network capacity and bulk storage	Currently repairing a reservoir and have initiated bulk infrastructure upgrade project
5	Stutterheim: Mlungisi	Intermittent / no water supply in high lying areas	Insufficient network capacity / high water losses	Upgrading infrastructure and leak detection and repair.
6	Ngqamakwe	Intermittent water supply	Insufficient network capacity	Applying to DWS to abstract water from the Nora Water Supply Scheme in Chris Hani
7	Ngqabara North and South	Intermittent / no water supply	Boreholes affected with iron bacteria	Will eventually connect to the Sundwana Regional Supply Scheme

**Note:** The table above highlights some of the bigger challenges, there are however numerous other areas where providing reliable services is a challenge owing to old infrastructure or infrastructure that has reached its design capacity. The list every challenge faced by the ADM is too long to capture in this report.

▪ **Drinking water quality management**

The ADM takes drinking water quality management seriously and will use the DWA developed “Blue Drop” System to monitor drinking water compliance. The results from the **Blue Drop** assessments are available to the public and can accessed by logging onto the following web site: [www.dwa.gov.za/dir\\_ws/dwqr/](http://www.dwa.gov.za/dir_ws/dwqr/)

ADM obtained an average of 74.62% in 2012, an improvement from 68.2% obtained for 2011 and aims to keep improving this scoring in the future. No Blue drop assessment was undertaken in 2013 and next assessment will be done during 2014. The results from this assessment have not yet been made public. ADM has developed a Water Safety plan in order to meet Blue Drop compliance and has begun implementing the recommendations. The Drinking Water Safety Plan (DWSP) assessment outputs are as follows;

- Assess the water system
- Water quality risk assessment
- Water quality monitoring

At an operations level, water quality is monitored every two (2) hours. pH, residual chlorine and turbidity are monitored closely in order to ensure that the water is safe for human consumption. In addition to the operational monitoring, the ADM’s Community Health Department takes

samples on a monthly basis which are analysed at a certified laboratory. Any failures are reported immediately to the ADM Engineering department and corrective measures are taken to ensure the problems are quickly rectified. Resampling is carried out to confirm that issues have been resolved. The results of this ‘compliance’ monitoring are captured on the DWS Blue Drop System.

In order to ensure the ADM water treatment works are able to continue supplying safe drinking water the ADM has embarked on an extensive refurbishment programme which includes the refurbishment and upgrading of a number of water treatment works. The table below summarises the progress:

<b>No.</b>	<b>Water Treatment Works</b>	<b>Current Status</b>
1	Fort Beaufort	Design stage, due to be completed in 2017
2	Butterworth	Refurbishment in progress, expected completion 30 June 2015
3	Qwaninga	Refurbishment complete
4	Kei Road	Refurbishment complete
5	Stutterheim	In progress, expected completion 30 November 2015
6	Cathcart	Design stage, due to be completed in 2017
7	Dutywa	Planning phase, due for implementation during 2015/16
8	Kei Bridge (Komga)	In progress, expected completion 30 June 2015
9	Alice	Complete

▪ **Waste water quality management**

In a similar manner to the Blue Drop system, a “Green Drop” system has been developed for Waste Water Quality Management with ADM achieving Green Drop rating of 56% during 2011 and improving to 60.38% in 2013. The next assessment will take place in 2015. ADM achieved fourth position out of the 16 Water Authorities in the Eastern Cape Province.

In order to improve the 2011 Green Drop rating the ADM developed a Waste Water Quality Risk Abatement Plan. ADM’s Wastewater Risk Abatement plan goals are as follows;

- Improvement in ADM’s Green Drop scores over time until achieving excellent status;
- Prioritise high risk areas and implement corrective measures in such areas where swift improvements could be achieved;
- Employ the process to advance understanding and trust between officials and political principles
- Employ the process to align and focus the WSA and WSP functions and outputs towards a common performance driven output; and
- Use the process to shift paradigms from corrective and under-resourced sanitation business to cost-effective and sustainable wastewater management.

Daily Waste Water Quality operational monitoring is also carried out on a daily basis, while compliance monitoring is performed once per month. The ADM is, however, still experiencing a number of challenges in ensuring that that its waste water treatment works meet the required standards. The operational challenges are compounded by aging infrastructure, treatment

facilities where the design capacity has been exceeded and high water loss through toilet cisterns which dilutes the effluent and makes it difficult to treat.

In order to address some of these challenges the ADM has commenced refurbishing a number of these facilities. The table below summarises progress to date:

<b>No.</b>	<b>Water Treatment Works</b>	<b>Current Status</b>
1	Bedford	Refurbishment complete
2	Fort Beaufort	Refurbishment to commence July 2015
3	Peddie	Refurbishment complete, upgrade design complete and due to be implemented in phases, commencing 2016
4	Middledrift	Refurbishment complete
5	Keiskammahoek	Refurbishment complete
6	Cathcart	Refurbishment to be completed 30 June 2015, upgrade scheduled 2017
7	Butterworth	Refurbishment commenced – ongoing
8	Stutterheim	Refurbishment commenced, completion expected 30 June 2015

### **3.2.1.7 Development of WSA-WSP Business Model**

Local Government elections of May 2011 resulted in the Amathole District Municipality being de-Established and re-Established with new boundaries. In essence, several villages (around 15 of them) previously forming part of the Chris Hani District Municipality have now been made the responsibility of ADM for water services. In order to ensure that the ADM provides a cost effective and sustainable service of high quality to these villages and all other consumers in the ADM, a WSA-WSP Business Model Study was conducted.

Based on the recommendations of the study, the ADM will provide water services internally without the direct support of the Amatola Water Board. Details of the transition and timing of phasing out AW support are in progress.

### **3.2.1.8 Financial performance**

There are two key challenges facing the ADM with respect to financial performance. These are poor cost recovery from consumers and poor operating efficiencies. Own revenue is mainly used for repairs and maintenance of existing infrastructure.

Since over 80% of ADM's consumers are considered indigent, the chance of improving cost recovery significantly is fairly small. Currently about 15 % of households are billable and of those that are billed, only 30% are paying their accounts. This is quite clearly an unsustainable situation and where possible cost recovery needs to improve. This can only happen if the metering is efficiently managed and credit strictly enforced. In this regard the ADM has been carrying out an extensive data cleansing exercise. This has included an extensive service coverage survey as well

as an intensive meter installation programme. These and other identified initiatives will be used for **Revenue Enhancement** and improvement of the overall efficiency of water services function.

The other major impact on financial performance is the lack of efficiency of water systems. Far too much water is lost through leaking infrastructure, both ADM infrastructure and “beyond the meter”. Ongoing consumer education programmes are required to educate users about the effects of water wastage. Other initiatives required are intensive Water Conservation and Demand Management Programmes, retrofitting programmes and refurbishment programmes (mains replacement, midblock replacement).

A three infrastructure plan that details the plans of the district with regards to the installation of new infrastructure is detailed under the financial plan.

The ADM has developed an Operations and Maintenance Business Plan which identifies five key performance areas that will have to be in place to ensure sustainable water services, these are:

- Capable Infrastructure;
- Sufficient Budget;
- Capable Supervision;
- Capable Process Controllers and Artisans; and
- Adequate Institutional Support.

Progress has been made in appointing qualified process controllers and artisans and ongoing effort is being put into developing, maintaining and refurbishing infrastructure. The institutional establishment plan has been re-engineered and once fully populated, the engineering department’s supervision capacity will improve. The other areas of budget and institutional support require ongoing effort.

**Table 3.13: Financial Performance Year 0: Water and Sanitation Services**

Financial Performance: Water and Sanitation Services						R'000
Details	Year - 2012/13	Year 2013/14				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	186 068	327 398	437 298	175 894	-46.28%	
Expenditure:						
Employees (574)	122 361	157 334	164 446	155 990	-0.85%	
Repairs and Maintenance	11 325	19 450	19 450	15 336	-21.15%	
Other	337 664	319 941	440 669	350 021	9.40%	
Total Operational Expenditure	471 350	496 725	624 565	521 347	4.96%	
Net Operational Expenditure	-285 282	-169 327	-187 267	-345 453	104.02%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.1.8

**3.2.1.9 Strategic asset management**

Proper asset management is key to ensuring the sustainability and cost effectiveness of water and sanitation services. ADM has recently procured an asset management system and all movable and immovable assets are currently being captured onto the system. The procurement of the new system has also afforded the ADM the opportunity to verify and confirm the condition of its assets. This is particularly important with infrastructure assets, where condition is used to plan for capital replacement and refurbishment projects. The Asset Management System is also linked to an Incident Management System which will assist the ADM to maintain its asset register throughout the year as assets are repaired or replaced. The implementation of the Incident Management System is still in its early stages and will require ongoing institutional support if it is to achieve its desired objectives.

- **Water Use efficiency**

Water use efficiency remains one of the biggest challenges for the ADM Water Services Divisions. High volumes of water remain unaccounted for and in order to provide a sustainable and cost effective service, it is necessary that this be urgently addressed. No one approach will solve the problem and a comprehensive approach is required. This will include:

<b>Initiative</b>	<b>Progress to Date</b>
Water Conservation and Demand Management Projects	Has been undertaken in Butterworth, Stutterheim, Cathcart, Fort Beaufort, Bedford and Adelaide and planning to continue and expand in Fort Beaufort, Stutterheim, Butterworth and Peddie
Public awareness campaigns	So far limited to Water Week
Proper asset management (routine maintenance)	Still developing maintenance plans
Refurbishment programmes	Comprehensive refurbishment project underway in Dutywa (dams), Butterworth (WTW's & Pipe replacement), Keiskammahoek, Peddie, Middledrift, Bedford (WWTW's) and Alice (WTW's)
Pipe replacement programmes	Have started in Butterworth and have submitted MIG applications for Dutywa and Stutterheim
The development of monthly water balance reporting systems for all water systems	Done
The roll out of zone metering (meter installation)	In progress
The development of response mechanisms to high consumption zones	In progress
Meter installation programmes	In progress
Meter replacement programmes	On hold due to budgetary constraints
Meter calibration programmes	Ongoing
By-law enforcement (response to illegal water usage)	Requires attention
Improved credit control	Ongoing

### **3.2.1 TRANSPORT**

The National Land Transport Act 5 of 2009 assigns planning responsibilities for land transport to municipalities. This is to be executed in conjunction with other spheres of government. In terms of the powers and functions devolved by the Local Government Municipal Structures Act, 117 of 1998 as from 1 July 2005, Amathole District Municipality (ADM) is responsible for municipal public transport, which is a shared function with local municipalities in terms of services and infrastructure provision. In addition, ADM is responsible for regulation of the passenger transport services in all areas within the district, as of 1<sup>st</sup> July 2006. The ADM adopted its first Integrated Transport Plan (ITP) in June 2003 and subsequently reviewed on annual basis as part of the IDP process

According to the ITP, more than 60% of residents in the district do not have access to public transport services and or facilities within a 2km walking distance from their households. It is mainly the rural poor that are highly affected by the need for a better and more regular public transport service. Thus the ADM engaged in an initiative that seeks to close the urban-rural divide as far as public transport is concerned. These are evident in the infrastructure projects undertaken in the previous and current financial year.

#### **Overview of Public Transport Key Issues**

It has been identified in the ADM Current Public Transport Record (CPTR, 2008) that public transport in the Amathole district is dominated by taxis (mini-bus taxis, sedans and bakkies). More than 90% of passengers are transported by means of taxis, with buses serving only a small sector of the population (less than 10% of the daily local public transport users). Passenger rail services are non-existent, except in Buffalo City Municipality and one rail service (Kei Rail) which runs between East London and Umtata through Amabele. The existing rail lines are currently used mainly for freight transport and therefore infrastructure for passengers at stations is limited and in most cases non-existent. Stations are only situated in some of the main towns, with a number of unused sidings located along the main line.

The ADM ITP together with the CPTR revealed a number of key public transport issues within the district as listed below:

#### **Poor road infrastructure**

The Amathole District, because of its rural nature and settlement patterns, is characterized by general lack of good road infrastructure, which essentially forms the backbone of any good public transport system. Access to social services and general mobility (to employment and economic opportunities) is restricted due to poor transport infrastructure and lack of suitable public transport services, particularly in remote rural areas. In many instances, missing road links prevent access to rural areas.

The poor road infrastructure results in mini-bus taxi operators restricting their services to paved roads, whilst bakkies and sedans operate most of the local routes on these gravel roads.

The National Department of Transport has initiated the Rural Transport Services and Infrastructure Grant to assist rural District Municipalities to set up rural road asset management

systems and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa (RIFSA) of which ADM is one of the beneficiaries. The grant is being utilised to set up a Road Asset Management System for the ADM area in conjunction with the Provincial Department of Roads and Public Works. Almost all road infrastructure inventory has been assessed results of which are currently being consolidated. About 75% of gravel roads were found to be poor to very poor in condition while more than 75% of surface roads were to be fair to good in condition.

**Use of Bakkies and Un-roadworthy vehicles as public transport**

More bakkies and sedans are operated as public transport than the conventional mini buses, mainly due to the poor road condition and inaccessibility of rural areas. None of these bakkies have been converted to ensure safe transport of passengers and many are un-roadworthy, hence virtually all these vehicles are operated illegally.

**Table 3.15: The modal split per local municipality is tabled below:**

<b>Local Municipal Area</b>	<b>Minibus</b>	<b>Sedan</b>	<b>Bakkie</b>	<b>Surveyed Vehicles</b>
Amahlathi	60.9%	2.4%	36.7%	128
Great Kei	100.0%	0	0	16
Mbhashe	56.7%	0	43.3%	480
Mnquma	61.3%	0	38.7%	564
Ngqushwa	15.5%	13.1%	71.4%	84
Nkonkobe	42.5%	22.7%	34.8%	207
Nxuba	0%	100%	0%	34
<b>Total (%)</b>	<b>53.7%</b>	<b>6.3%</b>	<b>40.0%</b>	<b>100.0%</b>
<b>Total (number)</b>	<b>813</b>	<b>95</b>	<b>605</b>	<b>1513</b>

**Lack of public transport facilities**

Although the ADM has over the past few years embarked upon a process of upgrading public transport facilities, many of these are still operated informally, on-street or from vacant off-street areas. Many facilities lack basic infrastructure such as toilets, shelters, paving or formal trading facilities. Some of those deemed formal were found not to be operating and managed in an efficient manner. To address this challenge, ADM has initiated a study into the operation and management of public transport facilities. Space for these facilities also continues to be a challenge due to lack of land. Relevant land related targets have been put in place by the institution to address this challenge.



**Table 3.16: The rank facilities are tabled below:**

Municipality	Town	Rank Name	Rank Type	Rank Status	No of Routes	Surface Condition	Shelter	Ablution	Action
Amahlathi	Keiskammahoe	Keiskammahoe Taxi Rank	Rank	Formal	12	Good	Average	Good	Completed
Amahlathi	Stutterheim	Stutterheim Taxi Rank	Rank	Formal	9	Good	Poor	Good	Feasibility study to upgrade completed
Great Kei	Komga	Komga Taxi Rank	Holding Area	Informal	4	Good	None	None	Feasibility study to upgrade completed
Mbhashe	Dutywa	Dutywa Public Transport Facility	Rank	Formal	5	Good	Good	Good	Currently being upgraded for phase 3
Mbhashe	Dutywa	A number of miscellaneous and informal ranks operating in Dutywa due to operating limitations at current facility							
Mbhashe	Xhora/Elliotdale	Elliotdale Taxi Rank	Rank	Formal	18	Good	None	None	Phase 1 has been completed.
Mbhashe	Xhora/Elliotdale	There are two other informal ranks operating within the town of Xhora/Elliotdale							
Mnquma	Butterworth	Blyth Street Taxi Rank	Rank	Formal	5	Good	None	Poor	
Mnquma	Butterworth	Bus Rank	Rank	Formal	1	Good	None	Average	Phase 1 completed and phase 2 which is the provision of shelters currently under construction.
Mnquma	Butterworth	A number of miscellaneous and informal ranks operating in Butterworth due to operating limitations at current facility							
Mnquma	Centane - A	Centane Taxi Rank	Rank	formal	5	Good	None	None	Phase 1, completed and phase 2 to be implemented depending on availability of funds
Mnquma	Centane - A	There are three other informal ranks operating within the town of Centane							
Mnquma	Ngqamakwe	Ngqamakhwe Taxi Association Rank	Rank	Formal	11	Good	Good	Good	
Mnquma	Ngqamakwe	There are four other informal ranks operating within the town of Ngqamakwe							

Ngqushwa	Peddie	Peddie Taxi Rank (PETA)	Rank	Formal	15	Good	None	Good	Phase 2 completed, phase 3 for the provision of shelters and hawker stalls depending on funding availability.
Ngqushwa	Peddie	Peddie Taxi Rank (PETA)	Rank	Formal	4	Good	None	Good	

Nkonkobe	Middledrift	Xesi-Debe Taxi Rank	Rank	Formal	8	Good	Good	Good	
Nkonkobe	Seymour	Seymour Taxi Rank	Rank	Informal	1	None	None	Poor	
Nkonkobe	Alice - A	Victoria East Taxi Rank	Rank	Formal	6	Good	None	Good	
Nkonkobe	Alice - A	There is one other informal rank operating within the town of Alice							
Nkonkobe	Fort Beaufort	Fort Beaufort	Rank	Formal	9	Good	Good	Good	
Nxuba	Adelaide	Adelaide Taxi Rank 1	Rank	Formal	2	Good	Good	Good	
Nxuba	Adelaide	Adelaide Taxi Rank 2	There is one other informal rank operating within the town of Adelaide						
Nxuba	Bedford - A	Bedford Taxi Rank	Rank	Formal	2	Good	Good	Good	

- B1.1 Safety
- B1.2 Lack of learner transport
- B1.3 Illegal operations
- B1.4 Cost of public transport services
- B1.5 Service Coverage

**Table 3.17: Local ADM routes and associations in ADM**

Local municipality	Origin	Association(s)	Intra-town routes	Inter-town routes	Routes with LDVs/sedans in use
Mbhashe	Dutywa	Idutywa TA, Idutywa Uncedo Service TA	1	4	2
	Elliotdale	Elliotdale TA	-	3	1
	Willowvale	Willowvale Uncedo Service TA	1	3	2
Mnquma	Butterworth	Butterworth TA, Butterworth Uncedo Service TA	1	7	4
	Centane	Kentani TA, Kentani Uncedo Service TA	-	3	1
	Ngqamakwe	Ngqamakwe TA	1	3	N/A
Great Kei	Komga	-	-	-	
Buffalo City	East London	East London TA, East London Districts TA, Mdantsane Uncedo Service TA, Mdantsane East London and Districts TA	2	12	
	Gonubie	Mdantsane East London and Districts TA, Mdantsane East London TA	-	1	
	Mdantsane	Mdantsane East London and Districts TA, Mdantsane East London TA, Mdantsane East London TA	2	20	
	Berlin	Mdantsane East London and Districts TA, Mdantsane East London TA	-	1	
	Potsdam/Border Technikon	Mdantsane East London and Districts TA, Mdantsane East London TA	-	1	
	King William's Town	King Willam's Town Uncedo Service TA, Dimbaza and Districts TA, Bisho King TA	3	9	
	Dimbaza	Dimbaza and Districts TA	1	2	
	Bhisho	Dimbaza and Districts TA	-	3	
	Ngqushwa	Peddie TA, Peddie Uncedo Service TA	1	4	1
Amahlathi	Stutterheim	Stutterheim TA	1	2	2
Nkonkobe	Fort Beaufort	Fort Beaufort Uncedo Service TA	1	4	2
	Alice	Victoria East TA	1	2	-
	Middledrift	Xesi Debe TA	1	3	N/A
	Keiskammahoek	Keiskammahoek TA	-	3	2
	Seymour	Seymour Uncedo Service TA	-	5	N/A
Nxuba	Adelaide	Adelaide Uncedo Service TA	1	3	3
	Bedford	Bedford Uncedo Service TA	-	1	-
<b>TOTAL</b>			<b>1</b>	<b>76</b>	

Source: NLTIS, OLB 2007

Passengers, although being dependent upon public transport as their only means of mobility in rural areas, generally have a negative perception of the public transport industry, mainly due to the problems listed above.

### **Non – Motorised Transport**

Non – Motorised Transport (NMT) plays a key role in the provision of affordable, sustainable and environmentally friendly transportation systems in developing and developed countries. Major cities in many parts of the world are increasingly prioritising NMT as an alternative intervention to address congestion, over – reliance on fossil fuels and also to create an economically, environmentally sustainable and healthy environment in which all citizens live. This initiative is also in line with Climate Change mitigation interventions.

The ADM is predominantly a rural district of which walking and to a lesser extent cycling are major means of transportation for the rural communities. To enable and support walking and cycling, there is a need to continue to expand and maintain continuous networks such as sidewalks, footpaths, safe crossings, pedestrian bridges and dedicated cycle areas along lines of high demand.

### **3.2.2 SOLID WASTE**

ADM is a Regional Waste Sites authority serving more than one municipality, solid waste management strategies covering the district as a whole and regulation of waste management services, under the powers and functions devolved by the Municipal Structures Act, 117 of 1998.

Amathole District Municipality adopted the reviewed Integrated Waste Management Plan (IWMP) in June 2011. The IWMP identified that more than 60% of residents in the district do not have access to solid waste services. The 60% comprises mainly rural and informal urban settlements. The local municipalities remain responsible for the provision of cleansing services and local waste disposal sites.

National policy requires solid waste is managed in an integrated, environmentally friendly and sustainable manner throughout ADM by 2017. Subsequent to the completion of the feasibility study on sustainable recycling and composting, one transfer station has been established with a focus on waste separation and recycling in Hamburg (Ngqushwa). One transfer station is currently under construction in Mbashe, with the one Mnquma and two in Mbashe currently delayed due to land non availability. ADM continues to engage the local municipalities on provision of alternative land for the transfer stations. Operationalization of a recycling project is on-going in the Eastern Regional Solid Waste Site. ADM has identified plans of maximising the potential of the Eastern Regional Solid Waste site. The recycling centre has been upgraded with the provision of an office. A protective shelter for the Glass Crusher is currently being designed. ADM has given financial support to the recycler so as to alleviate pressure while collecting enough solid waste tonnage. Interventions talking to Alternative Energy, Composting and Recycling Market will be further investigated by the district.

The Feasibility Study into the Regionalization of the Solid Waste Service in the Western areas has been completed and proved feasible. The district is currently implementing second phase of the project i.e. Site Investigation and Public Consultation.

ADM was one of the municipalities that submitted Business Plans to the National Department of Environmental Affairs for funding on behalf of the local municipalities. These business plans have since been approved and funding availed to the local municipalities for implementation. Having revised the Waste Stakeholders Forum, ADM continues to create a platform where sharing and learning is promoted. The district is doing its best to make sure that recommendations from the forum continue to give strategic direction with more emphases on implementation.

### **Overview of Key Issues**

Key waste management issues that were identified are summarized as follows:

#### **Public and Environmental Health:**

The cleansing and waste disposal services within the district are inadequate though in some instances satisfactory. In terms of environmental law the general situation does not meet the requirements. In many instances, residents have to deal with the waste themselves in a manner that is unsatisfactory. Cleansing services from municipalities is ineffective and mostly non-existent. Disposal sites are more often inadequately engineered and are not operated properly.

The fact that the district is characterised by poverty and high unemployment, waste picking activities continue to grow and this has necessitated the district to plan the necessary support. The district plans to extend the solid waste management mapping throughout the district, the data collected will assist in future planning.

#### **Institutional:**

The causal effects of poor service delivery are, in the main, insufficient resources, inadequate policy guidelines, inadequate planning, inadequate management and lack of technical expertise and capacity.

#### **Renewable Energy:**

Following the solid waste conference held in 2013, whose theme was “The Green Revolution”, the conference proved that ADM was on the right track and should continue with its learning and sharing initiatives, but the district should continue in promoting an integrated approach into unlocking alternative energy initiatives.

#### **Norms and Standards:**

The **National Environmental Management Act** 59 of 2008 being the primary law regulating waste management in South African has necessitated the review of norms and standards when dealing with license application. The review touched on the storage of solid waste as well as design of such sites inclusive of remediation measures.

**Solid Waste Sites:**

In terms of the Environmental Conservation Act, sites are required to be engineered and operated under license issued by DWA/DEADEA. The number of licensed or permitted sites 13, currently out of 23 operational sites in the district, as presented in the table below:

**TABLE 3.18: Licensed Solid Waste Management Facilities**

Waste Site	Size	Status	Comments
<b><u>NKONKOB MUNICIPALITY</u></b> Alice	C	Permit Issued	GCB-
Middledrift	C	Permit Issued	GCB-
Fort Beaufort Transfer Station		Permit issued	Transfer Station
<b><u>AMAPHLATHI MUNICIPALITY</u></b> Stutterheim	GSB+	Permit Issued	GSB+
Carth carth	C	Licence	Transfer Station
Keiskammahoek	C	Permit Issued	GCB-
<b><u>NGQUSHWA MUNICIPALITY</u></b> Hamburg	C	Direction Issued	Transfer Station
Peddie	C	Direction Issued	GCB-
<b><u>MNQUMA MUNICIPALITY</u></b> Eastern Regional Waste Site	M	Permit Issued	GMB+
<b><u>MBASHE MUNICIPALITY</u></b> Elliotdale Waste Site	C	Permit Issued	GCB-
<b><u>GREAT KEI MUNICIPALITY</u></b> Kei Mouth	C	Licence Issued	Transfer Station
Chintsa East	C	Licence Issued	Transfer Station
<b><u>NXUBA MUNICIPALITY</u></b> Bedford	C	Permit Issued	GCB-

**Unlicensed Solid Waste Management Facilities:**

Although there are a number of waste sites that are not permitted, there are plans in place to eliminate their illegality. One of these plans is a feasibility study into the provision of transfer stations in Keiskammahoek. This project is being undertaken through the Keiskammahoek Restitution program.

The table hereunder illustrates all the unauthorized sites in the district:

**Table 3.19: Unlicensed Solid Waste Management Facilities**

WASTE SITE	SIZE	STATUS	ACTION
Komga	C	Unlicensed	Site is being rehabilitated and licensing process is eminent

Haga-Haga	C	Unlicensed	To be closed and rehabilitated. Waste will be transferred to Komga waste site.
Dutywa	C	Unlicensed	Waste site to be closed and rehabilitated and a transfer station is under construction.
Willowvale	C	Unlicensed	Waste site to be closed and rehabilitated and a transfer station is at Feasibility stage
Butterworth	S	Unlicensed	To be closed and rehabilitated. Waste to be taken directly to the Regional Site.
Ngqamakwe	C	Unlicensed	Waste site to be closed and rehabilitated and a transfer station is planned.
Centane	C	Unlicensed	Waste site to be closed and rehabilitated and a transfer station is planned.
Fort Beaufort	C	Unlicensed	To be closed and rehabilitated once the transfer station is operational.
Seymour	C	Unlicensed	Licence Application submitted to DEDEA. Transfer station with recycling centre to be established.
Hogsback	C	Unlicensed	Transfer station to be established.
Adelaide	C	Unlicensed	Transfer station to be established.

**South African Waste Information System (SAWIS):**

The South African Waste Information System (SAWIS) developed by the Department of Environmental Affairs (DEA) in 2005, is a system used by government and industry to capture routine data on the tonnages of waste generated, recycled and disposed of in South Africa on a monthly and annual basis. ADM currently is capturing all the waste tonnages including recyclables via the weighbridge installed at the site. The registration to National WIS is imminent as we are currently finalizing our login details with the Department.

**3.2.3 BUILDING SERVICES PLANNING**

### **3.2.4.1 Building Regulations**

The National Building Regulations and Standards Act, 103 OF 1977 present a legislative framework for the management of building activities in the country. ADM is responsible for two Local Municipalities since 2004/2005 vis Mbhashe and Nkonkobe. ADM continues to also give support to other Local Municipalities as pronounced by Section 83. (3) of the Municipal Structures Act 117 of 1998.

Currently, building regulations are only enforced in the established urban areas and on institutional, *farms as well as already planned sites* in rural areas. Rural areas have a complex rural set-up. The complexity comes in the form of land tenure as well as general level of service. The land tenure challenge is exacerbated by the fragmentation nature in the powers and functions between the local municipalities and the districts, where land use is strictly a local function whereas the building regulation is a district function in the two local municipalities alluded to above. The district being a Water Authority is also an active partner in the above function. The district will continue to engage the local municipalities in so far as the need and importance of integration in the efficient rollout of the Building Regulation function.

The other challenge faced by ADM in rolling out this function is lack of sharing of building plan fees by the two local municipalities with ADM. This challenge is being addressed. The district continues to proudly and successfully handling and administering this function in both municipalities.

### **3.2.4.2 Local Amenities**

The Land Reform and Settlement Plan (LR&SP) of Amathole District has presented challenges in regeneration of rural and urban communities. The objective is integrating different land development objectives into spatial development modes. This continues to raise a need for the provision of adequate social and recreational infrastructure to support spatial goals and meet the needs of different social groups.

Enormous challenges in addressing the backlog on the social infrastructure within the district continue to be a major challenge. LR &SP is currently used as a planning tool to enable ADM and Local Municipalities to develop focused planning and implementation for both localized and regionalized social infrastructure in line with recognized land uses in our areas. ADM continues to provide social infrastructure to most of its existing low and middle income settlements utilizing mostly internal funding. The skewed nature of land uses in settlements established by the pre - 1994 era continues to pose challenges.

The major challenge faced by ADM in addressing this backlog is the need to align the needs with the delegated Powers and Functions of the district. This challenge is manifested in the fact that the Land Use function continues to be a local municipality function whereas the district is a Water Authority and also continues to administer the Building Function in the two local municipalities as already alluded to above. As that may be, the district continues to implement local amenities through other relevant programs of council. These programs include the Restitution Programs whose projects range from engineering infrastructure as well as various amenities. One program, the Keiskamahoe Restitution program has resulted in the construction of eight Multi-Purpose



Centres in the nine affected villages. The project other project is the provision of Bus Shelters which is currently at planning stage.

Engineering continues to provide technical support to other internal departments like Land Human Settlement and Economic Department and Community Services who continue to prioritise building related targets/projects. The technical support alluded to can be found in development of Spatial Development Framework (SDF), Zone Plans, Layout Plans, Housing Strategy and Land Reform and Settlement plan (LR & SP). In view of this, the district has from the 2014/15 financial year decided to streamline all building related targets/ projects in so far as ensuring that they get implemented in the engineering department.

### **3.2.4 HEALTH AND PROTECTION SERVICES**

The Municipal Health Services Unit is entrusted in terms of the National Health Act, 2003 (Act 61 of 2003), with the following functions:

- (1) Water quality monitoring;
- (2) Food control;
- (3) Waste management
- (4) Health surveillance of premises;
- (5) Surveillance and prevention of communicable diseases, excluding immunization;
- (6) Vector Control;
- (7) Environmental Pollution control;
- (8) Disposal of the dead.

This is one of the core functions of the Amathole District Municipality (ADM) in terms of Local Government Municipal Structures Act. At present the function is awaiting ultimate process of transferring the resources that are utilised by the Provincial Department of Health both human and assets for the delivery of this service within the area of jurisdiction of Amathole District Municipality.

The following policies have been developed and adopted by Council:

- Informal Food Trading Policy
- Health Care Waste Risk Management Policy
- The Pauper Burial Policy underwent name change; namely: “Disposal of the Dead” Policy.

Major review of the following plans:

- Health Care Risk Waste Management Plan
- Communicable Diseases Prevention and Control Strategy

The Environmental Pollution Control Plan was developed and adopted. An Integrated Municipal Health Information Management System has been acquired.

#### **3.2.5.1. Water Quality Monitoring**

### **Drinking Water Quality Monitoring**

The purpose of the programme is to ensure that the water supplied to communities is safe for human consumption and complies with the South African National Standards (SANS 241:2006), which has been reviewed.

A water quality monitoring sub-unit was established to deal with water quality related issues, including the sampling and testing of water. Water samples are taken at the point of use, reservoirs and water treatment works monthly for microbiological analysis. Chemical analysis is done at water treatment works on a quarterly basis. There are 146 sampling sites i.e point of use, reservoirs and treatment works. These sites cover the whole Amathole District Municipality area. On-site tests are done for chlorine and turbidity.

As per the recommendations of the water safety plan on the increase of the number of sampling points, new sampling points have been identified at Mbhashe, Mngquma and Ngqushwa Municipality. The current monitoring programme is to be reviewed so that it is in line with the SANS 241:2011. Monitoring of the sampling points also includes taking samples from 4 rivers and bi-annually from 83 boreholes. A total of 1940 drinking water samples were taken from fixed drinking water sources for testing, of which 1752 complied and 188 did not comply. A total of 63 turbidity failures were reported. Non-compliance is investigated and remedial measures put in place by Engineering Services with the most common reasons being ageing infra-structure and operational problems. The level of compliance has improved since the programme started although water produced is still within Class 2

Challenges contributing to drinking water non-compliance:

- Lack of reservoir and pipeline maintenance due to cleaning schedule not being adhered to.
- Post-chlorination not being done effectively
- Low chlorine levels
- Delay in the repair of equipment e.g. broken pumps

### **Waste Water Monitoring**

The purpose of the programme is to ensure that effluent discharged into the environment complies with the Authorisation and set Standards prescribed by the Department of Water Affairs. Samples are taken monthly from 16 waste water treatment works. A total of 227 waste water samples were taken for analysis, of which 28 samples complied with the General Authorisation Standards. A total of 39 samples were taken from rivers upstream and downstream to measure the level of pollution on the water sources as a result of effluent discharge.

Challenges that have a direct impact on the effluent compliance level and are as follows:

- Delay in the repair of equipment / machinery e.g. broken pumps , aerators etc
- Ineffective chlorination
- waste-water treatment works that are operating above their design capacity

- Operational monitoring at the waste water treatment works (WWTW) not being done at all plants

The following Waste Water Treatment Works have been approved for irrigation by DWA with conditions:

- Cintsa East irrigating
- Kei Mouth irrigating
- Seymour irrigating

A Water Safety Committee comprising of all water stakeholders convenes meetings quarterly to deal with water quality related issues.

### **Food Control**

The purpose of the programme is to ensure that food sold to the public is fit for human consumption and complies with relevant legislation and encompasses the inspection of food handling premises, sampling and analysis of foodstuffs, milk products and milking sheds and capacitation of food handlers. A database on food handling premises is in place and is updated periodically. This database includes businesses such as supermarkets, restaurants, general dealers, spaza shops and butcheries.

A total of 1722 inspections were conducted in terms of R962 of the Food Control and Disinfectants Act.

A survey of food handling premises/establishments in the rural villages of Mbhashe and Mquma was undertaken and will be extended to all other local Municipalities.

A total of 657 food handlers were capacitated at sessions held in all local municipalities. The capacitation sessions are held in the form of workshops and on site education during inspections for both the formal and informal food handlers. Dairy farms continue to be inspected and milk samples being taken on quarterly basis. A total number of 215 milk samples were taken and the results show a gradual improvement in terms of compliance with legislation. Quarterly Food Safety Committee meetings are convened to deal with all food related issues. An Informal Food Trading policy has been developed and was adopted by Council in May 2013. The policy is currently being rolled out to the relevant stakeholders.

### **Challenges**

- High rate of non-compliance of food premises.
- Local municipalities not having capacity to issue the business licences or trading licences.
- Difficulties to communicate with the foreigners from the businesses

### **Waste Monitoring**

Monitoring of waste is done to ensure that all types of waste being generated is properly stored, regularly collected and transported and ultimately properly disposed. Inspection of waste disposal sites is done in towns of all seven local municipalities quarterly. The daily collection and disposal of waste is a local municipality function. Survey is also done in all towns, communities and schools

to assess the process of dumping of waste. Public awareness campaigns are held once per quarter in each local municipality for communities and schools in the form of anti-litter campaigns and clean-ups.

Waste generators have been slow in familiarising themselves with the sorting and recycling of waste. Health and hygiene awareness campaigns are conducted, including possible waste recycling projects. Eight legal and illegal waste dumping sites were visited for assessment.

An audit of health care waste generators, covering the whole Amathole District Municipality area was carried out and the following challenges were highlighted:

- Lack of efficient waste collection services at local municipalities,
- no proper management in disposal sites and
- Increase in dumping of waste.

A pilot project on waste management promotion and sustainability – recycling has been launched in Fort Beaufort. 30 volunteers from Nkonkobe Municipality wards for the Waste Management Promotion project have been recruited and trained.

### **Health Surveillance of Premises**

Regular inspections of premises are carried out to prevent and abate conditions which are likely to constitute a danger to health. The main challenge identified in the premises is inadequate water supply and poorly managed sanitation facilities.

### **Surveillance and Prevention of Communicable Diseases**

The purpose of the programme is to prevent and control environmentally induced diseases and related communicable diseases, aimed at reducing their impact on human health. A total number of 66 health and hygiene promotion awareness campaigns had been conducted and are on-going. These awareness campaigns are held with other stakeholders internally and externally.

The Participatory Hygiene and Sanitation Training (PHAST) approach is used for the effective control of communicable diseases at community level. Incidents of Typhoid and Meningococcal Meningitis were reported and investigated.

### **Challenges**

- The process of disease notification from health facilities being delayed, resulting in cases being not investigated.

### **Vector Control**

The vector control programme deals with the control of public health interest against pests, including the control of arthropods, molluscs, rodents and other alternative hosts of diseases. Satellite offices were inspected in all Municipalities and only Community Services Department satellite offices have yet been fumigated. Eight community garden projects (food security) were

monitored on the use of pesticides and workers on the project were capacitated on the proper use of pesticides. Public awareness campaigns are being held in schools and communities on how to store chemicals in households and also how to use pesticides properly in vegetable community projects.

### **Challenges**

- Unprotected vegetable community project workers to pesticides in rural communities

### **Environmental Pollution Control**

Environmental pollution control is done by identifying agents capable of polluting the natural environment, their sources and implementing preventive measures. An Environmental Pollution Control sub –unit was established to deal with the environmental pollution control, waste management and vector control. An Environmental Pollution Control Plan was developed and adopted by Council in May 2013. The following key findings were identified as hazards which pose a significant high risk to the health of the communities

#### **Air**

- Informal waste combustion
- Indoor Air Pollution

#### **Waste**

- Continued growth in waste generation;
- Health care risk waste management;
- Unlicensed landfill sites;
- Burning of waste;
- Poor Leachate management;
- Industrial waste

#### **Water**

- Use of blue tanks for water storage;
- Poor blue and green drop scores;
- Illegal sand mining;
- Limited access of all to basic services
- Poor state of estuaries and beaches;
- Drought conditions
- Lack of Blue flag status assessments;
- Lack of implementation of the ADM Waste Water Risk Abatement Plan;
- Frequent sewer spills;
- Dilapidated infrastructure and
- Residual wastes from ANCA Abattoir being deposited into the Stutterheim WWTW.

Surveys are done in communities to identify any type of pollution in their surroundings areas. Monitoring of human activities that might have a negative impact to the natural environmental is also done throughout the district. Public awareness campaigns are held in schools and community

centres to sensitize people about their activities that might contribute to the environmental pollution. The Environmental Pollution Control Plan is currently being rolled out to the relevant stakeholders.

### **Challenges**

The vastness of the district limits the number of awareness campaigns that can be conducted and make a positive impact in each local municipality.

### **Disposal of the Dead**

The purpose of the programme is to ensure that the funeral parlours comply with the requirements regarding handling of corpses.

A total of 97 funeral parlours are on the ADM database, with 56 funeral undertakers and 41 displays. Inspections are carried out periodically to ensure that premises comply with the requirements regarding transportation, handling and storage of corpses. A Disposal of the Dead Policy was reviewed and adopted by council in order to address the challenges associated with the burial of unknown and unclaimed bodies and the deceased from destitute families. Seven workshops were conducted in all municipalities to capacitate stakeholders, communities and funeral parlours on the content of the policy. 11 paupers and destitute were found and buried whilst 08 exhumations were conducted.

### **Challenges**

- High rate of non-compliance of funeral parlours.
- Local municipalities not having capacity to issue the business licences or trading licences.

### **3.2.5.2 Community Safety**

The purpose of the Community Safety function is to support crime prevention initiatives undertaken in collaboration with other stakeholders, in line with Section 15 of the Constitution of the Republic of South Africa. The Community Safety operates in terms of the National and Provincial Crime Prevention Strategies. The Special Programmes Unit supports the reduction of crime through some of their programmes such as sport against crime and activities focusing on the elder and young children.

The following programmes are undertaken:

#### **District Community Safety Plan**

The Community Safety Plan which was first developed in 2004 and reviewed annually has kept track of crime trends through the use of statistics and community surveys. The Community Safety Plan underwent a major review in 2011/2012 financial year.

Key Findings of the District Community Safety Plan:

- Murder and sexual offences have increased by 25% significantly in the Dutywa , Centane and Fort Beaufort stations.
- Lack of capacity in the development of liquor trading by-laws at LM.
- Safety issues do not appear in the LM IDP's

### **Local Municipality Safety Strategies**

The Local Community Safety Strategies underwent a major review in 2012-2013. The annual crime statistics released in September 2012 indicates an increase in the following categories of crime: murder, rape, robbery, house-breaking and assault with intent to do grievous bodily harm [GBH]. The easy availability of liquor and other drugs has resulted in the high number of youth being involved in substance abuse. The statistics for Amathole District Municipal area is reflected below:

- A total of 469 cases of murder reported in 2013 compared to 462 cases reported in 2012
- House robberies saw a decline from 915 to 861 in 2013
- Sex related crimes – which include rape, molestation and sexual assault increase from 775 to 843 in 2013
- Assault with the intent to inflict grievous bodily harm declined from 2532 to 2411 in 2013
- Common Assault saw a decline from 956 to 934 cases in 2013
- Malicious damage to property increase from 800 to 825, while arson decreased from 96 to 93

The majority of murder cases stem from assaults linked to drug and alcohol abuse. For this to alter there needs to be some degree of change to the socio-economic conditions. Efforts to curb the rising murder rate include a clampdown on illegal taverns and shebeens and awareness campaigns.

Three focus areas of the identified projects for 2012-2013 were implemented through capacity building workshops and crime prevention initiatives conducted.

Nine (09) Crime Prevention Initiatives were conducted in the District for the period July 2012 to March 2013 with emphasis on Crime Hotspots and youth substance abuse. Four (4) stakeholder sessions were held to improve the effectiveness of all stakeholders. The objective of the sessions was to explain the concept of Community Safety Forums and the roles and responsibilities of the members of community safety forums.

The capacitation programme also focused on the challenge of the lack of liquor trading by-laws in local municipalities and to identify what type of support ADM can provide.

A Bush clearing project was launched at the Toleni village in Mnquma.

### **Challenges**

- The sustainability of Community Safety Forums at local municipalities due to a lack of resources and institutional capacity to coordinate community safety programmes;
- Lack of defined legislation on the role of local government in crime prevention and thus core functions are given precedence for funding.
- Lack of Integration of government programs.

### **3.2.5.3 Fire Services**

The purpose of fire Services function is to prevent the outbreak and/or spread of fire, extinguishing of fires, and protection of the life and property against fire or other threatening dangers and the rescue of life or property from fire; take measures to assist the recovery of fire fighters and the restoration of the ecosystem from the adverse impacts of wildfire and fire suppression on public land.

A Fire Risk Management plan was developed in 2010 [FRMP] and the Fire Protection Plan was incorporated into the FRMP as a chapter on fire protection and was adopted by Council in 2010/2011. The Fire Risk Management Plan underwent a major review and its situational analysis indicates that the “fuel load” [amount of vegetation affecting the potential for fires] is high in the Amathole District Municipality area and a high incidence of fires can be expected in winter 2013.

A District Fire Coordinating Forum encompassing cross boarder fire specialists has been established and meets quarterly for information sharing in order to strengthen the firefighting function.

The Fire Services function is composed of the following programmes

#### **(i) Fire Compliance Inspections**

Fifty three [53] compliance certificates were issued. Certain categories of businesses / traders and or categories of goods sold or used at the business premises are subject to compliance inspections. The businesses may not trade without a compliance certificate which is renewable annually. These businesses are inspected regularly to ensure compliance and thus safety. These include, garages, stores dispensing large volumes of flammable liquids, those using and dispensing large quantities of Liquid Petroleum Gas [LPG] and others, like spray booths that use high volumes of paint.

#### **(ii) Improvement of Fire Services Coverage and Resources.**

The ADM runs six [6] fire services stations. Four main stations located in Idutywa, Butterworth, Peddie and Komga and 4 satellite stations located at Chintsa, Kei Mouth, Elliotdale and Centane. Hamburg and Willowvale Satellite Fire Stations are currently under construction.

#### **Challenges**

- Delays occurred in the construction of the Willowvale Satellite Fire Station due to the project not meeting both financial and building progress targets.
- The building of a satellite station at Butterworth is being planned for the 2014-2015 and a delay is experience in the allocation of the land from Mnquma Local Municipality to ADM
- Elliotdale Satellite Fire Station is currently experiencing staff shortage.

#### **Community Vulnerabilities**



**Urban:** Communities are faced with fire risks, which include formal and informal structures as well as hazardous material fires. Poor building materials, close proximity of shacks and poverty exposes the informal structure dwellers to high fire risk.

**Rural:** The nature of housing and heat sources to sustain livelihood by rural communities places people at risk. The examples of these risks are veld fires, thatched roofs, unprotected cooking fires and open flame lighting.

The incidents of motor vehicle accidents remain high.

Despite high incidents of veld fires in 2013, the number of structures affected by these fires has reduced. This can be attributed to better awareness resulting in homeowners keeping the vegetation around their structures shorter and better response times due to the increased satellite stations and resources. 76 awareness campaigns conducted

**Table 3.19: Statistics of fire incidents January 2012 to June 2013:**

FIRE STATISTIC PER LOCAL MUNICIPALITY				
	FIRES	MVA	SPECIAL SERVICES	TOTAL
Great Kei	203	105	18	326
Mbhashe	254	95	70	419
Mnquma	354	53	24	431
Ngqushwa	91	36	8	135

#### Challenges

- There is a critical need for additional supervisory posts as the operational size of the service continues to increase and it being wide-spread through the district affects the control over the services
- LM's that are responsible for their own fire services are not meeting basic fire provision standards.
- Staff shortages
- Hilly topography, poor roads and long distances between towns.
- Limited funding for the service
- Shortage of water tankers for relay pumping
- Training for specialized fire related courses are scarce within the ADM and neighbouring districts.
- Unavailability of suitable premises for fire stations in main towns thus funding for building of premises is required.
- Poor communication systems

#### 3.2.5.5 Disaster Management

The Amathole District Municipality is responsible for the coordination of Disaster Management in all seven of its Local Municipalities. Sector departments, non-governmental organisation and the private sector also contribute to efforts of Disaster Management.

The District Disaster Management Centre is a point where disaster management activities are coordinated. The Disaster Management Centre was constructed in 2010 and completed in 2011. The Centre is operational but the Control Centre is still to be fully equipped with the necessary technology for integrating communications with the National Centre and other contributing stakeholders e.g. SA Weather Services warning systems. It also has the potential to become a 24 hour emergency centre for the ADM. The Head of Disaster Management Centre is the Director: Community Services as delegated by the Municipal Manager.

The centre is staffed with:

- Chief Disaster Management Officer
- 2x Senior Disaster Management Officers
- 1x Data Custodian
- 1x Administrative Assistant

ADM established Satellite centres to enable increase of access and quick response to emergency situations and disasters, such as life and property threatening hazards. These satellites are currently structured as follows:

Amahlathi: 1 x Disaster Management Officer and 1x Vehicle

Great Kei: 1 x Disaster Management Officer and 1x Vehicle

Mbhashe: 1 x Disaster Management Officer, 1x Assistant Disaster Management Officer and 1x Vehicle

Mnquma: 1 x Disaster Management Officer and 1x Vehicle

Ngqushwa: 1 x Disaster Management Officer and 1x Vehicle

Nkonkobe: 1 x Disaster Management Officer and 1x Vehicle

Nxuba: 1 x Disaster Management Officer and 1x Vehicle

Climate changes result in severe weather events which cause the above hazards to have a negative impact when interacting with lives and property. Incidents of severe weather conditions resulted in damaged houses.

### **Review of Sector plans:**

The following sector plans were reviewed:

- Disaster Risk Contingency Plans of seven local municipalities were developed and reviewed internally.
- District Disaster Management Framework is currently undergoing a major review
- Major review of Risk and Vulnerability Assessment [RAVA] was done by an appointed service provider and the final report submitted.

The major risks identified for the ADM are as follows:

- Hydro-meteorological - Drought
- Disease / Health - Disease: Human
- Transport Hazards - Road Transportation
- Civil Unrest - Crime
- Hydro-meteorological Hazards - Floods (River, Urban & Dam Failure)
- Fire Hazards - Formal & Informal Settlements / Urban Area
- Hydro-meteorological Hazards - Severe Storms (Wind, Hail, Snow, Lightning, Fog)
- Fire Hazards - Veld/Forest Fires
- Disease / Health - Disease: Animal
- Pollution - Water Pollution (Fresh and Sea)

It has become apparent that risks from all angles in South Africa have to be considered. Strengths such as strong traditional structures should be targeted and utilised in focused community awareness programs aimed at reducing risk. A lot of risks are closely related and directly or indirectly influence each other. Plant Infestation will for example exasperate drought due to the fact that alien plants affect ground water.

These priority risks should also be reflected in the future budgets and the ADM IDP. There should be specific focused actions to reduce vulnerability, minimize hazards and to increase resilience with relation to these risks by all functional units of the ADM.

Challenges:

- Insufficient funding for disaster response and recovery.
- Sector Departments and other stakeholders do not show commitment of their roles and responsibilities in disaster management.
- Climate changes pose more threats to the environment and economy

### **3.2.6 LAND REFORM, SPATIAL PLANNING AND HUMAN SETTLEMENTS**

Land Reform, proper Spatial Planning and provision of adequate Sustainable Human Settlements are amongst those that ensure government mandate is realised. Important to note are recently developed strategic documents, the outcomes approach and most recent, the National Development Plan “Vision 2030”.

#### **i. Land Reform**

The Policy on Land Redistribution for Agricultural Development (2000) makes an explicit provision for the district municipalities to play a role, and the involvement of local role – players to assist in the application process specifically the planning for land reform should occur in close co – operation with district and local municipality role players.

The complexity of the Land Reform environment has been acknowledged throughout the Land Reform & Settlement Plan which was developed in 2004, with specific reference to the identified challenges located within the areas of land access, land tenure, and land administration.

In broad terms, the ADM Land Reform Plan has since had substantial changes as when it was reviewed in 2005. These changes were effected due to changes in the applicable policy and legislation, most notably, the promulgation of the Communal Land Rights Act 11 of 2004 as well as policy changes relating to the acceptance of the validity of land claims made in cases of loss due to betterment planning.

Overview of key issues identified during the review:

- Injustices of land dispossession, equitable distribution of ownership, reduction of poverty and economic growth, tenure security as well as System of Land Management which will support sustainable land use patterns.
- Capacity building and support mechanisms in relation to project planning, management and implementation
- Co-ordination of the monitoring and valuation function to ensure ongoing measurement of land reform implementation (linked to the ADM's legislative duties and obligations in relation to Land Reform, as more fully explained here above).
- Clear guidelines for role of ADM with regard to National mandate of Rural Development through the Comprehensive Rural Development Programme (CRDP) Framework as well as the alignment of the Provincial Rural Development Strategy to CRDP.
- Land reform initiatives largely remain geographically focused and limited to certain types of interventions, to the detriment of a preferred, holistic implementation of the complete land reform package;
- Land Redistribution Planning Needs have focused on certain areas where eg. commonage needs are extensive throughout the district;
- Low availability of Arable Land for Agricultural purpose
- Implementation capacity is viewed as a serious challenge in land reform implementation throughout the area and specifically communication of the deliverables and the rate of implementation have been of concern;
- Breakdown of Land Administration Systems (in respect of both the legislative, regulatory and administrative aspects thereof) throughout the district has led to uncertainty and tensions;
- Tenure insecurity remains prevalent with the recent repeal of Communal Land Rights Act No.11 of 2004, to be addressed on the proposed Green Paper on Land Reform,
- Weak integration of existing land reform initiatives into the process of developing livelihoods and land productivity (It was specifically noted that projects appear to

be addressing beneficiary needs in terms of housing *or* in terms of livelihoods, but often not in an integrated, sustainable manner);

- A need has been identified for a “clear and workable institutional framework for the delivery of land reform in its various components throughout the district. This emanates from unclear roles between relevant sector departments Traditional leaders and municipalities with regard to demarcations of sites in rural areas.
- Clear and authentic Land Audit is needed for the district
- Need for access to reliable statistics on unsettled land claims in the district

The above information explicitly demonstrate that Land reform is essential to permit economic progress and to ensure that the required redress does in fact take place, and that women and youth also receive the necessary support.

It was also imperative that the land be optimally utilised. Possession of land and/or housing provides the owner with a valuable asset. This could be defined as not merely fulfilling basic needs, but also the more concrete needs and also a right to live a meaningful life. All development thus has to be based on the assumption that all people want to be treated as worthy individuals. This developmental process therefore should include all aspects of life within a community and the relationships amongst its peoples.

The land development initiatives on Land Reform for the District are clearly outlined in the Revised Land Reform and Settlement Plan.

## **ii. SPATIAL PLANNING**

In terms of Section 26 (e) of the Municipal Systems Act (Act No. 32 of 2000), a Spatial Development Framework (SDF) in respect of a Municipality’s area of jurisdiction is a legally required component of a Municipality’s Integrated Development Plan (IDP). The ADM SDF was developed in 2004 and the major review was carried out in 2012/13 in line with the outcome of the National Development Plan, Provincial Spatial Development Framework Review (PSDP) 2010, but more specifically with the following seven spatial frameworks, as recommended in the PSDP, so as to achieve alignment with the Provincial Growth Development Plan frameworks and programmes:

- Environmental
- Social Development and Human Settlements
- Rural Development
- Infrastructure
- Economic Development
- Human Resources; and
- Governance

### **SDF STRATEGIC THEMES**

**Basic Needs:**

- Ensure availability-acceptable level of infrastructure
- Ensure service delivery

**Spatial Fragmentation:**

- To create an efficient and integrated settlement pattern in Amathole District Municipality

**Linkages and Access:**

- Well-structured road and rail network system to ease movement
- Efficient and effective links between nodes, relevant products and services

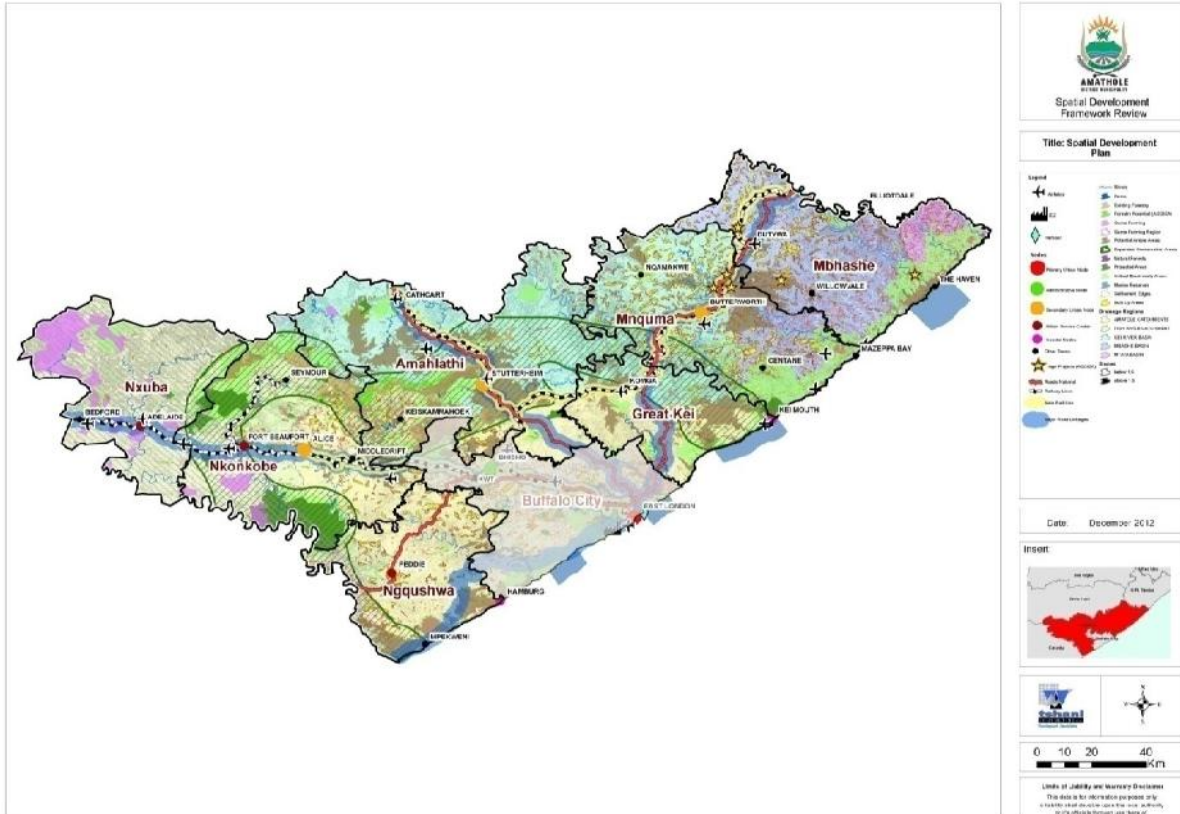
**Land Use Management:**

- An appropriate Land Use Management Systems in operation across the District Municipality
- Security of access to land for development

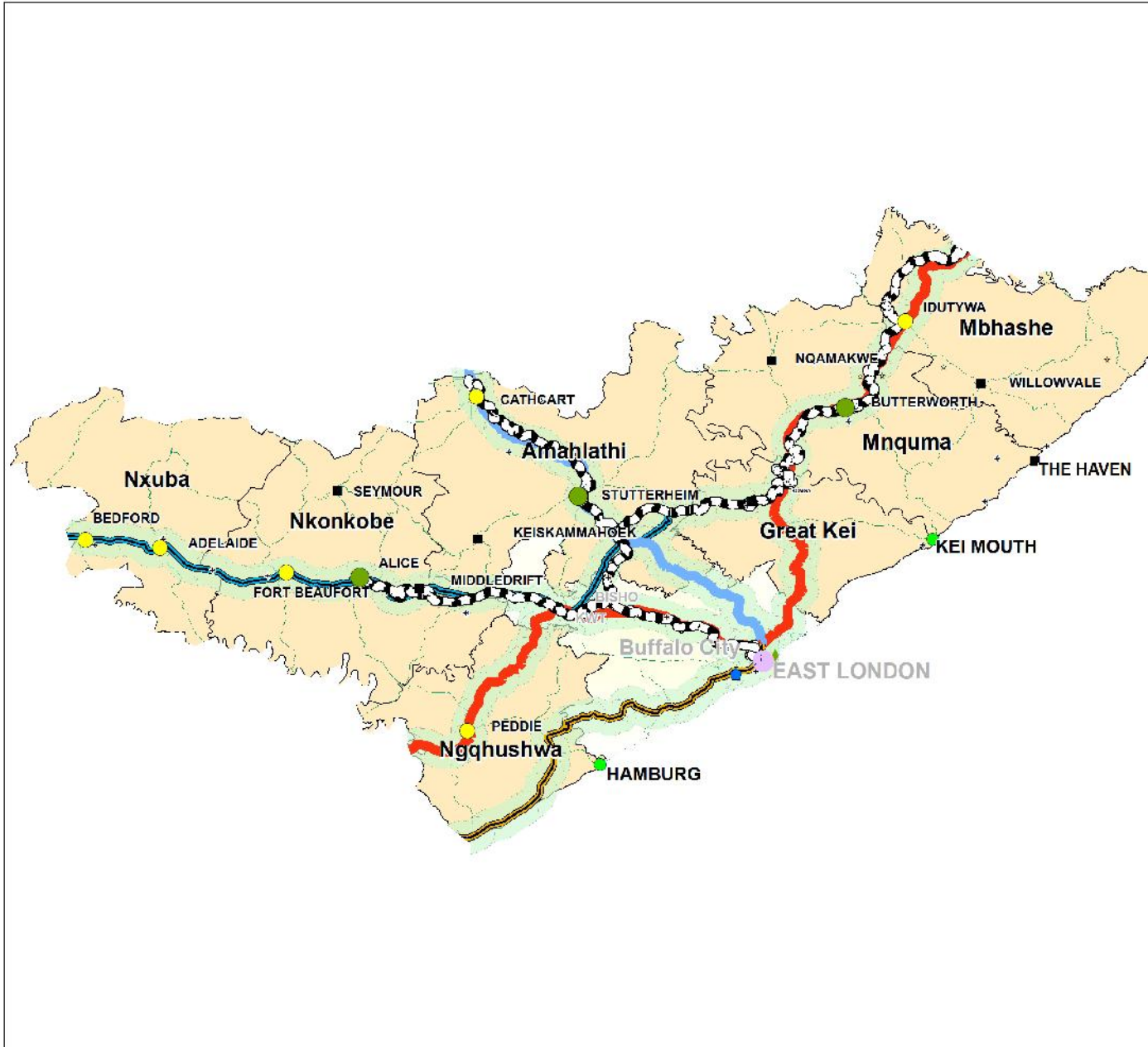
**Environment:**

- Adhere to sound environmental practices in line with legislation
- Protect environmental sensitive areas

***Figure: 3.5 and 3.6: ADM Spatial Plan and Spatial Planning Elements Plan***



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### Overview of Key Issues

Key Spatial Development Issues are identified as follows:

- **Environmental Key Issues**
- The prediction of the wetting and warming of the climate;
- The prediction of the rise in the sea-level;
- The reserving of high potential land for renewable energy projects;



- The demand for housing and infrastructure versus high potential agriculture versus high conservation value;
- Climate change risks to infrastructure should be incorporated in future planning.

- **Social Development And Human Settlement Key Issues**

- The high level of population increase.
- Demand in employment opportunities.
- The population shows a high youthful component. This indicates that development planning and service delivery targeted at the youth should be an important consideration for development (i.e. schools, crèches and sportsfields).
- Low levels of education and low level of skills base.
- Low levels of education contribute to a high unemployment rate and low labour absorption.
- Mbhashe, Ngqushwa and Mquma Local Municipalities shows a high level of dependency on social grants, which has a negative effect on the economy and therefore translates into a low purchasing power.
- Slow land release process has a negative impact on the development of settlements throughout the district.
- The growth trends within existing settlements, especially major transport routes, places a burden on local authorities with regard to infrastructure demand, due to insufficient funds.

- **Rural Development Key Issues**

- The failing and confusing land administration system affects all aspects of Land Administration.
- Slow implementation process of housing delivery.
- Land release issues are currently being experienced in the district.
- Low arable land for agriculture opportunities within ADM.

- **Infrastructure Key Issues**

- Poor conditions of railway lines.
- The benefits that ADM previously had from being in possession of a Harbour and an Airport, was taken away by BCMM becoming a metropolitan municipality, thus breaking the air and/or water linkage between other districts and provinces.
- The electricity capacity is under stress in the Amathole District Municipality and large development projects are often affected by these limitations.
- The statistics reveal that a significant number of households still have limited access to sanitation services, which can lead to unhygienic situations. Inaccessible basic services lead to poor socio-economic conditions. The focus should therefore be on preventative strategies such as the provision of basic infrastructure.

- The linkages between the harbours and IDZs of East London and Port Elizabeth have grown in significance over the last seven years or so. The R72 has become a significant economic link and coupled with the agricultural economy and tourism in the Sunshine coast.
- The rural development corridor needs to be developed in order for the mass food production and forestry programmes to be successful.
- **Economic Situation Key Issues**
  - The economy is highly dependent on the unproductive community services sector. The negative trend indicates limited private sector presence throughout the district. It also implicates that the economy is growing at a slow rate and employment has generally declined, which affects private sector investments as disposable income levels of the potential target market is low.
  - The challenge remains how to achieve a more equitable distribution of economic development opportunities when the greater number of the population reside in less economically developed areas and experience an ever deepening poverty cycle.
  - The tourist routes along the primary roads within the district require constant maintenance and upgrades.
- **Human Resources Key Issues**
  - Spatial and development planning tends to be biased towards the urban areas due to the historical focus of previous planning legislation and the relationship of municipal institutions towards those areas. Recent interventions towards mentorship of young planning professionals in various municipalities show a positive tendency towards upgrading planning capacity in the district and a ‘wall to wall’ approach will be required.
  - Opportunities exist for the planning procedures, professional principles and management techniques to be adopted.
  - The assessment of ADM’s local municipalities SDFs shows that spatial development planning for the municipalities is evolving over time and becoming more detailed as local municipalities gain understanding of the trends, dynamics and programmes on the ground. There is however a need for to engage with local planning stakeholders to address areas of poor alignment gaps in regional linkages and definitions of structuring elements and integrated strategies.

### **PROPOSED INTERVENTION PROGRAMMES**

The following projects need to be undertaken to consolidate the achievements of integrated spatial planning and development management. These include:

## **2 Environmental Programmes**

- Investigate spatial planning and land use management implications in respect of climate change and the adaptation opportunities, including the implications of rising sea levels, flooding in low lying areas, drought, desertification and storm/tornado prone regions;
- Detailed mapping and identification of environmental sensitive areas;
- Mapping of resource areas including; high potential agricultural areas, forestry resource potential, indigenous natural resource areas, heritage areas, tourism and renewable energy potential areas.
- Establishment of an Amathole Mountains Biosphere Reserve.

## **3 Social Development And Human Settlements Programmes**

- Research and information sharing on population movements and migration at a district and local level;
- Research into settlement dynamics, change trends and needs of communities in urbanising settlement environments;
- Identify those settlements, focus areas and centres showing signs of economic growth or development decline, conduct research into such development dynamics and devise measures to maximise opportunities and development potential;
- Research into settlement densities and desirable density guidelines managing edges.

## **4 Rural Development Programmes**

- Institute a programme focusing on improving access to land for development, particularly for women;
- Obtain mapping of agro ecological areas, in order to define and conserve natural resource areas for food security; and
- Integrate Area Based Plans proposals into the Spatial Development Framework with priority land acquisition areas and focus areas.

### **iii. HOUSING /SUSTAINABLE HUMAN SETTLEMENTS**

Amathole District Municipality plays a role with regard to housing development or sustainable human settlements development in our area, as outlined in the ADM Housing Strategy (IDP Sector Plan) adopted in 2007 and reviewed annually as part of the IDP review process. ADM Housing strategy inherits its main focus from the aspirations rooted in the Freedom Charter and has shifted its focus from Housing delivery to provision of Sustainable Human Settlements.

This Plan therefore clearly mentions that a key development issue identified during the IDP processes is also “housing development”, which was listed as one of the most important issues for the District Municipality to address. Thus in 2005, the ADM Housing Development Strategy was conceived and adopted in June that year. The Plan has been reviewed each subsequent year. The Housing Development Strategy is a chapter of the Municipalities Integrated Development plan (IDP), in line with the legislative compliances.

Furthermore, the strategy outlines ADM’s role in the Housing development is as enshrined in various legislative and policy framework. The following are detailed relevant laws and policies applicable to the housing service delivery arena:

**AN OVERVIEW OF THE COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS**

The Comprehensive Plan, introduced in September 2004, represents Government’s ten year housing programme. The *overall goal* is to address the housing needs of the people, within the context of broader socio-economic needs resulting in sustainable human settlements.

The Comprehensive Plan is supplemented by seven business plans:

- Stimulating the Residential Property Market;
  - Spatial Restructuring and Sustainable Human Settlements;
  - Social (Medium- Density) Housing Programme;
  - Informal Settlement Upgrading Programme;
  - Institutional Reform and Capacity Building;
  - Housing Subsidy Funding System Reforms, and
  - Housing and Job Creation.
- o The Comprehensive Plan consists of **nine strategies and related mechanisms** that are currently being implemented.

**Table 3.20: REVISED TECHNICAL NORMS AND STANDARDS FOR THE CONSTRUCTION OF STAND ALONE RESIDENTIAL DWELLINGS FINANCED THROUGH NATIONAL HOUSING PROGRAMMES**

Type of Service	Minimum Level
Water	Single standpipe per stand (metered)
Sanitation	VIP or alternative system agreed to between the community, the municipality and the MEC

<i>Roads</i>	Graded or gravel paved road access to each stand. This does not necessarily require a vehicle access to each property
<i>Stormwater</i>	Line open channels
<i>Street Lighting</i>	High mast security lighting for residential purposes where this is feasible and practicable, on condition that such street lighting is not funded from the MIG initiative or other from other resources.

(a) ADJUSTMENT OF THE HOUSING SUBSIDY QUANTUM AND THE INTRODUCTION OF THE NEW 40 SQUARE METRE QUALITY HOUSE

Housing: MINMEC on 1 March 2007 formally approved the introduction of a new quality subsidised house with a minimum size of 40m<sup>2</sup> and the accompanying technical specifications as provided by the NHBRC. This new house typology and subsidy structure applies from 1 April 2007.

**THE HOUSE DESIGN**

The house must be at least 40m<sup>2</sup> gross floor area and as a minimum include:

- 2 x bedrooms;
- 1 x separate bathroom with a shower, hand basin and a toilet;
- 1 x combined kitchen/living area;
- A ready board electricity installation, where electricity grid is available.

The new housing subsidy scheme amount for the construction of the 40m<sup>2</sup> house is R55 706, 00.

**The funding for the provision of municipal engineering services**

The use of the annual housing funding allocation from the Integrated Housing and Human Settlement Development Fund (IHHDF) for the financing of such internal services may only be approved as an option of last resort.

In cases where the housing subsidy funding is used for the provision of municipal engineering services as indicated, the maximum amount that may be considered is R17 874, 00 per stand and the minimum standard of engineering services to be delivered with the R17 874, 00 is as follows:

This Policy directive does also apply to the ADM projects that are implemented.

The separation between the funding for the construction of 40m<sup>2</sup> houses and the funds for the provision of internal municipal engineering services has impacts on the administration of the housing subsidy funding. This affect than future planned projects at ADM.

**HOUSING SITUATION AT AMATHOLE DISTRICT**

Amathole District Municipality is comprised of a wide range of settlement typologies distributed within the seven local municipalities and could be classified as:

- Subdistrict Centres – Fort Beaufort, Butterworth and Stutterheim
- Local Centres – Alice, Adelaide, Bedford, Willowvale, Centane, Cathcart, Elliotdale, Nqamakwe, Dutywa, and Peddie
- Sub local Centres – Kei Road, Middledrift, Balfour, Keiskammahoek, Seymour, Hogsback, Komga, Kei Mouth, Hamburg
- Rural Villages

**NATURE AND TYPE OF EXISTING SETTLEMENTS**

Housing statistics are generally difficult to collect and verify, as a result the issue of determining the housing need and backlog is always a contested issue. There are a variety of elements that impact and influence both the demand and the supply of housing ranging from demographics, migration and basic economic conditions that prevail. However, according to statistics provided by Global Insight the situation with regard to housing in the district is as follows:

**Table3.21: NATURE AND TYPE OF EXISTING SETTLEMENTS**

DWELLING TYPE	E.CAPE	ADM	MBSH	MNQU	G/KEI	AM AHL	NGQ	NKO	NXU
V/FORMAL	438446	16183	637	4 438	954	3122	556	4455	2022
FORMAL	535696	91418	13254	21893	5311	14245	14009	18529	4176
INFORMAL	127846	9838	942	3901	1553	1400	1015	539	488
TRADITIONAL	596013	127641	46185	38846	3404	17591	7 259	13969	386
OTHER DWELLING	9819	982	171	322	59	170	66	137	58
<b>TOTAL</b>	<b>1 707839</b>	<b>246061</b>	<b>61190</b>	<b>69400</b>	<b>11281</b>	<b>36528</b>	<b>22905</b>	<b>37629</b>	<b>7 130</b>

The share of Household occupying formal dwellings

<b>E.CAPE</b>	<b>ADM</b>	<b>MBSH</b>	<b>MNQU</b>	<b>G/KEI</b>	<b>AM AHL</b>	<b>NGQ</b>	<b>NKO</b>	<b>NXU</b>
<b>57.0</b>	<b>43.7</b>	<b>22.7</b>	<b>37.9</b>	<b>55.5</b>	<b>47.5</b>	<b>63.6</b>	<b>61.1</b>	<b>86.9</b>

What can be deduced from the above data is the fact that at ADM, more than 50% of existing households are not regarded as formal and that impact on the demand as well as the backlog for settlements supply.

## 1. NATURE AND TYPE OF SETTLEMENTS THAT CONSTITUTE DEMAND

The demand is determined through the acknowledgement of socio-economic character of demand as reflected by housing typologies. Identifying the area of greater demand for subsidy and establishing the exact need for beneficiaries also help to establish the extent of housing demand. Other factors that need to be considered when determining housing need or demand are:

- ❖ Migration
- ❖ House Hold changes
- ❖ Economic conditions
- ❖ Mortality issues
- ❖ Locational issues
- ❖ Backlogs

An indepth understanding of these can determine the potential demand in the future.

### **Migration**

Migration forms the basis for determining the existing demand on housing in that understanding of types of migration and trends that exist assist in identifying and planning for areas of greater demand. An analysis of ADM migration has been explored within the context of the province as a whole and the following types dominate the existing trends:

**Table 3.22: THE PERCENTAGE OF POPULATION LIVING URBAN AREAS 2011 – GLOBAL INSIGHT**

	TOTAL NUMBER	PERCENTAGE
AMATHOLE D.M.	171041	17
MBHASHE	13 166	4.9
MNQUMA	38471	14.8
GREAT KEI	11611	23.8
AM AHLATHI	37089	27.3
NGQUSHWA	7541	10.0
NKONKOBE	42154	30.4
NXUBA	21009	81.7

Greater percentage of the population in Amathole District Municipality are in rural areas and therefore the migration trends highlighted in the preceding paragraph need to taken in consideration during this review as this implicitly indicate vast demand in rural areas.

### **HOUSEHOLD CHANGES**

Household changes can result from population changes and population growth rates.

Amongst the most likely reasons for this decline could be attributed to high death rate, a low birth rate, out-migration or most likely a combination of all of these factors.

**Mortality Issues (HIV Aids)**

One of the key areas affecting housing predictions is the issue of HIV/Aids. There is great deal of uncertainty as to the overall effect the disease will have on housing demand both in terms of household types and tenure. With regard to the former, the issue is what kind of units will be needed and regarding the latter is uncertainty on whether more rental units will be appropriate for child – headed households when considering the fact that there are 5.7 million people who are HIV positive.

**HOUSING DEMAND AS MANIFESTED BY BACKLOG**

A clear detail of Housing Needs according to each Municipality and their IDPs is detailed in their individual Housing Strategies and complimented by an updated data extracted from Global Insight the housing backlog is as reflected below:

**Table 3.23: Housing Demand As Manifested By Backlog**

	2009	2010	2011
EASTERN CAPE	771 386	769 339	778 293
AMATHOLE	138593	138727	138460
MBHASHE	47705	47640	47299
MNQUMA	42730	42 969	43 069
GREAT KEI	5297	5150	5015
AM AHLATHI	19618	19375	19161
NGQUSHWA	8578	8 479	8 340
NKONKOB E	13703	14171	14645
NXUBA	962	943	932

(Source: Global Insight)

For appropriate response on housing demand, it should be disaggregated in terms of housing typology and tenure.

**HOUSING SUPPLY**

During the 2012/13 financial year Department of Human Settlements has implemented housing projects to the value of R 4 158 355. In terms of the supply, the pace of delivery has been very low. The Eastern Cape Department of Human Settlements attribute slow pace to the following factors:

- ✓ Inadequate capacity of implementing agents



- ✓ Lack of well located and suitable land for housing
- ✓ Lack of suitable data on size and nature of backlog
- ✓ Inadequate project management and monitoring capacity
- ✓ Disjuncture in the planning and implementation of infrastructure programmes
- ✓ Lack of construction materials and equipment
  
- ✓ Complex **division of powers and functions between province, district and local level** contributes to slow pace of delivery
- ✓ Need for development of **anti-fraud and corruption plan on housing**
- ✓ Appropriate **linkages between housing development and infrastructure** provisioning
- ✓ Linkages between Land Reform programs for Rural Development
- ✓ Strategic approach in dealing with land invasions on municipal commonages **to curb development of informal settlements**
- ✓ Constant **update on LM's sector plans**
  
- The **Security Tenure** continues to be a problem more especially in communal areas
- Some **SDF's are not clear in depicting land for human settlement** development

Based on the above analysis a clear forward planning in terms of addressing housing development within the District will be enhanced. Strategies to deal with such will be clearly outlined in the Implementation Plan of the Amathole District Municipality Housing Strategy.

### KPA 3: LOCAL ECONOMIC DEVELOPMENT

**Strategic Goal:** Create an environment that promotes the development of the local economy and facilitate job creation

**Intended outcome:** Improved municipal economic viability

#### *Key issues emanating from the socioeconomic profile of the Amathole District Municipality*

- Unemployment, inequality and poverty remain the major economic challenges in the District. The close link between these three social ills means that interventions from Government and other developmental partners should directly and indirectly tackle these issues. The causes of this situation are mainly structural in nature.
- The economy of the District is over-reliant on the community services sector (government) to provide jobs. There is thus a need to diversify the economy of the region.
- Outside of the Buffalo City Municipality, there is very little investment in economic infrastructure that can lead to economic growth and development in these areas. Initiatives designed to attract investment into these areas should therefore be regarded as a priority
- The de-industrialisation that happened in the mid 1990s in areas like Butterworth have reduced the manufacturing base of the area. While not seeking to resuscitate these areas in their old form, attention needs to be given to broadening and building the industrial base of the area. This will lead to economic growth and development of the area.
- Retail services and finance are sectors of economic importance as illustrated by their contribution to the economy of the District. Efforts should therefore be made to understand and exploit the advantages and niche markets that come with these sectors.

#### **3.3.1 Economic Research**

Congruent with the key issues arising from the socio economic profile, the District has a programme on economic research to constantly update and improve on the economic statistics that it uses for economic planning purpose. As demonstrated by the socio economic profile, unemployment, poverty and inequality continue to characterize the economic landscape of the District. The research programme is thus designed to understand the causes of this situation as well as recommend measures that will improve the situation. The research thus focuses on the constant update and review of the LED Strategy to ensure its relevance to the prevailing economic climate. The prioritization of competitive industries is also a new area of focus with the release of industrial strategies by both the national and provincial government. It is important for the District Municipality in the development arena to upgrade the competitive and comparative advantage of industries in its area of jurisdiction, hence its intention to develop an industrial strategy.

The Amathole District Municipality is also characterized by significant levels of underdevelopment, especially in the Eastern side of its region. The cause of this has been that there is very little if any investment in these areas. To improve this situation, the Amathole District Municipality has begun a process of identifying catalytic projects, which if implemented can improve the economic situation of the inhabitants of the District. The identified projects were packaged and sold to investors via an investment conference held on 25-26 April 2012. More investment means more jobs and an improvement in the socio economic problems, like, poverty and unemployment that face the people of the District.

### **Investor Conference IDP Action Programme 2013-2017**

The Amathole Investor Conference held on the 25th to the 26th of April 2012 was an outcome of the Growth and Development Summit Review that was held in 2010. At this event it was agreed that the Amathole District Municipality should begin a process identifying and packaging so the so called High Impact Projects with the intention of marketing these to investors through an investor conference. Increased investment is regarded as a critical component to stimulate economic growth and development in the region and this will have the ultimate impact of reducing the social ills of unemployment and poverty that are predominant in this region. The event held on the 25th and 26th of April 2012 at Mpekwani Beach Resort was culmination of these activities and was geared towards addressing these.

The inaugural Amathole Investor Conference focused on the theme of STRENGTHENING AMATHOLE THROUGH PARTNERSHIPS. Recognizing that the economic challenges of the district, specifically job creation, poverty alleviation and economic development, cannot be met by government alone, the conference brought together and facilitated encounters between key stakeholders and role players (funders, private players, public sector, national and Eastern Cape institutions, and international markets) with a view to highlighting investor opportunities and support, and the forging of partnerships. Infrastructure challenges, access to funding, and existing projects and opportunities were addressed by speakers, panelists and an exhibition which ran concurrently with the two-day speaker programme.

The conference also entailed engaging with key international and local stakeholders in order to secure participation in the form of important delegates to the conference. This required a series of meetings and value proposition proposals showcasing the opportunities in the Amathole Region and the potential for lucrative investment. The conference was a turning point for the institution and the ADM will now facilitate the implementation of high catalytic projects which will make a difference to the lives of the poor and alleviate poverty and increase growth in the region.

### **Potential investors expressing interest and to be followed up by ADM are as follows:**

- **Investors and Donor/Grant Funding institutions:**
  - Development Finance Institutions - IDC, DBSA, Land Bank
  - Metropolitan Alternative Investments, ABSA, NDA, etc
- **Public sector investors/developers:**
  - ✓ Infrastructure, energy, water, research, etc
- **Private sector players:**

- ✓ Citrus, dairy, renewable energy, tourism, etc
  - **National & Eastern Cape Institutions:**
- ✓ National Department of Rural Development and Land Reform, ECDC, ELIDZ, Aspire, University of Fort Hare, DTI, ESKOM, ADM
  - **International Markets/Investors:**
- Japan, Singapore, Turkey, United States of America
  
- **IDP sectors to be prioritized**
  - Agriculture (grain production, citrus, pineapple)
  - Agro-processing
  - Tourism
  - Aqua culture
  - Forestry
  - Renewable energy
  - Manufacturing
  - Land planning and agrarian reform
  - Infrastructure

The outcomes of the conference and the high catalytic projects being pursued addresses all the key areas identified in the IPAP2, the New Growth Path and are aligned with the LED objectives.

The District has also noted that while it is involved in supporting local economic development initiatives, it does not have any information on whether these interventions are having the desired impact. The District has thus started a research process on an impact assessment of LED initiatives that it is supporting. The purpose of this is to inform its planning processes on initiatives that have worked in the past, or are likely to yield greater impact. The support of LED initiatives would then be justified, based on the study that has been undertaken.

The economic research agenda of the Amathole District Municipality is also in line with that of other stakeholders in the development arena. It is thus important that the institution forms strategic partnership with institutions like, Universities and Further Education and Training Institutions. Such areas include but are not limited to SMME and Cooperatives Development, microfinance, economic research and training of officials in LED related materials..

Post the Investor Conference initiatives were undertaken to ensure that the resolutions of the Conference have been implemented.

In August 2012, the municipality participated in the South African delegation to Singapore whereby an opportunity to present the Investor Profile of the District was presented.

In addition to this, the follow-up sessions have been held whereby further engagements and identification of the priorities have been conducted. This has led to the establishment of the ADM-DEDEAT working group whereby officials within the LED and the investment sector. Furthermore,

the municipality is in the process of developing an investor incentive package, together with its local municipalities in identification of land for commercial purposes and tariffs rebates on water.

With reference to institutional arrangements, there is a political task team that has been nominated by the Executive Mayor and a technical team that will be monitoring the post-investor conference process.

A new development with regards to the investment profile of the area is the Integrated Wild Coast Development Programme that is being led by the Provincial Department of Economic Development, Environment and Tourism. This is a provincial programme that will see major investment into infrastructure coming to the province through multibillion rand projects. Such projects include:

- Umzimvubu Water Project
- Wild Coast Highway- Studies are in place and are in the process of engaging National Government and SANRAL, and need more engagement
- Wild Coast Meander –From Kei Mouth to Port St John’s to unlock tourism potential,
- Bulk infrastructure Services
- Urban Nodal Development– Coffee Bay, Qholorha, Qhora, Mthatha Mouth and Mzamba

Of particular importance to the ADM region are Wild Coast Highway, the Wild Coast Meander, and the Urban Nodal Development in the areas of Qholorha and Qora.

### **3.3.2 ENTERPRISE DEVELOPMENT**

Purpose of Enterprise development is to facilitate, promote and ensure Enterprise Development (which includes SMMEs, Cooperatives, Informal Traders) in order to secure opportunities for economic and business development , and also to increase local employment within the district through sustainable business sectors. Furthermore to implement new initiatives in National and Provincial Economic policies related to Enterprise Development and align them with district policies.

#### **3.3.2.1 Cooperatives Sector**

Co-operatives development has been identified as a priority area in the district.

The South African Co-operatives Act No. 14 (2005) and the Co-operatives Policy (2004) defines a Co-operative as ***“an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”.***

- Legislative Mandate
- The Co-operatives Act No.14 of 2005

The Act aims to create a legal and institutional framework for the promotion and the development of sustainable Co-operatives and mandates other national departments, provincial and local levels of government, including delivery agencies, to also provide support for Co-operatives.

- The Co-operatives Amendment Bill of 2011

The Bill seeks to provide for tertiary Co-operatives and Co-operatives Apex organisations and their registration; to provide for the status of associate members of Co-operatives, etc.

### **Role of cooperatives in the district**

Co-operatives have therefore been identified by the South African government as a viable means of alleviating poverty; address underdevelopment; reduce unemployment; stimulate the economy and enhance the social fabric of communities in which they operate. To this end, the formation and support of Co-operatives is seen as crucial to the development of the informal economic sector or the second economy.

Cooperatives in Amathole are at different stages of business development – entry stage, marginal, and surviving. The success of cooperatives is not solely the responsibility of the government, but most importantly, the cooperatives members themselves.

The development of cooperatives is trapped in rural and urban dichotomy of socio-economic development. A survey of cooperatives that was recently commissioned by ADM revealed a number of issues that relate to status of cooperatives in the district both in rural and urban areas.

### **Co-operatives Challenges in the district**

The following are the challenges that were identified by the participating Co-operative members during the process:

- Limited under
- administration and marketing skills
- Limited understanding of product development and quality management/assurance systems
- Lack of adequate infrastructure to operate

Findings of a study commissioned by the district municipality revealed three (3) categories of co-operatives in the district: commercially viable, self-developing and marginal. The majority of the co-operatives in the district fall under the marginal category.

Despite the challenges facing cooperatives as highlighted hereunder, there are untapped opportunities in waste management, recycling, agro-processing (agriculture value chain), inter-trade among the cooperatives, cleaning services and many other services.

### **3.3.2.2 SMME Sector**

#### Challenges faced by SMME's

The challenges faced by SMME's in the District that include: market, marketing, financial support, lack of information, skills shortage, poor product quality, lack of commitment amongst SMMEs and state grant dependence syndrome.

#### Proposed Solutions to the challenges:

The following are suggested as possible solutions to the challenges faced by the SMMEs in the Amathole District Municipality:

- Creating enabling SMME start-up and growth conditions through improving the regulatory environment and strengthening small business advocacy.
- Fostering technology based entrepreneurship and small business – policies, methodologies and practices for effective stimulation of innovation, technology transfer and technology commercialisation.
- Strengthening SMME competitiveness, sustainability and profitability through cleaner production techniques
- Increasing start-up and SMME funding through non-traditional financing – with special focus on crowd funding and angel investing.
- Increase small business presence in the global market through digital marketing.
- Create a standardised institutional arrangement approach to supporting SMMEs.
- Classification and definition of SMMEs and the necessary support relevant to each category;

### **3.3.2.3 Informal Trade Sector**

It has been observed that various pieces of legislation dealing with national government and provincial government's areas of jurisdiction are silent on the informal economy. Consequently ad-hoc responses to the informal economy through unstructured and uncoordinated legislative and policy intervention exist.

The democratic government has promulgated an array of acts to address the inequality brought about by apartheid. The challenge is to ensure effective pro-poor implementation. The critical distinction that we need to make is between those informal businesses that have the potential to access markets other than their own community (external markets) and those that are only able to sell their goods and services to their community.

Few Hawkers claim to have received previous support for their businesses and even fewer have any dealings with local government outside of the Hawkers' Associations and of which appear to be the best established mechanisms for coordinating and communicating with street traders. It is notable that the overwhelming majority of Hawkers are inclined to participate in Hawkers support programmes.

### **Definition of “Hawker” or Informal Traders**

Street trading is a common and vital source of income for many, particularly for those of the most vulnerable sections of the population. Despite being a common means of income, it is frequently omitted from national economic statistics due to the informal nature of its practice.

### **Analysis overview**

The informal economy makes an important contribution to the economy and social life of the district. Due to the decline in formal employment and consequent increase in unemployment, many people seek alternative means of earning an income. It is generally accepted that the informal sector plays a significant role in the district's economy. The Informal Sector Economy refers to that part of the economy that is not taxed, regulated, monitored or included in the gross national product.

The Eastern Cape has the fourth largest number of all informal businesses in South Africa. Within a broader South African context, the majority of these businesses are found in Wholesale and Retail Trade (52%), Manufacturing (12%) and Community, Social and Personal Services (10%). They can be further classified into three categories of small business, namely, home-based enterprises, street-traders and micro-enterprises. The question that arises within the provincial context is how best to facilitate the engagement of informal businesses with the formal economy.

### **Sectors within informal sector**

There is variety of different types of informal sector operations taking place in the district. These include but are not limited to:

1. Hairdressing and hair cuts
2. Payphones
3. Shoe repair
4. Taxi drivers
5. Photography
6. Traditional medicine
7. Waste collectors
8. Food outlets
9. Traditional wear, decor and beadwork
10. Fruit and Vegetables
11. Car guards
12. Car Wash



The above activities are legal but unregulated. These are enterprises, employers and self-employed individuals who do not comply with standard business practises, taxation regulations and other business reporting requirements, but they are otherwise not engaged in overtly criminal activities. They include both employed (in the informal sector) and self-employed workers.

#### Challenges

##### a) Shelter

The weather affects the Hawkers' ability to trade. Although some shelter already exists, the extent to which this issue has been addressed suggests the municipality should prioritise the provisioning of such sheltered space in a fair and transparent manner.

##### b) Access to water & sanitation

A key issue of concern amongst the Hawkers is the lack of access to water and sanitation. Less than a quarter of all Hawkers claim to have access to running water and a similar amount claim to lack access to a public toilet. It is absolutely vital that public facilities that are accessible, safe, sanitary and centrally located be made available to Hawkers.

##### c) Lowering input costs

Given that transportation of goods (53%) is the most commonly identified service cost to Hawkers, followed by storage facilities (24%), addressing these costs seems to be the best way to lower input costs for Hawkers. Transportation of goods is a cost related to storage facilities as some Hawkers are in the habit of taking their goods to and from their place of business on a daily basis.

##### d) Increase value chain participation

Hawkers are well-positioned to increase their value chain participation with a small portion already self-producing and selling their own products, as in the case of reed mats and baskets, cooked food and some produce. Fresh produce is the most frequently sold product with over a third of all Hawkers claiming to source their products from an informal market or trader, farmer, or self-produce. With such a proportion of goods sourced or produced locally, there is scope for initiatives that capitalise on the processing potential of locally produced agricultural products or that facilitate their distribution to other markets within the region, such as Mthatha or even further afield to East London and Durban. Since the majority of Hawkers are just re-sellers of products purchased from other shops and distributors, exploiting opportunities to involve them at the source of production or in the processing and distribution of those goods are the best potential to increase value chain participation amongst Hawkers, particularly in the face of potentially growing competition from formal businesses

#### Recommendations

- Have a built-in M & E in the implementation plan

### **3.3.3 TOURISM DEVELOPMENT AND PROMOTION**

The history of our district contains a multitude of diverse stories and lessons and hence, the journey of our tourism industry. Our industry has been enriched by the hard work and contributions of the tourism role-players ranging from government institutions and organized business to the informal trader or local guide interacting with a tourist. The diversity of our people, history and experiences have brought a treasure trove of variety to the tourism industry and no doubt contributed to our success.

The outstanding performance ADM has in terms of attracting visitors to its shores is underscored by the fact that tourism continues to make a growing contribution to our economy. It has been reported that it contributes approximately about 5-6% of national and provincial GDP (ADM Tourism Survey 2010) when it is measured against agriculture and energy sectors. Of the 21.2 billion, 2.3 billion was spent by the domestic tourists. The annual report of Tourism South Africa indicates that, of the R124 billion tourism expenditure for 2010/11 spent by the 7.37 million foreign tourists in SA, 7.6 % (3.3 billion) was spent in the Eastern Cape, equating to R590 per day per spent in the Eastern Cape which closer to foreign visitors that are visiting the province. This shows the importance of investing on promoting domestic tourism within the district.

It is likely that the tourism sector provides a GVA of between 4% and 5% to the district economy. This means therefore, out of 3.3 billion spent in the Eastern Cape Province, an amount of R650 million was spent within the district equating to R299 per day per spent in the district. The findings of domestic tourism in Amathole District reveal that, VFR (Visiting Friends and Relatives) travel results in high volumes of tourists coming in. The greatest value however, is derived from the holiday market despite significantly lower volumes. Opportunity exists to grow the number of holiday travellers through the development of holiday culture that promotes short breaks and extended vacations and converts non-holiday travellers to holiday travellers.

#### **3.3.3.1 Tourism Routes**

The Eastern Cape has six tourism routes and four of these routes starts and/or end at Amathole District. The four routes which are part of Amathole District are the following:

- Wild Coast
- Friendly N6
- Amathole Mountain Escape
- Sunshine Coast

#### **Challenges**

- Limited transformation, constrained domestic air capacity and transport links,
- Limited involvement of local government in tourism planning,
- No defined Tourism Marketing Brand though it is still on the initial stages,
- Poor tourism signage,
- Poor roads conditions,
- Skills shortage,
- Lack of packaging of tourism product,

- No marketing material outside the district, and
- Economic difficulty, crime and security.

### **3.3.4 FILM INDUSTRY DEVELOPMENT**

The development of the Film and Video Industry was identified as one of the key economic sectors that have a potential to make significant contribution towards economic development.

The region is well-placed to develop a programme of co-ordinated Film Activity due to the following:

- Unique Locations
- Diverse Population
- Climate
- Government Support
- Cost effectiveness
- Eastern Cape Stories

### **3.3.5 AGRICULTURAL SECTOR**

Agrarian Reform is the reform and development of complementary institutional framework such as the administrative agencies of the national government, rural educational and social welfare institutions and not limited simply to the question of the relationships of the farmers to the land. The role/mandate of Agricultural Unit is to facilitate and coordinate agricultural development in the Institution.

#### **3.3.5.1 Demographic Characteristics**

- Gender disparities of beneficiaries are still a challenge especially women representativity is clearly in the minority of those who received project funding. ADM needs to increase funding for projects. Ensuring that female targets on projects are met will go a long way in aligning the ADM projects to the national mandate.

- With regard to age, most farmers in ADM tend to be representative of the old age category and mostly male except for specifically women's projects. This perception needs to be changed but will require intense attitude change and incentive programmes that will change the profile of agriculture and farm management.

### **3.3.5.2 Livestock and Livestock Improvement**

The commitment of the municipality to the livestock improvement programme has been demonstrated through the large number of animals provided to the farmers under the scheme. A large number of farmers in the Tsomo area, around Amahlathi Municipality received large numbers of Nguni bulls, rams and bucks from the ADM. The highlight of the livestock improvement was the provision of 150 Boer goats to Zibhityolo village. In spite of this large investment, there has been no visible progress made from this project as a large number of animals provided died. In other areas, a sizeable number of these farmers reported that the number of animals either remained the same or declined. The livestock improvement programme has proved to be probably one of the most ineffective projects undertaken by the ADM, due to poor planning and lack of monitoring and evaluation.

There is lack of extension support and access to information and training, adequate support, poor planning with strong monitoring and evaluation system. This will also assist in informing remedial as well as preventative measures to avoid the recurrence of the problem to the same or similar projects.

### **3.3.5.3 Aquaculture**

Aquaculture is a very specialized commodity, which, if properly structured could in the long run benefit both project beneficiaries and the ADM in terms of replication to other projects. The ADM is supporting projects in two strategic areas: Qolorha Abalon Fish Farming in Mnquma Municipality and the Mhala Development Trust in Ngqushwa Municipality. As opposed to the cattle farmers, the fish farmers reported more positive results. The Qolorha project has managed to get fishing licence as well as a secure a

market with Avin and Johnson in East London; and, is now making a reasonably good profit, R139 000 p.a. compared to the initial 900 fish provided when the project started. Mhala on the other side seems to be struggling to exceed minimum levels of survival as reported in high mortality rates and low yields.

#### Challenges

- The fact that the project has not yet obtained a fishing licence could also be a contributory factor.
- Lack of funding, training and equipment. Of significance, both projects reported very limited operational and management skills capacity related to fish farming; and apparently there is also a dearth of skills and capacity in the extension group which is supposed to provide support.
- Poor extension support and lack of access to information were identified as major challenges.

#### Possible Interventions

For fish farming to yield significant profits, significant investments in both start-up capital (for equipment and inputs) and skills development are critical. Notwithstanding the potential of these projects as critical pilots for fish farming for the ADM, the scale and level of investment is too limited to demonstrate possibilities for economic viability and market niche.

The levels of revenue being made per annum in both projects seem not to be economically viable. Relying on the erratic and irregular visits by the various institutions e.g. Marine Department, Rhode University and the ADM, is simply not sustainable and will lead to future autonomy and self-reliance. It is crucial that farmers run these enterprises themselves in the future, therefore, massive training workshops should be organized by the ADM to ensure that the skills profile of the beneficiaries complement the nature of work needed to sustain the project.

#### **3.3.5.4 Crop Production**

Almost all the projects supported by the ADM are still active.

##### Challenges

There is minimal visible progress and profitability and a lack of or poor extension support, over and above the harsh environmental conditions, which are not conducive to good yields. Majority of farmers seem to resort to market gates due to lack of markets. Even where markets exist, getting the produce to such markets is a challenge because lack of vehicles and/or cost of hiring local vehicles to transport their produce to markets. Market access and limited market information were is therefore a major challenge.

##### Possible Interventions

Given the real impact of climate change as an environmental variable which cannot be avoided or ignored, the initiation of modern farming methods such as tunnels and/or hydroponics that protect crops from the harsh environmental conditions can no longer be delayed.

Hydroponics should be prioritized if higher yields intended for export markets are to be expected. This would provide an all-year yield of quality crops, even high-value crops for both national and international markets.

#### **3.3.5.5 Agro-Processing**

A steady progress is being made in this regard to the extent that the ADM has in the /2012 financial year purchased two hammer mills for Sheshegu and Tswelitye maize growers. However, such machines may become a white elephant if there is a lack of capacity to operate them among the project members, as is currently the case. A maintenance plan is urgently needed to ensure that the machines remain in good working order. In this regard, focus should be on training the beneficiaries in the operation and maintenance of the mills.

One of the biggest shortcomings of the project, once again demonstrating poor planning, is that there is no storeroom for keeping the equipment and machinery. Neither is there a workshop for efficient operation of the business. Instead the equipment is kept at one

of the beneficiaries' homes. Value adding initiatives such as this are commendable, but these should not be undertaken without proper planning.

### **3.3.5.6 Irrigation Projects and Schemes:**

The ADM has been responsible for revitalization of a number of irrigation projects, mainly with the provision of irrigation equipment and installation of irrigation systems, as well as fencing between the years 2006 and 2011, which means that most of the interventions in these projects are very recent. Most of the irrigation systems are not in the best operational condition or not operating at all, with only a handful of schemes operating effectively examples of these include the Zanyokwe and Chata irrigation schemes in Amahlathi and Zintukwini Irrigation. This should raise concerns as projects that have potential benefit small holders and their surrounding communities have failed. Examples include from support include Zekhenime Nogqala, Bongithole Irrigation Scheme, Maweleni Irrigation Project.

Tyefu Irrigation Scheme seems to be doing well in terms of adopting irrigation methods that are more efficient and water saving. Additionally, there has been continued support for the projects with the Project receiving R8 million had been spent on the Tyefu Irrigation Scheme benefiting 1 678 farmers for the 2010/11 financial year. Other projects that received significant support under CASP are indicated below:

This continued support and investment is a necessary measure to mitigate against the negative effects of climate change and ensure sustainability for future production. The ADM needs to ensure that agricultural engineers with expertise on irrigation systems are engaged on a regular basis to service the irrigation systems thereby maintaining them in good working condition. Farmer training on the use of irrigation machinery is a critical necessity to avoid untimely damage to machinery and to limit costs associated with unscheduled maintenance.

There is a need to intensify the supply of these irrigation systems to ensure continued food production in the district, even during the times of harsh weather cycles often characterized by droughts. Notwithstanding the obvious benefits of irrigation systems,

these should be balanced with cautionary measures aimed utilizing efficient and environmentally friendly systems given the recent drought spells and worsened water scarcity intensified by climate change. To this end, it would make sense to adopt the types of irrigation systems that serve a dual purpose of irrigating crops but also saving water. In this regard, the ADM could explore models and methods from arid countries such as Israel that have over the years have explored and mastered efficient ways of managing profitable agricultural businesses in spite of water scarcity.

### **3.3.5.7 Bee-Keeping**

In Ngqushwa Local Municipality Mgwangqa Honey production started their projects in 2003 with two boxes of bees. The ADM assisted this project with 90 boxes of bees later on. Again, concern was raised regarding ongoing support by the ADM. Instead the Department of Agriculture was commended for the interest and support to the project.

An immediate need on the project includes basic resources such as containers to improve security for fear of theft, which is currently the looming threat at the moment. Other challenges faced by the project include the following:

- Drought
- Veld fires that decrease production because bees flee
- Viruses (Asian mites)
- Transportation
- Honey extracts machines.

The DoA's interest in the current Bee-Keeping projects should serve as an opportunity for close collaboration and partnership which will also serve as skills transfer opportunity for the ADM Agricultural Unit officers considering that the DoA already has in-house capacity and expertise in bee-keeping.

### **3.3.5.8 Other Agricultural Support Activities**

- **Drought Relief:**



The ADM was instrumental in providing assistance to farmers during the recent droughts which left a lot of farmers, who had been severely affected, particularly in areas such as Nxuba Local Municipality. A large number of people have benefited from the Jojo tanks that were meant for drought relief. However, these measures are short term and will not bring about a lasting solution. More resources should be channelled toward preparing farmers and communities about the reality of climate change and its impact on daily life and agriculture as a whole. This will have far more long-lasting impact on the protection of the environment and resources such as water. In this regard, the ADM is to be applauded for its efforts in the drought awareness campaign.

- **Infrastructure Support to Emerging Farmers (Including Individual Emerging Farmers:**

The district has supported farmers with implements such as disc harrows, tillers, planters, cultivators, ploughs, ridges, tool boxes and rotovators. Farmers who benefited are mostly those engaged in food production projects, especially those at Mnquma, Mbhashe and Amahlathi Local Municipalities. Without proper planning and a comprehensive strategy informing assistance of this nature, the value of this spending will remain questionable. Also the criteria of support are not clear and this area has potential to cause tensions among the farmers as to who qualifies for such support. The ADM should work closely with the local municipalities and the Community Development Workers and the Ward Councillors in this regard.

- **Provision of Production Inputs and Mechanization:**

Mechanization that the district renders often includes the provision of services to farmers such as hiring of tractors to till their land and purchasing of tractors for food production projects. While positive reports with regard to provision of tractors to emerging farmers; there are concerns regarding the process related to the distribution of the tractors. Concerns relate to the criteria used, the ownership, usage as well as implications for the district asset management register as there are questions relating to whether or not the machinery has been registered.

To this end, the ADM seems to be facing major difficulties regarding monitoring progress of the mechanization project. The affected areas are the villages of Zibhityolo, Mtawelanga and

Mtwaku. There is currently no mechanisation infrastructure in the aforementioned localities, and production inputs such as fertilisers, seeds/seedlings and others were also provided to the farmers; and without clear a monitoring system, demonstrating results will remain a challenge.

The need to increase the scope and intensity of project cannot be overemphasized if the targeted projects are to be supported by financial institutions. The large scale envisaged can only be achieved through partnerships with the private sector. And clearly, adequate commitment has been demonstrated in this regard. For instance, since the onset of 2012, the IDC has publicly declared its commitment to support large-scale agro-processing and value adding initiatives (Financial Mail, February 2012).

The projects identified through this 'Review Process' should be implemented without any delay. Identification of projects and development of bankable business plans should be urgently addressed for ensure that no time is lost in taking advantage of such opportunities through capital raising. Because of the high investments required and the risk involved, financial institutions can only consider such projects if done in partnership with renowned agricultural companies with competency and a proven track record.

While the ADM has huge agricultural potential in varying degrees and disparately for different municipalities, there is no intensive agriculture, except along the coastal strip where there is higher rainfall, deeper soils, and almost 8 000 ha under irrigation. The greater part of the district is restricted to extensive livestock production and about 3 000 ha are used for citrus farming. According to the Industrial Development Plan (2011/2012) of the ADM, the lack of inputs, resources as well as the lack of interest from the in agriculture are the prominent factors that contribute significantly to the ADM's inability to unlock its agricultural potential. In the discussion below, the key agricultural activities/projects are highlighted, followed by key challenges and/or constraints. This is illustrated in Table 18 towards the end of this Section.

**- Agricultural Projects / Enterprises**

**a) Livestock Farming**

Livestock farming in the Amathole District Municipality is the prominent and most dominating of all agricultural activities, particularly sheep and beef; and contributes to more than 72% of value adding agricultural sector. With minimum support directed towards marketing, branding, genetic improvement, among others, the industry could be greatly improved. Similarly, improved co-operation between communal livestock farmers, commercial farmers, Provincial Department of Agriculture and Municipalities could yield positive results towards the improvement of this sector (ADM IDP, 2011/2012: 53).

#### **b) Irrigated Horticultural Crops**

Horticulture plays also a significant role in the ADMs agricultural sector, making a meaningful contribution of more than 21%, and is the second largest industry after livestock. Horticulture is concentrated in the well-watered coastal belt and in the valleys of the district's many rivers. Important crops include vegetables (tomatoes and cabbages), citrus, pineapples and subtropical fruits list of high-value crops.

Horticultural crops tend to perform better than field crops, even under similar conditions in this district. However, compared to dry land field crops, horticultural crops pose major challenges related to cost and labour as this form of farming requires a certain level of skills and competency to be able to yield positive results. Combined these challenges render horticultural crops a non-viable option for small-scale farmers because of lack of resources.

The ADM has supported nine irrigation schemes in a number of areas within the district including the former homelands and in the following towns: Keiskammahoek, Tyefu and Kat River Irrigation Schemes. Currently, there is a concerted drive aimed at rehabilitating about 2215 hectares, and 1000 smallholders (2.2 ha per smallholder). Over and above these, there are 276 private irrigation schemes with 21ha per farmer.

Irrigated horticulture and field crops Horticulture accounts for 21% of the value added of the district's agricultural sector, and is the second most important agricultural subsector

(after livestock). Horticulture is concentrated in the well-watered coastal belt and in the valleys of the district's many rivers. Among key crops being produced are: the following: vegetables such as tomatoes and cabbages, citrus, pineapples and subtropical fruits, among others.

### **c) Field Crops**

The potential of field cropping in the district is limited due to shallow and erodible soils and low rainfalls in the inland areas in the western half of the district. It is estimated that over 50% of the area suitable for field crops is under cultivation. Dryland field crops (mainly maize) accounts for only 5.3% of the district's agriculture value added. This is being supported in the communal areas by PGDP's Massive Food Programme, driven by the Provincial Department of Agriculture. In addition the Department is driving the Siyazondla Programme to increase food production from homestead and other (schools, clinics etc) gardens. Once again, to increase the impact of these programmes, collaboration and participation in the AsgiSA-driven bio-fuels programme is imperative and should be prioritized to ensure that historically disadvantaged communities and emerging farmers benefit from the provincial value-adding and agro-processing initiatives.

### **d) Game Farming**

Game farming in the ADM is gaining momentum, although it seems to be lagging behind other neighboring districts. According to the ADM IDP (2011/12: 53), ADM growth rate in game farming ranks approximately 5% less than other neighboring municipalities.

### **e) Dairy Farming**

The majority of the dairy production in the ADM is localized within the confines of the coastal areas, whereas inland dairy production is mainly confined within the mainstream commercial sector (ADM IDP, 2011/12). The expansion constraints experienced by the sector are mainly due to the market surpluses. These surpluses serve or act as a deterrent

to farmers who wish to switch to dairy production. For small scale farmers the major challenge is the start-up capital as well as geographical and logistical limitations.

#### **f) Aquaculture**

The aquaculture in the district has a potential to develop and improve. This requires promotion and strengthening of intersectoral links in the district and within the province as a whole. Planned and proposed projects includes Trout Project and the Finfish project planned for establishment at Qolorha, which is a stepping stone towards the development of aquaculture/marine culture within the ADM. There are other small pilot aquaculture projects established by the ADM at various Local Municipalities. The evaluation of the successes and failures is yet to be undertaken to assess their performance and assess their suitability as best practice models.

### **Agricultural Potential and Opportunities**

#### **Agricultural potential of the ADM**

In spite of resource and other challenges outlined above, the ADM has great agricultural potential and is currently supporting a number of projects within the local municipalities; and it is worth mentioning that the initiatives are based on extensive research conducted within the broad public-private partnerships initiatives within the Province.

The ADM has undoubtedly demonstrated commitment and support to emerging farmers and communities through a number of promising viable projects. These include the following: Sheshegu, Tswelitye, citrus pack sheds, infrastructure support to farmers, provision of production inputs, livestock mechanization, livestock improvements and irrigation projects and schemes. All these projects regardless of size and structure have high potential for sustainability and long-term economic viability.

However, experience has proved that without proper planning and coupled with partnership, ongoing support and adequate resources, training and capacity building, these projects will continue to be a frustration to all stakeholders including beneficiaries.

Adequate skilled and motivated support through agricultural officers will go a long way in ensuring that resources are utilized effectively and efficiently through proper monitoring and evaluation.

### **Opportunities for agricultural development in the ADM**

The District's agricultural competitive advantage is enhanced by a number of factors. However, sustainability and economic viability requires focused effort to ensure that these are developed to improved production standards that will satisfy niche markets, both local and international. Among these are the following:

- **Proximity to Markets:** East London is situated close to the harbour, the Airport and IDZ, making it easy and accessible for export of a produce.
- **Diversification of Products:** By design, the ADM's topography is diverse with potential for enterprise diversification.
- **Telecommunication:** Like the rest of South Africa, the main cities/towns of the ADM are far advanced regarding business services, ICT, and logistics network in general; however, there is an immediate need to ensure that these facilities are extended to farmers and rural communities.
- **Livestock:** The district contains some of the richest livestock land in the province, but many commercial farmers have migrated to game farming due to stock-theft and lack of funding for production inputs. Public private partnerships and improved farming methods can expand commercial livestock farming in the former homelands;

- **Crops:** The coastal belt is warm and well watered and presents many opportunities for diversified horticultural production, including further expansion of pineapples, tomatoes, citrus and exotic fruits and vegetables;
- **Forestry:** can be expanded both in the Amatola Mountains and in the southern Transkei, creating potential for wood products and furniture industries;

**Fishing:** The small East London fishing fleet has limited opportunities to expand with new quota allocations to the province, but there are a number of potential sites for aquaculture such as the pilot project at Qolorha;

- **Food Processing:** Existing canning and bottling of fruits and fruit juices can be expanded to meet national and international standards; and the introduction of high-value branded products such as dehydrated vegetables and fortified drinks, which would meet the urgent markets in the region where food security is an urgent need. These would also be marketed to school-feeding programmes, hospitals and destitute families.
- **Leather and Leather Goods:** With intensive skills development and training, this industry could be developed to meet the ever-increasing local and regional markets. In the longer term, expanded livestock production in the Transkei holds potential for small-scale tanneries and leather craft industries. Similarly, the tourism sector would provide a major boost to the district's economy, linking the many diverse attractions of the Amatole Mountains, the Transkei Wild Coast, the long beaches, and the rich culture and history of the area. Strong branding is needed to link the different features.
- **Other high-value Crops:** While high value crops such as cotton, chilli, paprika, and others do not meet immediate food security needs or 'market gate' requirements, these would contribute significantly to sustainable income generation and economic viability of farmers and communities. These can be planted side-by-side with other products that will meet local consumption needs.

- **Fresh Produce Markets:** The success of projects based on sound partnership such as the fresh produce market supported by the Dohne Agricultural Research Institute have demonstrated the value and impact which has culminated in skills transfer for both production and management. More improved budgets should be directed to more public-private projects which will result in sustainability and economic viability.

**Challenges and threats to the success of the ADM projects and successful implementation of the plan**

There seems to be a number of factors that, if not given immediate attention, may hamper the success of the current and envisaged projects and opportunities within the ADM. Below is a list of the key challenges followed by the 'problem tree' highlighting some of the key challenges facing small-scale farmers within the ADM.

**Farmer Organisations:** While there seems to be some structures intended to support farmers, these are government driven and do not provide vertical level relationship of support or farmer-to-farmer support.

**Monitoring and Evaluation:** Project support by the ADM Agricultural Unit Officers is acknowledged. However, most farmers seem to feel neglected and without support/mentorship or even coaching. During consultation meetings, almost all farmers raised concerns that the municipality "throws resources at them and never come back to check how those resources are utilized".

**Intersectoral/Stakeholder Collaboration:** Government departments including municipalities serve the same farmers/communities, but there seems to be very little if any intersectoral collaboration between government officials towards supporting the programmes. This often results in duplication of the scarce resource, as most of the time, 'the left does not know what the right is doing'.

**Planning and Coordination:** Proper planning, which can be extended to recording and reporting, seems to be the biggest challenge facing the programme. While some personnel



are in touch with what goes on at projects, others were completely detached from the project, making beneficiaries feel completely isolate and left to their own devices.

**Management of Resources/Inventory:** Proper inventory of stock and equipment is currently a cause for concern. Beneficiaries reported loss due to mortality, theft, and implement breakdown. The ADM does not currently have the capacity of monitoring and ensuring a proper inventory of all implements and stocks that are issued to farmers and there should be a way of indicating losses due to mortality, theft, implement breakdown etc. and there should be clearly stated reasons for such losses.

**Training and Capacity Building:** Capacitation of both the staff and the beneficiaries remains a challenge for the ADM. Unless a training concerted efforts and budgets dedicated to this critical area, the Unit will continue to experience implementation challenges. Delivery in this area will demand development of a comprehensive multi-year skills development/training plan, which should be preceded by a skills audit process, particularly where personnel are involved.

**Natural Disasters:** In spite of the ADM's efforts to put the necessary precautions for unforeseeable natural disasters resulting from project change such as the recent drought, continue to present a challenge for most local municipalities resulting in budget review for disaster mitigation to help affected communities. Although the drought was handled effectively by the ADM, the appropriate strategy would be to develop effective preventive strategies to ensure minimal disruptions to normal operations of the Unit. To this end, the ADM has already created an enabling environment through its ADM Climate Change Policy which was initiated through the ADM Summit held in 2010

### **3.3.6 ENVIRONMENTAL MANAGEMENT**

The objective of environmental management is to ensure promotion of environmental integrity by securing ecologically sustainable development and use of natural resources while promoting justifiable economic and social development and creating socio-economic resilience in the face of accelerating environmental change

#### **i. Geographical location**

Amathole District municipality is an extremely diverse area ranging from the misty Amathole Mountain Range down to a well-watered Wild Coast. The region has a mild and temperate climate, unspoiled estuaries, afro-montane forests, waterfalls and malaria-free game reserves. The diverse climate has given rise to a range of vegetation types, including the semi-arid Karoo,

thornveld, succulent and thicket areas. Further inland, the Great Fish River reserve complex can also be found, originating in the beautiful Amathole Mountain Range. This diversity of natural resources provides the district with numerous opportunities for growth, development, agriculture, industry, biodiversity management and conservation and tourism.

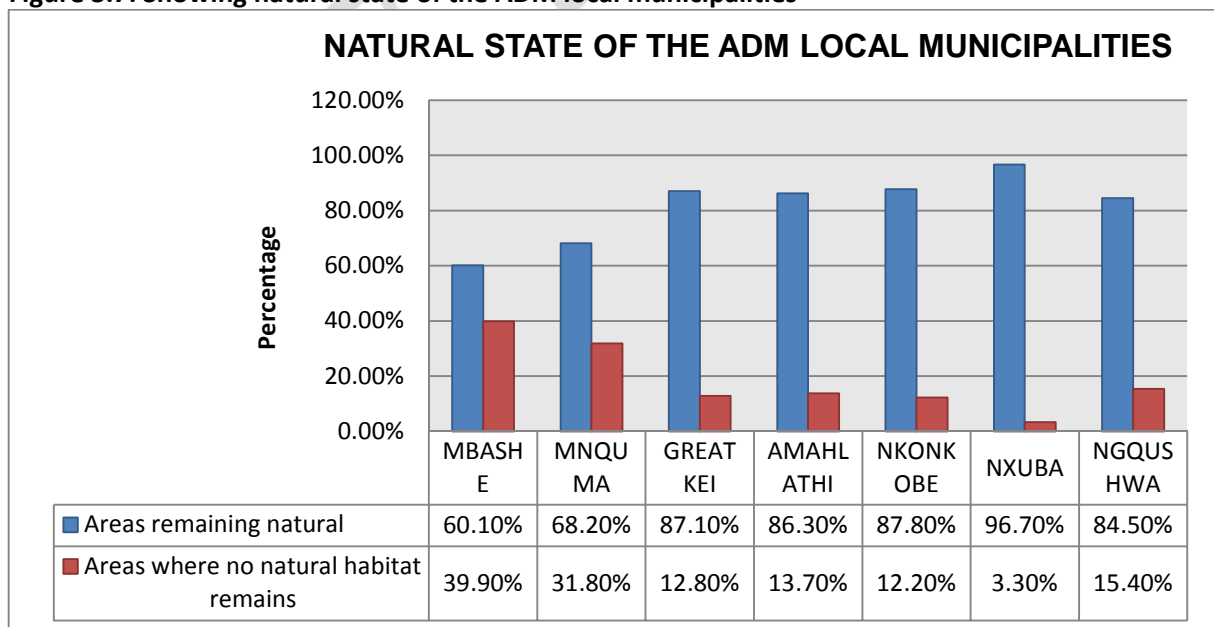
**ii. Natural state of the ADM local municipalities**

Amathole District is generally in a good natural state as it is shown in Table 1, i.e., 81.52 are areas remaining natural and 18.48 are areas where no natural habitat remains. The natural state of the district varies across the local municipalities as it is shown in Figure 1, e.g, Nxuba, Great Kei, Ngqushwa and Nkonkobe municipalities are in a pristine state of environment with less areas with no natural habitat remaining, whereas Mbhashe and mnquma need some attention in terms of preserving the natural state of the environment .

**Table 1:** Showing areas remaining natural and areas where no natural habitat remains in the ADM

Municipalities	Areas remaining natural	Areas where no natural habitat remains
MBASHE	60.10%	39.90%
MNQUMA	68.20%	31.80%
GREAT KEI	87.10%	12.80%
AM AHLATHI	86.30%	13.70%
NKONK OBE	87.80%	12.20%
NXUBA	96.70%	3.30%
NGQUSHWA	84.50%	15.40%

**Figure 3.7:** Showing natural state of the ADM local municipalities



Challenges

- The highest levels of transformation in Amathole DM have been experienced in the Mbhashe and Mquma LM.
- Development pressures on the wild coast is one of the key impact drivers

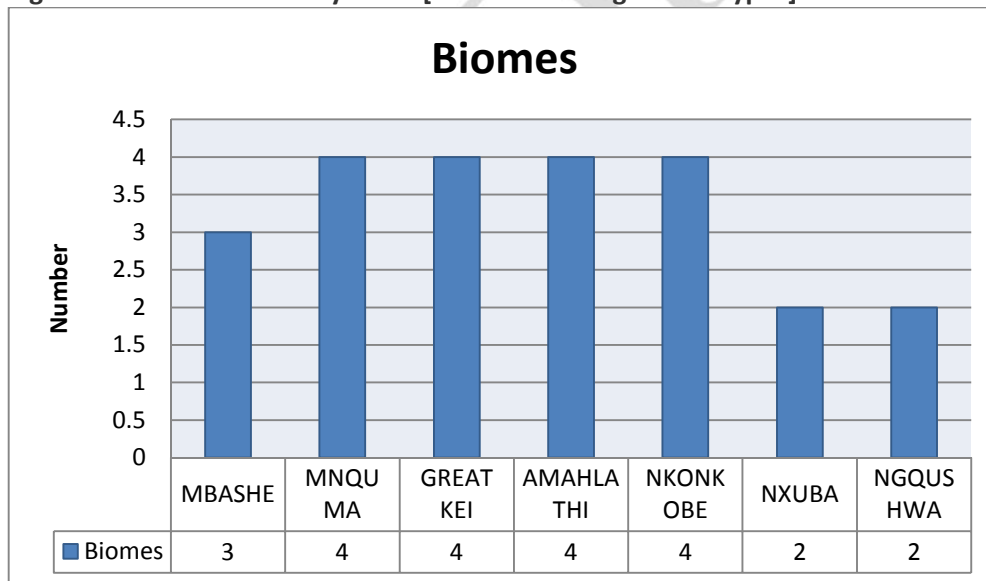
Opportunities

- Eco-tourism
- Agri-Ecology/Conservation agriculture
- Environmental Projects

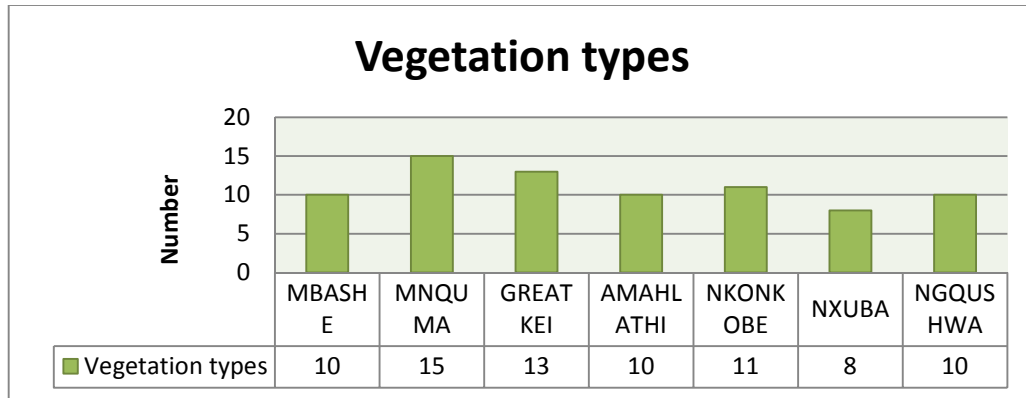
**iii. Biodiversity**

The biodiversity of the Amathole DM is represented in 5 major biomes that describe the different biotic communities (see Figure 2). These biomes are Savanna (34.5%), Grasslands (31.5%), Albany Thicket (29.6% of the area), Indian Ocean Coastal Belt (3.7%) and Forests (0.6%). The variety in landscape and biodiversity within the Amathole DM is recognised within the Pondoland Centre of Endemism that stretches along the east coast below the Great Escarpment. One type of forest (Licuáti forest), three types of thicket, six types of bushveld, and five types of grassland are found only within the hotspot. About 80 percent of South Africa’s remaining indigenous forests fall within the Pondoland centre of endemism. The region includes warm temperate forests that hold nearly 600 tree species, the highest tree richness of any temperate forest on the planet. The Amathole Complex is home to high biodiversity and is regarded as a centre of endemism. It falls within an area classified as Critically Endangered by the Subtropical Thicket Ecosystem Project (STEP).

**Figure 3.8: Terrestrial Ecosystems [Biomes and Vegetation types]**



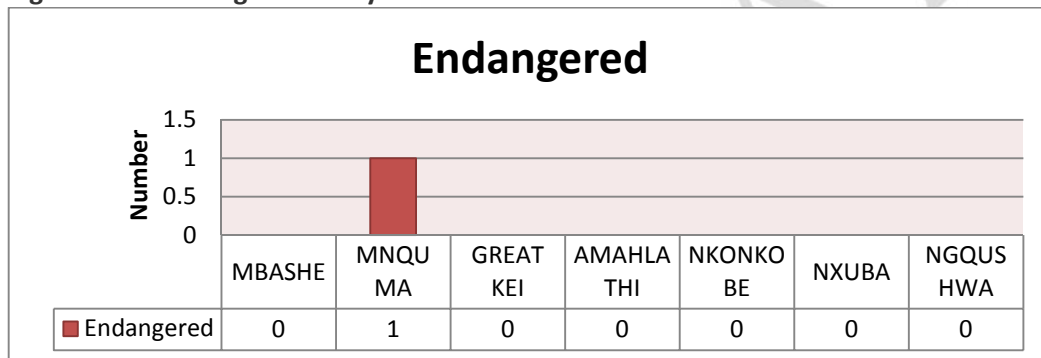
**Figure 3.9: Showing a number of vegetation types according to the local municipalities.**



#### Threatened Terrestrial Ecosystems

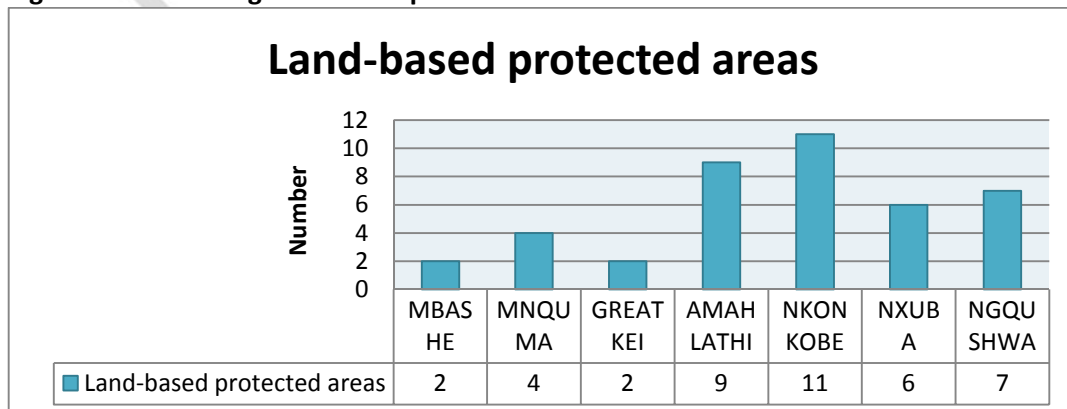
According to the NEM:BA regulations on Threatened and Protected Species there are 52 listed threatened species in the Eastern Cape. These include 3 Critically Endangered, 9 Endangered, 26 Protected and 14 Vulnerable Species. In the ADM there is one endangered ecosystem (Figure 4) which is Kobonqaba Forest Complex in Mnquma local municipality.

Figure 3.10: Endangered ecosystem in the ADM



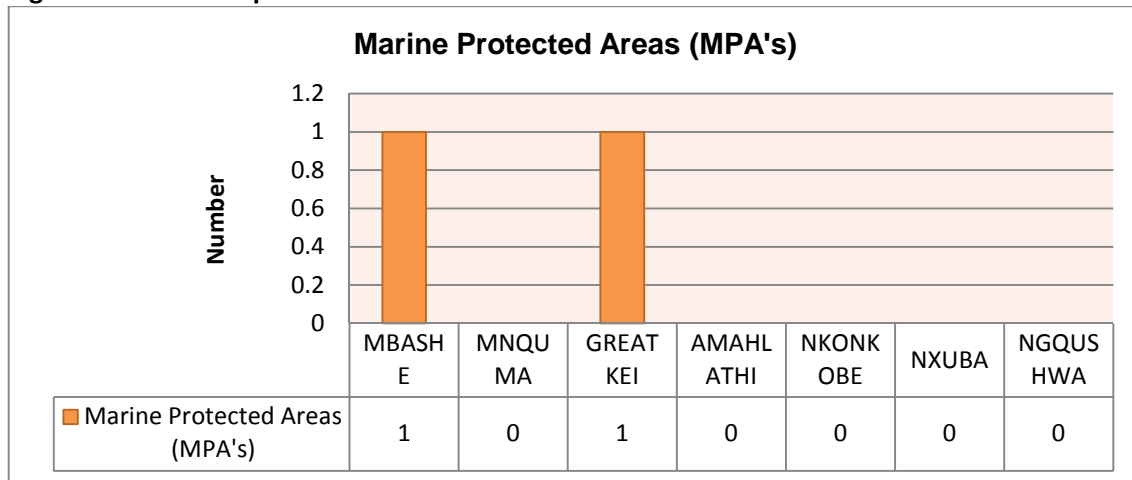
**PROTECTED AREAS** [Land-based protected areas (formal) and Marine Protected Areas (MPA's)]  
 The presence of marine protected areas (MPAs) as well as land based protected areas in the Amathole region is of critical importance to the district from a biodiversity perspective and need to be managed and maintained in a sustainable and practical manner, particularly given the intentions and aims of the National Protected Areas Expansion Strategy (NPAES). ADM have 41 land-based protected areas as shown in Figure 5, with more numbers recorded at Nkonkobe and Amahlathi with least numbers at Great Kei and Mbashe

Figure 3.11: Showing land-based protected areas in the ADM



South Africa has 23 Marine Protected Areas (MPAs), with the most recent proclamation being the Amathole MPA in the Eastern Cape. The three separate marine areas Gxulu, Gonubie and Kei, which are located in the BCM and ADM in South Africa's Eastern Cape province, are forming the new Amathole Marine Protected Area (MPA), which got declared in 2011 as the 21<sup>st</sup> proclaimed marine protected area in South Africa. The two marine protected areas in the ADM that are shown in Figure 6 are Dwesa (South)-Cwebe (North) at Mbashe and Nyara River mouth to Great Kei River mouth at Great Kei

**Figure 3.12: Marine protected areas in the ADM**



**Challenges**

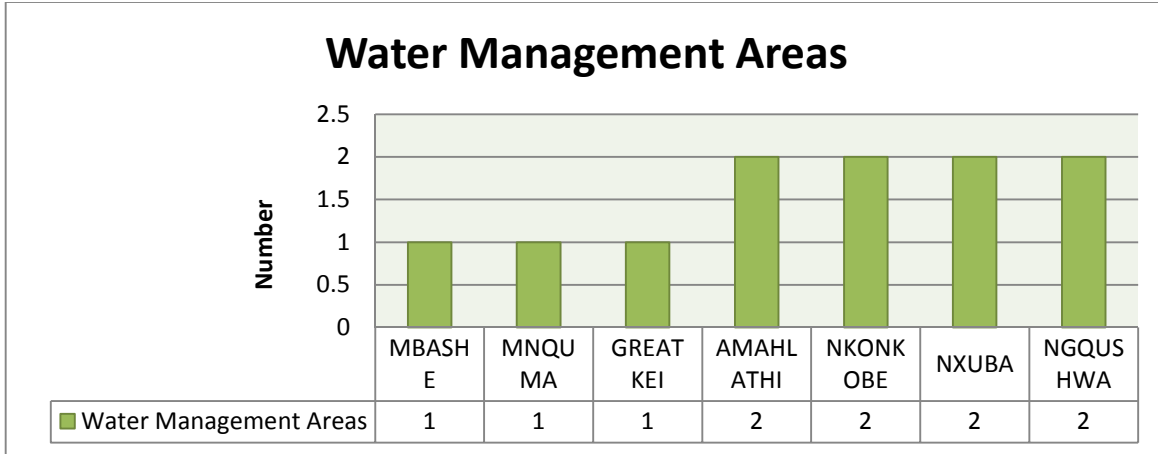
- Habitat loss, degradation and fragmentation (Khubonqaba forest)
- Exploitation and over utilisation of biological products by humans
- The Amathole DM is faced with a backlog of development and the fast track of providing services adds pressures to biodiversity.
- Commercial overexploitation of indigenous plants for medicinal purposes, and to a lesser degree for ornamental/horticultural purposes
- The highest levels of transformation in Amathole DM have been experienced in the Mbashe and Mnquma LM

**Opportunities**

- Eco-tourism
- Agri-Ecology/Conservation agriculture
- Biosphere reserve

▪ **Freshwater Ecosystems**

**Figure 3.13: Freshwater ecosystem summary information per local municipality in Amathole DM**



### Rivers

There are 56 recorded rivers in the Amathole district municipality which are classified in Table 2. Nearly the whole of the Amathole DM fall in the Mzimvubu to Keiskamma Water Management Area, with the exception of Bedford, Adelaide and Fort Beaufort which forms part of the Fish to Tsitsikamma Water Management Area. There are four major drainage regions in the ADM, i.e., Great Fish River catchment, Amathole catchment, Great kei River basin, and Mbashe River basin. The major rivers of the Amathole DM are the Koonap and Kat Rivers of the Groot Vis River in the western extent; the Keiskamma and Groot-Kei in the central extends; and the Mbhashe River in the eastern extent. The dams of the Amathole DM include: Binfield Dam, Bridle Drif Dam, Cata Dam, Debe Dam, Gcuwa Dam, Gubu Dam, Katrivier Dam, Laing Dam, Maden Dam, Mnyameni Dam, Nahoon Dam, Pleasant View Dam, Rooikrans Dam, Sam Meyer Dam, Sandili Dam, Stanford Dam, Toloni Dam and Xilina Dam. In terms of Blue drop ADM is rated at 74.62 which is a good status. However there is a need for improvemen and attention should be given to:

- Compliance with the set requirements
- Risk assessment and management, consistent with the principles of water safety planning

**Table 3.24: Challenges and Opportunities**

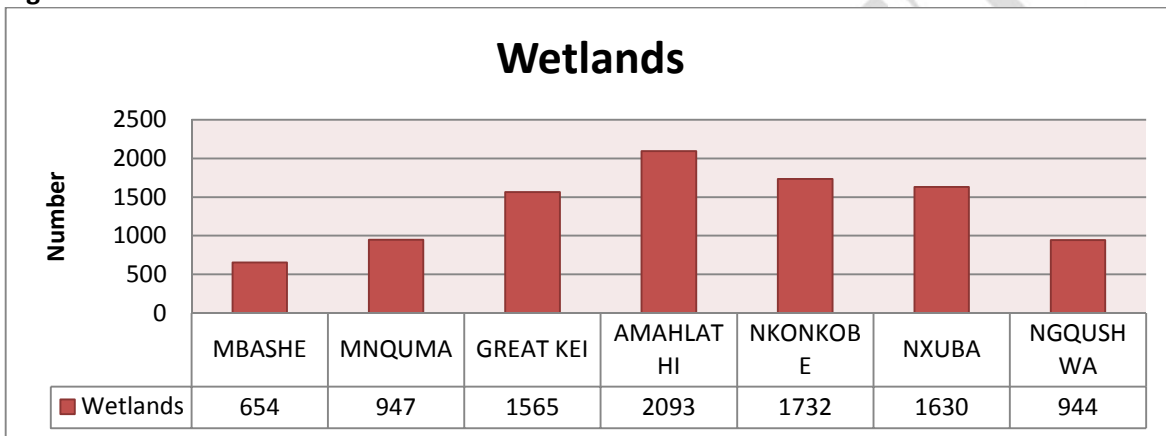
Issue	Intervention actions
Ecological thresholds	<ul style="list-style-type: none"> <li>- Ensure ecological reserves are implemented for rivers and estuaries</li> <li>- Monitor groundwater abstraction and use</li> <li>- Apply innovative water use and recycling projects</li> </ul>
Impacts on freshwater quality	<ul style="list-style-type: none"> <li>- Efficient and consistent monitoring of freshwater resource quality according to DWA standards</li> <li>- Removal of invasive alien plant species from rivers, wetlands and riparian areas</li> </ul>
Encroachment into water resources	<ul style="list-style-type: none"> <li>- All development plans must be approved by relevant authorities</li> <li>- Illegal developments must removed from floodlines</li> <li>- No development allowed within 100 year floodlines</li> </ul>

Soil erosion	<ul style="list-style-type: none"> <li>- Careful management and control of stormwater runoff (through engineering design)</li> <li>- Prevent erosion and sedimentation occurring in sensitive catchments</li> <li>- Provide</li> </ul>

**Wetlands**

There are 9565 wetlands at Amathole district municipality which are distributed as follows across the local municipalities (see Figure3.14).

**Figure 3.14: ADM Wetlands**



**Challenges**

- Unsustainable use of wetland resources through; overgrazing, over cultivation, over abstraction of water for domestic use
- Eutrophication/pollution
- Establishment of new human settlements in wetland areas.
- Cutting and burning of aquatic and other vegetation for fuel, housing and commercial activities.
- Introduction of alien species into wetlands

**Opportunities**

- Wetlands contribute to the local economy by producing resources, enabling recreational activities and providing other benefits, such as pollution control and flood protection.

**Estuaries**

Estuaries are situated at the interface between the marine and freshwater environments, and as such are amongst the most dynamic, but also productive ecosystems on earth.

The Eastern Cape has the highest concentration of estuaries of all provinces (estimated at 50% of South Africa’s estuaries), the major systems including the Great Fish, Nahoon, Kei, Mtata and Umzimvubu estuaries (DEAT, 1998). Two of these, the Great Fish and Kei, are located in Amathole. The estuary of greatest importance is the Great Fish River, which forms the boundary between the Amathole DM and Cacadu DM to the south. This is the 13th most important estuary in South Africa due to its large size, significant habitat and biological diversity, and it is imperative that the system be effectively managed by both DMs. There are 8 other systems that are within the national top 50 in terms of estuarine importance, viz. Mpekweni, Mtati, Mgwalana, Keiskamma, Great Kei, Nxaxo/Ngqusi, Mbashe, and Xora. With respect to current health state, an outstanding feature of the estuaries of the Amathole DM is that 65% of these systems are classified as category B, i.e. largely natural with few modifications. In general, the level of protection afforded estuaries of the Amathole DM is weak.

There are a number of estuaries which fall within protected areas: Mbashe, Ku-Mpenzu, Ku-Buhla/Mbhanyana, Ntlonyane, and Nkanya (Dwesa-Cwebe Nature Reserve); with the latter adjacent to the Dwesa-Cwebe Marine Protected area.

Figure 3.15: ADM Estuaries

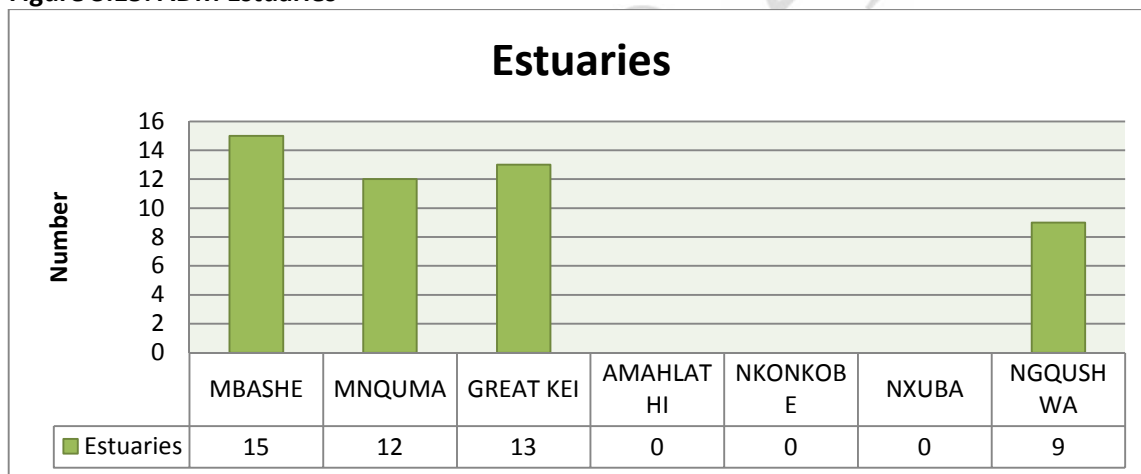


Table 3: State and types of estuaries in the ADM Estuaries

MUNICIPALITY	TOTAL NUMBER OF ESTUARIES	HEALTH CONDITION			TYPE	
		<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Opened</i>	<i>Closed</i>
Mbhashe	15	11	4	0	4	11
Mnquma	12	9	2	1	2	10
Great Kei	13	6	7	0	0	13
Ngqushwa	9	5	3	1	0	9



### Challenges

- The level of protection afford estuaries of the Amathole DM is weak.
- The direct exploitation of resources (i.e. sand mining, over-fishing)
- Introduction of alien species,
- Threats to the diversity of species within the coastal zone exist.
- development pressure and invasion and competition by alien species which may place extreme pressures on rare and endemic species which occur in this region of the province
- Pollution(e.g. agriculture, waste water treatment works (WWTW), industrial, sediment)
- Flow modification
- Habitat destruction (within estuarine functional zone); and
- Climate change e.g.,Sea Level Rise
- 

### Opportunities

1. Eco-tourism
2. Conservation agriculture
3. Working for the water and Coast programs

#### ▪ Marine and Coastal

Amathole DM is situated in the central coastal portion of the Eastern Cape, between the Mbashe River in the northeast and the Great Fish River in the southwest. The coastline extends for approximately 269 km, which accounts for about a fifth of the districts' jurisdictional boundary and roughly 34.1% of the Eastern Cape coastline. The coastline is generally warm, with humidity increasing towards the east. In total, the district covers a geographical area of 23 577 square kilometres.

**Table 3.25: Coastline lengths of the Eastern Cape and Amathole DM**

Local Authorities	Coast (Km)	Coast (%)
Mbashe	64	33.68
Mnquma	41	21.58
Great Kei	43	22.63
Ngqushwa	42	22.11
<b>TOTAL</b>	<b>190km</b>	<b>100%</b>

### Challenges

- Exploitation of resources
- Marine invasive species
- Shoreline development
- Coastal storm surges, flooding and erosion
- lack of public awareness regarding the rules and regulations pertaining to the coast and coastal resources

Some of the district coastal assets include: Wild Coast, characterised by unspoilt beaches and coastal forests, rural subsistence farming accompanied with the harvesting of ecological goods

and services provided by coastal ecosystems, and some tourism. Sunshine Coast A large number of pristine estuaries; and Diverse coastal ecosystems.

Amathole does not have any Blue Flag certified beaches or marinas, though ADM is currently in a process of piloting with Hamburg Beach at Ngqushwa.

#### Opportunities

- Community based initiatives in rural coastal communities
- Tourism
- Recreational activities
- Job creation through sustainable livelihood projects, Alien removal
- Fishing farming

### **3.3.6.1 CLIMATE AND CLIMATE CHANGE**

The climate of Amathole varies from mild temperate conditions (14-23°C) along the coastal areas to slightly more extreme conditions (5-35°C) among the inland areas. The mountains on the northern border of the district experience winter snows and summer rainfalls. The coastline is generally warm, with humidity increasing towards the east.

In terms of vulnerability and risk, the District needs to consider the following:

Drought, Flooding, Sea Level Rise, Heatwaves, Pests and diseases, Changes in biodiversity, Spread of invasive alien vegetation. Accordingly, the highest vulnerabilities are concentrated along watercourses (flooding, alien plants, pests), the coastal strip (sea level rise and storm damage), and in the eastern regions (drought, erosion, impacts on agriculture). In addition, increasing levels of heat stress (fires, heat waves) will be experienced the further inland a particular community is situated.

#### **Future projections for the Amathole District Municipality**

- Temperature: Increase by 2.1-2.2 inland and 1.5-1.7 degrees Celsius along the coast
- Rain: Rainfall patterns will become more concentrated into heavy falls or floods and longer dry periods.
- Spring will be wetter than summer. In spring rainfall will increase about 10 to 12 mm towards the coast and in summer will increase about 2 to 4 mm per annum inland.
- Sea Levels: Average sea levels are likely to rise by roughly 2.5 cm every 10 years.
- Annual stream flow: The stream flow in the ADM will decrease

#### Opportunities

- ADM has developed a Renewable Energy strategy which outlines the following opportunities
  - Wind Energy (Great Kei, Ngqushwa and some parts of Nxuba and Nkonkobe)
  - Sola Enery (Nxuba, Nkonkobe and Amahlathi)
  - Biomass and Waste
  - Hydro Energy

#### **Air Quality**

a) Topography

In the ADM, almost all the major emission sources are located at the lowest altitudes or more simply, near the floor of a valley basin. They are generally below the inversion layer which acts as a barrier to the vertical dispersion (upward mixing) of the pollutants, whilst the valley topography serves to laterally confine emissions, especially during calm winter nights.

**SOURCE CONTRIBUTIONS**

The Air quality Management plan identified the following air pollution sources in the ADM:

- **Industry and Manufacturing**

There are a number of industrial boilers within the district (approximately 15) who either use coal, heavy fuel oil or paraffin. The type and concentration of emissions to air from the boilers is dependent on the fuel used. There are also a number of wood drying operations by an external source of heat (i.e. a kiln) in operation at sawmills throughout the district. Emission for these operations include PM and NOX.

- **Residential Fuel Use:**

A significant source of particulate emissions is domestic burning from households and burning at landfill sites. While electricity is the dominant lighting source for households in ADM, paraffin and gas is used to a certain extent. Electricity is the dominant fuel source for cooking requirements, followed by wood, paraffin and gas. The use of wood is of concern due to pollutants emitted when wood is burnt.

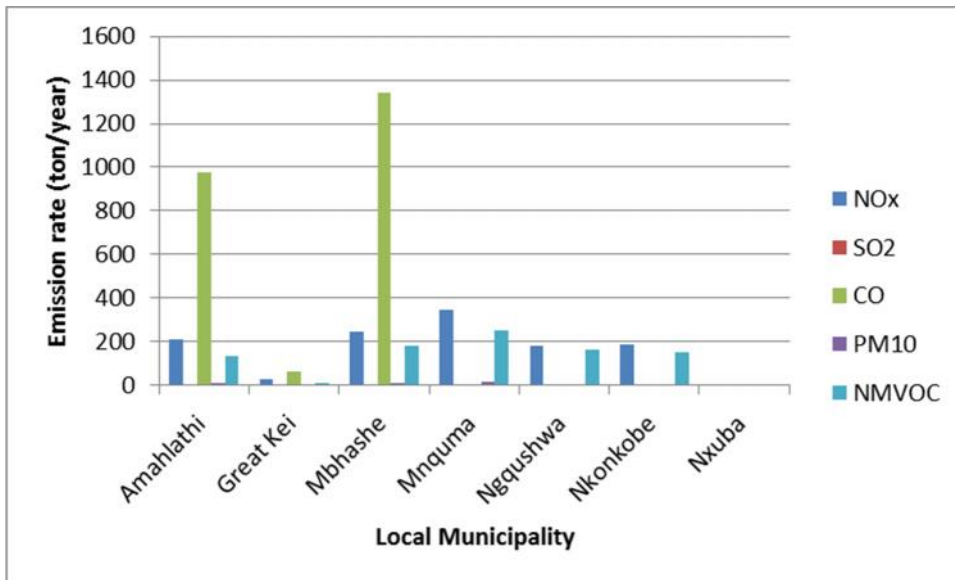
- **Biomass burning**

Burning of fire breaks and run away fires do occur during the winter period, however, the practice is not continuous and thus it is not considered as a significant issue in ADM.

- **Motor Vehicles and Unpaved Roads**

One of the largest sources of particulate emissions is vehicular travel on unpaved roads, which are situated throughout the District. Given the rural extent of the District, a large portion of roads are unpaved which results in entrained PM and greater exposure to dust for humans residing close to the roads. Estimated emissions from motor vehicles in the Amatole DM are shown in Figure 10 in tons per annum. The total NOX emission is estimated as 1204 tons per annum, CO as 1039 tons per annum and NMVOC at 894 tons per annum. The total SO2 and PM10 emissions are only 22.2 and 39.2 tons per annum respectively.

**Figure 3.16: Estimated emissions from motor vehicles in the Amatole DM**



### Priority Pollutants

Total CO emissions are estimated to be 2 644.79 tons per annum and total PM10 emissions are 350.43 tons per annum, largely attributed to wood burning. Total NOx emissions are 57.35 tons per annum of which 24.59 tons per annum and 31.91 tons per annum are contributed by paraffin and wood respectively. 15.90 tons of SO2 are emitted each year, largely due to burning of paraffin which releases 9.70 tons per annum of the pollutant” (uMoya-NILU, 2013).

### Major sources

The sources presented in the Table below are largely industrial point, area sources and agricultural area sources. It should not be assumed, that the industrial sector and agricultural sector are the only major contributors to air pollution in ADM

Local Municipality	Local/Nearest Town	Source Description	Source Type	Co-ordinates	Height ASL	AEL Req.
Mnquma	Butterworth	WWTW	Area	-32.332 28.190	526	No
Mnquma	Butterworth	Transkei Quarries	Area	-32.330 28.182	545	No
Mnquma	Butterworth	Informal Landfill	Area	-32.330 28.181	540	No
Mnquma	Butterworth	Suntex Factory 3 stacks	Point	-32.327 28.177	530	No
Mnquma	Butterworth	Woodcity Wood Fibres	Point	-32.328 28.173	536	No

Mnquma	Butterworth	Kei Engineering	Point	-32.328 28.173	532	No
Mnquma	Butterworth	Panelbeater, Spray paint shop	Point	-32.327 28.158	535	No
Mnquma	Butterworth	Siyavuma blocks	Area	-32.329 28.161	538	No
Mnquma	Butterworth	Chibuku Beer Factory – 3 stacks	Point	-32.333 28.156	561	No
Mnquma	Butterworth	Genesis body works	Point	-32.329 28.153	549	No
Mnquma	Butterworth	Old factory for recycling – just closed down	Point	-32.311 28.217	695	No
Mnquma	Butterworth	Hongfuclothing	Point	-32.315 28.222	716	No
Mnquma	Butterworth	Charcoal (Kentani Hill)	Area		530	No
Mnquma	Butterworth	Hospital	Point	-32.331 28.138	585	No
Mbhashene	Dutywa	WWTW	Area	-32.101 28.288	856	No
Mbhashene	Dutywa	Landfill	Area	-32.105 28.325	795	No
Mbhashene	Dutywa	Sewerage works	Area	-32.102 28.315	760	No
Great Kei	Komga	Landfill	Area	-32.581 27.877	656	No
Amahlathi	Stutterheim	StuttGroup Quarry	Area	-32.619 27.468	880	No
Amahlathi	Stutterheim	Chicken Houses	Area	-32.608 27.445	767	No
Amahlathi	Stutterheim	Newmans Candles	Point	-32.586 27.427	835	No
Amahlathi	Stutterheim	Newmans Timber Products & unpaved road	Point and Line	-32.584 27.428	835	No
Amahlathi	Stutterheim	ANCA Farm Chicken Abettor and Shop	Area	-32.583 27.428	834	No
Amahlathi	Stutterheim	Stutt Group Brickmaking	Area	-32.577 27.424	840	No

Amahla thi	Stutterhe im	Rance Timbers	Area Point	and -	32.587 27.289	980	TBD
Amahla thi	Stutterhe im	Prairy Sawmills	Area Point	and -	32.672 27.320	900	Yes
Amahla thi	Stutterhe im	Sandile Timber Sawmills	Area Point	and -	32.675 27.675	904	Yes
Amahla thi	Stutterhe im	Kubusie Sawmill	Area Point	and -	32.585 27.288	981	TBD
Amahla thi	Melani, Alice	Schenk Enterprises	Area Point	and -	32.722 26.879	528	TBD
Amahla thi	Stutterhe im	Amabele Poles	Area Point	and -	32.661 27.523	807	TBD
Amahla thi	Stutterhe im	Stutt Poles and Preservation Plant	Area Point	and -	32.560 27.435	807	TBD
Amahla thi	Stutterhe im	Hospital	Point		-32.571 27.419	860	No
Nkonko be	Middledri ft	Middledrift Prison Abetoru and Chicken Farm	Area		-32.812 26.991	441	No
Nkonko be	Alice	Chicken & Dairy Farm	Area		-32.804 26.883	524	No
Nkonko be	Fort Beaufort	Landfill	Area		-32.775 26.665	459	No
Nkonko be	Fort Beaufort	Kluklu Quarry (Stutt Group)	Area		-32.799 26.540	584	No
Nxuba	Adelaide	WWTP (New)	Area		-32.714 26.322	637	No
Nxuba	Adelaide	Landfill	Area		-32.681 26.318	590	No
Nxuba	Adelaide	Abettor	Point		-32.702 26.303	576	No
Ngqush wa	Peddie	Landfill	Area		-33.188 27.113	360	No
Ngqush wa	Peddie	WWTW	Area		-33.204 27.117	278	No
Ngqush wa	Peddie	Quarry	Area		-33.151 27.143	383	No

#### Challenges

- There is a general and disturbing paucity of any air quality data across ADM.

- There is no comprehensive emission inventory for the district. Should a new industry or development be proposed in ADM, the Municipality has no way of defining the status quo for the area.
- There is one air quality officer for the district and capacity is thus limited. Capacity building at a local and district level is on-going.
- There is no formal air quality management system for the ADM.
- Historically there is limited communication between the various spheres of government. There is limited communication with key industries in the District and the public regarding management of air quality.
- There is no active enforcement of NEMAQA S21, Minimum Emission Standards in the District.

#### Opportunities

- Implementation of the Air quality and pollution control
- Implementation of the Atmospheric Emission licensing (AEL)

#### **Air Quality and Pollution Control By-Laws**

ADM has issued Air Quality and Pollution Control By-Law under the powers conferred by Section 56(2) of the Constitution of the Republic of South Africa, 1996. Those pertaining to air quality management focus on management of local emission and, nuisances, and the issuing of Atmospheric Emission Licenses for Listed Activities (NEM:AQA, Section 21, List of Activities; Chapter 3 Institutional and Planning Matters).

#### **3.3.6.2 Waste Management**

Nationally, the practice is to dispose of waste in landfill sites, because this is inexpensive which further promotes this practice as a preferred end-of-pipe option for waste management. The same is true for the Amathole DM, which poses a challenge to meet the requirements as per the NEM:WA which focuses on the implementation of the waste management hierarchy.

#### Challenges

- Poor waste inventories and lack of data
- The conventional end-of-pipe options are still operational in the Amathole DM where most of the waste in the district is disposed of by landfill site.
- The burning of waste in certain municipalities still take place which needs serious attention given the significant negative impact this has on the environment, as well as the non-compliance to NEM:WA requirements.
- The inadequate operation and management of the landfill sites
- Illegal operation of certain landfill sites

- lack of funds for machinery and vehicles which will aid solid waste management

#### Opportunities

- Implementation of the integrated waste management plan (IWMP)
- Recycling, Reuse and Recovery projects
- Waste to Energy

#### **Environmental Governance**

ADM has both the Environmental management forum and Waste management forum which is used as a platform to share environmental projects, programs and strategies.

The following environmental awareness campaigns are held annually by the ADM:

- Water Week in March yearly
- Environmental week in June yearly
- Arbor week in September yearly
- Marine Week Yearly in November
- Weed buster week in December
- Wetlands Month in April yearly

#### Challenges

- Lack of mainstreaming of environmental issues;
- Environment is regarded as an unfunded mandate
- Lack of clear roles and responsibilities

### **3.3.7 EXPANDED PUBLIC WORKS PROGRAMME**

#### **Introduction**

The concept of the EPWP is an attempt by government to create more job opportunities and promote skills transfer with the notion to reduce unemployment and poverty levels. EPWP as a conceptual framework also involves reorientation of line function budget so that the government expenditure results in more work opportunities, particularly for unskilled labor.

Public Bodies are also expected to use their own budget to implement programs and projects in line with EPWP principles; and use the Incentive Grant to augment as to create even more work opportunities. Municipalities participated because it was Tied to the MIG funding so was the case at ADM.

It is within the context that former President Mbeki during his State of the Nation address on the 14<sup>th</sup> February 2003 formally announced the launch of Expanded Public Works Programme (EPWP). Government has a number of medium to long term programmes and strategies to address unemployment .These include:



- Improving the social security
- Utilising government expenditure
- Improving skills levels through education and training;
- Providing an enabling environment for industry to flourish; and
- Balancing economic growth with the economically active population.

The EPWP is one of the government's short –to- medium term initiatives which focuses on the use of government expenditure to alleviate and reduce unemployment. The EPWP will achieve this aim through provision of work opportunities coupled with training .Training is a key element of the EPWP not only as an exit strategy but also to increase the future employability of the participants.

It is anticipated that the EPWP will continue to exist until 2030 as stipulated by National Development Plan as it has played a major role in poverty alleviation, reducing unemployment to disadvantaged communities. The EPWP is a national programme covering all spheres of government and State Owned Enterprises (SOE's). In essence the EPWP involves re-orienting line function budgets so that government expenditure results in more work opportunities, particularly for unskilled labour.

EPWP projects will therefore be funded through the normal budgets of line function ADM's departments and project managers will not only target EPWP funds but must use 30% -80 % of their annual capital budgets towards EPWP. This will be complemented by periodical incentives from the provincial Department of Public Works.

Opportunities for implementation of EPWP exist through various departments within ADM. For instance, labour intensive through public infrastructural projects (sanitation, water projects etc.), and non-labour initiatives such as learnership, training, and in social, cultural and environmental sector.

## **CURRENT STATE OF EPWP AT ADM**

### **Execution context**

The First Phase of the EPWP PHASE 1 , which started in 2004 until 2009, was based on labour intensive /infrastructure programs like construction of roads etc. During this phase, jobs were created but it was also criticized for not creating enough, non-sustainability of jobs and lack of skills transfer.

Thus, PHASE 2 was conceptualized and incorporated other aspects of the programme and it was implemented in 2009 by granting Incentive Grant to all public municipalities. This was done to encourage all rural municipalities with little budget to participate and contribute to poverty alleviation.

The MIG funding is managed and controlled by Engineering Department which plays a significant role in infrastructure projects through implementation of Sanitation (Toilets), sewage systems, reservoir tanks, Taxi ranks, community halls and water taps.

And up until this financial the EPWP funds (and function) was administered by them as well. There was an MOU with the department of Public Works that we shall reach specified targets and these were audited. However, there a policy was adopted by ADM council in 2012 and there is centralised coordination as it is institutionalised.

The ADM receives MIG to implement Infrastructure projects and ADM appoints private service providers to implement these on its behalf and relies on them to comply with EPWP regulations. These funds are administered by engineering department at ADM a

The EPWP PHASE 2, which was introduced in 2004, consisted of four sectors:

- Social
- Environmental
- Infrastructure
- Non-State
- Of the four sectors, such as infrastructure, environment, culture and social sectors. This phase is not merely based on labour intensive programme and as such other departments within ADM ought to be involved and register the job opportunities to be created.

EPWP PHASE 3

- Political Committee to be convened by Amathole District Municipality's Executive Mayor for provincial co-ordination and centralized reporting.
- Plans to use Bio-Metric System to curb fraud in attendance registers
- Focus on Greening
- Waste management
- Recycling
- Implement National Development Plan
- National Ministerial Co-ordination protocol signed by Department of Agriculture and Fisheries, Land affairs, Rural Development Environmental and Water Affairs and Social Development to maximize synergy.
- Women target 55 %
- Disabled Persons target 2 %
- Youth target is 40 %
- Focus on Co-operatives and SMMES
- Creating sustainable livelihoods
- Focusing on common payment rates throughout the district
- Community Works Programme championed by COGTA in renovating public properties and amenities like clinic.

To date the ADM has made significant contribution to the creation of employment opportunities that include:

- Infrastructure Vukuphile Learnership programme

- Graduate Internship programme
- Environmental Projects in all local municipalities
- Recycling project
- Alien Plant Removal
- Cleaning Up projects
- ADM' EPWP has also contributed by supporting
- Community Based Organisation (CBO's) and NGO's in after care for the elderly
- Water and sanitation Projects
- Tourism Local Tourism Operators (LTO's)
- Employment of Interns in all departments
- Employing local people through special Programmes like ADM Mayors Challenge, Tourism Indaba, "Christmas in July at Hogsback, Bedford Garden Festival .
- Agricultural Dipping tanks scooping

For 2014/15, EPWP project list and business plans with targeted number of job opportunities and trainings per quarter, which will function as a benchmark for ADM. The Incentive grant is transferred to all municipalities every quarter and based on Full Time Equivalent jobs created per annum. At the end of each Quarter the institutions must submit reports and on the basis of that additional money will be transferred.

To date, ADM has been engaged on capacity building and information sharing session with strategic institutions with the aim to share best practices. In mainstreaming the function of EPWP departmental coordinators have been identified.

### **CONDITIONS OF EMPLOYMENT FOR EPWP BENEFICIARIES**

The Minister of Labour has in terms of Section 50 of the Basic Conditions Employment Act, made a Ministerial Determination 4 which establishes conditions of employment for employees in Special Public Works Programmes. These include time based payments to participants and beneficiaries of EPWP.

The purpose of this practise note is to provide guidance in the selection process of workers employed in the Expanded Public Works programme (EPWP) projects in line with EPWP Ministerial Determination and Code of Good Practice.

After consulting with NEDLAC and in terms of Section 87 (1) (a) of the Basic Conditions of Employment Act, the Minister has also issued a Code of Good Practice for employment conditions of work for Special Public Works Programmes. The Code does not impose any legal obligations in addition to those in those in the Basic Conditions of Employment Act, rather it provides guidance to employers on key legal provisions in the Act. The Code provides guidelines for the protection of workers engaged in Special Public Works Programme. The redefinition of existing and new projects that meet the requirements of EPWP will in terms of the adopted KPI's, streamline and simplify the following auditing requirements:

- Monitoring and evaluation; and
- Status and progress reporting

ADM and its agency (Aspire) should co-ordinate the determination of minimum wages to ensure that the party is achieved for the same or similar jobs within ADM.

#### **SELECTION PROCESS OF EPWP WORKERS**

- As per Code of Good Practice no. 129 of 18th February 2011, the local community through all structures available, must be informed of and consulted about the establishment of any EPWP project.
- The workers of EPWP should be locally –based (As close to the project site as possible) and be prepared to work on the specific projects.
- People who come from households where they have less than one full time person earning an income must be prioritized.
- People who come from homes with subsistence agriculture are the sole bread winner.
- Lastly people who are in receipt of any social security grant in the form of disability grants and pensioners where applicable .It should be noted that the people from households that are receiving grants are considered poor and are eligible to be working in EPWP projects.

#### KPA 4: MUNICIPAL VIABILITY AND FINANCIAL MANAGEMENT

**Strategic Objective:** To improve overall financial management in the municipalities by developing and implementing appropriate financial management policies, procedures and systems.  
**Intended Outcome:** Improved financial management and accountability

##### 3.4.1 INTRODUCTION

According to Chapter 9 of the Municipal Finance Management Act No. 56 of 2003:-

- Every municipality must have a budget and treasury office
- A budget and treasury office consists of-
- A chief financial officer designated by the accounting officer of the municipality;
- Officials of the municipality allocated by the accounting officer to the chief financial officer; and
- Any other persons contracted by the municipality for the work of the office

##### 3.4.2 REVENUE MANAGEMENT

This division ensures the collection of revenue and the billing of clients.

**Revenue management** – the key functions of revenue management:

**Billing** - to ensure that all billable consumers that ADM is rendering services to are billed correctly, accurately and timeously

**Data management** – to ensure the integrity of the billing master file in terms of accuracy and completeness

**Credit control**- to ensure that all debt owed to ADM is collected, and consumers not affording to service their debts are then registered for the indigent subsidy.

**Cash management and reconciliation** – to ensure that all monies received for services rendered are correctly matched and deposited into ADM’s primary bank account, and ensure compliance of MFMA Circular 50 of 2009.

##### Revenue Collection

Services	2013/14		2012/13		2011/12	
	Amount	%	Amount	%	Amount	%
Water & Sanitation	140 535 898	45.57%	105 703 409	39.20%	66 724 583	36.15%

## Challenges

### 1) Link between property owner and property occupier

The approved ADM Credit Control and Debt Collection Policy, specifies that the property owner is responsible for all municipal services, hence it is only the property owner who can open a municipal account. This had led to complication in the case of RDP houses that are still registered in the name of the Local Municipalities and not the beneficiary. The LM's are not paying for the services and neither are they legally transferring the properties to the beneficiaries, leading to an ever increasing debt book.

### 2) Indigent Registration

Although the Eastern Cape has been declared one of the poorest provinces in the country, with an estimated population of 892 637 people in ADM's area, according to Stats SA 2011 figures, only 4 196 consumers have registered as indigents. Transfer of ownership is also causing a problem because all the RDP properties are still under local municipalities, and LM's cannot be granted indigent status

The **water distribution losses** were quantified for the 2013/14 financial year and valued at R90 million. ADM is struggling to measure consumption on free basic services and water distribution losses accurately. The balance between cost recovery to ensure financial viability of the municipality and affordability on the part of the consumer remains a challenge.

What actions have been taken to better this situation?

#### 1) Link between property owner and property occupier

- The Credit Control and Debt Collection Policy has been reviewed
- Customer re-registration campaigns have been conducted in the entire district
- Establishment of the data management unit
- The Service Coverage project was implemented in the 2013/14 financial year

#### 2) Indigent Registration

- The ongoing indigent registration campaign aims to assist ADM in ensuring that qualifying indigents within the district who cannot afford to pay for services are registered as indigents in order for them to gain access to the indigent subsidies
- The Indigent Policy has been reviewed, increasing indigent's household threshold income to three times the government social grant excluding child

support grant, increase the free basic water from 6 to 10kl, and the indigent status being valid for 24 months.

### Revenue collection levels and rates for past three years

Services	2013/14		2012/13		2011/12	
	Amount	%	Amount	%	Amount	%
Water & Sanitation	140 535 898	45.57%	105 703 409	39.20%	66 724 583	36.15%

The following initiatives have been undertaken in an effort to improve collection rates:

- Billing all billable consumers and issuing monthly statements
- Implementation of the credit control policy
- Restrictions and disconnection lists are being compiled monthly and submitted to Engineering for implementation
- Engaging an external debt collector to assist with collections for domestic and business consumers
- By laws have been developed and adopted by Council. The enforcement of these bylaws remains a challenge.

### 3.4.3 FINANCIAL MANAGEMENT

#### 3.4.3.1 Budgeting

##### Legislation

Chapter 4 of the Municipal Finance Management Act No. 56 of 2003, Section 16 (1) states:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) The Mayor of the Municipality must table the annual budget at least 90 days before the start of the budget year.

##### Budget Unit Responsibilities

The Budget Unit is responsible for preparing the Annual Budget, Adjustment Budget,

The unit is also responsible for S72 reporting which entails reporting on the Mid-Year budget and performance assessment during the first half of the financial year.

S71 reports entails monthly and quarterly reporting on implementation of the approved annual budget. Budgeting and monthly financial reporting on Externally Funded and Internally Funded Projects.

### **Core Functions of the Budget Unit**

- [a] To prepare the Annual Budget
- [b] To prepare the Adjustment Budget
- [c] To prepare the Mid-Year budget and performance assessment
- [d] To develop and update Budget Policy in line with the applicable Treasury regulations
- [e] To assist departments in formulating departmental budgets
- [f] Monthly monitoring of the budget by producing monthly budget vs expenditure report
- [g] To prepare Annual Budget Returns for submission to Treasury
- [h] To submit monthly VAT returns for the institution to SARS

### **Key Stakeholders**

The Budget unit provides reports to departments relating to expenditure, they are required to scrutinize and correct any misallocations on the reports. The unit is also responsible for sending expenditure reports to National and Provincial Treasury as well as VAT returns to SARS.

### **Annual Events**

The unit is responsible for preparing and attending Annual Budget/IDP Roadshows.

ADM produces a three year budget, in line with the Medium Term Revenue and Expenditure Framework. ADM is a heavily grant dependent institution, utilising the government grants as gazetted in DoRA as the basis for determining the bulk of its anticipated revenue stream. In terms of own revenue, service charges are the main revenue streams, with the interest on investments and current accounts dwindling as even the capital is being utilised to fund day to day operations. Although the collection rates are improving, this is not able to sustain our increasing spending patterns.

### **Challenges**

Budget moves occur in large volumes on a daily basis, indicating that the required due diligence is not applied at formulation of the budget nor in the utilization of the budget during the year. Budgets are moved from key accounts such as rental for office accommodation to top up sundry expenditure accounts. The issue of expenditure misallocation continues to be a problem, with departments allocating expenditure to wherever budget might exist, instead of to the relevant account, which results in inaccuracies in the statement of financial performance.

Cash flow projections are being done by all departments, but the huge variances between actual expenditure and cash flows indicate that the cash flows are not accurate, and the need for monthly variance explanations continues to frustrate departments.



Minimal control over expenditure levels is exercised at department level to ensure that budgets are not exceeded, and ADM incurred unauthorized expenditure in the 2012/13 audit at vote level. In 2013/14 year unauthorised expenditure occurred at account level. Should this situation not improve, it could lead to an audit qualification.

### **Accounting and Reporting**

The accounting and reporting function is responsible for financial reporting monthly, quarterly and annually as well as the co-ordinating of all reconciliation functions and journal adjustments. The maintenance of the audit file and the compilation of the Annual Financial Statements is part of this function.

Functions of the Accounting and Reporting Unit:

- [a] To maintain accounting records in support of financial reports
- [b] To develop and update accounting policies in line with the applicable reporting framework
- [c] To prepare annual financial statements and consolidated annual financial statements in accordance with the applicable financial reporting framework for each year end
- [d] To facilitate the preparation of the audit file supporting the annual financial statements.

### **Challenges**

- Information supporting the figures in the annual financial statements is not received in a timely manner resulting in incomplete financial statements being submitted and possible material misstatements.
- The current Financial System is outdated and cannot integrate with new support functionalities.
- A new or upgraded financial system is required to ensure full integration and improved automation.
- Compliance within the required time frames for the implementation of the new standard chart of accounts as required by National Treasury poses a major challenge
- Reporting culture of the institution remains year end focused

#### **3.4.3.3 Asset Management**

Asset Management refers to all activities and processes carried out during the cycle of acquisition or construction, maintenance, renewal or refurbishment and disposal of all resources consumed during the provision of services by the municipality to the communities or customers. These resources are consumed on the basis that there is future economic benefit derived from their consumption or their utilisation results in economic benefit for the municipality. In 2010 an Asset Management Strategy was developed in line with the principles of GRAP.

The audit of the municipality's assets was undertaken by the Auditor General and all assets were accounted for.

These resources range from the water and sanitation infrastructure network used to deliver water and sanitation services to households, vehicles used by personnel to maintain the network, tools utilised in the maintenance of the network, equipment used by field and office staff during the delivery of services, furniture used by staff in support of the services to the communities, materials consumed during the construction of service facilities and work in progress in service infrastructure projects.

Capital Assets are classified into the following categories for financial reporting purposes:

**1. Property, Plant and Equipment (GRAP 17)**

- Land and Buildings (land and buildings not held as investment)
- Infrastructure Assets (immovable assets that are used to provide basic services)
- Community Assets (resources contributing to the general well-being of the community)
- Housing Assets (rental stock or housing stock not held for capital gain)
- Heritage Assets (culturally significant resources)
- Other Assets (ordinary operational resources)

**2. Intangible Assets (GRAP 102)** - Intangible Assets (assets without physical substance held for ordinary operational resources)

**3. Investment Property (GRAP 16)**- Investment Assets (resources held for capital or operational gain)

**4. Biological Assets (GRAP 101)** -Biological Assets (livestock and plants held)

**5. Assets classified as Held-for-Sale (GRAP 100)** - Assets Held-for-Sale (assets identified to be sold in the next 12 months and reclassified as Inventory).

**Challenges**

- 3 User departments are not taking responsibility in the management of Assets that they are utilising.
- 4 There is poor co-ordination between departments and the Asset Management Unit when updating Asset and Compiling Asset Registers.
- 5 The Asset Disposal Committee is not functioning properly and not fulfilling its duties and obligations.
- 6 Asset Registers are not being updated on a monthly basis.

- 7 The Municipality has acquired a new Asset Management System and staff require training on the system and will need to undertake duties required to implement the system.
- 8 Certain Asset functions are being performed by consultants.
- 9 Asset Management has limited institutional skill and the Municipality needs to build on the current capacity.
- 10 The Asset Management function very technical in nature – requires highly skilled financial and technical professionals which the Municipality does not have.

#### **3.4.3.4 Financial Audit Outcome**

ADM has progressed in the past few years by moving towards achieving a clean audit opinion. The Budget and Treasury Office have developed a management letter action plan to resolve all matters that could potentially lead to a qualified audit opinion. These plans are updated monthly to monitor progress in resolving findings.

The ADM is continually improving internal controls and management reviews so as to move towards clean administration and ultimately a clean audit.

For the 2010/2011, 2011/2012 and 2012/2013 financial years, ADM received an unqualified audit report from the Auditor General, with no emphasis of matters.

Therefore the unqualified audit opinion proclaimed by the Auditor General for past three financial years verifies that the financial and accounting transactions of ADM were dealt with in a manner which is consistent with the required financial practices.

#### **3.3.4 EXPENDITURE MANAGEMENT**

##### **Legislation**

Chapter 8 of the Municipal Finance Management Act No. 56 of 2003, Section 65 (1) on expenditure management states:

- (3) The Accounting officer of a municipality is responsible for the management of the expenditure of the municipality by:
  - Ensuring that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure .

##### **Expenditure Unit Responsibilities**

The Expenditure Unit is responsible for processing payments for all invoices received on the financial system according to approved budget, be properly processed and be due and payable in

terms of policy and procedures. To ensure that the relevant supporting documentation is attached before payment can be processed.

The unit is also responsible to ensure that all invoices received are paid within 30 days of receipt of such invoice as per legislation.

#### **Main Functions of the Expenditure Unit**

- Payment of Trade Creditors within 30 days of receiving an invoice
- Processing of purchase orders
- Ensuring that payments are made according to the approved budget and a correctly allocated.
- Ensure that relevant supporting documentation is attached on the payment batch
- The payment is processed in terms of the ADM policies and procedures.
- That VAT on payments is correctly claim as per VAT Act
- To ensure that invoices received are valid tax invoice/invoice as per SARS requirements

#### **Key Stakeholders**

The Expenditure unit provides reports to departments relating to outstanding purchase orders, invoices not paid within 30 days, they are required to scrutinize and check if the goods/service is still to be rendered/received.

#### **Challenges:**

##### **Pink Requisitions and Orders**

The decentralisation of payment requisition processing coupled with the incorrect completion of these pink requisitions exposes the ADM to errors in procurement and to the risk of potential fraud and corruption which adversely affects and threatens the institution and result in weak controls.

The over- reliance on the Post Office for the delivery of orders to suppliers results in delays in orders reaching appointed service providers which is a weakness identified.

##### **Non-Compliance with Circular 49 of MFMA**

Section 65 (2) (e) of Municipal Finance Management Act No 56 of 2003 states that, (1) the accounting officer of a municipality is responsible for the management of the expenditure of the municipality. The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

Circular 49 of the Municipal Finance Management Act No 56 of 2003 mandates the municipality to ensure that all monies owed to the people should be paid within 30 days of receipt of invoice by ADM.

This remains a challenge as the delivery of payment certificates to the individual project managers as opposed to a centralised office at ADM results in invoices not reaching BTO which results to non-compliance with Circular 49 as required by the Treasury.

In addition delays in payment are as a result of:

- invoices not being verified as evidence of receipt of good and/or services
- insufficient budget
- Non-compliance with procurement procedures

#### **Fruitless and Wasteful Expenditure**

- The lack of monitoring and poor communication relating to incidences of fruitless, wasteful and unauthorised expenditure results in deviations and breaches. A policy regarding this has been put in place. However there are still instances occurring.

#### **VAT Inclusion/Exclusion**

- The incorrect inclusion or exclusion of VAT on purchases serves as a weakness in the administration of VAT.
- This has mainly occurred on general expenditure items such as travel, motor vehicle hire, EAP, Sport and Promotional Related items and all refreshments.
- It may also result in penalties being levied by SARS for VAT being incorrectly claimed.

#### **3.4.4 SUPPLY CHAIN MANAGEMENT**

That the municipality's supply chain management policy is implemented in a way that is fair, equitable, transparent, competitive and cost-effective: and that all financial accounts of the municipality are closed at the end of each month and reconciled with its records.

The Amathole District Municipality's [ADM] Supply Chain Management (SCM) Policy seeks to promote an innovative form of targeted procurement, which will encourage socio-economic transformation within its region.

##### **Functions of the SCM Unit**

- [a] To manage and administer the acquisition/procurement of goods and services for the Municipality.
- [b] To manage the tender processes of the Municipality.
- [c] Manages the Municipality's suppliers/ service provider database.
- [d] Manages possible procurement risks.
- [e] Manages the disposal of municipal goods no longer needed.
- [f] Manages the contracts of the Municipality.
- [g] Manages the Municipality's Stores.

- [h] Ensure compliance to all legislation relating to SCM.
- [i] Develops procurement plans aligned to the budget (Demand Management).

### **Challenges**

- There is a high rate of procurement deviations.
- Then Decentralised procurement system below R30 000 results in weak procurement controls.
- More detailed monitoring of service provider performance is required due to the high level of terminations of suppliers.
- There is overpricing of certain commodities and this needs to be controlled.
- Procurement planning can be improved substantially.
- Supplier development is not structured which leads to SMME's not being sustainable.
- Utilisation of service providers that do not appear on the database.
- A manual and paper-based system of procurement increases the risk of fraud and corruption for procurement below R30 000.
- The risk of irregular expenditure is increased when procurement is decentralised.

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## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

**Strategic Objectives:** Promote a culture of participatory and good governance

**Intended Outcome:** Entrenched culture of accountability and clean governance

### 3.5.1 INTEGRATED DEVELOPMENT PLANNING

The Amathole District Municipality (ADM) has a legislative mandate to achieve an integrated, sustainable, social and economic development within its area of jurisdiction. This obligation is executed by adopting an integrated approach to planning and development for the entire district. The Municipal Systems Act 32 of 2000 requires municipalities to adopt and review their Integrated Development Plans, and throughout this processes must consult and involve the public. ADM adopted in 2012 its 5 year strategic plan that will guide its development from 2012-2017. The 2012-2017 IDP is reviewed on an annual basis to consider changes identified during the review process. Thus version 2 of ADMs IDP was adopted in 2013 (2013/14 IDP), version 3 in 2014 (2014/15 IDP) and version 4 in 2015 (2015/16).

ADM has a fully-fledged Development Planning section in the Planning, Monitoring & Evaluation Unit under the Strategic Planning and Management Department. The main purpose of establishing this unit is to ensure management and coordination of a district-wide Integrated Development Plan.

The unit is responsible for the following functions:

- Coordinate the development of the District Integrated Development Plan
- Management of the IDP process throughout the 5 phases of the IDP
- Co-ordinate functioning of the IDP structures
- Ensure IDP and Budget integration
- Ensure vertical and horizontal alignment of internal and external programs
- Build capacity of ADM Local Municipalities on development planning
- Ensure compliance with local government and other relevant legislation

To support and enhance planning in the district, the re-aligned Standing Committees resemble the 5 Key Performance Areas of Local Government to enable issues of planning to find space for discussion in such committees. For ADM to have an integrated development plan, it is very crucial that all spheres of government plan together so as to arrive at an integrated development plan that reflects district-wide planning. A District Planning Coordinating Forum (DPCF) was therefore established in 2011 to ensure horizontal and vertical alignment of plans and processes throughout the District.

#### ***District Planning Coordinating Forum***

Amathole's District-wide Planning and Coordinating Forum (DPCF), has taken strides in improving the planning and implementation of the IDP's within the district. Amongst areas of focus of the district-wide planning and coordinating forum are the following:

- To facilitate the rapid implementation of development programmes designed to meet the goals and objectives set by the Provincial Government;



- To ensure co-operation and co-ordination between municipalities
- To ensure alignment, co-operation and co-ordination between municipalities and the Provincial and National government.

This is a platform where various areas of development and service delivery are shared, discussed and also, alignment and coordination between sector departments takes place to ensure horizontal and vertical alignment of plans and programmes.

The IDP alignment of the ADM and that of local municipalities has improved tremendously since the establishment of the DPCF as various planning tools are shared. The silo- planning of various sector departments is minimised, as planning information is shared and also, projects and programmes to be implemented find room within the IDP's of various municipalities, even though there is still room for improvement. Project planning and implementation progress are also discussed in the same platform which has helped improve reporting on performance within the district.

### ***Capacity Building Initiatives***

ADM provides technical support to all ADM Local Municipalities in the review of the IDPs and ensuring that all municipalities falling within the District comply with relevant legislation. As a result, the comments from the MEC in the previous years show that municipalities in the District have been improving with no regression. All the local municipalities have appointed an IDP/PMS Officer.

### **Challenges**

- Lack of regulatory framework that regulate and binds other spheres role/involvement/meaningful participation
- Community Apathy in development planning processes
- Insufficient Political and Administrative buy-in during the IDP process
- Absence of representation of municipalities in the Provincial Planning Forum
- Skewed demarcation of areas in other spheres e.g Education, which are different from municipalities
- Silo mentality in planning (minimal utilization of sector plan information in the IDP)
- Absence of a central planning data bank/ repository in the Province and District (reliability, accuracy, timeous and accessibility)
- Different systems and methodology used in conducting needs verification and prioritisation within the district

### **3.5.2 LEGAL SERVICES**

The ADM Legal Services Unit provides legal guidance and advice to the institution, including:

- Providing both formal and informal legal advice;
- reviewing and drafting of contractual documents;
- reviewing of procurement procedures to ensure compliance with the law;

- reviewing and drafting of by-laws and assisting in policy development;
- preparing legal briefs to external legal specialists;
- monitor litigation matters;
- managing access of information under Promotion of Access to Information Act.

Legal Services is also responsible for driving anti-fraud and corruption management within the institution.

Recently, there has been recognition that a more formal role should be played by Legal Services in assessing and monitoring legal compliance within the Institution. In terms of the new approved organogram for the institution, Legal Services is also responsible for WSA regulatory compliance.

### **Challenges**

The Unit currently does not have the capacity to meet all the responsibilities expected of it in regard to proactive legal services, such as:

- general legal compliance monitoring (auditing) ;
- awareness training on new developments in the law affecting local government;
- monitoring of delegations;
- effective fraud risk management;
- setting up of systems to monitor compliance with Promotion of Administration Justice Act, the Promotion of Access to Information Act, as well as the Protection of Personal Information Act;
- monitoring regulatory compliance with applicable water resource legislation as required as the Water Services Authority.

### **Way Forward**

The Legal Services Unit requires restructuring to meet the additional responsibilities documented above. Whilst a new staff establishment was recently approved by Council making the required restructuring of Legal Services possible, budget constraints makes it unlikely that these posts will be filled in the current financial year. The need for Legal Services to become more involved in legal compliance monitoring is urgently required. Hence these services will have to be provided with the current personnel.

### **3.5.3 MUNICIPAL SUPPORT UNIT**

Among other priorities the ADM is obliged to build capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking. In fulfilling its responsibility the ADM the District provides support through its directorates and the Municipal Support Unit.

The MSU comprise of the Engineering, Finance, Land & Human Settlements, Corporate Services subsections and its mandate is to provide support to Local municipalities in order to perform their functions and exercise their powers where such capacity is lacking. Furthermore, this unit is

responsible for coordinating the support provided by the various departments to local municipalities. Local municipalities are required to identify the areas that require support during the planning phase of the IDP.

### **3.5.4 COMMUNICATIONS**

#### **Prelude**

In terms of 6.2 of the Amathole District Municipality (ADM) Communications Policy, government communications is a coordinated function. It is a strategic and support function of government that must be observed by all its organs and spheres. All government departments' communication activities are structured within a specific framework, which is coordinated, integrated and streamlined. The Presidency and Government Communications and Information Systems (GCIS) are custodians of government communications.

The Republic of South Africa has also made provisions for a legal, statutory and operational framework within which government communications can be achieved.

#### ***Operational Framework***

ADM Communications Policy further states that a series of forums for government communicators at national, provincial and local level have been established to ensure collective planning and strategizing around all government communications.

The aforementioned structures include the Eastern Cape Intergovernmental Communicators Forum (IGCF) which is coordinated by the Office of the Premier, GCIS and SALGA-EC. Communicators from provincial departments, State Owned Enterprises (SoEs) and district/metro municipalities are represented in the forum. The forum main objective is to coordinate programmes and projects each year and to monitor and evaluate progress and achievements. A Local Government Communicators Forum (LGCF) has also been established and is driven by the Communications Office of the Department of Housing, Local Government and Traditional Affairs. The Forum provides a platform for sharing of information about local government issues and best practices.

ADM also established the District Communicators Forum (DCF) in 2002. Communicators and communication portfolio heads as well as community development workers from all the local municipalities, and communicators from all local municipalities, and communicators from government departments in the district are invited to attend and participate. Among other things, the Forum enables communicators in the district to jointly highlight ADM's success stories while coordinating promotional programmes and projects. The ADM Director of Executive Support Services/Communications and Media Relations Manager provide technical assistance to the Forum.

Local Communicators Forums should also be established at local municipalities. These Forum meetings should include the communicators and relevant portfolio head from local municipalities, ward committee representatives, Community Development Workers and communication officials from government departments and SoEs in the local municipalities.

In terms of the Strategic Planning and Management Departmental key strategic objectives, the Unit is charged with executing the following Key Performance Areas (KPA's)

- a) Ensuring a two-way flow of information between ADM and communities; to promote ADM's programmes as reflected in its IDB/Budget;
- b) To convey to management the perceptions, needs and attitudes of communities;
- c) To inform management of best communications practice;
- d) Crisis communications and reputation management;
- e) Communications research and environmental analyses;
- f) Development of communication strategies and policies;
- g) Media liaison;
- h) Community/public participation;
- i) Customer Care;
- j) Marketing the institution as a tourism/heritage and investment destination;
- k) Website content management; and
- l) Providing communication support to ADM Dept, LMs and other government spheres.

This is a fully fledged unit that is currently of two (2) Senior Communications Officers, one (1) Senior Customer Care Officer, Customer Care Assistants in seven (7) seven satellite offices, and a Communications & Media Relations Manager. The Unit has made concerted efforts to communicate on an ongoing basis with the media and also directly with the affected stakeholders through water forums, account statements, news releases and newsletters (internal & external), Mayoral Imbizos and public participation platforms.

Communications audits undertaken by the ADM amongst its local municipalities reveal a lack of capacity and resources to adequately deal with communication challenges (currently only 4 municipalities have communications officials in place) and to project a positive image of local government achievements. As a result, media tend to set the agenda with negative reporting. This leads to reactive communications (fire-fighting) from local municipalities.

Local municipalities are at the coalface of service delivery and the closest sphere of government to communities. As such, they are held accountable for all government services, even when these functions are not assigned to them.

There have been pockets of service delivery protests in some local municipalities resulting from accessibility of ward councillors, lack of information about the work of those municipalities, leadership grievances and delayed service delivery.

It is therefore critical that local municipalities provide for adequate communications structures and to communicate proactively with both the media and with all their stakeholders, and to develop a communications strategy that will address the challenges. They need to ensure a two-way flow of information and to build relationships and partnerships so that service delivery can take place in a conducive environment.

### ***Environmental Scan – General***

ADM Communications Strategy was adopted by Council in 2012 and is further reviewed annually. It contains an annual communication cycle that serves as a guiding framework for communication activities and programmes. The annual review of the ADM communications strategy and Customer Care Service policy and charter was not achieved in the 2012/13 financial year. The next review is expected to provide Council with an extensive diagnostic study and communications audit report while proposing remedial communications interventions.

For the past few months visibly and audibility of the ADM has improved while the voice of government in the media is consistently reflective. The functionality of communication in the district is also gaining momentum. Efforts were also made to improve internal and external communications. There need to maximize gains from the available communication platforms and improving service delivery remains apparent.

Since the ADM took over the role of Water Services Authority, the workload of the Communications and Customer Care Unit has significantly increased. The re-engineering project which is currently underway is expected to take into consideration a need for restructuring of the Communications and Customer Care Unit. Institutional Capacity Building and Training in Batho Pele principles and Customer service for satellite offices continue to make inroads. This exercise is conducted with the help of a service provider and provincial Communicators Structures. The organizational website is also under review.

Council has also approved for a process to introduce a fully-fledged electronic and integrated customer relations management system. It is hoped that this process will be completed by the end of the current financial year. There are also concerted efforts to heighten staff morale and improve working environment and organizational culture. The Municipal Manager's driven Transformation Agenda is underway and is expected to yield positive results on organ

### ***External Environment***

The new Minister of Cooperative and Traditional Affairs Honourable Pravin Gordhan has called on local government to go back to basics, serve communities better while reconnecting with the electorates. The call was echoed by MEC Xasa and SALGA-EC.

The ADM's unqualified annual audit results announced by the Office of the Auditor-General for three consecutive years, have obviously improved public confidence and helped repositioned municipality image. ADM and all local municipalities under its jurisdiction need to build on these gains to improve service delivery in the district.

The 2014 National Elections were closely contested and service delivery was central to a number of protests across the country. Public perceptions were undoubtedly influenced by electioneering campaigns. This poses a challenge to local government to communicate more effectively and efficiently about service delivery. If unguarded jealousy, the distortions could exacerbate the information gaps which exist between municipalities and our communities.

### **3.5.5 INTERGOVERNMENTAL RELATIONS AND INTERNATIONAL RELATIONS**

#### **Executive Summary**

Intergovernmental Relations is one of the strategic pillars of ADM's programmes. As a category C municipality, ADM is legislatively charged with supporting and building capacity of its category B municipalities and has a compelling task of co-ordinating programmes within the area of jurisdiction it is responsible for. Its function of co-ordination includes mobilising sector departments providing services within its boundaries.

To enable the district to perform these tasks, ADM IGR/IR unit, in compliance with the IGR Framework Act established structures both in the district and in the local municipalities to keep cooperative government a reality. The structures include a number of sector fora that are focusing specifically in addressing the 'sector specific interests' of the district municipality eg Engineering, Finance, Communications. To enhance the capacity of its personnel and its ability to deliver services, ADM got into MoUs with other strategic partners in the country and abroad. All the meetings of the fora meet quarterly.

#### **The state of ADM IGR FORA**

The 14/15 financial year started at a very positive note. Both the district technical meeting and the DIMAFO were held on the dates in the institutional calendar. The attendance of the meetings was good with the technical meeting having about 50% attendance of the local municipalities and more than 90% of the sector departments present. In the DIMAFO the attendance of municipalities improved with 5 of the 7 Mayors of the district attending and a sixth Mayor (Nxuba) apologising in the morning of the meeting whilst the other one had tendered his apology earlier (Nkonkobe). This is indeed an encouraging state of affairs considering that the 13/14 financial year closed with the number of local municipalities attending IGR meetings dwindling.

#### **The local IGR Fora**

The 13/14 financial year started with 4 of the ADM local municipalities having active intergovernmental relations structures. They were Mngquma, Nkonkobe, Ngqushwa and Amahlathi. In the third quarter of that financial year Nxuba started holding its local IGR meetings increasing the number to at the end of the financial year 5. As ADM starts the 14/15 financial year only Mphashe local municipality did not hold an IGR meeting in the first quarter. All other local municipalities held successful meetings, the 5 of the previous year joined were joined by Great Kei local municipality. Again with the local IGR fora ADM has seen some improvement in the 14/15 financial year.

#### **The Sector Fora**

The sector fora continue to be the building blocks of IGR intergovernmental relations. In the first quarter of the year, the following ADM sector fora held their meetings;

- District Communicators Forum
- District AIDS Forum
- Special Programmes Forum
- District Sports Forum
- District Agricultural Forum
- Women’s Caucus
- District Engineer’s Forum

Again the ADM intergovernmental relations’ does not only show continuity but also some signs of consistency.

### **The Memoranda of Understanding**

This is one area ADM did not do very well at the start of the new financial year. Of the MoUs signed by ADM with its strategic partners only the MoU with the East London Industrial Development Zone had some activities in the new financial year. Another positive action was to have a meeting of internal stakeholders discussing the signing of an MoU with Maseru City Council and Berea District Council. The meeting held resulted into the hosting of a delegation from Maseru led by their Mayor. In the meeting that was held both the ADM executive Mayor and Maseru City Council Mayor committed themselves to seeing the signing of the MoU between the two organisations through.

### **Challenges**

Municipal Managers of all the local municipalities continue to send proxies to the IGR meetings.

Mbhashe local municipality still poses difficulties for the establishment of an IGR structure in the municipality.

ADM departments involved in the MoUs not committed in making sure that the MoUs are active.

### **Conclusion**

ADM puts a lot of effort in its intergovernmental and international relations. This is evident in the systems of reporting that are set in the SDBIP. The coordination of activities by ADM result in most if not all its activities having an intergovernmental character. The work that ADM does through its IGR structures need to be supported and encouraged for a better results of service delivery and for better governance.

### **3.5.6 RISK MANAGEMENT**

Risk Management unit focuses on assessing and identifying key risk areas at strategic level and within departments in terms of established and new projects. Risk Management unit also ensures the formulation of a uniform risk management approach for its clients (departments). Furthermore, risk assessments form the basis for planning internal audits within the organisation.

Annually the municipality develops a Risk Management register and is also cascaded to departments. The risk management assessments are conducted monthly with particular departments. Such reports are cascaded to the Executive Management Committee.

#### Challenges

- Mainstreaming of Risk of Risk Management within the institution is still a challenge.
- Inadequate human resources.

### **3.5.7 TRAVEL DESK**

In the previous financial years Amathole District Municipality made use of external services for travelling, accommodation and conferencing. As part of forward planning, the institution embarked on a transformation agenda and as a result a number of areas were looked at. The transformation that ADM has embarked on hinges on an understanding that the local government sector in South Africa has evolved from year 2000. During 2012/2013 the ADM Council resolved not to outsource this service and established an In-house Travel desk to deal with all travelling, accommodation and conferencing bookings for all, ie. Council and Administration.

The Amathole District Municipality (ADM) staffs complement increases yearly, so is the number of trips to areas inside and outside of the Eastern Cape, Africa and overseas. The Travel Desk will ensure timely and cost efficient of travel requirements of ADM's Councillors, Managers and Employees at large, ensuring that ADM's S/T policy is adhered to at all times when making such bookings.

#### Purpose

- To present step by step procedure on how the Travel Desk is going to operate;
- Collecting and keeping of information on travelling and accommodation facilities for various areas inside and outside the country;
- Tracking availability of accommodation facilities on the basis of reservations;
- Liaising with the providers of travelling and accommodation facilities;
- Controlling travelling and accommodation budget;
- Ensuring control measures are in place;
- Dealing with challenges experienced by Councillors, Managers and Employees at large during the trips.

#### Legal mandate

According to the Municipal Systems Act, 32 of 2000 as amended, section 55(1) provides that a Municipal Manager, as a head of administration is, subject to the policy directions of the municipal council, responsible and accountable for



- the formation and development of an economical, effective, efficient and accountable administration
- equipped to carry out the task of implementing the municipality's integrated development plan in accordance with Chapter 5;
- operating in accordance with the municipality's performance management system in accordance with Chapter 6; and
- responsive to the needs of the local community to participate in the affairs of the municipality;
  - the management of the municipality's administration in accordance with this Act and other legislation applicable to the municipality;
  - the implementation of the municipality's integrated development plan, and the monitoring of progress with implementation of the plan;

#### Challenges

- Late requests for bookings for the same date or following day.
- Too many changes after the quotations have been issued, that end up delaying other requests.
- Delays in getting the orders, and in some cases expect Travel Desk to confirm bookings without orders.
- Requests that are against S/T Policy, eg requesting to be booked in a 4 star knowing you qualify to be booked on a 3 star
- Requesters taking too long to process the order, sometimes when we receive the order the venue will no longer be available, and then we will have to start the process all over again.
- Requesters not getting all the information prior, adding after the vouchers have been issued which lead to top-ups
- Increasing/ decreasing number of attendees, which means changing quotations.

#### **3.3.8 LEGISLATIVE AND EXECUTIVE SUPPORT**

Amathole District Municipality is a Category C municipality established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, as amended, with a mayoral executive system. The legislative authority is vested in the Speaker who is elected in terms of Section 36 of the Municipal Structures Act.

The main responsibilities of the Legislative and Executive Support Services department are as follows:-

- To provide an interface between Council, the public, executive and administrative structures;
- To provide strategic and administrative support to the political office bearers;
- To promote a culture of participatory governance;
- To provide secretariat services to legislative and executive structures of Council;

- To ensure that the programmes of the department are integrated into the main functioning of the institution.

### **3.5.8.1 Legislative Support**

The core functions of the unit are as follows:-

- Provide support to the Speaker by facilitating the development and regular updating of Standing Rules and ensure that the rules comply with the relevant local government legislation
- Ensure and support the development of a schedule of meetings for council and council committees.
- Monitor the attendance of councillors to council, committees as any workshops or seminars approved by the Speaker or Council.
- Support the functioning of the Municipal Public Accounts Committee through:
  - Facilitating training and capacity building of the Committee in collaboration with the HRD unit;
  - Conduct research to support the functioning of the Committee
  - Conduct a critical analysis of reports of the Executive and the Administration to support the functioning of the Committee. This includes public participation on the annual report which ensures that communities are afforded an opportunity to comment on the performance of the municipality on service delivery
  - Develop and submit reports of the Committee to Council and
  - Ensure the development of a program of action for the review of the Annual report.
- Coordinating the functioning of the office of the Chief Whip.
- Provide support to the Women’s Caucus.

### ***Moral Regeneration Movement***

The Moral Regeneration Movement established a District Committee constituted of Traditional Leaders and Religious Leaders which convenes meetings on a monthly basis. It is gratifying to note that this model has been escalated to the Province such that a number of District and Local Municipalities have asked ADM to help them in the establishment of their structures. As such local municipalities within ADM’s area of jurisdiction have already established MRM structures. A process of restructuring MRM structures in the District and Local Municipalities has been concluded such that all MRM structures include civil society organisations.

In August 2013 Council adopted a Moral Regeneration Strategy which identifies two main pillars of focus, i.e. education and family. The unit is currently in the processes of mainstreaming MRM in the District with focus on the following:

1. Awareness campaigns in schools with anti-drug messages.
2. Intergenerational dialogue focused on systematic transfer of values from the elderly to the

youth

3. Family enrichment program focused on lifting the role of father as head of the family.
4. Mandela month home visits to less fortunate families and intervene by providing material and moral support, and refer them to the relevant sector departments for long term support.

*Highlights*

- Increase in the number of sector departments participating in the programme.
- ADM has subsequently institutionalised MRM Mandela activities.

*Challenges*

- Lack of response/ follow up by relevant sector departments on some of the cases referred to them.
- Increase substances abuse among the youth.
- Increase in incidents of crime.
- Lack of social cohesion

*Remedial Action*

- Devise monitoring mechanisms to make follow up on challenges identified during home visits.
- Intensify MRM awareness campaigns.

***Civic Education***

In 2013/2014 the department initiated the process of establishing a district-wide Civic Education Programme. The purpose of the programme is to empower citizens within ADM to understand issues relating to the functioning of government institutions especially in areas such as, inter alia; the rights of citizens with regard to the services rendered to them, responsibility of citizens with regard to support, defence and promotion of democracy, responsibility of citizens with regard to voting, public participation and reporting practices, available mechanisms for citizens to voice their complaints with government and the private sector.

The training modules have since been developed and the training of trainers taken place. The Civic Education Programme has been rolled out and the first awareness campaign was conducted at Nxuba Local Municipality in August 2014.

*Challenges:*

- Lack of human resource to roll out the program.
- Communities do not understand the respective roles of DM and LM;

***Oversight***

The Municipal Public Accounts Committee (MPAC) was established in 2010 to assist Council to fulfill the oversight function. The Committee operates according to the Terms of Reference and the Programme of Action adopted by Council. MPAC performs oversight on the MFMA Section

71 and 72 reports, as well as the Supply Chain Management quarterly reports and submits reports to Council. The Committee also oversees the Annual Report and ensures the community participation in the evaluation of municipal performance. Since inception the committee has consistently submitted oversight reports on the Annual Reports of ADM and Aspire (ADM entity).

*Challenges*

- Lack of human resource capacity to support MPAC/oversight function.

***Whippery***

The ADM has services of a fulltime Whip of Council responsible for ensuring functioning of the Whippery System. A District Whips Forum has been established as a platform for Whips of Local Municipalities and the District to share experiences on matters of common interest. The Forum operates in terms of the adopted terms of reference. The Whips Forum is responsible for coordination of initiatives to combat circumcision related deaths in the district and local municipalities.

The Whips Committee (which comprises Whips from different political parties), as a multi-party coordination of inputs of political parties in council meets four days before the date of council to prepare and ensure smooth running of the Council,

*Challenges*

- The Office of the Chief Whip lacks dedicated personnel to develop and implement programs of the whippery.

***Women Caucus***

The Women Caucus is a multi-party Committee of Council established in terms of section 79 of the Municipal Structures Act, and Rule 11 of the Standing Rules to guide council in mainstreaming gender issues. The Committee operates in accordance with its terms of reference and a program of action adopted by Council. Programs include the celebration of international women's day, door to door campaigns to assess community needs especially those that affect women and children, support to victims of gender based violence.

**3.5.8.2 Executive Support**

The unit's core functions include, inter alia:-

- To create sustainable positive relationship between the council & the public;
- Managing & coordinating all public, council, council-sponsored events and activities;
- To ensure that public participation is an integral part of service delivery;
- To manage & oversee the organisation of imbizos, water forums and other community outreach programmes;
- Mainstreaming the special programmes into main activities and programmes of the District Municipality;
- To create structured platforms and institutional arrangements for

- effective participation of vulnerable groups in decision making, monitoring and evaluation of policies and programmes;
- To combat the spread and mitigate the impact of HIV& AIDS and TB pandemic in the District Municipality; and
- To advance government priorities on health and wellbeing of the nation through sport and recreation in the district.

### ***Special Programs***

ADM is one of the complying municipalities when it comes to Special Programmes implementation. In the 2013/14 financial year Council adopted a Special Programmes Strategy which seeks to ensure mainstreaming of the following special programmes components across the district, and into the programmes and operations of ADM departments:

- HIV and AIDS and TB
- Youth Development
- People with Disabilities
- Children’s Development
- Gender Equality/ Women Empowerment
- Older Person’s Welfare

In the process of rolling out the strategy, a number of capacity building programmes and projects for designated groups to various communities within the district, are conducted. ADM has responded to the plight of people with disabilities by introducing a capacitation program for the blind wherein Braille has been piloted in Ngqushwa and Mnquma. If successful, the program will be rolled out throughout the District.

The department has embarked in a process of developing a stand-alone HIV/AIDS Strategy which is aligned to the National Strategic Plan on HIV, STIs and TB (2012-2016). It is envisaged that the strategy will be adopted with the 2014/2015 Integrated Development Plan as one of the sector plans. The Unit is conducting a situational analysis as part of the HIV/AIDS and TB Strategy Development. Part of this involves empowering LM’s towards the creation of their own HIV/Aids and TB strategies.

The District Aids Council and District Special Programmes Forum have been revived and ADM is currently assisting in the setting up of Local HIV/Aids and TB Councils and Local Special Programmes Forums in municipal areas where they have not yet been established.

#### ***Challenges:***

- Service delivery to the disabled people remains a serious challenge.
- Lack of cooperation by some departments on the mainstreaming of special programmes.
- No impact evaluation mechanisms on completed capacity building programmes or projects.;

#### ***Remedial Actions***

- Mainstreaming of special programmes (internally and externally).
- Partner with LED in ensuring sustainable support to designated groups.
- Foster collaborations with LMs when implementing special programmes within their

respective areas of jurisdiction.

### ***Sport Development***

Amathole District Municipality established a portfolio for Sport and Recreation to ensure the co-ordination, development and wellness of its citizens within the district, as well as to foster social cohesion and unity among employees. One of the strategies in the Service Delivery Budget Implementation Plan of the institution is to co-ordinate Sport Development Programs.

The Sports Development Strategy is in the process of being reviewed to ensure alignment with provincial and national sport development plans, promotion of sport tourism and reviewal of the Terms of Reference of the District Sport Forum.

The Sport component envisages implementing sport programmes that will make a positive change in the lifestyles of the citizens/communities of the Amathole District Municipality. Besides taking part in a number of mini tournaments, the sport component implements, amongst the many community outreach programs, the annual Mayors Cup, which features children and youths from all over the District. The municipality also participates in the annual SAIMSA and SALGA games. SALGA games provide a platform for the municipality to promote sport development in the communities.

#### *Challenges:*

- Underdevelopment of sports infrastructure in small towns and rural areas;
- No alignment and cooperation between local, provincial and national in terms of planning and implementing sports development programmes.
- Incapacity of LMs to support sports programmes in their areas of jurisdiction.
- There are no sustainable/ continuous programmes that are aimed at developing sport within the district as there are currently ADHOC sport programmes.
- No dedicated personnel at LMs to coordinate sports development programmes.

#### *Remedial Actions*

- Encourage LMs to appoint Sports Officers.
- District Sport Strategy is in the process of being reviewed to ensure alignment with national and provincial Sports Development Plan, reviewal of TORs of the District Sports Forum.
- Sports legends/ ambassadors identified to ensure promotion sport tourism.

### ***Public Participation***

Every municipality is required by Section 16 of the Municipal Systems Act, Act 32 of 2000, to develop a culture of municipal government that complements formal representative government with a system of participatory governance, and must for this purpose –

- (a) Encourage and create conditions for the local community to participate in the affairs of the municipality, including in –
  - (i) The preparation, implementation and review of its IDP in terms of Chapter 5;
  - (ii) The establishment, implementation and review of its performance management systems in terms of Chapter 6;
  - (iii) The monitoring and review of the performance, including the outcomes and impact of such performance;
  - (iv) The preparation of its budget; and Strategic decisions relating to the provision of municipal services in terms of Chapter 8.

#### *Various public participation activities*

ADM developed a Public Participation and Petitions Management Framework which clearly articulates the methodology that will be employed in interfacing with its communities. Guided by the Municipal Systems Act and other relevant pieces of legislation, a range of promotional activities are held throughout the year, as per the communications cycle, which include, inter alia:- Health Awareness Programmes, Water Week, Sanitation Week, Heritage and Tourism Month, 1 Days of Activism of no violence against women and children, Youth Month, Women’s Month, etc. which also serve to promote the interests of special groups such as the youth, gender, disabled etc.

#### *Water forum meetings*

Water forum meetings are held at various municipalities as a way of consulting with political leadership and communities, as well as other ADM stakeholders, which include but not limited to, ward councillors, ward committees, community development workers, religious sector, business sector and ratepayers associations. These meetings are held at least quarterly but special meetings can be convened on the basis of concerns by communities. The purpose of these meetings is to create awareness and to educate people on water conservation.

#### *Mayoral Imbizo*

In a bid to promote interfacing with the communities and also give feedback on issues raised for the attention of the municipality as well as furnish and update communities on all projects of the municipality, the institution has resolved to hold two Mayoral Imbizo per annum.

#### *Annual Report Public Hearings*

The Annual Report Public Hearings take place in the 2<sup>nd</sup> quarter of the financial year. It is per the prescripts of Chapter 4 of the Municipal Systems Act read with Circular 63 of the MFMA, that municipalities are encouraged to account to the public on all matters relating to finances and performance.

#### *IDP and Budget Roadshows*

In accordance with legislation, IDP has to be taken to public for their comments. The unit has a responsibility to invite views from the public through IDP and Budget road-shows. The event takes

place during the third to the fourth quarter of the financial year. As part of the IDP/Budget Road-shows, ADM consults with the traditional leaders in the district.

#### *District Speakers' Forum*

The department is responsible for the co-ordination of the District Speakers Forum which is a forum of Speakers from all the Category B Municipalities within ADM. This forum enables speakers to share lessons on matters pertinent to the legislative sector in local government. The Speakers' Forum is an important platform for Speakers to compare notes on their functions as well lobby government and the organized local government on matters pertinent to the Offices of the Speaker. Amathole District Municipality has over the years played a central role in the establishment and development of a forum of Speakers at provincial level.

#### *Petition Management*

Petitions are an important instrument to enable communities to engage the municipality on matters of service delivery. One of the key pillars of democracy is to ensure responsiveness of government to citizens or community needs. The Office of Speaker is responsible for the coordination of petitions to ensure that they are attended and responded to within a reasonable period of time.

#### *Challenges*

- Uncoordinated public participation activities between ADM and the LMs;
- No public participation structures at LMs;
- Lack of responsiveness by departments on petitions.

#### *Remedial Actions*

- Public Participation and Petitions Management Framework is being reviewed to incorporate the Public Participation model and expand on the management of petitions.

### **3.5.8.3 Council Support**

Council Support unit provides secretariat services to all Council structures, which include Section 79 and 80 Committees, Mayoral Committee, Council and other Ad-hoc meetings. The unit is responsible for the compilation and distribution of agendas and the recording of meeting proceedings. The unit is also assigned with the responsibility of developing an annual Schedule of Meetings.

#### *Challenges*

- Inadequate quality assurance of agendas and minutes;
- Late submission of items which contributes towards poor quality of agenda items;
- Departments not updating items from other structures;

#### *Remedial Actions*

- Capacitation of report writers through training interventions;
- Adherence to the provisions of the Council Support Manual and Council calendar;



### **3.5.9 INTERNAL AUDITING**

#### **Introduction**

The Internal Audit Unit is an independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Amathole District Municipality (ADM). It assists the municipality in accomplishing its objectives by bringing a systematic; disciplined approach to evaluate and improve the effectiveness of the municipality's governance processes, risk management and control processes. The purpose of Internal Audit Unit is to assist Amathole District Municipality to achieve its objectives by identifying and evaluating significant exposures to risks and contributing to the improvement of risk management and control systems.

#### **Legal framework**

The Internal Audit Activity is governed by the Local Government: Municipal Finance Management Act 56 of 2003. Section 165 of the MFMA requires Internal Audit Unit to prepare a risk-based audit plan and an internal audit program for each financial year and advise the accounting officer and report to the audit committee on the implementation of the internal audit plan.

The Local Government: Municipal Systems Act 32 of 2000, section 45 (a) requires Internal Audit Unit to audit performance measurements as part of the municipality's internal auditing processes.

#### **Internal Auditing Standards**

The Internal Audit Unit operates in accordance with International Standards for Professional Practice of internal auditing prescribed by the Institute of Internal Auditors. The unit also operates in accordance with the Internal Audit Charter approved by the Audit Committee and accepted by the senior management of the municipality.

#### **Role of the Internal Audit Unit**

The Internal Audit function is responsible for conducting its work in accordance with the standards for the Professional Practice of Internal Audit established by the Institute of Internal Auditors of South Africa (IIASA). Its responsibilities will include:-

- reviewing the Internal Audit Charter on an annual basis in consultation with the Audit Committee;
- preparation of a 3 year Audit Coverage Plan;
- carrying out internal audit assignments;
- carrying out investigations of suspected fraudulent activities within the municipality;
- issuing periodic reports to the Audit Committee and management summarizing results of the audit activities;
- assisting management in its task of achieving the municipality's strategic goals; by ensuring that the staff utilised are professionals with sufficient knowledge, skills and experience to enable discharge of their duties.

**Current scenario/situation**

The unit is appropriately staffed and as a result all the audits that were planned for the first quarter of current financial year have been performed as per Internal Audit Plan. The unit has also been able to finish all the internal audit projects which were backlogs belonging to the previous financial year.

ADM has a functional Audit and Risk Committee which is an independent oversight advisory body of council. The committee was appointed by Council in May 2014. The Audit & Committee members are legislatively required to meet at least four (4) times during a financial year. Audit & Committee is delegated an oversight role of Risk Management within the institution.

ADM has a functional and capacitated Performance Audit Committee, which is an independent advisory body of council, specifically advising on matters relating to performance management. The Performance Audit Committee members are legislatively required to meet at least twice (2) times during a financial year. The ADM has appointed Evaluation Panel as in accordance to the Government Gazette of August 2006 to evaluate performance of the Municipal Manager and Section 56 Managers

Internal audit unit has been recently conducted a Quality Assurance Review (QAR) as required by the IIA standards. This review was conducted by an independent consultant KPMG. The results of assessment confirms that the internal audit unit 'Partially Conforms' which means that the ADM internal audit unit is making good-faith efforts to comply with the requirements of the IIA standards or the Code of Ethics, but fall short of achieving some objectives. These represent opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives.

**3B. SECTOR DEPARTMENT ANALYSIS**

**3B.1 DEPARTMENT OF ENVIRONMENTAL AFFAIRS**

Priorities:	Status Quo
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Environmental Aspects	
<p>Climate Change:</p> <ul style="list-style-type: none"> <li>• Mitigation Strategy</li> </ul> <p>Promotion of renewable energy, solid waste and waste water treatment</p> <ul style="list-style-type: none"> <li>• Adaptation Strategy</li> </ul> <p>Increased resilience of coastal infrastructure, reduce vulnerability of flooding events</p>	<p>Department has been conducting road shows doing situational and needs assessment on climate change. Climate change cut across all sectors so there is a need to beef up Governance and Coordination. Also mobilize and allocate resources according to the needs of municipalities.</p> <p>Findings: Green House Gas Emission Biggest sectors in GHG emissions are electricity and transport</p> <p>Effects of Climate Change:</p> <ul style="list-style-type: none"> <li>• Floods</li> <li>• Drought</li> <li>• Food security</li> <li>• Veld fires</li> <li>• Infrastructure and Livelihood</li> </ul> <p>ADM has developed a Climate Change Strategy that takes care of all its local municipalities. Local municipalities need to have individual Mitigation and Adaptation Strategy for their specific areas.</p>
<p>Natural Environment:</p> <ul style="list-style-type: none"> <li>• Geomorphology, climate, biodiversity, water sources and heritage including assets and threats</li> <li>• Environmental Governance</li> <li>• Policy and legislations</li> <li>• Interventions from National and Provincial Government, Private Sector</li> </ul>	<ul style="list-style-type: none"> <li>• All municipalities in ADM have natural resources that need to be conserved i.e. Nature Reserves, Parks, vegetation types, water resources, estuaries, wetlands and heritage sites. Coastal municipalities has coastline and estuaries. Capacity within municipalities is a challenge i.e. human resource and finance is an issue. Estuaries are infested by alien plants, DEA Natural Resource Management Branch has approved projects in dealing with the alien plants. Maintenance of parks in municipalities is a challenge.</li> <li>• Mechanism to ensure environment accountability and reporting in municipalities: Environmental and Waste function are managed under Community Service Department in all local municipalities. ADM has functional Environment and Waste Management unit. Functional structures that facilitate public participation and engagement around environmental management and planning: IDP, Solid Waste. Environmental Management Forum does not exist in the local municipalities, ADM is in the process of reviving EMF where all local municipality will participate. ADM (with the support from DEA and DEDEAT) has mechanisms to capacitate local communities on environmental issues i.e. awareness campaign, access to environmental information and celebration of environment days. There are projects aimed at environmental protection and quality (protection of indigenous plants, wetlands, water; and promotion of recycling and reuse of materials) through the support of sector departments. Existence of environmental policy and or by-laws within the municipalities: Bi laws are a challenge in all municipalities are outdated they need to be reviewed. Also need green scorpions/ Peace Officers for enforcement of bi laws.</li> <li>• Environmental planning tools (such as State Of Environment Report, Environmental Management Framework and associated Environmental Management Plans and Waste Management Plan) that guides municipalities: All local municipalities have reviewed their IWMPs. Mnquma, Mbashe and Amahlathi have EMPs, Nkonkobe is in the process of developing EMP. Support from DEA for the development of Coastal Management Plan has been received by all coastal municipalities.</li> </ul>

	<ul style="list-style-type: none"><li>• There is capacity building initiatives and support on Environment and Waste management projects from DEA and DEDEAT</li></ul>
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## CHAPTER 4: DEVELOPMENT OBJECTIVES AND STRATEGIES

### INTRODUCTION

The Institutional Strategic Planning session conducted on 14-16 January 2014 confirmed the following strategic goals and objectives for the five key performance areas:

<b>KPA 1 - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPEMENT</b>		
		<b>Strategic Objectives</b>
<b>Outcome</b>	Quality basic education	<ul style="list-style-type: none"> <li>✓ To attract, retain, build capacity and maximise utilization of ADM human capital by 2017</li> <li>✓ Ensure integrated and responsive ICT function by 2017</li> <li>✓ To ensure district-wide coordination of implementation, monitoring and evaluation of IDP by 2017</li> </ul>
	Skilled and capable workforce to support an inclusive growth path	
	All people in SA are and feel safe	
	Responsive, accountable, effective and efficient Local Government system An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	
<b>National priority</b>	Strengthen skills and human resource base	
	Pursuing African advancement and enhanced international co-operation	
	Building a developmental state including improvement of public services and strengthening democratic institutions	
<b>Provincial priority</b>	Strengthen education, skills and human resource base	
<b>District Strategic goal</b>	Improve organisational cohesion and effectiveness	
<b>District intended outcome</b>	Improved organisational stability and sustainability	

<b>KPA 2- SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>		
		<b>Strategic Objectives</b>
<b>Outcome</b>	A long and healthy life for all South Africans	<ul style="list-style-type: none"> <li>✓ Provision of adequate, potable and sustainable water services infrastructure by 2018</li> <li>✓ Provision of sustainable and environmentally friendly sanitation and services to all communities by 2018</li> <li>✓ To ensure reduction of the prevalence of communicable diseases by 2017</li> <li>✓ Enhance the provision and standardisation of fire services by 2017</li> <li>✓ Facilitate Sustainable coordination of disaster relief and response by 2017</li> <li>✓ Ensure that solid and medical waste is managed in an integrated, environmentally friendly and sustainable manner throughout ADM by 2017</li> <li>✓ All households to have access to public transport facilities, within 2km walking distance by 2022</li> <li>✓ Facilitate development of sustainable and viable settlements by 2014</li> </ul>
	Sustainable human settlement and improved quality of household life	
<b>National priority</b>	Sustainable human settlement and improved quality of household life	
	Massive programme to build social and economic infrastructure	
	Sustainable resource management and use	
<b>Provincial priority</b>	Massive programme to build social and economic infrastructure	
	Building cohesive, caring and sustainable communities	
<b>District Strategic goal</b>	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	
<b>District intended outcome</b>	Sustainable delivery of improved services to all households	

<b>KPA 3- LOCAL ECONOMIC DEVELOPMENT</b>		
		<b>Strategic Objectives</b>
<b>Outcome</b>	Responsive, accountable, effective and efficient local government system	<ul style="list-style-type: none"> <li>✓ To promote holistic sustainable regional economic development by 2030</li> </ul>
	Decent employment through inclusive economic growth	
	Skilled and capable workforce to support an inclusive growth	
	An efficient, competitive and responsive economic infrastructure network	
<b>National priority</b>	Decent employment through inclusive economic growth	
	An efficient, competitive and responsive economic infrastructure network	

	A long and healthy life for all South Africans
<b>Provincial priority</b>	Massive programme to build social and economic infrastructure
	Speed up growth and transforming the economy to create decent work and sustainable livelihood
	Strengthening education, skills and human resource base
	Intensifying the fight against crime and corruption
	Rural development, land and agrarian reform and food security
<b>District Strategic goal</b>	Create an environment that promotes the development of the local economy and facilitate job creation
<b>District intended outcome</b>	Improved municipal economic viability
<b>Political commitment</b>	Creation of decent work and sustainable livelihoods
	Rural development, food security and land reform

**KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

		<b>Strategic Objectives</b>
<b>Outcome</b>	Responsive, accountable, effective and efficient local government system	✓ To ensure sound and sustainable management of municipal finances by 2017
<b>National priority</b>	Intensify the fight against crime and corruption	
<b>Provincial priority</b>	Intensifying the fight against crime and corruption	
<b>District Strategic goal</b>	To improve overall financial management in the municipalities by developing and implementing appropriate financial management policies, procedures and systems.	
<b>District intended outcome</b>	Improved financial management and accountability.	
<b>Political commitment</b>	Fight against crime and corruption	

**KPA 5- GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

		<b>Strategic Objectives</b>
<b>Outcome</b>	Responsive, accountable, effective and efficient local government system	✓ To ensure clean and accountable governance in the district by 2017 ✓ To ensure a district-wide coordination of integrated planning, implementation,
	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	
	Vibrant, equitable, sustainable rural communities contributing towards food security for all	

	Create a better South Africa, a better Africa and a better world	
<b>National priority</b>	Building a capable state	✓ Mainstreaming of Special programmes into ADM programmes by 2017
	Intensify the fight against crime and corruption	
	Building a developmental state and improving the public services and strengthening democratic institutions	✓ To ensure that Local Municipalities are empowered to render services that are within their powers and functions by 2017
	Pursuing African advancement and enhanced international cooperation	
<b>Provincial priority</b>	Building a developmental state and improving the public services and strengthening democratic institutions	✓ To promote effective communication of ADM's business to its stakeholders by 2017
	Intensifying the fight against crime and corruption	
	Build cohesive, caring and sustainable communities	✓ To deepen local democracy through community participation by 2017
<b>District Strategic goal</b>	Promote a culture of participatory and good governance	
District intended outcome	Entrenched culture of accountability and clean governance	
Political commitment	Fight against crime and corruption	

*Strategic Objectives*

The following tables provide a detailed breakdown of objectives that indicate what the district municipality can reasonably achieve within the available resources, as well as strategies and programmes that provide the concrete interventions that the district municipality will implement to attain its objectives:



16/17 OBJECTIVES AND STRATEGIES

KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT OBJECTIVES AND STRATEGIES

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Human Resource and Administration	To attract, retain, build capacity and maximise utilization of ADM human capital by 2017	MTI 1	Implementation of the approved establishment plan	Turnaround time in filling of critical, vacant and budgeted posts	MTI 1/1	Quarterly reports and supporting evidence	14/15 Organogram that is in line with the IDP-vacancy refers to posts which had warm bodies and were vacant as of 1 July 2016	3 months Turnaround time in filling all vacant and budgeted posts	3 months Turnaround time in filling all vacant and budgeted posts	3 months Turnaround time in filling critical, vacant and budgeted posts	Director Corporate Services
			Implementation of the Employment Equity Plan	% female presentation compliance with the Employment Equity Plan	MTI 1/2	Quarterly reports	40% Female representation within the institution	42% Female representation within the institution	43% Female representation within the institution	44% Female representation within the institution	Director Corporate Services

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
				% of Disabled employees employed in accordance to the EEP target	MTI 1/3	Quarterly reports	1% of Disabled employees employed in accordance to the EEP target	1% of Disabled employees employed in accordance to the EEP target	1% of Disabled employees employed in accordance to the EEP target	1% of Disabled employees employed in accordance to the EEP target	Director Corporate Services
Information and Communication Technology	Ensure integrated and responsive ICT function by 2017	MTI 2	Implementation of the ICT Master Strategic Plans	Implementation of Enterprise Resource Planning System (ERP)Deployment	MTI 2/1	Quarterly Reports	ICT Master Strategic Plan and ADMaC System	2 programmes implemented as per the Enterprise Resource Planning System (ERP)Deployment	2 programmes implemented as per the Enterprise Resource Planning System (ERP)Deployment	2 programmes implemented as per the Enterprise Resource Planning System (ERP)Deployment	Director Strategic Planning and Management

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Performance Management	To ensure a district-wide coordination of implementation, monitoring and evaluation of IDP by 2017	MTI 3	Coordinate performance reporting, monitoring and evaluation	No. of organisation performance reviews conducted	MTI 3/1	Quarterly performance assessment reports	Approved Service Delivery & Budget Implementation Plan	4 organisation performance reviews conducted	4 organisation performance reviews conducted	4 organisation performance reviews conducted	Director: Strategic Planning and Management
				No. of Quarterly Individual performance assessment reports	MTI 3/2	Quarterly performance assessment reports	Approved Employee Performance Management Policy & Procedure	4 Individual performance assessment reports	4 Individual performance assessment reports		Director: Strategic Planning and Management

**KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT OBJECTIVES AND STRATEGIES**

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Water	Provision of adequate, potable and sustainable water services infrastructure by 2018	SDI 1	Eradicate water backlogs	No. of household with new water connection	SDI 1/1	Quarterly report	221 159 Households (18 841 backlogs)	3100 HH with new water connections	5000 HH with new water connections	5000 HH with new water connections	Director Engineering
			Refurbishment of water infrastructure	No. of refurbished Water Services Infrastructure as per the Refurbishment Plan (Dams, WTW's & WWTW's)	SDI 1/2	Quarterly report	Commenced implementation in Dutywa (2 dams completed) and Butterworth/ refurbishment plan updated	1 (Dam, WTWs & WWTWs) as per the refurbishment plan	1 (Dam, WTWs & WWTWs) as per the refurbishment plan	1 (Dam, WTWs & WWTWs) as per the refurbishment plan	Director Engineering

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Provision of interim water supply	No of house hold provided with interim water supply	SDI 1/3	Quarterly report	3544 House Holds	250 HH interim water supply	250 HH interim water supply	250 HH interim water supply	Director Engineering
			Registration of Indigent Consumers	No. of new registered indigent consumers receiving 10kl free water basic services	SDI 1/4	Quarterly reports	562 + 756 (Q1 and Q2)	2 000 new registered Indigent consumers receiving 10kl free basic water services	2 000 new registered Indigent consumers receiving 10kl free basic water services	2 000 new registered Indigent consumers receiving 10kl free basic water services	Chief Financial Officer
			Reduction of water losses	% reduction on water losses within 3 specified	SDI 1/5	Quarterly report	46% water loss throughout the district	5% reduction of water losses within 3 specified	5% reduction of water losses within 3 specified	5% reduction of water losses within 3 specified	Director Engineering Services

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
				schemes in the district				schemes in the district	schemes in the district	schemes in the district	
			Monitor water and waste water quality compliance on a monthly basis	No. of drinking water samples taken to determine compliance with SANS 241	SDI 1/6	Quarterly reports	1420 drinking water samples tested	1520 drinking water samples tested	1520 drinking water samples tested	1520 drinking water samples tested	Director: Community Services
Sanitation	Provision of sustainable and environmentally friendly sanitation and services to all	SDI 2	Eradicate sanitation backlogs utilizing service delivery fast tracking	No of household supplied with new VIP Toilets	SDI 2/1	Quarterly report	154 235 HH (85 765 sanitation backlog)	-	10 000 HH with new VIP Toilets	10 000 HH with new VIP Toilets	Director Engineering

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
	communities by 2018		mechanism								
			Monitor water and waste water quality compliance on a monthly basis	No. of waste water samples taken to determine compliance with General Authorisation Standards	SDI 2/2	Quarterly reports	180 waste water samples tested	188 waste water samples tested	188 waste water samples tested	188 waste water samples tested	Director: Community Services
Municipal	To ensure reduction of the prevalence	SDI 3	Improve the compliance of	No. of LMs with business licence	SDI 3/1	Quarterly reports	7 LMs with business licence registration	2 LMs with business licence application	2 LMs with business licence application forms complying	2 LMs with business licence application	Director: Community Services

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Health services	of communicable diseases by 2017		business premises related to Municipal Health Services legislation	application forms complying with MHS legislation			forms complying with MHS Legislation	forms complying with MHS legislation (Mbhashe and Mnquma)	with MHS legislation (Great Kei and Amahlathi)	forms complying with MHS legislation (Ngqushwa and Raymond Mhlaba)	
Fire services	Enhance the provision and standardisation of fire services by 2017	SDI 4	Construct and operationalize legally compliant fire stations in the district	No. of fire safety & emergency facilities to be developed/upgraded	SDI 4/1	Quarterly reports	9 fire stations completed (Cintsa , Centane Kei Mouth, Willowvale and Hamburg, Elliotdale, Peddie, Komga, Dutywa	1 fire safety & emergency facility 20% constructed in Butterworth	Completion of fire safety & emergency facility in Butterworth	1 fire safety facility 20% constructed Ngqamakhwe	Director: Engineering



PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Enhance fire safety compliance	No. of compliance inspections undertaken	SDI 4/2	Quarterly reports	60 compliance inspections undertaken	70 of compliance inspections undertaken	80 of compliance inspections undertaken	90 of compliance inspections undertaken	Director: Community Services
Disaster Management	Facilitate Sustainable coordination of disaster relief and response by 2017	SDI 5	Rehabilitation of disaster damages as per Disaster Management Framework	No of Disaster response, recovery & rehabilitation initiatives implemented	SDI 5/1	Quarterly reports	1053 households assisted with relief material (5 affected LMs)	200 of households provided with Disaster relief material distributed to 3 LMs	200 of households provided with Disaster relief material distributed to 3 LMs	200 of households provided with Disaster relief material distributed to 3 LMs	Director: Community Services

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Waste Management	Ensure that solid and medical waste is managed in an integrated, environmentally friendly and sustainable manner throughout ADM by 2017	SDI 6	Implementation of the Integrated Waste Management Plan	Construction of solid waste transfer stations built in Amahlathi	SDI 6/1	Quarterly report	Solid waste transfer station in (Dutywa) and Phase 2 Solid waste transfer station in Amahlathi.	Phase 3 of Solid Waste Transfer Station completed in Amahlathi.	Last Phase of Solid Waste Transfer Station built and completed in Amahlathi	Phase 1 of Solid Waste transfer station completed in Mnquma	Director Engineering
				Construction of solid waste western regional site built in Nkonkobe	SDI 6/1		Completed Phase 2 of solid waste western regional site completed in Nkonkobe	Phase 3 of Solid Waste western regional site completed in Nkonkobe	Last Phase of Solid Waste western regional site built in Nkonkobe	Operationalization of the Solid Waste western regional site	Director Engineering

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Transport	All households to have access to public transport facilities, within 2km walking distance by 2022	SDI 7	Implementation of the Integrated Transport Plan	No. of Public Transport facilities upgraded	SDI 7/1	Quarterly report	3 Public Transport Facilities upgraded and one Preliminary Design completed for 1 PTF	1 Public Transport Facilities upgraded	2 Public Transport Facilities upgraded	2 Public Transport Facilities upgraded	Director Engineering
Land reform & Human Settlements	Facilitate development of sustainable and viable settlements by 2017	SDI 8	Provision of engineering services to land reform settlements	No. of Settlements provided with engineering services	SDI 8/1	Quarterly reports	1 settlement at practical completion of engineering services (Wortelsdrift)	1 settlement Provided with engineering services (Prudhoe)	1 settlement Provided with engineering services	1 settlement Provided with engineering services	Director: Engineering
				No. of Preliminary design reports developed	SDI 8/2	Quarterly reports	5 Preliminary design reports developed for 5 Settlements	2 Preliminary design reports developed	2 Preliminary design reports developed for 2 Settlements	2 Preliminary design reports developed for 2 Settlements	

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
				for Settlements				for Settlements			

### KPA 3: LOCAL ECONOMIC DEVELOPMENT OBJECTIVES AND STRATEGIES

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Local Economic Development	To promote holistic sustainable regional	LED 1	Implementation of Amathole Regional Economic	No of AREDS construction projects	LED 1/1	Quarterly reports supporte	2 AREDS programmes	2 AREDS programme	2 AREDS programme	2 AREDS programme	Director: Land, Human Settlements & Local

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Development	economic development by 2030		Development Strategy	implemented in Alice		led by evidence					Economic Development
Tourism			Implementation of the Tourism Master Plan	No. of Tourism master plan projects implemented	LED 1/2	Quarterly reports	8 Tourism programmes	5 Tourism programmes implemented	5 Tourism programmes implemented	5 Tourism programmes implemented	Director: Land, Human Settlements & Local Economic Development
			Implementation of Film Industry Development Strategy	No. of Film makers supported in 3 local municipalities	LED 1/3	Quarterly reports	5 programmes	3 Film Industry Strategy programmes	2 Film Industry Strategy programmes	3 Film Industry Strategy programmes	Director: Land, Human Settlements & Local Economic Development
Heritage			Implementation of the Heritage	No of Heritage management	LED 1/4	Quarterly reports	10 Heritage programmes	4 Heritage programmes	4 Heritage programmes	3 Heritage programmes	Director: Land, Human Settlements

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Resources Management Plan	plan projects implemented							& Local Economic Development
Agriculture			Implementation of the Agricultural Development Plan focusing on commercial and high value projects	No. of Agricultural development plan programmes implemented	LED 1/5	Quarterly reports	7 Agricultural programmes implemented	4 Agricultural programmes implemented	4 Agricultural programmes implemented	4 Agricultural programmes implemented	Director: Land, Human Settlements & Local Economic Development
				Developed feasibility study on the development of the Fresh Produce Market	LED 1/6	Quarterly reports	Agricultural Development Plan	Developed feasibility study on the development of the fresh produce market	Implementation of the recommendations of the Abattoir feasibility study	Implementation of the recommendations of the Fresh produce	Director: Land, Human Settlements & Local Economic Development

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Implementation of the National Presidential Rural Development Infrastructure Programme	No. of infrastructure rural development projects implemented	LED 1/7	Quarterly reports supported by evidence	6 Infrastructure projects	2 infrastructure rural development projects implemented	3 infrastructure rural development projects implemented	4 infrastructure rural development projects implemented	Director: Land, Human Settlements & Local Economic Development
Environment Management			Implementation of the Integrated Environmental Management Plan	No. of Environmental management plan projects implemented	LED 1/8	Quarterly reports	11 Environmental programmes	6 Flagship Environmental programmes implemented	5 Flagship Environmental programmes implemented	5 Environmental programmes implemented	Director: Land, Human Settlements & Local Economic Development
Cooperatives Development and Support			Implementation of Cooperatives Strategy	No. of Cooperatives supported	LED 1/9	Quarterly reports	3 Cooperatives Implemented	3 Cooperatives Programmes implemented	3 Cooperatives Programmes implemented	3 Cooperatives Programmes implemented	Director: Land, Human Settlements & Local Economic Development

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Enterprise Development			Empowerment and capacity building of SMME's	% of SMME that have benefited from a SMME support program within the district	LED 1/10	Quarterly reports	40% of SMME that have benefited from a SMME support program within the district	40% of SMME's that have benefited from an SMME support program within the district	40% of SMME's that have benefited from an SMME support program within the district	40% of SMME's that have benefited from an SMME support program within the district	Director: Land, Human Settlements & Local Economic Development
			Implementation of SMMEs development strategy	No. of SMME development programmes implemented	LED 1/11	Quarterly reports	5 SMME development programmes implemented	3 SMME development programmes implemented	2 SMME development programmes implemented	2 Enterprise development strategies implemented	Director: Land, Human Settlements & Local Economic Development
Job Creation			Implementation of EPWP Policy and Guidelines	No of jobs created using EPWP programme	LED 1/12	Quarterly reports supported by evidence	12 292 jobs created through EPWP out of 51 projects	1500 jobs created using EPWP programme	1500 jobs created using EPWP programme	1500 jobs created using EPWP programme	Director: Land, Human Settlements & Local Economic Development



PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Implementing plans to stimulate second economy in line with the Informal Trade Strategy and Industrial Development Strategy	No of informal traders supported	LED 1/14	Quarterly reports	4 Informal traders programmes	2 Informal trade programmes	2 Informal trade programmes	2 Informal trade programmes	Director: Land, Human Settlements & Local Economic Development
			Implementation of the HRD Strategy	No. of candidates participating in skills programme created through HRD Strategy	LED 1/15	Quarterly Report	70 candidates	5 candidates participating in HRD skills programmes	20 candidates participating in HRD skills programmes	20 candidates participating in HRD skills programmes	Director: Corporate Services

**KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT OBJECTIVES AND STRATEGIES**

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Financial Viability	To ensure sound and sustainable management of municipal finances by 2017	MFV 1	Financial Viability as expressed by ratios	Financial viability expressed by Debt Coverage ratio	MFV 1/1	Quarterly reports	1.5	2	3.3	921.8	Chief Financial Officer
				Financial viability expressed by Outstanding service debtors to revenue ratio	MFV 1/2	Quarterly reports	142%	101%	247%	268%	Chief Financial Officer
				Financial viability expressed by Cost Coverage ratio	MFV 1/3	Quarterly reports	1	1	1	1	Chief Financial Officer
			Expansion of billable water consumers to all households	MFV 1/4	Quarterly report	29834 Meters 99% billing	99% billing of billable metered water consumers	99% billing of billable metered water consumers	99% billing of billable metered water consumers	Chief Financial Officer	

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			ds in the district								
Expenditure Management	To ensure sound and sustainable management of municipal finances by 2017		Monitoring and implementation of MIG three (3) year capital budget and MSIG	% budget spent on MIG funding	MFV 1/5	Quarterly reports supported by evidence	100% expenditure of the MIG allocation for the year 2014 /2015	100% spent on MIG funding	100% spent on MIG funding	100% spent on MIG funding	Director: Engineering
				% budget spent on MSIG funding	MFV 1/6	Quarterly reports supported by evidence	100% expenditure of the MIG allocation for the year 2015 /2016	100% spent on MSIG funding	100% spent on MSIG funding	100% spent on MSIG funding	Director: Strategic Planning and Management

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Payment of all invoices within 30 days of receipt in line with Section 65 of the MFMA	% of invoices paid within 30 days of receipt	MFV 1/7	Quarterly report	97%	100% payment of invoices paid received within 30 days	100% payment of invoices paid received within 30 days	100% payment of invoices paid received within 30 days	Chief Financial Officer
			Implementation of the Workplace Skills Plan	% budget spent on implementing Workplace Skills Plan	MFV 1/8	Quarterly reports	100% spent on Workplace Skills Plan budget allocated to ADM	100% budget spent on implementation of Workplace Skills Plan	100% budget spent on implementation of Workplace Skills Plan	100% budget spent on implementation of Workplace Skills Plan	Director Corporate Services
Revenue Enhancement			Implementation of Credit Control and	% total collection on outstanding debts	MFV 1/9	Quarterly report	45% collected on outstanding debts	50% total collection on outstanding debts	55% total collection on outstanding debts	60% total collection on outstanding debts	Chief Financial Officer

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Indigent Policies								
			Management of leased ADM Property	% collected on leased ADM Buildings	MFV 1/10	Quarterly report	4 ADM Owned Buildings	100% collected on leased ADM Buildings	100% collected on leased ADM Buildings	100% collected on leased ADM Buildings	Chief Financial Officer
			Implementation of Fire Safety by-law	Amount collected on Municipal fire services	MFV 1/11	Quarterly reports supported by evidence	R10000 collected	R25 000 collected on fire services	R30 000 collected on fire services	R35 000 collected on fire services	Director: Community Services
Asset Management			Completeness and accurate asset register	% update of the asset management system	MFV 1/12	Quarterly reports	Audited Integrated Asset Management Information System???? Determine the percentage	100% Updated Automated Asset Register	100% Updated Automated Asset Register	100% Updated Automated Asset Register	Chief Financial Officer

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
							of assets currently on the system.				
Supply Chain Management			Implement reviewed SCM systems and procedures to address issues causing deviations	% reduction in the number of deviations	MFV 1/14	Quarterly Reports	2% number of deviations and the SCM Policy	Reduction in number of deviations by 20%	Reduction in number of deviations by 20%	Reduction in number of deviations by 20%	Chief Financial Officer

**KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION OBJECTIVES AND STRATEGIES**

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Governance	To ensure clean and accountable governance in the district by 2017	GGP 1	Provide assurance and consulting services on matters relating to Governance processes, Risk Management and Internal Controls	% Implementation of Internal Audit action plans submitted to EMC	GGP 1/1	Monthly Report to EMC with supporting evidence.	Internal Audit Reports	100 % Implementation of Internal Audit action plans submitted to EMC	100 % Implementation of Internal Audit action plans submitted to EMC	100 % Implementation of Internal Audit action plans submitted to EMC	Director: Strategic Planning & Management
				% Implementation of Auditor General action plans submitted to EMC	GGP 1/2	Quarterly Reports	14/15 Audit Plan and 80% Audits	100 % Implementation of Auditor General action plans submitted to EMC	100 % Implementation of Auditor General action plans submitted to EMC	100 % Implementation of Auditor General action plans submitted to EMC	Director: Strategic Planning and Management

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
				No of Risk Management reports submitted to the Audit and Risk Committee	GGP 1/3	Quarterly reports supported by evidence	Risk Master Plan	4 Risk Management reports submitted to the Audit and Risk Committee	4 Risk Management reports submitted to the Audit and Risk Committee	4 Risk Management reports submitted to the Audit and Risk Committee	Director: Strategic Planning and Management
			Provide assurance and consulting services on matters relating to Governance processes, Risk Management and	Annual Report with Financial statements compliant with MFMA and GRAP submitted to Auditor-General by 31st	GGP 1/4	Annual Report with Financial Statement report to Council	14/15 Annual Report and audited Annual Financial Statement	15/16 Annual Report and audited Annual Financial Statement submitted to AG and Council	16/17 Annual Report and audited Annual Financial Statement submitted to AG and Council	17/18 Annual Report and audited Annual Financial Statement submitted to AG and Council	Director: Strategic Planning and Management



PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Internal Controls	August annually							
				Monthly budget statement & Mid-year budget assessment reports submitted to Mayor, Provincial & National Treasuries	GGP 1/5	Quarterly report	Section 71 & 72 reports	Monthly budget statements & Mid-year budget performance reports submitted to Mayor, Provincial & National Treasuries	Monthly budget statements & Mid-year budget assessment reports submitted to Mayor, Provincial & National Treasuries	Monthly budget statements & Mid-year budget assessment reports submitted to Mayor, Provincial & National Treasuries	Chief Financial Officer
			Coordinate functioning and capacity of Council oversight structures	% of Council resolutions implemented annually	GGP 1/6	Quarterly reports	100% Council resolutions implemented annually	100% Council resolutions implemented annually	100% Council resolutions implemented annually	100% Council resolutions implemented annually	Director: Legislative and Executive Support Services

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Integrated Development Planning,	To ensure a district-wide coordination of integrated planning, by 2017	GGP 2	Coordinate development and alignment of the IDP, SDBIP and budget integration	Integrated Development Plan submitted to Council for approval	GGP 2/1	Draft & Final IDP reports to Council	Approved 16/17 IDP submitted to Council for approval	2017-2021 IDP submitted to Council for approval	18/19 IDP submitted to Council for approval	19/20 IDP submitted to Council for approval	Director: Strategic Planning & Management
				Budget & Adjustment budget submitted to Council for approval	GGP 2/2	Draft & Final Budget reports to Council	Approved 16/17 Budget	17/18 Budget submitted to Council for approval	17/18 Budget submitted to Council for approval	18/19 Budget submitted to Council for approval	Chief Financial Officer
Policy and Research				Developed ADM Long term Vision submitted to Council	GGP 2/3	Quarterly reports supported by evidence	Vision 2030 Framework	Developed ADM Long term Vision submitted to Council	n/a	n/a	Director: Strategic Planning & Management

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Inter-governmental and International Relations			Strengthen IGR structures within Amathole area of jurisdiction	No. of municipalities with functional IGR Structures	GGP 2/4	Quarterly reports	7 LM's with functional IGR structures	7 LM's with functional IGR structures	7 LM's with functional IGR structures	7 LM's with functional IGR structures	Director: Strategic Planning & Management
Special programs	Mainstreaming of Special programmes into ADM programmes by 2017	GGP 3	Implementation of programs as per approved SPU Strategy	No. of programmes for designated groups capacitated on socio political issues as per Special Programs Strategy	GGP 3/1	Quarterly reports supported by evidence	12 Special programs	6 programmes for designated groups capacitated on socio political issues as per Special Programs Strategy	6 programmes for designated groups capacitated on socio political issues as per Special Programs Strategy	6 programmes for designated groups capacitated on socio political issues as per Special Programs Strategy	Director: Legislative & Executive Support Service

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
			Coordinating planning and reporting of District support provided to LMs	No of reports on District support submitted to the EMC	GGP 4/1	Quarterly reports	Nil	4 Quarterly reports on District support provided to LMS	4 Quarterly reports on support provided to LMS	4 Quarterly reports on support provided to LMS	Director: Strategic Planning and Management
Communication	To promote effective communication of ADM's business to its stakeholders by 2017	GGP 5	Management of customer relations	Turnaround time for responding to customer complaints	GGP 5/1	Quarterly report	Manual recording system	3 working days responding to customer complaints	2 working days responding to customer complaints	2 working days for responding to customer complaints	Director: Strategic Planning & Management
			Enhance communication between ADM and external stakeholders	No of communication programmes conducted	GGP 5/2	Quarterly reports supported by evidence	8 programmes, Outside Broadcast, 16 Initiatives	12 communication programmes conducted	12 communication programmes conducted	12 communication programmes conducted	Director: Strategic Planning & Management

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Public Participation	To deepen local democracy through community participation by 2017	GGP 6		Turnaround time taken to respond to Petitions received from customers	GGP 6/1	Quarterly reports supported by evidence	Public participation and petitions management policy	30 working days for responding to petitions received from communities	30 working days for responding to petitions received from communities	30 working days for responding to petitions received from communities	Director: Legislative & Executive Support Services
				No. of programmes implemented as per Public Participation and Petition Framework Policy	GGP 6/2	Quarterly reports supported by evidence	15 programs implemented	8 programs implemented Public Participation and Petitions management policy	8 programs implemented Public Participation and Petitions management policy	12 programs implemented Public Participation and Petitions management policy	Director: Legislative & Executive Support Services

PRIORITY AREA	OBJECTIVE	OBJ CODE	STRATEGY	INDICATOR	IND CODE	MEASUREMENT SOURCE AND FREQUENCY	BASE-LINE	TARGET: 16/17	TARGET: 17/18	TARGET: 18/19	ACCOUNTABLE OFFICIAL
Labour Relations	To attract, retain, build capacity and maximise utilization of ADM human capital by 2017	GGP 7	Implementation of the Labour Relations Strategy	Turn around time taken in handling grievances lodged	GGP 7/1	Quarterly Reports	Labour Relations Strategy	3 months taken in handling( initiating) disciplinary and grievance cases reported	3 months taken in handling( initiating) disciplinary and grievance cases reported	3 months taken in handling( initiating) disciplinary and grievance cases reported	Director Corporate Services

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1617 DRAFT

#### 4B. DRAFT 16/17 EXTERNALY FUNDED PROJECTS

##### AM AHLATHI LM

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
<b>AM AHLATHI LOCAL MUNICIPALITY</b>			
Stutterheim Sewer Pipe Replacement		5 000 000	20 000 000
Tsomo Villages Regional Water Supply	2 500 000	25 000 000	5 000 000
Zingcuka Water Supply	15 000 000	3 000 000	5 000 000
Amahlathi Area wide Sanitation Projects (Region 2A)	-	15 000 000	5 000 000
Amahlathi Area wide Sanitation Projects (Region 3)	-	8 660 000	10 000 000
Kei Road Settlement	100 000	1 000 000	2 000 000
Stutterheim Water Pipe replacement		1 000 000	10 000 000
Cathcart Infrastructure Refurbishment (Water Treatment Works Upgrade, Bulk Upgrade & Pipeline Replacement)			5 000 000
<b>Not yet registered to MIG</b>			
Stutterheim WTW		5 000 000	1 000 000
Kei Road WTW		800 000	1 000 000
Keiskammahoek WWTW		800 000	1 000 000
Rabula Phase 2 Water Supply		500 000	1 000 000
<b>TOTAL Amahlathi</b>	<b>17 600 000</b>	<b>65 760 000</b>	<b>66 000 000</b>

##### GREAT KEI LM

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
Komga Commonage Settlement Services	10 049 629	2 000 000	1 000 000
New Waste Water Treatment Works - Morgan's Bay - Feasibility Study		750 000	10 000 000
<b>Not yet registered to MIG</b>			
Morgan's Bay WTW upgrade		500 000	2 000 000
Kei Mouth Reticulation		500 000	2 000 000
Upgrade Komga WTW		500 000	2 000 000
Kei Mouth Pipe Replacement		500 000	2 000 000
Morgans Bay sewage upgrade		500 000	3 000 000
Chintsa East Bulk Services Upgrade (to include WTW and WWTW)		500 000	2 000 000
Kei Bridge Komga WTW		500 000	2 000 000
Haga Haga WTW		500 000	2 000 000
Komga sewer reticulation upgrade (Preliminary Design, Detailed Design and tender documentation Development)		500 000	5 000 000
Implement Sanitation Upgrade study recommendations in tourist nodes (Kei-Mouth - Morgans Bay)		1 000 000	5 000 000
<b>TOTAL Great Kei</b>	<b>10 049 629</b>	<b>8 250 000</b>	<b>38 000 000</b>



**MBHASHE LM**

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
<b>MBHASHE LOCAL MUNICIPALITY</b>			
Mbhashe North Regional Water Scheme	10 500 000		
Sundwane Water Supply Scheme	17 144 427	15 000 000	14 000 000
Xora Water Supply Project	15 648 473	20 000 000	15 000 000
Mncwasa Water Supply Scheme	-	3 000 000	3 000 000
Mgwali North Water Supply Project	15 500 000	15 000 000	10 000 000
Mgwali South Water Supply Project	14 120 997	20 000 000	10 000 000
Idutywa East Water Supply Project		1 000 000	1 000 000
Area Wide Sanitation Projects (ASAP) (Mbhashe Phase 1A) (Region 1)		-	-
Mbhashe Area Wide Sanitation (Region 3B)		5 000 000	3 000 000
Mbhashe Area Wide Sanitation (Region 2C)		5 000 000	3 000 000
Mbhashe Area Wide Sanitation (Region 1B)		-	2 000 000
Mbhashe Area Wide Sanitation (Region 2B)		-	2 000 000
Mbhashe Area Wide Sanitation (Region 2D)		5 000 000	3 000 000
Mbhashe Ward 31 Water Supply		5 000 000	3 000 000
Mbhashe Ward 31 Sanitation		-	-
Bende Water Supply Scheme		5 000 000	5 000 000
Shixini Water Supply Scheme		5 000 000	5 000 000
Shixini Sanitation		-	-
Mboya (Willowalle) Settlement		1 000 000	1 000 000
Elliottdale Waste Water Treatment Plant (Feasibility Study)		-	5 000 000
Dutywa Pipe Replacement		10 000 000	10 000 000
Idutywa Sewer Pipe replacement		10 000 000	10 000 000
<b>Not yet registered to MIG</b>			
Dutywa Dams		1 000 000	1 000 000
Dutywa Bulk Services Upgrade (to include water resource development, WTW and WWTW)		1 000 000	5 000 000
Qwaninga WTW		1 000 000	500 000
Cuntsula and Gwentsha Settlement		500 000	500 000
Implement Sanitation Upgrade study recommendations in tourist nodes (The Haven and surrounds)		500 000	3 000 000
<b>TOTAL Mbhashe</b>	<b>72 913 897</b>	<b>129 000 000</b>	<b>115 000 000</b>

**MNQUMA LM**

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
<b>MNQUMA LOCAL MUNICIPALITY</b>			
Ehlobo Phase 3 Water Supply	1 814 440		
Crouch's Bush Water Supply Project	1 500 000		
Ibika-Centane Regional Water Supply Phase 1-3	-	20 000 000	10 000 000
Centane Bucket Eradication	-	1 000 000	12 000 000
Gcuwa West Regional Water Supply	31 009 000	20 000 000	5 000 000
Nxaxo and Cebe Water Supply	20 824 940	20 000 000	5 000 000
Ngqamakwe Regional Water Supply Phase 1	30 200 000		15 000 000
Ngqamakwe Regional Water Supply Phase 2	-	20 000 000	15 000 000
Ngqamakwe Regional Water Supply Phase 3	-	5 000 000	15 000 000
Area Wide Sanitation Projects (Mnquma Phase 1A) (Region 1)	420 000		5 000 000
Mnquma Area Wide Sanitation (Ward 17 and 19)	1 850 000	10 000 000	5 000 000
Mnquma Area Wide Sanitation Projects (Region 3A)		5 000 000	4 998 000
Zizamele Sewerage Reticulation Phase 2		10 000 000	8 000 000
Centane Phase 4 Water Supply		10 000 000	8 000 000
Bawa Falls Water Supply Project		15 000 000	10 000 000
Cafutweni Water Supply Scheme		10 000 000	1 000 000
<b>Not yet registered to MIG</b>			
Toleni Regional Water Supply Upgrade		500 000	1 000 000
Upgrade Ngqamakwe WTW		500 000	5 000 000
Butterworth pipe replacement		500 000	1 000 000
Upgrade Ngqamakwe Waste WTW		500 000	1 000 000
Raw Water Pipelini from Xilinx to Butterworth		500 000	1 000 000
Qolora by the Sea Upgrade		500 000	1 000 000
Butterworth Bulk Services Upgrade (to include WTW and WWTW's upgrade)		1 000 000	2 000 000
Butterworth WWTW		1 000 000	2 000 000
Butterworth WTW		500 000	2 000 000
Implement Sanitation Upgrade study recommendations in tourist nodes (Mazeppa Bay and Surrounds)		500 000	1 000 000
<b>TOTAL Mnquma</b>	<b>87 618 380</b>	<b>152 000 000</b>	<b>135 998 000</b>

NGQUSHWA LM

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
Peddie Waste Water Treatment Works Upgrade	2 000 000.00	12 000 000	10 000 000
Nggushwa Villages - Water Reticulation	22 000 000.00	10 000 000	10 000 000
Prudhoe Housing (Bulk Water)	3 190 000.00	-	
<b>Not yet registered to MIG</b>			
Implement Sanitation Upgrade study recommendations in tourist nodes (Coastal belt)		500 000	10 000 000
<b>TOTAL Nggushwa</b>	<b>27 190 000</b>	<b>22 500 000</b>	<b>30 000 000</b>

NKONKOBE LM

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
<b>NKONKOBE LOCAL MUNICIPALITY</b>			
Hogsback Water Treatment Works and New Reservoir	11 000 000.00	6 000 000	1 000 000
Fort Beaufort Bulk Water Services Upgrading	27 500 000.00	15 000 000	5 000 000
Nkonkobe Area Wide Sanitation Region 3A	10 000 000.00	8 000 000	10 000 000
<b>Not yet registered to MIG</b>			
West Victoria East Water Supply (Phase 4)			1 300 000
Ekuphumleni & 9 Villages Water Supply (Phase 5)			1 000 000
Kolomane Bulk Water Supply : Phase 3		1 000 000	2 000 000
Upgrade Alice Waste Water Treatment Works		1 000 000	3 000 000
Victoria Post Settlement		1 000 000	5 000 000
Hertzog Settlement		500 000	5 000 000
Upgrade Fort Beaufort Waste WTW		500 000	3 000 000
Fort Beaufort pipe replacement		1 000 000	5 000 000
Fort Beaufort WTW's upgrade / refurbishment		1 000 000	1 500 000
Alice WWTW's upgrade		1 000 000	1 500 000
Alice WTW		1 000 000	1 000 000
Middledrift WWTW		1 000 000	2 000 000
Implement Sanitation Upgrade study recommendations in tourist nodes (Hogsback - Katberg)		1 000 000	1 500 000
<b>TOTAL Nkonkobe</b>	<b>48 500 000</b>	<b>39 000 000</b>	<b>48 800 000</b>

**NXUBA LM**

Project Name	2016/17 MIG	2017/18 MIG	2018/19MIG
<b>NXUBA LOCAL MUNICIPALITY</b>			
Bedford & Adelaide BEP - Phase 6	3 000 000	9 000 000	10 000 000
Wortel Drift Farm Settlement	543 943		
<b>Not yet registered to MIG</b>			
Bedford WWTW			9 000 000
<b>TOTAL Nxuba</b>	<b>3 543 943</b>	<b>9 000 000</b>	<b>19 000 000</b>

**4C. SECTOR DEPARTMENT: DRAFT 16/17 PROJECTS**

**A. DEPARTMENT OF ROADS AND PUBLIC WORKS**

Project	District	Budget
Regravelling	Komga	R 373 000.00
Regravelling	Komga	R 224 100.00
Patch gravelling	Komga	R 500 000.00
Patch gravelling	Komga	R 250 000.00
Patch gravelling	Kei mouth	R 140 400.00
Patch gravelling	Kwelera	R 329 500.00
Patch gravelling	Kwelera	R 131 000.00
		<b>R 1 948 000.00</b>

**B. DEPARTMENT**

**OF RURAL DEVELOPMENT AND AGRARIAN REFORM**

**1. Amathole District Infrastructure projects for 2016/17**

PROJECT	DESCRIPTION	LOCATION	BUDGET
1. Ripplemead	Construction of Citrus packhouse	Ngqushwa	R6 000 000.00
2.Eluphindweni Chilli pepper	Intallation of 35ha irrigation system	Amahlathi	R2 500 000.00
3.Dam Scooping	De-silting of Dams	All LMs	R3 000 000.00

4.Fencing	Fencing of Arable lands(Maize fields) and Pineapple projects	Mbashe,Mnquma and Ngqushwa Lms	R4 000 000.00
5.Boreholes repairs	Drilling,testing and repairs of boreholes	All LMs	R2 000 000.00
6. Keiskamma irrigation scheme	Construction of sub surface drainage	Amahlathi	R500 000.00
7.Gxwedera Stockowners	Land Care	Nkonkobe	R452 000.00
8. Thongwane	Landcare	Mnquma	R450 000.00
<b>TOTAL</b>			<b>R18 902 000.00</b>

## 2. Amathole District Food Security projects for 2016/17

PROJECT	DESCRIPTION	LOCATION	BUDGET
1.Maize Production	Provide mechanisation services and supply of production inputs	All Lms except Nxuba	R23 640 000.00
2.House hold food gardens	Supply production inputs	All LMs	R2 500 000.00
3.Fodder production	Provide mechanisation services and production inputs for fodder production	Nkonkobe and Amahlathi	R2 000 000.00
4.Citrus production	Supply of production inputs	Nkonkobe and Ngqushwa	R6 000 000.00
5.Pineapple project	Supply of production inputs	Ngqushwa	R3 000 000.00
6. Chicory	Provide mechanisation and supply of production inputs	Ngqushwa & Amahlathi	R360 000.00
<b>7.Chilli pepper</b>	<b>Provide production inputs</b>	<b>Amahlathi</b>	R200 000.00
<b>8. Irrigation Schemes</b>	<b>Repairs to irrigation facilities and provide production inputs for vegetable production</b>	<b>Amahlathi and Ngqushwa</b>	R3 800 000.00
<b>TOTAL</b>			<b>R41 500 000</b>

## 3. Maize Production Breakdown per LM

Local Municipality	Budget split per LM	Hectare
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Mnquma	R7,529,000	2353
Amahlathi	R1,706,000	533
Mbashe	R 8 000 000	2500
Ngqushwa	R 2,083,000	650
Great Kei	R 778,000	243
BCMM	R1 687 500	527
Nkonkobe	R1 750 000	547
<b>Total</b>	<b>R23,640, 000</b>	<b>7353</b>

**C. DEPARTMENT OF HUMAN SETTLEMENTS**

<b>Project</b>	<b>District</b>	<b>Budget</b>
<b>Rectified RDP Stock 1994-2002</b>	<b>Mbhashe Great Kei Ngqushwa Nkonkobe Nxuba</b>	<b>R41 465 082</b>
<b>Integrated Residential Development Programme : Phase 1: Planning &amp; Services</b>	<b>Nkonkobe Great Kei Ngqushwa Mnquma</b>	<b>R23 395 310</b>
<b>Integrated Residential Development Programme: Phase 1: Planning &amp; Services: Informal Settlements</b>	<b>Amahlathi Mnquma Nxuba Nkonkobe</b>	<b>R4 945 000</b>
<b>Integrated Residential Development Programme: Phase 2: Top Structure Construction</b>	<b>Mbhashe Great Kei Ngqushwa Nxuba Nkonkobe</b>	<b>R45 294 088</b>

<b>Integrated Residential Development Programme: Phase 2: Top Structure Construction: Informal Settlements</b>	<b>Amahlathi</b>	<b>R4 700 000</b>
<b>People's housing process</b>	<b>Nkonkobe</b>	<b>R 500 000</b>
<b>Consolidation Subsidies</b>	<b>Amahlathi</b>	<b>R4 000 000</b>
<b>Rural Housing: Communal land Rights</b>	<b>Mbhashe</b> <b>Mnquma</b> <b>Great Kei</b> <b>Amahlathi</b> <b>Nkonkobe</b>	<b>R49 294 620</b>
<b>Provincial Specific Programmes: Amahlathi LM Vulnerable Groups/ Destitute Persons</b>	<b>Amahlathi</b> <b>Mbhashe</b>	<b>R 102 000</b> <b>R 8 034 900</b>

#### D. DEPARTMENT OF ENVIRONMENTAL AFFAIRS

<b>No.</b>	<b>Municipality</b>	<b>Project Name/ Implementer</b>	<b>Total Budget/ Total Expenditure to Date</b>	<b>Program</b>
1	Ngqushwa, Great Kei	EC - WfC Fish River to Great Kei River	R 12,750,000	Working for the Coast
2	Mnquma & Mbhashe	EC – WfC Great Kei to Mbhashe River	R8 750 000	Working for the Coast
3	Nkonkobe	EC Rehabilitation of Ecosystem in Fort Fordyce Nature Reserve	R 14,820,000	People and Parks
4	Nkonkobe	Closure and Rehabilitation of Fort Beaufort waste Disposal site	R 10,000,000	Working on Waste
5	All LMs	Youth Jobs in Waste	R 20,000,000	Working on Waste
6	Mnquma	EC - Mnquma War on Waste	R 23,500,000	Working on Waste
7	Ngqushwa	Ngqushwa Waste Program	R 13 000 000	Working on Waste

#### E. DEPARTMENT OF SOCIAL DEVELOPMENT

<b>PROJECT</b>	<b>MUNICIPLITY</b>	<b>BUDGET</b>
Service to People with Disabilities	Mbhashe	R190 000.00

	Great Kei	R536 898.00
	Ngqushwa	R1 332 000.00
	Nkonkobe	R1 491 125.00
Services to Older Persons (Service Centres)	Mbhashe	R1 118 400
	Mnquma	R1 920 000
	Amahlathi	R 820 800
	Great Kei	R 232 800
	Ngqushwa	R 170 400
	Nkonkobe	R3 262 400
HIV/AIDS	Mbhashe	R600 000.00
	Mnquma	R600 000.00
	Great Kei	R300 000.00
	Amahlathi	R600 000.00
	Ngqushwa	R300 000.00
	Nkonkobe	R600 000.00
Child Care and Protection	Mbhashe cluster foster home	R225 000.00
	Mnquma (B/worth child welfare)	R560 195.00
	Nkonkobe (Ft Bft child welfare)	R560 195.00
	Nxuba (Bedford child welfare)	R392 055.00
ECD and Partial Care	Mbhashe	R7 286 685.00
	Mnquma	R6 931 651.00
	Amahlathi	R6 747 720.00
	Ngqushwa	R6 552 840.00
	Nkonkobe	R6 333 600.00
Child and Youth Care Centres	Mnquma	R 895 920.00
	Amahlathi	R1 252 736.00
Community Based Care Services for Children	Nkonkobe	R 721 064.00
Victim Empowerment	Mbhashe	R 2 120 000.00
	Mnquma	R1 751 000.00
	Amahlathi	R 148 00 .00
	Ngqushwa	R 480 00 .00

	Nkonkobe	R1 145 000.00
<b>Substance Abuse</b>	Mbhashe	R485 444.65
	Mnquma	R255 000.00
	Amahlathi	R235 000.00
	Ngqushwa	R140 000.00
	Nkonkobe	R136 000.00
<b>Community Development</b>	Mbhashe	R396 562.00
	Mnquma	R503 000.00
	Amahlathi	R519 571.00
	Ngqushwa	R260 000.00
	Nkonkobe	R385 000.00

**F. ESKOM**

<b>PROJECT</b>	<b>MUNICIPALITY</b>	<b>BUDGET</b>
-Elliotdale rural 2a -Elliotdale rural 2a link line -Elliotdale rural ph 2b -Elliotdale rural ph 2b link line -Elliotdale rural ph 3 -Elliotdale rural ph 3 link line -Elliotdale rural ph 4 -Elliotdale rural ph 4 link line -Infills Type 1,2& 3 -Mbhashe Ward Extensions & Elliotdale -Idutywa ext 8 Housing Development	Mbhashe	R 41 262 281.00
-Cebe -Cebe link line -Khotana ph 1 -Khotana ph 1 link line -Khotana ph 2 -Khotana Ph 2 Link line -Mnquma Ext -Mnquma Ext Link line -Khubonqaba Ph 1 Additions -Khubonqaba Ph 1 Additions Link line -Mavuso -Mavuso Link Line -Mhlahlane -Mhlahlane Link line -Infills Type 1,2& 3 -Ngqamakhwe Ph 4 -Ngqamakwe Ph 4 Link line -Takazi -Takazi Link line -Mnquma Wards ext.	Mnquma	R 59 443 994.00



-Amahlathi ward Ext 16/17 -Amahlathi ward Ext Link line16/17 -Amahlathi Type 1, 2 & 3 Infills -Amahlathi Extensions	Amahlathi	R 9 080 702.00
-Peddie Extension -Peddie Exts 16-17 Link Line -Peddie Type 1; 2; 3 Infills -Ngqushwa New extensions & Housing Development	Ngqushwa	R 6 193 860.00
- Alice Extensions Ph 2 16/17 - Alice Extensions Ph 2 16/17 Link Line	Nkonkobe	R 15 651 079.00
		<b>Total : R 131 631 916.00</b>

## CHAPTER 5: SECTOR PLANS

### 5.1 Introduction

An analysis was conducted in respect of various sector plans developed for the district. Some of these sector plans were found to be still relevant and required minor update. Others required review, whilst new ones were developed.

### 5.2 LIST OF ALL SECTOR PLANS AS PER CLUSTER APPROACH

ECONOMIC DEVELOPMENT PLAN	LAND CARE DEVELOPMENT	SOCIAL AND HEALTH SERVICES PLAN	GOVERNANCE OPERATIONS PLAN
Tourism Master Plan	Land Reform and Settlement Plan	Housing Strategy	Employment Equity Plan
Film Development Strategy	Integrated Agricultural Development Plan	Risk and Vulnerability Assessment Strategy	Communications Strategy
Heritage Resource Management Plan	District Spatial Development Framework	Disaster Management Plan	Risk Management Master Plan
	Disaster Management Plan		
Sports Tourism Plan		Communicable Diseases Prevention and Control Strategy	Geographic Information System (GIS) Strategy
Amathole Regional Economic Development Strategy		HIV/AIDS, STI, TB & Cancer Strategy	Human Resources Development Strategy
SMME Strategy		Fire Risk Management Plan	IT Master Plan
Co-Operative Strategy		Health Care Waste Management Plan	Talent Retention Strategy
Informal Traders Strategy		Environmental Pollution Control Plan	Business Continuity Plan
Industrial Development Strategy		Community Safety Plan	Labour Relations Strategy
		Employee Wellness Strategy	Public Participation and Petitions Strategy
		District Sport Development Strategy	Human Resources Strategy
		LM Community Safety Strategies	Human Resources Development Strategy
		Occupational Wellness Strategy	Fleet Management Strategy
INFRASTRUCTURE MANAGEMENT AND IMPROVEMENT PLAN	NATURAL AND BUILT ENVIRONMENT	FINANCIAL MANGEMENT PLAN	
Water Services Development Plan	Integrated Environmental Management Plan	Donor Management Strategy	

Integrated Transport Development Plan	Air Quality Management Plan	Revenue Enhancement Strategy	
Rural Development Plan	Climate Change Strategy	Supply Chain Management Strategy	
	Integrated Waste Management Plan	Asset Management Strategy	
	Rural Development Plan	Performance Management Framework	
	Renewable Energy Strategy		

### 5.3 LIST OF REVISED PLANS

- Water Services Development Plan (WSDP)

### 5.4 LIST OF BY-LAWS

- Water Supply And Sanitation Services By-Laws
- Revenue Management By-Law
- Municipal Health Services By-Law
- Fire Services By-Law
- Disaster Management By-Law
- Air Pollution By-Law
- Waste Management By-Law
- Passenger Transport Services By-Law

### 5.5 ADM POLICIES

#### 5.5.1 Budget and Treasury Office

1. Banking and Cash Management Policy
2. Asset Management Policy
3. Asset Management Strategy
4. Tariff Policy
5. Credit Control and Debt Collection policy
6. Indigent Policy
7. Investment Policy
7. Revenue Enhancement Strategy
8. Water Supply and Sanitation services by-law
9. Revenue Management by
10. Supply Chain Management Policy
11. Supply Chain Management Strategy
12. Budget policy

#### 5.5.2 Corporate Services

1. HIV Aids Policy
2. Asset Management Policy
3. Scarce Skills Policy
4. Cellphone Policy

5. S&T Policy
6. Dress Code
7. Employee Assistance Programme Policy
8. Experiential Learning Policy
9. Fleet Management Policy
10. Membership to Professional Bodies
11. Security Policy and Procedure Plan
12. Bursary on Rare Skills
13. Sexual and other Harassment Policy
14. Occupational Health and Safety Policy
15. Promotion & Transfer Policy
16. Raining day Policy
17. Records Management Policy
18. Recruitment & Selection Policy
19. Substance abuse Policy
20. Telephone Usage (Landline) Policy
21. Training and Development Policy
22. Employment Equity & Skills Development Policy
23. Travel Allowance Schemes for Managers
24. Employee Performance Management Policy
25. Employee Study Assistance Policy
26. Conditions of Service Policy
27. Collective Agreement Policy
28. Rental Allowance policy
29. Relocation policy
30. Overtime policy
31. Leave Policy
32. Probation Policy

### **5.5.3 Community Services**

1. Informal Traders Policy
2. Health Care Waste Risk Policy
3. Disposal of the Dead Policy
4. Milk Policy
5. By Law Enforcement Policy

### **5.5.4 Legislative Executive and Support Services**

1. Public Participation and Petitions Management policy
2. District Sport Development Strategy
3. Special Programmes Mainstreaming Strategy
4. Moral Regeneration Strategy
5. HIV/ AIDS, STI, TB and Cancer Strategy

### **5.5.5 Strategic Planning & Management**

1. Acceptable Use Guideline
2. Antivirus
3. Backup
4. Change Management
5. Configuration Management
6. Data Security

7. Email
8. Fault Management
9. Mobile Devices
10. Network Access
11. Password
12. Network Access
13. Password
14. Server Configuration
15. System Software Maintenance
16. Systems Acquisition

#### **5.5.6 Engineering Department**

1. Retro-fit policy
2. VIP Maintenance policy

### **5.6 LIST OF SECTOR FORUMS**

#### **5.7.1 Strategic Planning and Management**

- District Planning and Coordinating Forum
- District Finance Forum
- District Engineering Forum
- District Corporate Services Forum
- District Communications Forum

#### **5.7.2 Engineering**

- District Solid Waste Stakeholders Forum
- District Transport Forum

#### **5.7.3 Community Services**

- District Health Council
- Fire Services Coordinating Forum
- District Disaster Management Advisory Forum
- District Community Safety Forum
- Water Safety Forum

#### **5.8.4 Legislative and Executive Support Services**

- District Sports Forum
- Water Forum
- SPU Forum

## **CHAPTER 6: FINANCIAL PLAN**

### **6.1 INTRODUCTION**

The purpose of this chapter is to summarize a financial plan that supports the long-term financial sustainability of the Amathole District Municipality (ADM). The financial plan is necessary to ensure that the municipality is able to effectively and efficiently implement its mandate.

The financial plan is prepared to assist in the planning of operating and capital expenditure within the district and in so doing, maintain financial stability and sustainability. The ADM must make use of its available financial resources in an effective, efficient and economical manner when achieving the targets and objectives of the IDP. Thus the financial strategies specified in the financial plan must play a part in achieving these.

The IDP is the guiding document for the 2015/16 budget planning process. The outcome of this Integrated Development Plan is the alignment of the planning process and resource allocations to the imperatives of the strategic direction. Thus compilation and approval of the 2015/16 Medium-term Revenue and Expenditure Framework (three year budget) was a direct product aligned to the imperatives and strategic direction of the ADM. The link between Government's priorities and spending plans is not an end in itself, but the goal should be to enhance service delivery aimed at improving the quality of life for all the people within the district.

In terms of National Treasury's Municipal Budget and Reporting Regulations, the budget of a municipality is only required to encompass planning periods of the next financial year and the two outer financial years thereafter. The financial plan of the ADM will cover key budget focus areas and will also cover the current financial year's information as well as the previous three financial years' audited information.

### **6.2 FINANCIAL FRAMEWORK**

The uniqueness of the district in which the ADM has jurisdiction, in comparison to other municipalities, must be considered when assessing its financial viability and sustainability. The ADM can be categorized as a developing municipality and thus requires significant additional resources and funding to accomplish expected development and service delivery. From a financial perspective the financial viability and sustainability of the municipality remains priority.

#### **6.2.1 Sufficient Revenue base**

The ADM requires access to sufficient revenue sources from both its own operations and from government transfers in the form of grants in order to perform its duties and responsibilities. The timing of the receipt of the revenue resources is of critical importance as it has a direct impact on the cash flows of the municipality. Without the receipt of revenue, suppliers cannot be paid for services rendered and goods received.

To this end the latest DoRA sets out the funding that will be received from National Government for the 2015/16 to 2017/18 financial years. The debtors' collection rate is monitored on a monthly basis and remains below 50%. This information assists the municipality in determining its financial position more accurately and can be used to make decisions pertaining to levels of borrowing if required.

### **6.2.2 Cash flow position and sustainability**

The availability of cash and sound cash management is critical for the short, medium and long term existence of the municipality. The ADM operates in an environment of limited resources and must therefore make use of the available resources in an effective, efficient and economical manner.

The debtors' turnover/debtors' days has a significant impact on the liquidity/availability of the cash of the ADM as suppliers are to be paid within 30 days of receipt of the invoice in terms of Section 65(2)(e) of the MFMA, while the average debtors' days exceeds 90 plus days. This implies that cash is flowing out at a faster rate than it is flowing into the municipality. Over the medium to long term the ADM is to attempt to reduce the debtors' days to at least 45 days.

In an ideal situation, the operating budget should produce annual operating surpluses so as to improve the ADM's cash reserves. The ADM has managed to finance capital expenditure without incurring external borrowings. Further to this, the ADM must ensure that its budget is balanced and cash-backed, meaning that the expenditure must be covered by realistically anticipated revenue to be received or collected.

Services are to be provided at both an affordable and sustainable level. The service charges levied by the ADM remain at a 6% increase. The Equitable share grant received from National Government is used mainly to provide basic services to poorer households.

Unfunded mandates remain a financial stain on the ADM's revenue sources.

### **6.2.3 Accountability and transparency**

The ADM is accountable to the taxpayers and communities, who are the providers of the resources, of how resources are utilized, managed and safe-guarded. Hence the IDP and budget processes are open to public participation. Appropriate internal controls are in place in order to prevent and detect prospective corruption. The ADM has reporting procedures to produce accurate financial information for both management and oversight decision purposes.

### **6.2.4 Development and investment**

The manner in which the ADM takes on new debt and manages debt to finance investment in infrastructure related activities has a considerable impact on the solvency and liquidity of the municipality as both the capital and interest portions of the installments are payable.

The ADM has not had a need to borrow funds from borrowing institutions i.e. banks and DBSA in the past.

The ADM is working towards meeting the national water service delivery targets of “adequate potable and effective supply of safe water to all by 2014 and adequate and sustainable sanitation to all by 2014. The ADM as the Water Services Authority (WSA) in its area of jurisdiction is facing enormous water and sanitation backlogs. Given the history of underdevelopment in the rural areas, ADM has made strides in pushing backwards the frontiers of poverty. The ADM is however aware that the greater part of restoring the dignity of its people and providing them with sustainable and efficient municipal services remains a fundamental task in the new dispensation. In an attempt to effectively eliminate service delivery backlogs, the ADM has taken a decision during the 2014/15 financial year, to front-load the Municipal Infrastructure Grant (MIG) through the borrowing of funds from DBSA.

This implies that the capital budget of ADM has increased by R632 million. The capital portion of the debt will be financed from the MIG grant while the interest portion is to be financed by the ADM. The ADM has envisaged that the interest will be covered by VAT input claimable and cost escalation savings.

Below is a table depicting the extent of the investment made by the ADM:

<b>Name of Projects and Disciplines</b>	<b>No of Units</b>	<b>Total Project Amount</b>
Mnquma Region 1B Wards 7,8,9,10,12,20,21,22 Project (Sanitation)	16 745	R 158 622 003.85
Amahlathi Region 1A and 1B Wards 1,2,3,16 Project (Sanitation)	4 227	R 40 041 587.73
Great Kei Wards 1,2,3,4,6 Project (Sanitation)	5 256	R 49 789 114.06
Mnquma Region 2B Project (Sanitation)	3 697	R 35 020 934.50
Mbhashe Region 2A Project (Sanitation)	5 901	R 55 898 981.47
Mnquma Region 2 Sanitation	6 624	R 62 747 814.00
*Nkonkobe region 2A sanitation VIP	10 407	R 98 583 429.60
*Ngqushwa region 2 sanitation VIP	13 843	R 131 131 970.40
<b>TOTAL</b>	<b>66 700</b>	<b>R 631 835 837.00</b>

### 6.3 FINANCIAL STRATEGIES

The financial plan of ADM is intended to enhance the financial sustainability and viability through the following strategic financial objectives:

- Revenue raising strategies;
- Asset management strategies;
- Financial management strategies;
- Capital financing strategies; and



- Operational financing strategies;

### **6.3.1 Revenue Raising Strategies**

Some of the significant programmes and projects that the ADM are implementing are as follows:

- The implementation of the reviewed and approved Tariff policy, Debt collection and Credit Control policy, Indigent Policy, and Revenue By-laws. These policies outline the relevant procedures of levying tariffs, credit control, debt collection and indigent support. The indigent policy also defines the qualification criteria for indigent status. The tariff policy endeavours to levy affordable and sustainable service charges for services rendered to all consumers within in the district.
- The Budget and Treasury office are in the process of performing a Service Coverage project with the objective of physically verifying the actual service rendered to every consumer within the district. The information gathered is used to update the existing debtors' data base for billing purposes and the GIS information of the district. This project strives to confirm that consumers are being billed for the correct services and to identify those consumers that may be receiving services but are not being billed.

### **6.3.2 Asset Management Strategies**

The ADM continues to ensure the safe-guarding of its assets as well as sound management of its assets. This is mainly achieved by the following:

- Implementation of the reviewed Asset Management Policy and Strategy. This policy outlines the processes for the recognition, measurement and disposal of assets, including the preparation of a GRAP compliant asset register.
- Further to the policy and strategy, during the 2013/14 financial year, the ADM procured an Asset Management System to assist in the improved control and management of assets, particularly moveable assets. This system also includes the production of a GRAP compliant asset register.

### **6.3.3 Financial Management Strategies**

Some of the more significant programmes include the following:

- Review of the existing Financial Management System to ensure relevance and readiness for SCOA.

- Integration of all computerized systems to ensure accurate, relevant and timely reporting to all stakeholders.
- Update of accounting policies to ensure relevance and compliance with GRAP
- Develop a budget tool to assist in complying with National Treasury's Municipal Budget and Reporting Regulations and timeframes.
- Continue the implementation of public participation in the budget process.
- Monthly monitoring of budget variances through the financial reporting dashboard
- Establishment of the Project Steering Committee to monitor the spending and performance on all projects being implemented in the district.

#### **6.3.4 Capital Financing Strategies**

The grant funding received from National government has a significant influence on the capital investment programmes of the ADM. In an effort to eliminate the back log of services in particular sanitation, the ADM has embarked on the front-loading of the MIG grant through a loan advanced by DBSA. The capital budget of the ADM has thus increased by R632 million.

#### **6.3.5 Operational Financing Strategies**

In the prior financial year (2014/2015), a further R77 million from accumulated surplus was used to finance the deficit on the operating account. At the end of the 2013/2014 financial year the payroll costs were 37% of total expenditure, while the 2014/15 budget yields a percentage of 38%.

For the 2014/15 financial year, the total expenditure, excluding conditional grant funding expenditure, amounted to R1.6 billion. This means that in order to balance the operating expenditure including projects funded from own resources, investment income amounting to R26 million plus a contribution from the accumulated surplus amounting to R77 million, had to be used to finance the deficit on the operating account. It is therefore critical that the current practice of redistributing non sustainable discretionary resources to finance service delivery projects should be revisited.

The repairs and maintenance expenditure as a percentage of total operating expenditure remains below 2%. This is mainly as a result of the salaries for staff being employed to perform maintenance duties being part of the employee costs and not repairs and maintenance.

The current expenditure trends have informed the following assumptions:

- that payroll cost will increase at 7.5% pa;
- that Medical Aid increase by 12% and other benefits by 8% with a maximum company contribution of R3 871.
- that Repairs and maintenance increase by 6%
- that Electricity increase by 9.4% subject to the finalisation by NERSA

- that Bulk Water increase by 10% for Amatola Water and 12% for Department of Water and Sanitation
- No growth for non-essential General expenses

The municipality remains grant dependent with its revenue base comprised of 71% grant income and 29% own revenue. The Service Charge revenue for the 2015/16 budget was based on billing and not on collections which is indicative of cash flow constraints in 2015/16. The budget must be based on a credible and cash-backed basis taking into consideration the collectable revenue.

#### 6.4 THREE (3) YEAR FINANCIAL PLAN

Budgeting is primarily about the priorities and choices that the Municipality has to make in deciding how to meet the agreed set of policy objectives through better service delivery. With the compilation of the 2015/16 MTEF, each strategic department had to review the business planning process, setting of priorities and targets. These have essentially informed the detail operational budget appropriations and three year capital programme. The extensive business planning process as undertaken with the compilation of the 2015/16 MTEF has essentially been refined and further aligned incorporating key measurable objectives and targets to ensure the planning process translates into actual performance. Reflected below is the budgeted income and expenditure for 2015/16 to 2017/18:

#### BUDGET STATEMENT FOR 2016/17 TO 2018/19

EXPENDITURE	2018/19	2017/18	2016/17
SALARIES AND WAGES	574,569,038	537,568,559	502,257,115
SOCIAL CONTRIBUTIONS	176,741,687	159,773,204	144,754,877
REMUNERATION OF COUNCILLORS	17,364,279	16,152,817	15,025,877
PROVISION FOR BAD DEBTS	154,078,146	145,494,000	137,000,000
COLLECTION COSTS	899,862	849,728	788,185
DEPRECIATION	218,428,437	216,265,780	212,025,274
REPAIRS AND MAINTENANCE	33,039,496	31,169,336	24,050,434
INTEREST EXPENSE	31,489,800	26,126,000	32,485,891
GENERAL EXPENSES - OTHER	240,887,181	183,104,940	194,961,364
BULK PURCHASES WATER	88,982,927	79,449,042	70,936,645
CONTRACTED SERVICES	33,930,056	30,845,506	28,041,369
TOTAL NEW CAPITAL	584,202,832	642,971,186	502,632,547

TOTAL CAPITAL REPLACEMENT	7,883,805	5,511,262	7,300,000
<b>TOTAL EXPENDITURE</b>	<b>2,162,497,547</b>	<b>2,075,281,361</b>	<b>1,872,259,578</b>

<b>BUDGET STATEMENT FOR 2016/17 TO 2018/19</b>			
<b>INCOME</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
SERVICES CHARGES	200,266,007	189,108,599	178,068,361
INTEREST EARNED - OUTSTANDING DEBTORS	3,256,470	3,075,041	2,847,260
RENT OF FACILITIES AND EQUIPMENT	2,488,416	2,262,196	2,056,542
INTEREST EARNED	8,000,000	8,000,000	7,401,291
EQUITABLE SHARE	474,380,000	440,697,000	415,874,000
LEVY REPLACEMENT GRANT	371,014,000	339,917,000	315,116,000
FMG FUNDING	926,316	1,157,895	1,157,895
EXPANDED PUBLIC WORKS PROGRAMME	-	-	2,297,000
RURAL ROADS ASSET MANAGEMENT SYSTEMS GRANT	3,121,000	2,980,000	2,806,000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	1,434,000	3,001,000	2,341,000
MUNICIPAL INFRASTRUCTURE GRANT	437,774,989	421,855,579	264,681,768
REGIONAL BULK INFRA GRANT IN KIND	17,947,842	30,931,447	110,063,579
WATER SERVICES INFRASTRUCTURE GRANT	128,480,000	145,184,160	104,887,200
MUNICIPAL HEALTH SUBSIDY	-	2,116,000	4,141,000
OTHER INCOME	513,408,508	484,995,443	458,520,682
<b>TOTAL INCOME</b>	<b>2,162,497,548</b>	<b>2,075,281,360</b>	<b>1,872,259,578</b>

EXPENDITURE	2014/15 R	% increase/(decrease)	2015/16 R	% increase/ (decrease )	2016/17 R	% increas e/(dec rease)	2017/18 R	% increas e/(dec rease)
SALARIES AND WAGES	357 880 792	37%	488 838 029	5%	525 438 860	7%	562 100 000	5%
SOCIAL CONTRIBUTIONS	102 569 410	28%	131 430 249	5%	138 184 668	9%	149 500 000	11%
REMUNERATION OF COUNCILLORS	13 293 864	12%	14 874 167	-20%	11 838 486	8%	12 500 000	6%
PROVISION FOR BAD DEBTS	70 610 481	130%	162 127 101	6%	171 044 092	4%	178 000 000	4%
COLLECTION COSTS	4 606 200	-97%	150 000	6%	158 250	5%	165 000	5%
DEPRECIATION	99 276 356	78%	176 382 615	10%	194 501 383	5%	205 000 000	5%
REPAIRS AND MAINTENANCE	30 134 739	-2%	29 611 668	5%	31 235 554	5%	32 500 000	4%
INTEREST EXPENSE	52 484	102531%	53 864 739	-44%	30 112 298	-43%	15 000 000	-50%
GENERAL EXPENSES – OTHER	312 858 740	11%	346 966 060	-11%	309 504 575	3%	318 000 000	3%
BULK PURCHASES	70 872 177	6%	75 000 000	6%	79 125 000	19%	83 000 000	19%
CONTRACTED SERVICES	70 825 938	51%	34 431 963	6%	36 326 844	10%	38 000 000	10%
TOTAL NEW CAPITAL	517 520 147	-15%	440 639 743	37%	603 408 997	1%	615 000 000	2%
TOTAL CAPITAL REPLACEMENT	9 405 819	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>1 659 907 147</b>	<b>18%</b>	<b>1 954 316 333</b>	<b>9%</b>	<b>2 130 879 007</b>	<b>4%</b>	<b>2 215 000 000</b>	<b>2%</b>
INCOME	2014/15 R	% increase/(decrease)	2015/16 R	% increase/ (decrease )	2016/17 R	% increas e/(dec rease)	2017/18 R	% increas e/(dec rease)
SERVICES CHARGES	-177 701 522	37%	-242 728 289	5%	-256 078 340	5%	-265 000 000	-2%
INTEREST EARNED - OUTSTANDING DEBTORS	-29 425 627	-78%	-6 601 295	-4%	-6 362 673	8%	-6 000 000	12%

RENT OF FACILITIES AND EQUIPMENT	-300 236	635%	-2 205 997	6%	-2 327 327	12%	-
INTEREST EARNED - EXT. INVESTMENTS	-29 299 591	-63%	-10 874 880	10%	-12 000 000	10%	-
EQUITABLE SHARE	-408 894 000	0.04%	-409 057 000	4.03%	-425 529 000	6.89%	-4
LEVY REPLACEMENT GRANT	-270 433 000	7.43%	-290 538 000	8.46%	-315 116 000	7.87%	-3
FMG FUNDING	-1 096 491	0%	-1 096 491	0%	-1 096 491	0%	-
PMU OPERATING SUBSIDY	-3 500 000	-	-	-	-	-	-
WATER SERVICES OPERATING SUBSIDY	-	-	-9 210 526	-4.76%	-8 771 930	25%	-
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-2 667 000	-	-	-	-
RURAL ROADS ASSET MANAGEMENT GRANT	-1 730 702	57.97%	-2 734 000	2.63%	-2 806 000	6.20%	-
NATIONAL DEVELOPMENT PROGRAMME GRANT	-30 897 000	-35.27%	-20 000 000	-100%	-	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	-833 333	1.05%	-824 561	2.13%	-842 105	7.60%	-
MIG	-396 034 211	-60.23%	-157 487 988	154.71%	-401 140 351	6.13%	-4
NDPG IN KIND	-2 000 000	-100%	-	-	-	-	-
REGIONAL BULK INFRA GRANT IN KIND	-64 400 000	29.40%	-83 333 333	61.46%	-134 549 123	31.95%	-5
WATER SERVICES OPERATING SUBSIDY IN KIND	-	-	-	-	-	100%	-
RURAL HOUSEHOLD INFRASTRUCTURE GRANT	-	-	-	-	-7 894 737	-	-
OTHER INCOME	-243 361 434	6.72%	-538 171 885	-3.17%	-521 110 545	2.66%	-5
	<b>- 1 659 907 147</b>	<b>17.74%</b>		<b>9.03%</b>		<b>3.61%</b>	

<b>TOTAL INCOME</b>			<b>-1 954 316 334</b>		<b>-2 130 879 007</b>	
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### 6.5 CAPITAL PLAN

<b>MIG 3 YEAR CAPITAL PLAN</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>LM</b>
Project Management Unit Operating Budget	18 000 000	19 800 000	19 800 000	All
<b>TOTAL:</b>	<b>18 000 000</b>	<b>19 800 000</b>	<b>19 800 000</b>	<b>All</b>
Stutterheim Sewer Pipe Replacement	-	5 000 000	20 000 000	Amahlathi
Tsomo Villages Regional Water Supply	2 500 000	25 000 000	5 000 000	Amahlathi
Zingcuka Water Supply	15 000 000	3 000 000	5 000 000	Amahlathi
Amahlathi Area wide Sanitation Projects (Region 2A)	-	15 000 000	5 000 000	Amahlathi
Amahlathi Area wide Sanitation Projects (Region 3)	-	8 660 000	10 000 000	Amahlathi
Kei Road Settlement	100 000	1 000 000	2 000 000	Amahlathi
Stutterheim Water Pipe replacement	-	1 000 000	10 000 000	Amahlathi
Cathcart Infrastructure Refurbishment (Water Treatment Works Upgrade, Bulk Upgrade & Pipeline Replacement)	-	-	5 000 000	Amahlathi
Stutterheim Water Treatment Works	-	5 000 000	1 000 000	Amahlathi
Kei Road Water Treatment Works	-	800 000	1 000 000	Amahlathi
Keiskammahoeck Waste Water Treatment Works	-	800 000	1 000 000	Amahlathi
Rabula Phase 2 Water Supply	-	500 000	1 000 000	Amahlathi
Amahlathi Area Wide Sanitation	9 292 114	-	-	Amahlathi
<b>TOTAL: Amahlathi</b>	<b>26 892 114</b>	<b>65 760 000</b>	<b>66 000 000</b>	<b>Amahlathi</b>
Komga Commonage Settlement Services	10 049 629	2 000 000	1 000 000	Great Kei
New Waste Water Treatment Works - Morgan's Bay - Feasibility Study	-	750 000	10 000 000	Great Kei
Morgan's Bay Water Treatment Works Upgrade	-	500 000	2 000 000	Great Kei
Kei Mouth Reticulation	-	500 000	2 000 000	Great Kei
Upgrade Komga Water Treatment Works	-	500 000	2 000 000	Great Kei
Kei Mouth Pipe Replacement	-	500 000	2 000 000	Great Kei
Morgan's Bay Sewerage Upgrade	-	500 000	3 000 000	Great Kei
Chintsa East Bulk Services Upgrade (to include Water and Waste Water Treatment Works)	-	500 000	2 000 000	Great Kei
Kei Bridge Komga Water Treatment Works	-	500 000	2 000 000	Great Kei
Haga-Haga Water Treatment Works	-	500 000	2 000 000	Great Kei

Komga sewer reticulation upgrade (Preliminary Design, Detailed Design and Tender Documentation Development)	-	500 000	5 000 000	Great Kei
Implement Sanitation Upgrade Study Recommendations in Tourist Nodes (Kei-Mouth - Morgan's Bay)	-	1 000 000	5 000 000	Great Kei
Great Kei Sanitation Area Wide Sanitation	10 206 768	-	-	Great Kei
<b>TOTAL: Great Kei</b>	<b>20 256 397</b>	<b>8 250 000</b>	<b>38 000 000</b>	<b>Great Kei</b>

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<b>MIG 3 YEAR CAPITAL PLAN</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>LM</b>
Mbhashe North Regional Water Scheme	10 500 000	-	-	Mbhashe
Sundwane Water Supply Scheme	17 144 427	15 000 000	14 000 000	Mbhashe
Xhora Water Supply Project	15 648 473	20 000 000	15 000 000	Mbhashe
Mncwasa Water Supply Scheme	-	3 000 000	3 000 000	Mbhashe
Mgwali North Water Supply Project	15 500 000	15 000 000	10 000 000	Mbhashe
Mgwali South Water Supply Project	14 120 997	20 000 000	10 000 000	Mbhashe
Idutywa East Water Supply Project	-	1 000 000	1 000 000	Mbhashe
Area Wide Sanitation Projects (ASAP) (Mbhashe Phase 1A) (Region 1)	-	-	-	Mbhashe
Mbhashe Area Wide Sanitation (Region 3B)	-	5 000 000	3 000 000	Mbhashe
Mbhashe Area Wide Sanitation (Region 2C)	-	5 000 000	3 000 000	Mbhashe
Mbhashe Area Wide Sanitation (Region 1B)	-	-	2 000 000	Mbhashe
Mbhashe Area Wide Sanitation (Region 2B)	-	-	2 000 000	Mbhashe
Mbhashe Area Wide Sanitation (Region 2D)	-	5 000 000	3 000 000	Mbhashe
Mbhashe Ward 31 Water Supply	-	5 000 000	3 000 000	Mbhashe
Mbhashe Ward 31 Sanitation	-	-	-	Mbhashe
Bende Water Supply Scheme	-	5 000 000	5 000 000	Mbhashe
Shixini Water Supply Scheme	-	5 000 000	5 000 000	Mbhashe
Shixini Sanitation	-	-	-	Mbhashe
Mboya (Willowvale) Settlement	-	1 000 000	1 000 000	Mbhashe
Elliotdale Waste Water Treatment Plant (Feasibility Study)	-	-	5 000 000	Mbhashe
Dutywa Pipe Replacement	-	10 000 000	10 000 000	Mbhashe
Dutywa Sewer Pipe Replacement	-	10 000 000	10 000 000	Mbhashe
Dutywa Dams	-	1 000 000	1 000 000	Mbhashe
Dutywa Bulk Services Upgrade (to include water resource development, Water and Waste Water Treatment Works	-	1 000 000	5 000 000	Mbhashe
Qwaninga Water Treatment Works	-	1 000 000	500 000	Mbhashe
Cuntsula and Gwentsha Settlement	-	500 000	500 000	Mbhashe
Implement Sanitation Upgrade Study Recommendations in Tourist Nodes (The Haven and surrounds)	-	500 000	3 000 000	Mbhashe
Mbhashe Area Wide Sanitation Region 2	20 660 072	-	-	Mbhashe
<b>TOTAL: Mbhashe</b>	<b>93 573 969</b>	<b>129 000 000</b>	<b>115 000 000</b>	<b>Mbhashe</b>

<b>MIG 3 YEAR CAPITAL PLAN</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>LM</b>
Ehlobo Phase 3 Water Supply	1 814 440	-	-	Mnquma
Crouch's Bush Water Supply Project	1 500 000	-	-	Mnquma
Ibika-Centane Regional Water Supply Phase 1-3	-	20 000 000	10 000 000	Mnquma
Centane Bucket Eradication	-	1 000 000	12 000 000	Mnquma
Gcuwa West Regional Water Supply	31 009 000	20 000 000	5 000 000	Mnquma
Nxaxo and Cebe Water Supply	20 824 940	20 000 000	5 000 000	Mnquma
Ngqamakwe Regional Water Supply Phase 1	30 200 000	-	15 000 000	Mnquma
Ngqamakwe Regional Water Supply Phase 2	-	20 000 000	15 000 000	Mnquma
Ngqamakwe Regional Water Supply Phase 3	-	5 000 000	15 000 000	Mnquma
Area Wide Sanitation Projects (Mnquma Phase 1A) (Region 1)	420 000	-	5 000 000	Mnquma
Mnquma Area Wide Sanitation (Ward 17 and 19)	1 850 000	10 000 000	5 000 000	Mnquma
Mnquma Area Wide Sanitation Projects (Region 3A)	-	5 000 000	4 998 000	Mnquma
Zizamele Sewerage Reticulation Phase 2	-	10 000 000	8 000 000	Mnquma
Centane Phase 4 Water Supply	-	10 000 000	8 000 000	Mnquma
Bawa Falls Water Supply Project	-	15 000 000	10 000 000	Mnquma
Cafutweni Water Supply Scheme	-	10 000 000	1 000 000	Mnquma
Toleni Regional Water Supply Upgrade	-	500 000	1 000 000	Mnquma
Upgrade Ngqamakwe Water Treatment Works	-	500 000	5 000 000	Mnquma
Butterworth Pipe Replacement	-	500 000	1 000 000	Mnquma
Upgrade Ngqamakwe Waste Water Treatment Works	-	500 000	1 000 000	Mnquma
Raw Water Pipeline from Xilinxo to Butterworth	-	500 000	1 000 000	Mnquma
Qolora by the Sea Upgrade	-	500 000	1 000 000	Mnquma
Butterworth Bulk Services Upgrade (to include Water and Waste Water Treatment Works Upgrade)	-	1 000 000	2 000 000	Mnquma
Butterworth Waste Water Treatment Works	-	1 000 000	2 000 000	Mnquma
Butterworth Water Treatment Works	-	500 000	2 000 000	Mnquma
Implement Sanitation Upgrade study recommendations in tourist nodes (Mazeppa Bay and Surrounds)	-	500 000	1 000 000	Mnquma
Mnquma Area Wide Sanitation Region 1A	16 659 714	-	-	Mnquma
Mnquma Area Wide Sanitation Region 2	7 179 291	-	-	Mnquma
Mnquma Area Wide Sanitation Region 2B	17 536 217	-	-	Mnquma
<b>TOTAL: Mnquma</b>	<b>128 993 603</b>	<b>152 000 000</b>	<b>135 998 000</b>	<b>Mnquma</b>

<b>MIG 3 YEAR CAPITAL PLAN</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>LM</b>
Peddie Waste Water Treatment Works Upgrade	2 000 000	12 000 000	10 000 000	Ngqushwa
Ngqushwa Villages - Water Reticulation	22 000 000	10 000 000	10 000 000	Ngqushwa
Prudhoe Housing (Bulk Water)	3 190 000	-	-	Ngqushwa
Implement Sanitation Upgrade study recommendations in tourist nodes (Coastal belt)	-	500 000	10 000 000	Ngqushwa
Ngqushwa Region 2c Sanitation Project	28 025 141	-	-	Ngqushwa
<b>TOTAL: Ngqushwa</b>	<b>55 215 141</b>	<b>22 500 000</b>	<b>30 000 000</b>	<b>Ngqushwa</b>
Hogsback Water Treatment Works and New Reservoir	11 000 000	6 000 000	1 000 000	Nkonkobe
Fort Beaufort Bulk Water Services Upgrading	27 500 000	15 000 000	5 000 000	Nkonkobe
Nkonkobe Area Wide Sanitation Region 3A	10 000 000	8 000 000	10 000 000	Nkonkobe
West Victoria East Water Supply (Phase 4)	-	-	1 300 000	Nkonkobe
Ekuphumleni & 9 Villages Water Supply (Phase 5)	-	-	1 000 000	Nkonkobe
Kolomane Bulk Water Supply : Phase 3	-	1 000 000	2 000 000	Nkonkobe
Upgrade Alice Waste Water Treatment Works	-	1 000 000	3 000 000	Nkonkobe
Victoria Post Settlement	-	1 000 000	5 000 000	Nkonkobe
Hertzog Settlement	-	500 000	5 000 000	Nkonkobe
Upgrade Fort Beaufort Waste Water Treatment Works	-	500 000	3 000 000	Nkonkobe
Fort Beaufort Pipe Replacement	-	1 000 000	5 000 000	Nkonkobe
Fort Beaufort Water Treatment Works upgrade / refurbishment	-	1 000 000	1 500 000	Nkonkobe
Alice Waste Water Treatment Works upgrade	-	1 000 000	1 500 000	Nkonkobe
Alice Water Treatment Works	-	1 000 000	1 000 000	Nkonkobe
Middledrift Waste Water Treatment Works	-	1 000 000	2 000 000	Nkonkobe
Implement Sanitation Upgrade study recommendations in tourist nodes (Hogsback - Katberg)	-	1 000 000	1 500 000	Nkonkobe
Nkonkobe Region 2A – Sanitation Project	17 760 833	-	-	Nkonkobe
<b>TOTAL: Nkonkobe</b>	<b>66 260 833</b>	<b>39 000 000</b>	<b>48 800 000</b>	<b>Nkonkobe</b>
Bedford & Adelaide Bucket Eradication Programme - Phase 6	3 000 000	9 000 000	10 000 000	Nxuba
Wortel Drift Farm Settlement	543 943	-	-	Nxuba
Bedford Waste Water Treatment Works	-	-	9 000 000	Nxuba
<b>TOTAL: Nxuba</b>	<b>3 543 943</b>	<b>9 000 000</b>	<b>19 000 000</b>	<b>Nxuba</b>
<b>GRAND TOTAL:</b>	<b>412 736 000</b>	<b>445 310 000</b>	<b>472 598 000</b>	

<b>ADM'S THREE YEAR REGIONAL BULK INFRASTRUCTURE GRANT</b>				
<b>Project Name</b>	<b>Local Municipality</b>	<b>2015/16 RBIG</b>	<b>2016/17 RBIG</b>	<b>2017/18 RBIG</b>
Mncwansa Bulk Water Supply	Mbhashe	41 000 000	71 746 000	42 746 000
Xhora East Water Supply	Mbhashe	45 000 000	81 640 000	61 640 000
Ibika Water Supply	Mnquma	9 000 000	-	-
<b>GRAND TOTAL:</b>		<b>95 000 000</b>	<b>153 386 000</b>	<b>104 386 000</b>
<b>ADM'S THREE YEAR MUNICIPAL WATER INFRASTRUCTURE GRANT PLAN (MWIG)</b>				
<b>Project Name</b>	<b>Local Municipality</b>	<b>2015/16 MWIG</b>	<b>2016/17 MWIG</b>	<b>2017/18 MWIG</b>
District Wide Refurbishment Plan	All LMs	20 779 063	10 329 135	13 039 794
District Wide Water Pipeline Extentions	All LMs	14 220 937	7 069 134	8 924 276
Water Conservation and Demand Management	All LMs	12 000 000	5 965 121	7 530 538
Amahlathi Interim WS	Amahlathi	4 700 000	2 336 339	2 949 461
Great Kei Interim WS	Great Kei	3 000 000	1 491 280	1 882 635
Idutywa East Interim Water Supply	Mbhashe	6 200 000	3 081 979	3 890 778
Seymour Ext 6 and Surroundings Interim Water Supply	Mbhashe	2 250 000	1 118 460	1 411 976
Ngqamakhwe Interim Water Supply	Mnquma	6 200 000	3 081 979	3 890 778
Toleni Interim Water Supply	Mnquma	4 500 000	2 236 920	2 823 952
Nkonkobe Interim WS	Nkonkobe	4 500 000	2 236 920	2 823 952
Nxuba East Interim WS	Nxuba	2 500 000	1 242 733	1 568 862
		<b>80 850 000</b>	<b>40 190 000</b>	<b>50 737 000</b>

## Municipal Infrastructure Grant

The largest infrastructure transfers over the MTEF years remain the MIG, which supports government's objectives of expanding the delivery of basic services to poor households and the alleviation of poverty. The grant also seeks to stimulate economic development and job creation over the medium term.

Below is a table depicting the municipality's MIG allocation in terms of DoRA and spending for the 2015/16 financial year and outer years:

GRANT	2014/15	2015/16	2016/17	2017/18
MIG	R 425 764 000	R 438 589 000	R 457 300 000	R485 347 000
% increase	6%	3%	4%	6%

It is evident from the table above that the increase in the MIG grant is below the inflation rate. This means that the programmes of the Amathole District Municipality will be negatively affected and it is becoming more difficult to perform its legal mandate. In addition the district has a significant sanitation backlog which it is attempting to eliminate through the front-loading of the MIG grant.

## 6.6 POLICIES AND BY-LAWS

The Budget and Treasury Office are reliant on the following policies to assist in the achievement of its respective IDP priorities:

- Banking and Cash Management Policy
- Investment Policy
- Budget Policy
- Tariff Policy
- Debt Collection and Credit Control Policy
- Indigent Policy
- Asset Management and Disposal Policy
- Supply Chain Management Policy
- Revenue By-Law

All polices and by-laws are reviewed annually and adopted by Council with the exception of the Banking and Cash Management Policy and the Investment Policy. These two policies are reviewed tri-annually due to the high probability of no amendments.

The objective of the ADM is to maintain adequate financial resources in order to be able to provide a sustainable and satisfactory level of municipal services to the community of the district. The ADM constantly monitors its financial position and financial performance to ensure that it is able to withstand political and economic changes by remaining liquid.

- **Banking and Cash Management and Investment Policies**

- The ADM is required to manage its bank accounts in accordance with the Municipal Finance Management Act 2003 ( Act No 56 of 2003) (MFMA). The **banking and cash management policy** thus intends to provide a framework for ensuring the proper management of its cash resources so as to ensure that sufficient cash resources are available to finance the capital and operating budgets of the municipality and that there is effective control over the management of bank accounts.
  - The ADM Council as the trustee of public revenues, which it collects and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently in accordance with the municipal investment regulations published in Government Gazette 27431 of 1 April 2005.
  - The Council of ADM therefore has a responsibility to invest public funds according to the standards of care to be exercised when making investment as set out in the Municipal Management Act (Act no. 56 of 2003) and Municipal Regulations.
  - All Investments made by the ADM, must be in accordance with the **Investment policy** of the ADM and the Regulations In terms of the MFMA. The primary objective of the Investment policy is the preservation and safety of the cash resources of the municipality.
- **Budget Policy**
    - The annual budget is the guiding document for financial planning and is aligned with the IDP objectives and strategies. The budget is the annual financial plan for each department within the ADM and is subject to a mid-term review, which may result in an adjustment to the originally approved budget.
    - The **Budget policy** outlines the principles which the municipality will follow in preparing each medium term revenue and expenditure budget framework. It further sets out the responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers and managers in compiling the budget.
    - The ADM remains committed in developing a credible and realistic budget.
  - **Revenue policies**

The ADM will continue to estimate revenue sources in a conservative manner based upon realistically anticipated collectable revenue. The ADM sets service charges that attempt to find the balance between affordability to the consumers and sustainability to the municipality. The **Tariff Policy** thus provides a framework in which the ADM can institute and maintain a tariff policy, which is transparent, cost – effective for the Municipality and is easily understood by all. The policy outlines the principles to be employed by the ADM in the levying of fees for services provided by the municipality. The **Tariff Policy** intends to guide the annual setting of tariffs.

It is essential that funds are available to meet all expenditure of either a capital or operating nature as and when such expenditure has to be incurred. A proper credit control policy will assist the ADM with ensuring liquidity. As payments by the consumers have a major effect on

cash flow, credit control on various services of the ADM is covered in the **Credit Control and Debt Collection Policy**.

Statements are generated for all consumer accounts on a monthly basis indicating amounts due for municipal services rendered, arrear amounts as well as payment due dates. Interest is charged on arrears on a monthly basis, except where Council has granted exemptions in accordance with its budget-related policies and within the prescribed framework. This policy includes Credit control procedures and mechanisms as well as debt collection procedures and mechanisms.

As a developmental institution, the ADM is committed to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the ADM to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services. The ADM therefore adopts an **Indigent Policy** which embodies an indigent support programme not only providing procedures and guidelines for the subsidization of service charges to indigent households in the district, but also to increase the quality of life of the beneficiaries by assisting them to exit from their indigence.

- **Asset Management Policies**

The ADM **Asset Management Policy** endeavours to promote efficient and effective management, monitoring and control of all the ADM's assets. The policy outlines objectives to ensure accurate recording of asset information, accurate recording of asset movements and compliance with the Council's Insurance Policy, Supply Chain Management Policy and payment procedures. The policy further sets out to ensure the effective and efficient control, utilisation, optimisation of usage, safeguarding and management of the ADM's assets and that all responsible parties are aware of their roles and responsibilities regarding the assets of the municipality. The policy prescribes the accounting treatment of assets acquired and used in accordance with the applicable accounting standards.

- **Supply Chain Management Policy**

The objective of the ADM **Supply Chain Management Policy** is to ensure sound, sustainable and accountable supply chain management within the district. The policy ensures that goods and services are procured in a fair, equitable, transparent, competitive and cost effective manner.

The ADM has recently appointed a Contract Manager to ensure that all contracts awarded to service providers are appropriately managed and monitored.

## **6.7 REVENUE BASE**

The ADM remains committed to improving the quality of life of all its citizens in the district. In accordance with Section 18 of the MFMA, municipalities are to table a funded and credible

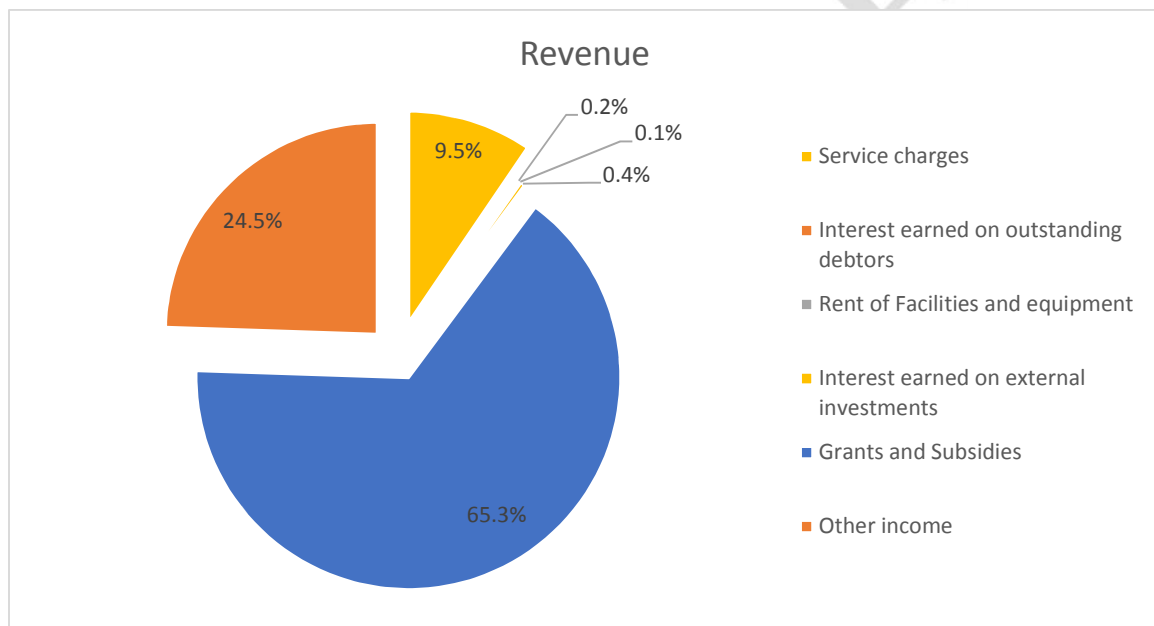
budget, based on realistic estimates of revenue that are consistent with their budgetary resources and collection experience.

The needs of the communities and local municipalities are met within the financial capacity and resource constraints of the municipality. The reality is that the needs always exceed the available financial resources. This is glaringly obvious during the annual budget compilation hence the available resources are to be prioritised to improve the quality of life of the community.

The ADM has very few significant sources of discretionary or sustainable revenue. These include:

- Interest Earnings;
- Equitable Share;
- Levy replacement Grant

The figure below indicates all the discretionary revenue sources utilized to fund the 2015/2016 operating budget:



The total operating revenue, excluding capital transfers, forecasted for the 2016/17 financial year reflects a 4% decrease which equates to R82 million. This is as a result of the decrease in the revenue that is to be generated from service charges, interest on overdue accounts and interest from the investments. The decrease in the service charges and interest on overdue accounts is as a result of applying Section 18 of the MFMA that stipulates that revenue must be realistically collectable. This amount was thus based on the actual collection for the 2015/16 financial year, instead of the accrued amount. Similarly the interest earned from investments has decreased due to the decrease in the capital amount that has been invested due to operational requirements.



As depicted in the pie chart above, the ADM's primary revenue source is grant income at 65%. The secondary revenue source is other revenue mainly from the VAT input that is claimed. The core function of providing water and sanitation in the form of service charges only contributes 9.5% towards the income base.

Salaries and salary related costs constitute 75% of the operational income.

### **Interest Earnings**

Interest earnings of R7 million was budgeted for the 2016/17 budget, which contributes to less than 1% of the total revenue. The interest earnings during 2016/17 will be re-invested to allow the investments to grow and increase earning potential, instead of being fully utilised to fund operating expenditure as in the past. The municipality has always been dependent on the interest earned on its investments to assist in balancing its operating budget. This financing approach is not sustainable. The initial investments were built up from the time that the municipality levied Regional Service Levies.

The municipality is required to cash-back commitments such as the leave provision and employee benefit provision. Currently the municipality does not sufficient cash reserves to do this. It is ironic that in the medium term, the more efficient the municipality became at delivering its budgeted result, the greater this investment income reduced.

### **Equitable Share**

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

Equitable share takes into account the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs in municipalities. It is an unconditional grant which has the following components on it in terms of the Division of Revenue Act, 2007 (DoRA)

- BS = Basic services component
- I = Institutional component
- CS = Community services component
- R = Revenue adjustment factor
- C = Correction and stabilisation factor

The ADM prioritises its budget towards poor households for the provision of free basic services.

The affordability threshold that informs the equitable share formulae at National Treasury is set at R2 300 per month and is based on the 2011 Census data, however municipalities are not specifically required to use this threshold in their individual indigent polices. Municipalities are to clearly justify in the budget document why their affordability threshold is different in a narrative to the budget document.

Below is a table depicting the municipality's Equitable Share allocation in terms of DoRA for the 2015/16 financial year and outer years:

<b>GRANT</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Equitable Share	R 393 118 000	R 409 057 000	R 425 529 000	R454 860 000
% increase	5%	4%	4%	7%

From the above table it is evident that the increase in the equitable share is below inflation. These funds are to be increased in order to avoid the municipality from being restricted in the range of services and support it can deliver to the communities within the district.

### **Levy Replacement Grant**

The Minister of Finance announced in the 2005 Budget that RSC levies will be phased out with effect 1 July 2006. However, for municipalities to meet their expenditure obligations, especially in terms of poverty alleviation and social and economic development, it was important to maintain the existing levels of revenue. Hence the national government compensated municipalities for lost revenue within the national budget framework through the Levy Replacement Grant.

The RSC Levy Replacement Grant for the 2012/2013 financial year and outer years reflects a low growth rate as more fully detailed below:

<b>GRANT</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Levy Replacement Grant	R 270 433 000	R 290 538 000	R 315 116 000	R339 917 000
% increase	9%	7%	8%	8%

It is evident that the increase in the Levy replacement grant is slightly above the inflation rate.

### **Service Charges & Tariff-Setting**

The Amathole District Municipality continues to service a very rural and poverty-afflicted district. This is evidenced in the outstanding debt that is due to the municipality in respect of service charges with 85% of the debt being comprised of domestic consumers. In addition the collection rate is very low with only 41% of the current debt being collected. This equates to the municipality recognising a provision for bad debts of 80% of its outstanding debt.

The municipality is looking into new and innovative strategies to increase the collection rate.

Out of the 79 739 debtors on the financial system, only 6 150 debtors were registered for indigent status during 2012/13. This also has an adverse impact on the debt of the municipality as the outstanding debt is growing at an average of 4% per month.

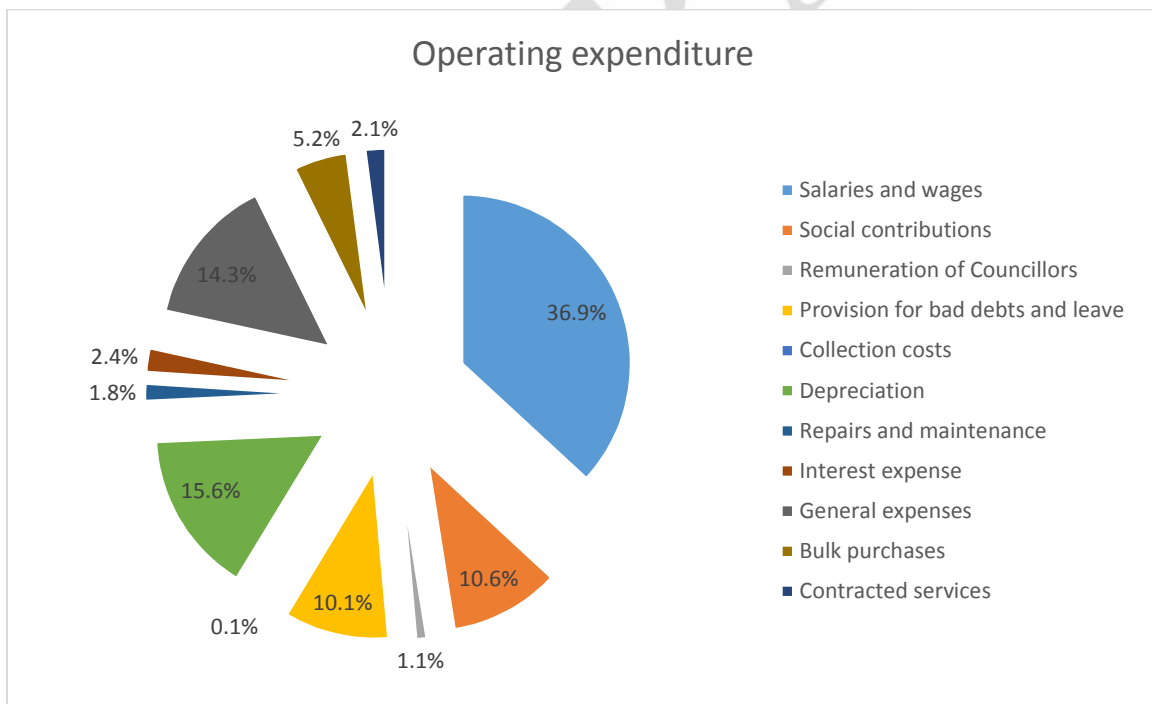
The existing fees, tariffs and charges are reviewed annually in order to ensure that the revenue attributable to fees and charges are maximised and that the bases for determining fees and charges are cost reflective and/or market related. The balance between affordability and

sustainability remains a challenge and the current tariffs levied are not indicative of cost-recovery. The tariffs have not been increased for the 2016/17 financial year.

## 6.8 EXPENDITURE MANAGEMENT

In accordance with Section 65(2)(e) of the MFMA, municipalities are required to paid all money owing within 30 days of receiving the relevant invoice or statement. The Amathole District Municipality pays between 96% - 99.6% of its invoices within 30 days (this varies from month to month). In an effort to achieve full compliance with the MFMA, the municipality has established processes and procedures for payments such as the centralisation of the receipt of invoices and the maintenance of a register so that invoices can be tracked. In addition this matter of compliance has been added to the SDBIP to assist in ensuring compliance.

Best practice relating to operating expenditure management include prioritising infrastructure repairs and maintenance; budgeted expenditure to be funded by realistically anticipated revenue sources. The ADM is finding it increasingly more challenging to balance its budget with cash backed funds.



The ADM's main operating expenditure category is salaries and wages at 37% of total operating expenditure followed by social contributions at 11% of the operating expenditure. Both these operating expenditure categories have demonstrated a steady increase year on year. In total

employee related expenditure equates to 49% of the total operating expenditure budget. Due to budget constraints, operating expenditure had to be significantly reduced.

The ADM has improved spending on the gazetted grants and remains committed to spending its allocations so as to ensure service delivery to its community. To this end the ADM has established a Project Steering Committee that convenes monthly to discuss performance and spending of all projects. This forum also identifies challenges and bottle-necks and attempts to assist in finding remedial action.

## 6.9 FINANCIAL MANAGEMENT

### Ongoing Sustainability of the Municipality

In order to assess the liquidity of the Amathole District Municipality on an on-going basis, various financial ratios, trend analysis and other measurement mechanisms are utilised to assess the cash position to support the implementation of the Budget.

The following ratios have been included in the IDP in order to assess the adequacy of the available cash and cash equivalents to meet the Amathole District Municipality's commitments arising from the approved Budget:

- Liquidity ratio
- Debtors Collection rate
- Creditors payment rate

#### Liquidity Ratio (current ratio)

This ratio provides an indication of the municipality's ability to pay its short term debts in the short-term (viability of an entity). This ratio focuses on current assets (debtors, bank and cash, inventory) and current liabilities (trade and sundry creditors, provisions, accruals).

The ratio currently is in line with the norm of 2:1. The decrease in the ratio from June 2014 to December 2014 can mainly be attributed to the decrease in the investment balance.

It would be highly undesirable in the short to medium term if this ratio were to decline below 2:1 and must be turned around. Spending must be monitored so as to prevent cash flow constraints. Over-reliance on the equitable share tranches is also evident.

Ratio	2012/13	2013/14	2014/15
Liquidity ratio (current ratio)	3.2 : 1	3.5 : 1	1 : 1

### Debtors Collection Rate

A ratio of 41% is calculated using the current billing and current receipting only. If the total outstanding debt (before any provision for bad debts) to total revenue collected during the period is used, a ratio of 12% is reflected. The municipality currently has a provision for bad debts that constitutes 80% of the total outstanding debt. This provision is based on past collection trends and risk associated with each debtor category and complies with the GRAP standards.

The municipality continues to identify new strategies to assist in improving the collection rate.

<b>Debtors Collection Rate</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Current billing vs current receipts	38%	45%	41%
Total debt vs total receipts	30%	16%	12%

### Creditors Payment Rate

The ratio must be compared to the municipality's credit terms which it receives from customers and that determined by the MFMA to determine whether the management of accounts payable is effective or not. The longer the credit terms the better for the municipality as the credit is usually interest free. Trade creditors carry no explicit cost. However, when cash discounts are being offered, the cost of not taking the discount is an implicit cost. Additional strain is placed on working capital requirements if creditor's payment days are significantly less than the debtor's collection period. This is the current scenario experienced at ADM as suppliers are paid within 30 days while revenue only received after 90 plus days.

Payment can only be made upon receiving the original invoice. The Budget and Treasury office has implemented procedures and controls to ensure that invoices are received and paid within the legislative timeframes .i.e. payment within 30 days of receipt of invoice. This intervention has greatly improved the payment turn-around times to ensure compliance with the MFMA. The municipality is continually trying to improve controls and procedures to stream-line the process and compliance.

<b>Creditors Payment % within 30 days</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	93%	94%	99.9%

## 6.10 CASH FLOW POSITION

The ADM has experienced a significant decrease in its cash reserves over the last few months. This can be attributed to the fact that the creditors are to be paid within 30 days and that debtors pay in excess of 90 plus days, creates a significant disparity in the cash flow of the municipality. Another contributing factor is that the municipality has demonstrated a certified effort to increase spending especially on its internally funded projects. The municipality is grant dependent and the significantly low collection rates coerce the municipality to be heavily reliant on the equitable share and levy replacement grant tranches.

Cash flows and projections are being monitored closely by management so as to prevent an over-draft situation and to maintain the investment base of the municipality.

During the 2014/15 financial year, the bank account of ADM has increased due to the first drawn-down of the DBSA loan, R289 million, being deposited end of December 2014. This money is for the projects identified as per the MIG front-loading programme.

<b>CASH FLOW</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Net cash inflow/(outflow) from operating activities	R394 926 536	R317 018 506	R192 564 191
Net cash inflow/(outflow) from investing activities	(R550 163 121)	(R392 462 775)	R135 255 979
Net cash inflows/(outflow) from financing activities	R6 762	R530 854	R223 028
<b>Net (Decrease)/Increase in cash flows</b>	<b>(R155 229 823)</b>	<b>(R74 913 415)</b>	<b>R328 043 198</b>

Investing activities include the purchase of assets, with the net outflow being in both the 2012/13 and 2013/14 financial years being as a result of an increase in the infrastructure assets. The positive cash inflow from investing activities during 2014/15 is mainly attributable to R224 million capital of the R460 million investments not being re-invested.

## 6.11 SUMMARY OF AUDIT OUTCOMES

<b>ADM Four Year Audit Outcomes</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Clean Audit Opinion Unqualified opinion, with no findings				

Unqualified Audit Opinion Unqualified opinion, with findings	√	√	√	√
Qualified Audit Opinion Qualified opinion, with findings				
Adverse Opinion Adverse opinion, with findings				
Disclaimer of Opinion Disclaimer of opinion, with findings				

The municipality has continued to improve on its audit outcomes and has maintained an unqualified audit opinion for four consecutive years. This positive result is a result of the dedication of the staff to maintain and improve on the audit outcomes. In addition the municipality develops action plans to manage the resolution of the audit findings. Furthermore, ADM has developed an Audit Action Plan as well as the Audit Intervention Plan in responding to findings raised by the Internal Audit and the Auditor General.

#### **6.12 CONCLUSION**

The application of sound financial management principles for the compilation of a financial plan must be considered an on-going basis through which the integration of the IDP and Budget is ultimately achieved.

The budget is to contain realistic and credible revenue and expenditure forecasts which provide a sound basis for improved financial management of limited financial resources and service delivery improvements and implementation within the district.

The continual application of sound financial principles and management will contribute to ensuring that the Amathole District Municipality remains financially viable and that municipal services are provided economically to all communities. In addition it will strengthen the transparency and accountability of public finances.

## CHAPTER 7: PERFORMANCE MANAGEMENT SYSTEM

The Municipal Systems Act (2000) enforces the idea of a local government Performance Management System (PMS) and requires all municipalities to:

- Develop a performance management system
- Set *targets*, monitor and *review performance* based on indicators linked to their IDP
- Publish an *annual report* on performance for the councilors, staff, the public and other spheres of government
- Incorporate and report on a set of *general indicators* prescribed nationally by the minister responsible

for local government

- Conduct an *internal audit* on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General
- *Involve the community* in setting indicators and targets and reviewing municipal performance

In responding to the above requirements, Amathole District Municipality developed the following tools aimed at operationalizing its Performance Management System.

1. Performance Management Framework
2. Performance contracts and agreements
3. Service Delivery & Budget Implementation Plan
4. Procedure Manual for Management of Performance Information
5. Accountability agreements and Performance Promises Procedure Manual
6. Reporting templates
  - a. Quarterly performance assessment reports
  - b. Mid-year performance report
  - c. Annual Performance report
7. Performance scoring tool/ Electronic performance system



## **7.1 The Performance Management Framework**

For purposes of monitoring and evaluation, Amathole District Municipality adopted a Performance Management Framework in 2002. This has since been reviewed in 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015 to be in line with the 2001 and 2006 Regulations as well as the IDP.

The Performance Management framework is a municipal policy document that defines and describes the municipal performance management system, including how it operates. The framework constitutes council policy with regards to:

- The requirements that a PMS of Amathole will need to fulfil;
- The principles that will inform its development and application;
- A model that describes what areas of performance will be managed, in Amathole District Municipality;
- What processes will be followed in managing performance;
- What institutional arrangements are necessary for this;
- Who will take responsibility for parts of the system;
- How this links to personnel performance management, especially S57 managers.
- Establishment of structures to evaluate performance
- Management of Municipal Entities and Service Providers performance.

Amathole District Municipality makes use of the Municipal Scorecard Model as a model for performance management. The Municipal Scorecard Model is now reviewed and is based on one scorecard namely, the SDBIP (Service Delivery and Budget Implementation Plan) Scorecard. The Municipal Scorecard Model embodies five Key Performance Areas adopted by the then Department of Local Government and Traditional Affairs in the Five Year Local Government Strategic Agenda. Performance is then measured according to the five KPAs. The Municipal Scorecard Model is based on the *Balanced Scorecard* methodology by Drs Robert Kaplan & David Norton, but customised by aligning the 5 Key Performance Areas with the traditional 4 Perspectives of performance management. This then caters for measuring the elements of performance management as required for the *Balanced Scorecard* such as Costs, Inputs, Outputs, Outcomes and Process.

The Heads of Department will be primarily responsible for performance on the SDBIP Scorecard. As such, the SDBIP Scorecard is closely linked and forms the largest component of how a Head of Department's performance will be appraised.

Furthermore, the SDBIP Scorecard will be cascaded down to the departments where it will be monitored.

Departments in the municipality are constituted by sections and the head of each section is responsible for reporting to the Head of Department. SDBIP Scorecards and performance reports must be formulated at departmental meetings constituted at least by the Head of Department and section heads. Sectional planning must be informed by the SDBIP Scorecard and performance reporting must feed into the SDBIP Scorecard report. Therefore each section must have its own implementation plan that contributes to the overall implementation of the SDBIP Scorecard.

The District Municipality will facilitate the implementation of a coordinated annual cycle of municipal performance management within the district area. This cycle will have agreed critical dates and timelines for the following activities:

- Development of Organisational Scorecard (as part of the District IDP Process)
- Development of SDBIP Scorecards by all departments at Amathole DM (as part of the IDP processes)
- Conclusion of Performance Contracts, Performance Agreements, Accountability Agreements and Performance Promises
- Completion of the first quarter reviews and audits
- Completion of the midyear/ second quarter reviews and audits
- Completion of the third quarter reviews and audits
- Completion of the annual reviews and audits
- Preparation of the Annual Performance Report
- Submission of inputs to the Annual Report

## **7.2 Performance Reporting & Reviews**

### **7.2.1 Departmental Reviews**

It is intended that departments review their performance monthly, using their SDBIP Scorecards. Decision-makers should be immediately warned of any emerging failures to service delivery such that they may intervene if necessary.

Departments should use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. Minutes of these reviews should be forwarded to the office of the Municipal Manager. Changes in indicators and targets may be proposed at this

meeting but can only be recommended for approval by the Municipal Manager to the Executive Mayor.

On a monthly basis the HoD (Head of the Department) will submit a report on the department's performance using the SDBIP Scorecards to the Cluster Champ who will table the report to the Cluster and submit a report to the HOD Forum.

HODs will formulate their SDBIP Scorecard reports by taking into account the performance of the various units/sections within each department. The SDBIP Scorecard requires inputs from each unit/section such that a comprehensive report is collated on the performance of each department. The Unit Manager/Sectional Head is responsible for the provision of unit/sectional reports to the HOD.

### **7.2.2 Municipal Manager's Review Panel**

Twice annually, the review panel setup by the Municipal Manager will review the departmental performance (HoD or manager reporting directly to the municipal manager) using the SDBIP Scorecards for departments. It will then submit reports from this review to the Municipal Manager for HOD/Working Forum, Performance Audit Committee then to the Executive Mayor to submit to council.

The Municipal Manager's Review Panel will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary. Where targets need to be changed, the Municipal Manager can endorse these, for recommendation to the Executive Mayor for approval.

In preparation for and prior these reviews, the office of the Municipal Manager must develop an analysis of performance.

### **7.2.3 Executive Mayor's Review Panel**

Twice annually, the review panel setup by the Executive Mayor will review the top organisational performance (municipal manager) using the Top level SDBIP Scorecard. It will then submit reports from this review to the Executive Mayor to submit to and Council.

The Executive Mayor's Review Panel will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary. Where targets need to be changed, a recommendation will be submitted to the Executive Mayor for approval.

In preparation for and prior these reviews, the office of the Municipal Manager must develop an analysis of performance.

### **7.2.4 Performance Audit Committee Reviews**

On a quarterly basis, the Performance Audit Committee will review the departmental and municipal performance (municipal manager) using the SDBIP Scorecard. Other function that is linked to the Performance Audit Committee is the auditing and assurance guarantee on the assessment and

processes of the framework and the system. This is further detailed in section dealing with Auditing and Quality Control.

The quarterly report will be submitted to the Executive Mayor and quarterly and bi-annually to council.

The Performance Audit Committee will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary. Furthermore, they will verify and give assurance to the process of reviews undertaken by the panels and recommendation.

Where targets need to be changed, a recommendation will be submitted to the Executive Mayor for approval.

### **7.2.5 Council Reviews**

At least twice annually, the council will be required to review municipal performance based on the performance report submitted by the Executive Mayor. The council will use the report submitted by the Executive Mayor from the Performance Audit Committee.

The first review will be in January in preparation for the budget adjustments. The second review will be an annual performance review. This will form part of the annual report as required by the Municipal Systems Act. A report annually will be submitted to the provincial government in the form of an annual report. A report annually will also be submitted to the Inter-Governmental Forums established by Amathole District Municipality in the form of a citizen's report on performance of the municipality.

### **7.2.6 Public Reviews**

The Municipal Systems Act requires the public to be given the opportunity to review municipal performance and they will be part of the panels established by the district municipality. Furthermore, a citizen's report will be produced for public consumption and submitted to the IGR structures established by Amathole District Municipality. A citizen's report should be a simple, easily readable and attractive document that summarises the performance of the municipality public consumption.

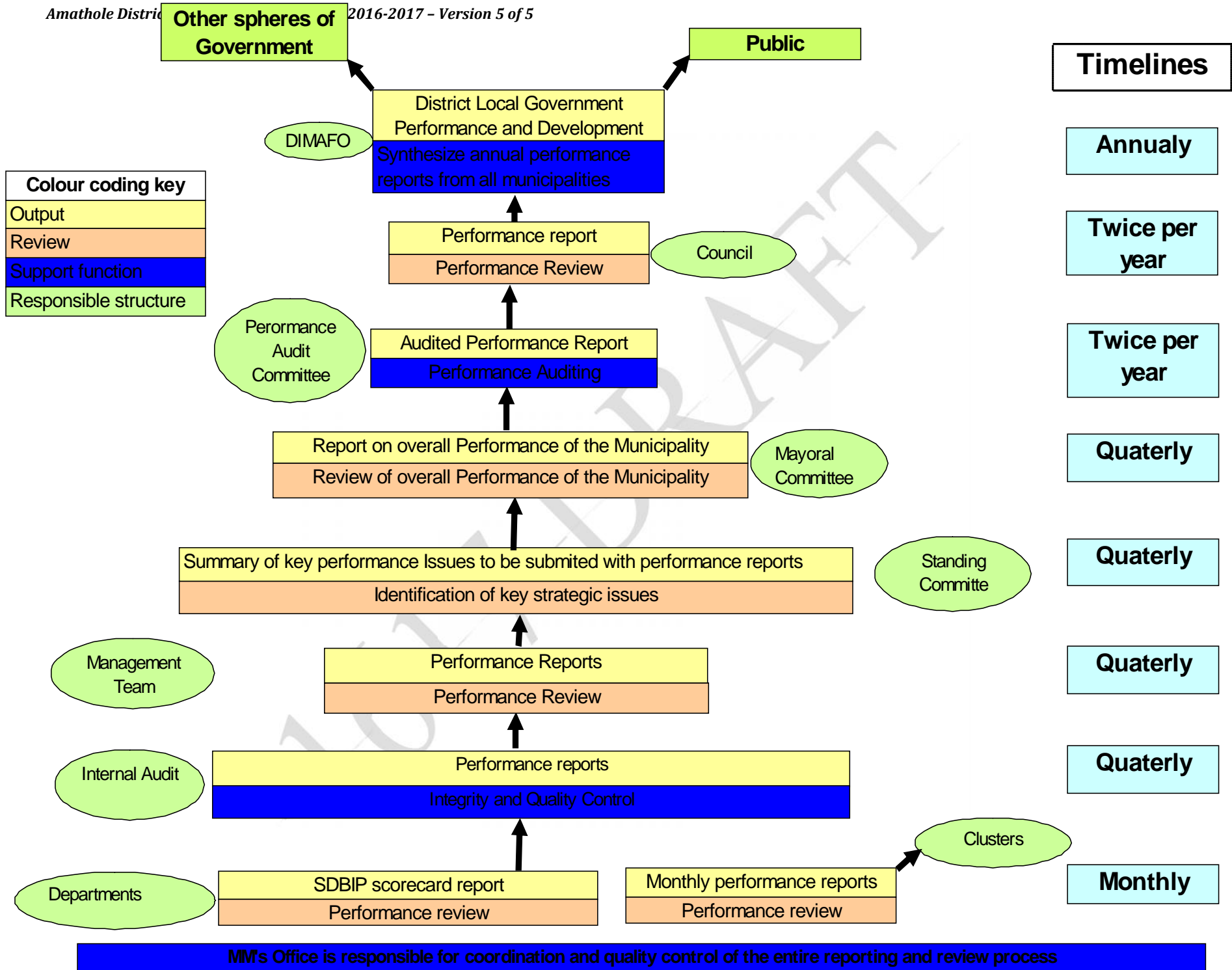
Annually an annual report will be developed and be open for public comments on the assessment of the municipality's performance. It is also proposed that a public campaign be annually embarked on to involve communities in the review of municipal performance. Such a campaign could involve the following methodologies:

Various forms of media including radio, newspapers and billboards can be used to convey the communities' report. The public should be invited to submit comment via telephone, fax, email and public hearings to be held in a variety of locations.

The public reviews should be concluded by a review by the IDP Representative Forum.

The diagram below provides a picture of the annual process of reporting and reviews:

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### **7.2.6 Auditing And Quality Control**

The Office of the Municipal Manager will be required on an ongoing basis to co-ordinate and ensure good quality of reporting and reviews. It will be its role to ensure conformity to reporting formats and check the reliability of reported information, where possible. The municipality's internal audit function will be continuously involved in auditing the performance reports, evidence file and SDBIP scorecards. As required by the regulations, they will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager, Executive Mayor, Performance Audit Committee and Audit Committee. The Performance Audit Committee will also be tasked with assessing the reliability of information reported.

Also the Municipality will need to appoint a Performance Evaluation Committee to assess s56 and the Municipal Managers annual performance. The composition of the Committee must adhere to the one prescribed in the 2006 Regulations.

### **7.3 INDIVIDUAL PERFORMANCE**

In cascading the performance management system to the levels below the managers reporting directly to the Municipal manager, Amathole District Municipality has developed Employee Performance Management policy. This policy outlines how planning, monitoring, review, reporting of individual performance should be done. It also has provision for performance rewards and the approach in managing poor employee performance.

All ADM employees including General Assistants sign Accountability Agreements or Performance Promises in the beginning of the financial year. Employees on Task Grade 11-20 sign Accountability Agreements (AA) whereas employees on Task Grade 4-10 sign Performance Promises (PP). Their performance is being reviewed every quarter based on what an individual employee has signed in his or her Accountability Agreement or Performance Promise.

ADM also ensures that it rewards employees who demonstrate excellent and outstanding performance by introducing Annual Awards and Performance Rewards. These awards and rewards are given to all deserving employees across ADM at the end of the financial year. In as much as ADM rewards those employees who are performing very well, it also ensures that all those who are demonstrating poor performance are assisted by their supervisors using the approach that is outlined in the Employee Performance Management Policy.

### **7.4 EVALUATION AND IMPROVEMENT OF THE PERFORMANCE MANAGEMENT SYSTEM**

ADM Annually evaluates its performance management system, and thus has resulted in the procurement of an Electronic Performance Management System to assist in measuring and reporting performance.

The e-perform system act as a supporting tool for ADM's Performance Management, it has capabilities to assist users in capturing diagnostic information. It provides a comprehensive integrated system for measuring and reporting on the achievement of planned performance. The system seeks to implement the key objectives and benefits that are at the core of the performance Management Framework.

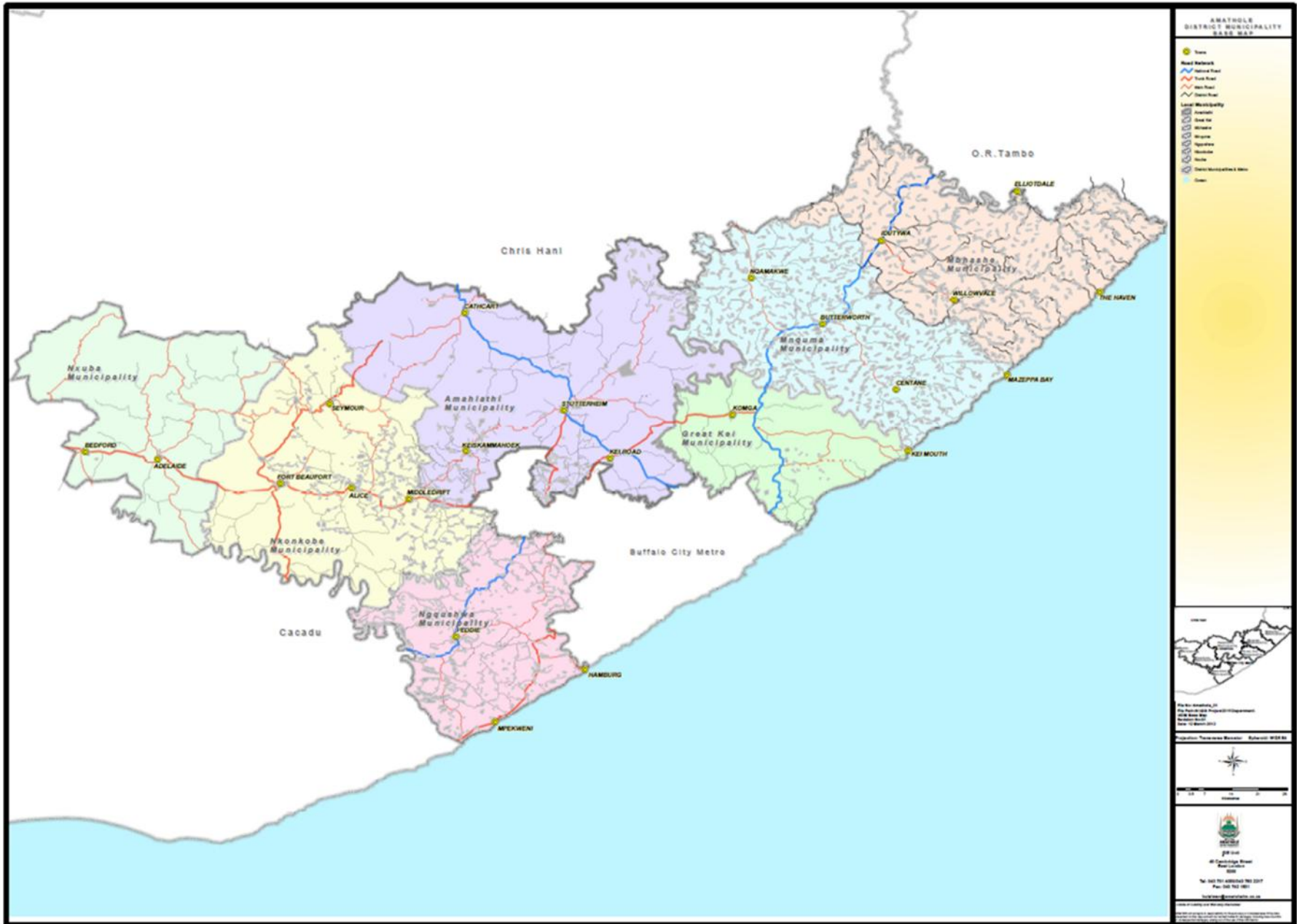
It must once again be emphasised that there are no definitive solutions to managing municipal performance, the process of implementing a performance management system must be seen as a learning process, where there is a conscious buy in to incremental improvement of the way the system works in order to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

## **ANNEXURES**

### **ANNEXURE A: SDBIP**

### **ANNEXURE B: MAPS**





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