

# INTEGRATED DEVELOPMENT PLAN

## Review 2014 - 2015

### Tsantsabane Local Municipality



### **Acknowledgements**

This IDP is the vision of the council elected for term of office of 2011 – 2016 thus resulting in plan of five years to improve the livelihoods of the residents of Tsantsabane and to position the municipality as a catalyst of change in the ZF Mcgau region in the Northern Cape. Currently the municipality experience high growth *in* economic development as a result of the booming mining sector. As a result an excitement of opportunities exists within the local smme sphere versus the flocking of people from all corners of South Africa for jobs.

Thus creating a need for council to be hands on planning and development. The further result is an increase on the existing backlog of basic services.

Council need to through innovation give effect of its vision to be a trend setter in service delivery. The IDP couldn't have served as better instrument to guide and inform our actions going forward.

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## **GLOSSARY**

<b>AIDS</b>	<b>ACQUIRED IMMUNE DEFICIENCY SYNDROME</b>
<b>ANC</b>	<b>AFRICAN NATIONAL CONGRESS</b>
<b>BEE</b>	<b>BLACK ECONOMIC EMPOWERMENT</b>
<b>CDW</b>	<b>COMMUNITY DEVELOPMENT WORKER</b>
<b>CIP</b>	<b>CONSOLIDATED INFRASTRUCTURE PLAN</b>
<b>DBSA</b>	<b>DEVELOPMENT BANK OF SOUTHERN AFRICA</b>
<b>DEAT</b>	<b>NATIONAL DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM</b>
<b>DME</b>	<b>DEPARTMENT OF MINERALS AND ENERGY</b>
<b>DTI</b>	<b>DEPARTMENT OF TRADE AND INDUSTRY</b>
<b>DWAF</b>	<b>NATIONAL DEPARTMENT OF WATER AFFAIRS AND FORESTRY</b>
<b>EIA</b>	<b>ENVIRONMENTAL IMPACT ASSESSMENT</b>
<b>EMF</b>	<b>ENVIRONMENTAL MANAGEMENT FRAMEWORK</b>
<b>EPWP</b>	<b>EXTENDED PUBLIC WORKS PROGRAMME</b>
<b>FET</b>	<b>FURTHER EDUCATION AND TRAINING</b>
<b>GDP</b>	<b>GROSS DOMESTIC PRODUCT</b>
<b>GGP</b>	<b>GROSS GEOGRAPHICAL PRODUCT</b>
<b>HIV</b>	<b>HUMAN IMMUNE VIRUS</b>
<b>HOD</b>	<b>HEAD OF DEPARTMENT</b>
<b>HSSP</b>	<b>HOUSING SECTOR PLAN</b>
<b>IDP</b>	<b>INTEGRATED DEVELOPMENT PLAN / PLANNING</b>
<b>IWMP</b>	<b>INTEGRATED WASTE MANAGEMENT PLAN</b>
<b>LED</b>	<b>LOCAL ECONOMIC DEVELOPMENT</b>
<b>MEC</b>	<b>MEMBER OF EXECUTIVE COMMITTEE</b>
<b>MFMA</b>	<b>MUNICIPAL FINANCE MANAGEMENT ACT</b>
<b>MIG</b>	<b>MUNICIPAL INFRASTRUCTURE GRANT</b>
<b>MSA</b>	<b>MUNICIPAL SYSTEMS ACT</b>
<b>MTEF</b>	<b>MEDIUM TERM EXPENDITURE FRAMEWORK</b>
<b>NSDP</b>	<b>NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE</b>
<b>PGDS</b>	<b>PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY</b>
<b>PHC</b>	<b>PRIMARY HEALTH CARE</b>
<b>PPP</b>	<b>PUBLIC PRIVATE PARTNERSHIP</b>
<b>SDBIP</b>	<b>SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN</b>
<b>SDF</b>	<b>SPATIAL DEVELOPMENT FRAMEWORK</b>
<b>SEA</b>	<b>STRATEGIC ENVIRONMENTAL ASSESSMENT</b>
<b>SMME</b>	<b>SMALL, MEDIUM, AND MICRO ENTERPRISES</b>
<b>SoER</b>	<b>STATE OF THE ENVIRONMENT REPORT</b>
<b>STATSSA</b>	<b>STATISTICS SOUTH AFRICA</b>
<b>TLM</b>	<b>TSANTSABANE LOCAL MUNICIPALITY</b>
<b>TSASSAMBA</b>	<b>TSANTSABANE, ASSMANG &amp; KUMBA</b>
<b>TYC</b>	<b>TSANTSABANE YOUTH COUNCIL</b>
<b>WMP</b>	<b>WASTE MANAGEMENT PLAN</b>
<b>WSDP</b>	<b>WATER SERVICES DEVELOPMENT PLAN</b>





**FOREWORD BY  
MAYOR ELROY  
PHETE**

The Municipal Systems Act (No 32 of 2000) compels all municipal Councils to develop and adopt a Five-year Integrated Development Plan (IDP) which has to be reviewed annually. This also marks the drafting and compilation of the Reviewed IDP (2014-2015) for the Tsantsabane Local Municipality. It is important to note that the IDP represents the Vision and overarching Mission of the Municipality, and it determines the key service delivery issues of a developmental local government in order to deliver on the mandate of the municipality's constituency.

The IDP does not only serve to direct and unpack the intended delivery of the municipality for the next five years, it is intended to guide all development and for all other spheres of government and promoting the principles of Inter-governmental relations. It gives impetus on the direction the municipality is going to take and what the inhabitants can expect to happen. ***Thus it is a delivery tool of utmost importance.*** Council wish to commend all stakeholders who participated and contributed in the formulation of this IDP 2012 – 2017. The lessons drawn from public participation processes have assisted the municipality to sharpen its approach to planning processes. Public inputs have challenged us to strengthen the link between the IDP, budget and SDBIP. This plan will also be used to guide the institutional renewal in response to the changing trends and patterns of developmental needs and issues pertaining to landscape.

As the municipal administration, it is our responsibility to make things happen as we have an obligation to fulfil tasks that have been given to us or assigned by council, mainly to create an enabling environment that support local democracy, reviewing and finalizing outstanding policies to enhance service delivery . In all our endeavours we will ensure we that all existing resources are utilized economically, effectively and efficiently.

We have taken note of your input from our public participation process. Twenty years in democracy we have realized much has been done among others the roads and storm water of Khuting in Boichoko, the upgrading of Stasie Street in Newtown that serves as gateway for business and improve the health conditions of the residents of Newtown and Hakbosdraai. We further acknowledge that much more needs to be done in areas like Maramane, Skeifontein, Groenwater and Jenn Haven.

We further realize a stronger emphasis on education to improve the lives of the people. We have made major strides in health care with the construction of two new clinics in Tsantsabane.

Furthermore I wish to remind us that we are halfway through our term of office with even more challenges facing communities. Let us unite behind service delivery thus making it attractive for investment to establish in Tsantsabane and ensure the continuous improvement of the people of Tsantsabane.

Thank You!

# Chapter 1.

This chapter concentrates on with the situational analysis of the municipality, the current status and it gives direction for planning on the vision of the municipality. It looks into the statistics of the municipality and the basic needs each ward has and needs to have.

## 1. EXECUTIVE SUMMARY

The area of jurisdiction of the Tsantsabane Local Municipality is situated in the Siyanda District Municipality. The extent of the geographical area of the municipality is 5 887km<sup>2</sup> (Surveyor General, 2008). Within the Northern Cape the District municipality is neighbored by John Taolo Gatsewe and Pixley ka Seme District Municipalities. Tsantsabane Municipality is bordered by Ga-Segonyana in the north, Siyancuma in the south, Kgatelopele in the east and Gamagara to the west.

The major routes running through Postmasburg include the R385 from Kimberley that runs through Beeshoek, the R309 and the R325 to Kathu. Tsantsabane Municipality is characterized by a mixture of land uses of which agriculture and mining is dominant land use within the rural areas. The residential areas vary from the relatively large town of Postmasburg to small scattered rural communities. Some of these communities are the remains of railway stations.

**T**santsabane's Integrated Development Plan (IDP) 2011 - 2016 is a Strategic Document that clearly outlines the Town's Development Objectives and provides a Policy Framework that guides Management in decision-making related to Budgeting and Planning for the municipal area within a Five-Year Medium Term Period.

**Tsantsabane Municipality is committed to Strengthening and Extending Public Participation in its work.** The right of Communities to be heard, to be involved and to receive Information is embedded in the approach to Local Governance.

**Section 5 (1) of the Municipal Systems Act of 2000 provides the following rights for Members of a Local Community:**

- (a) To submit Written or Oral Recommendations to the Municipal Council or a Political Office bearer or to the Administration of the Municipality;
- (b) The right to be informed of decisions of the Municipal Councils or another Political Structure of any Political Office bearer of the Municipality, on matters affecting their Rights, Property and Reasonable Expectations;
- (c) To have Access to Information on the state of affairs of a Municipality including its Finances;  
To Access Municipal Council and Committees except when it is not reasonable to do so.

**Tsantsabane Municipality followed the following process for consultation for the IDP and Budget development and approval:**

- Initial Advertisements in Local Media of dates, times and venues of Consultation;
- Held Consultations with Residents; Non-Governmental Organizations, Community-Based Organizations and Labor; the Women's Sector; and Business.

**The content of this Consultation Processes included the following:**

- An Overview of the IDP and Budget;
- Priority Plans for 2012 - 2016;
- Achievements per Region;
- The 2014/2015 Budget and Tariffs;

- 2014/2015 Mayoral Budget Speech.

Priorities and Plans for 2014/2015 Financial Year includes:

**Sustainable Development and Environmental Management:**

This is focused on Implementing Policies aimed at promoting Sustainable Development. The Municipality wants to ensure that it plans and implements Policies in a way that ensures Integration of all our Local Government Economic, Social and Cultural Programmes.

**Doing the Basics Right:**

This includes Removal and Management of Waste, cutting Overgrown Grass, functioning Streetlights, fixing Burst Pipes and Enforcing By-Laws. A Customer Care System is being developed and will assist in strengthening Implementation Programmes.

**Housing and Informal Settlements:**

All Informal Settlements must be formalized within Five (5) Years. The identification of the Owner and Registration of each Shack, its Numbering, the Demarcation and Fencing of the Yard, as well as the Location of such a Shack in an identifiable Street will go a long way towards ensuring Containment and Safety. The Municipality remains committed to delivering quality and decent Housing to its entire People.

Tsantsabane Municipality's IDP provides a framework which the Municipality can Plan, Budget, Programme, Implement and Monitor its performance. The IDP plan is the result of a process of engagement with the Municipality and Communities, as well as Regional, Provincial and National Stakeholders.

**In this IDP we aim to:**

- Articulate how the Municipality aims to address and align with the National Objectives of shared growth, reduction of poverty and social inclusion;
- Determine the Strategic Priorities guiding the actions of the Municipality for the next 5 years through linking and co-ordination between sectoral strategies;
- Aligning Financial and Human Resources with implementation needs;
- Set out a strategically informed programme of action for the Medium-term Revenue and Expenditure Framework;
- Strengthening the focus on Sustainable Development;
- Provide the basis for Annual and Medium-Term Budgeting;
- Guide Council's development decision-making;
- Enable legislative compliance; and
- Provide a monitoring and evaluation framework of the IDP.

**1.1 ORGANISATIONAL STRUCTURES**

The IDP Steering Committee facilitates the process of planning, implementation and management of the IDP in the Municipality and plays a vital role in driving the process. The IDP Representative Forum is the structure which keeps the Municipality accountable and is represented by all spheres of the community. The Municipal Council is the ultimate political decision-making body which gives effect to the IDP.

Since 2004/2005 the IDP representative Forum met on a quarterly basis in order to monitor and evaluate the IDP process, Project Implementation, as well as to give inputs and make recommendations regarding Priority Issues, Objectives, Strategies, Projects and Programmes.

**1.2. PROCESS OVERVIEW: STEPS AND EVENTS**

Integrated Development Planning is a process through which Municipalities prepare a strategic development plan for a five year period. According to the **Municipal Systems Act (32 of 2000)**, all Municipalities have to undertake an Integrated Development Planning (IDP) process to produce Integrated Development Plans (IDP's). The IDP is a **Principle Strategic Planning Instrument** which guides and informs all Planning, Budgeting, Management and Decision-Making in a Municipality.

Tsantsabane Municipality has completed the first five year planning period and is currently in the second five year period. This document is hence the first reviewed document for this period. This planning is done in terms of Chapter 5 of the Municipal Systems Act.

*In terms of Section 25 of the Municipal Systems Act (32 of 2000):*

- Each Municipal Council must, within a prescribed period after the start of its elected term, adopt a Single, Inclusive and Strategic Plan for the development of the Municipality.
- An Integrated Development Plan adopted by a Municipal Council in terms of Subsection (1) may be amended in terms of Section 34 and remain in force until an Integrated Development Plan is adopted by the next elected Council;
  - a) Newly elected Municipal Council may, within the prescribed period, **adopt the Integrated Development Plan of its predecessor**, but before taking a decision it must comply with Section 29 (1) (b) (i), (c) and (d).
  - b) Newly elected Municipal Council that adopts the Integrated Development Plan of its predecessor with amendments, must effect the amendments in accordance with the process referred to in Section 34 (b).

*In terms of Section 34 of the Municipal Systems Act:*

A Municipal Council must review its Integrated Development Plan:-

- (i) *Annually in accordance with an assessment of its Performance Measurements in terms of Section 4 I; and*
- (ii) *To the extent that changing circumstances so demand; and*
- (iii) *May amend its IDP in accordance with a prescribed process.*

Taking the above in consideration, Tsantsabane Municipality embarked on this IDP Phase, which aims to address the following:

- (a) Comments received during IDP Hearings and IDP Engagement Meetings with National and Provincial Sector Departments. – NC IDP Report
- (b) Alignment of the IDP with the Provincial Growth and Development Strategy (PGDS) as well as with the National Planning Documents.
- (c) Areas identified through self-assessment i.e. strengthening of public participation structures.
- (d) The development and implementation of the Performance Management System.
- (e) The compilation of all outstanding Plans and Programmes.
- (f) The reviewing and updating of existing Plans and Programmes.
- (g) The compilation and implementation of the Service Delivery Budget Implementation Plan (SDBIP) according to the MFMA.
- (h) Review the Vision and Mission Statement for the Municipality.
- (i) Updating of Priority Issues, Objectives, Strategies and Projects.
- (j) Aligning the IDP with the newly compiled **“TURN AROUND STRATEGY”**

**Preparation for the Process**

Preparation in Tsantsabane involved the production of an IDP Process Plan, containing the following:

- Institutional Structures established for Management of the process;
- Approach to Public Participation;
- Structures established for Public Participation;
- Time schedule for the Planning Process;
- Roles and Responsibilities;
- Monitoring of the Process.

**Phase 1: Analysis**

This Phase dealt with the existing situation and focused on the type of problems faced by people in Tsantsabane Municipality. The problems identified were weighed according to their **urgency and/or importance** to come up with those to be addressed first, i.e. priority issues. This Phase also dealt with identification of existing economic potential in areas and specific communities. The Municipality had to further familiarize itself with existing and accessible resources and limitations in order to decide on realistic solutions.

**Phase 2: Strategies**

This Phase focused on formulating solutions to address the **problems identified**. It also focused on aligning Municipal Strategies to Provincial and National Guidelines and Strategies as indicated in the Provincial Growth and Development Strategy (PGDS) and National Planning Documents.

**Phase 3: Projects**

This Phase is about **the identification and design** of projects linked to strategies, for implementation.

**Phase 4: Integration**

In this Phase Tsantsabane Municipality made sure that projects are in line with the **Municipality’s Objectives and Strategies**, as well as with the resource framework and comply with legal requirements. This was further an opportunity for the Municipality to harmonize the projects in terms of contents, location and timing in order to arrive at consolidated and integrated programmes, e.g. LED strategy.

**Phase 5: Approval**

Once the IDP was completed, the Municipality gave an opportunity **to the public to comment** on the Draft Document. Furthermore it was submitted to Council for consideration and approval. Only after the IDP was amended according to input from the Public, did Council consider it for approval.

Under the new constitution, Tsantsabane Municipality has been awarded major development responsibilities to ensure that the quality of life for its citizens is improved. The new role for Local Government includes provision of Basic Services, Creation of Jobs, Promoting Democracy and Accountability and Eradication of Poverty. Preparing and having the IDP therefore enables Tsantsabane Municipality to be able to manage the process of fulfilling its development responsibilities.

Through the IDP, the Municipality is informed about the problems affecting the Tsantsabane Municipal Area and, being guided by information on available resources, is able to develop and implement appropriate Strategies and Projects to address the problems.

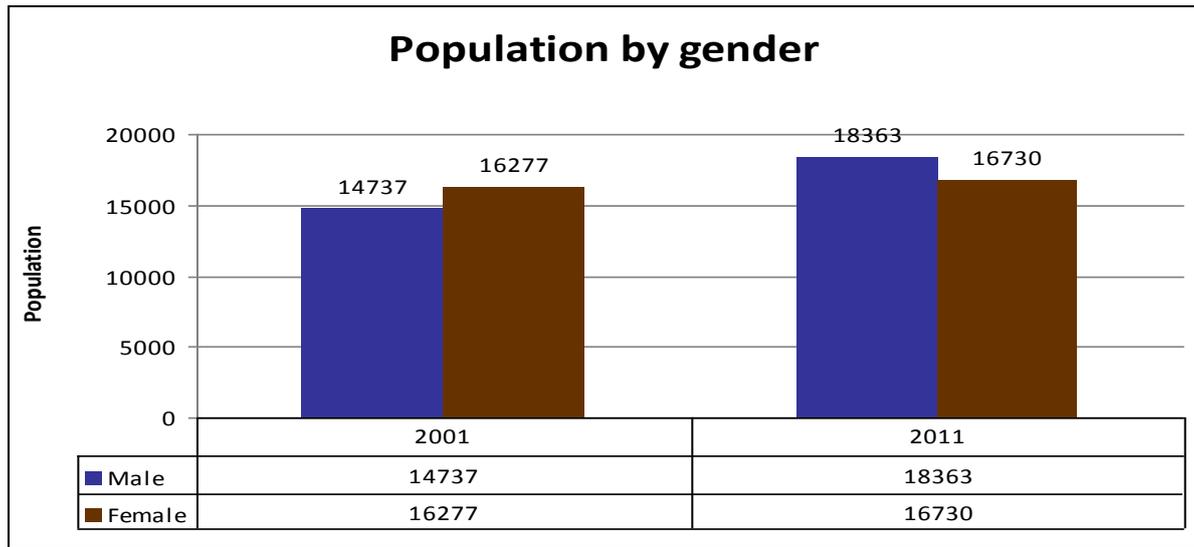
Any planning guidelines have to keep in mind that planning is not an end in itself, but a tool to arrive at more appropriate effective delivery of services to the people. Keeping a close and transparent link between Planning, Improved Public Management and Delivery is, therefore, the most important guiding principle for the Guidelines.

**1.3 CURRENT REALITY: BASIC FACTS & FIGURES**

The Municipal Area is divided into 6 wards.

Ward 1	Part of Postdene and part of town.
Ward 2	Newtown
Ward 3	Groenwater, Jenn Haven, and part of Postdene, Glosam
Ward 4	Boichoko
Ward 5	Skeifontein, Soetfontein, Strathmore, Part of Boichoko and part of Postmasburg Town

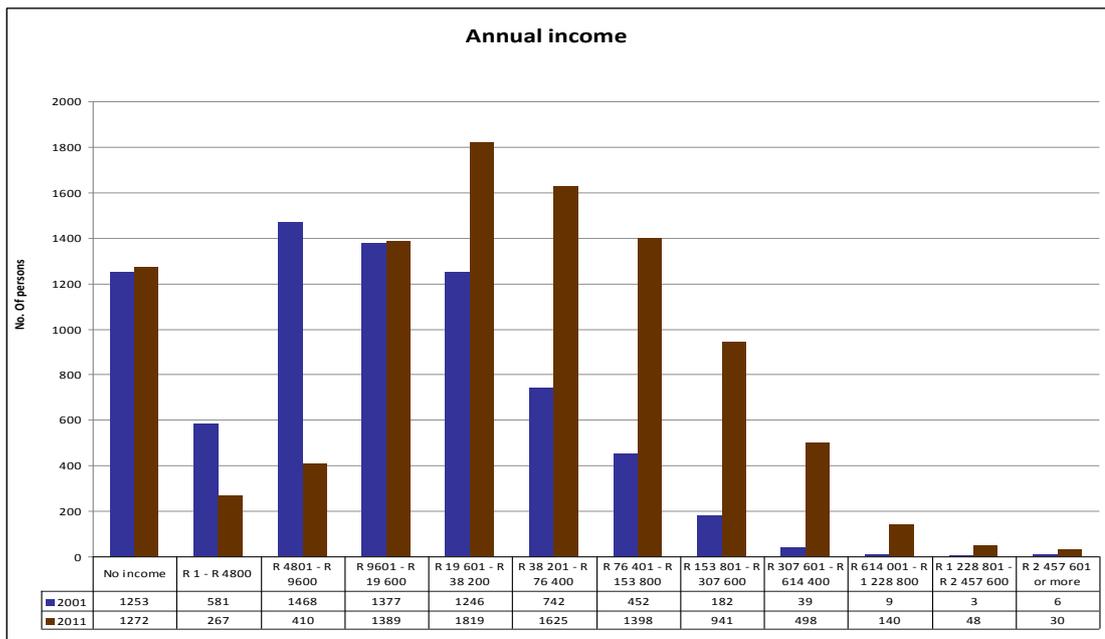
The Municipal Council of Tsantsabane consists of 11 members. 6 represents wards and 5 are proportional representatives of political parties. The ruling party in Council is the ANC.



### Population.

The population figures in terms of census 2011 is 35093 compare to 31014 in 2001. The male population has increased with 24% while the female population has increased with only 2.7% since 2001.

This increases can be relatively influenced by job migration and other factors.

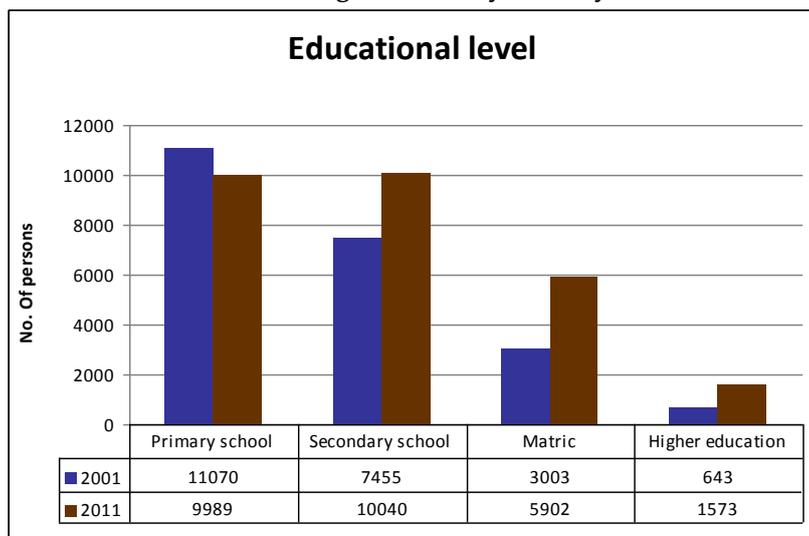


### Gender By Age

**Age**  
According to Statistics SA Census Data (2011) the population of Tsantsabane slightly increased from 30862 in 2001 to 35093 in 2011. The age structure also indicates the population of Tsantsabane as predominantly young. The group of

people older than 60yrs of age is rather small in relation but could still cause a dependency burden. The age structure further indicates that  $\pm 31\%$  of the population is under 14 years and  $\pm 33\%$  is between 15 and 34 years. If it is accepted that 70% of the under-20 are dependant, it would cause that  $\pm 30\%$  of the residents of the economically active part of the population is dependant. The large amount of unemployed, especially amongst the disadvantaged group, worsens the influence of this problem.

### Education Institutions being attended by 5 to 24 year olds



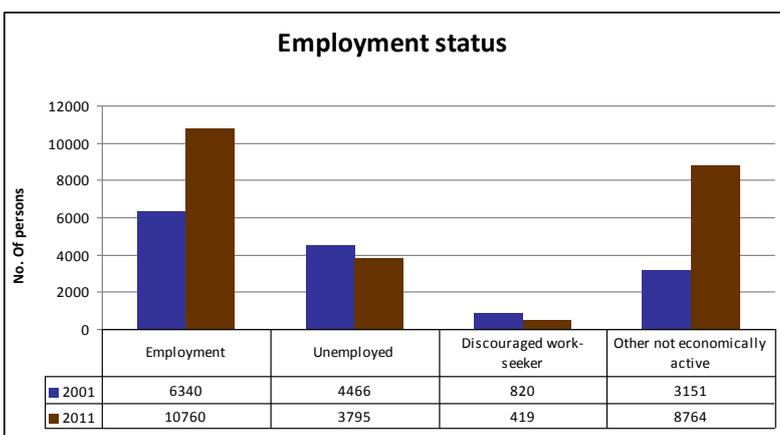
### Highest Education

The statistics indicate that although a high number of students enrolling for primary school a very low number of students complete grade 12. This result in a very low probability for employment. Only 5% of those who enrolled for grade 1 make it into tertiary. Less than 15% of the population has a tertiary qualification or have completed Grade 12. It must, however, be mentioned that the education level is affected negatively by the urbanization process, in the past since it mostly involves matriculates and those with a better qualification, due to the local lack of job opportunities.

### Labour Force

According to the stats the unemployment figure has drastically reduced from 4466 in 2001 to 3795 in 2011 which shows a decrease of -15% . Employment has increase with 69% in 2011, which translates in more people working in 2011 than 2001. If the jobs are permanent than it attributes to higher level of skills.

### 1. SITUATIONAL ANALYSIS



The Municipality is not developing its IDP in isolation. A range of National and Provincial Policy Documents inform IDP thinking and creates an important context for our own plans and strategies.

Achieving a developmental state is not a responsibility of Government alone – let alone Local Municipalities. In the spirit of the 2003 Agreement at the National Growth and Development Summit, stronger social partnerships between Government, Organised Labour, Organized Business and the Community

constituency are needed to address the investment, employment and poverty challenges our country faces.

Over the last three years, Government has developed a range of intervention approaches to support and guide action on growth and development. The most important of these Documents, which were also taken into consideration when developing the IDP for Tsantsabane, are:

- a) The Ten Year Review: Reflecting on the Lessons and Experience flowing from the first Democratic Decade;
- b) Asgi-SA: A framework setting out how South Africa can achieve shared and accelerated growth;
- c) National Spatial Development Perspective : Outlining a spatial approach to the Economic Development of South Africa;
- d) Northern Cape Growth and Development Strategy : Identifying the key levers for growth in the Province, and
- e) Agenda 21 Principles
- f) Local Government Indaba on Environment
- g) Spatial Development Framework for Siyanda District Municipality
- h) Environmental Management Framework for Siyanda District Municipality
- i) Draft Housing Strategy for Siyanda District Municipality
- j) National Biodiversity Strategy
- k) Millennium Development Goals (as part of the LED)
- l) NC State of the Environment Report
- m) Municipal Turn Around Strategy
- n) Siyanda Integrated Waste Management Plan

It is also worthwhile to note the Intergovernmental Relations Framework Act, Act No 13 of 2005 that provides a tool for coordinating and focusing the combined resources of Government. Tsantsabane's IDP will draw extensive on the spirit of this Act in shaping Intergovernmental Co-operation in moving from Strategy to Action.

## **2.2 SPATIAL ANALYSIS: PATTERNS AND TRENDS**

Tsantsabane is in the process of reviewing its completed Spatial Development Framework which will address short-term capital investments that are closely linked to projects within the Municipal budget. Due to the fact that the SDF is part of the IDP process, annual revision is necessary to allow the document to be dynamic and adhere to current trends and development possibilities. The SDF also contains basic principles pertaining to long term spatial development as well as possible strategies and policies on how to achieve this desired spatial form.

### **Physical Characteristics**

Tsantsabane is situated in the Siyanda District Municipality. The extent of the geographical area is 5887km<sup>2</sup> (Surveyor General; 2008). Tsantsabane is further bordered by Gamagara to the west, Ga-Segonyana in the north, Kgatelopele in the east and Siyancuma in the south. The major routes running through Postmasburg include the R385 from Kimberley through Beeshoek, the R309 and R325 to Kathu. Postmasburg is situated 180km from Kimberley and 240km from Upington.

### **Land use**

Tsantsabane is characterized by a mixture of land uses of which agriculture and mining is dominant within the rural areas. Although diamonds have been mined here since 1892, the most important mineral currently mined is manganese. The residential areas vary between relatively large town (Postmasburg) to small scattered rural communities – some the remains of railway stations.

There are three rural settlements (Jenn - Haven, Skeyfontein, Groenwater) having their origin from the Land Reform Restitution Projects. They rely primarily on agricultural and more specific sustainable farming.

### **Spatial Key Issues:**

The following key spatial issues were identified and evaluated to determine their impact:

- Access to land
- Land Development
- Spatial Integration
- Sustainable Land Management

- Proper distribution network
- Land reform and Restitution
- **Land Conservation**

According to the SDF the following Spatial Framework Proposals were made :

- Future residential extensions of Postdene and Postmasburg
- Future residential extensions of Newtown and Boichoko
- In-fill planning opportunities should be exploited as well as densifying large properties within the residential neighborhoods through high density developments
- Future Golf Estate for upper housing market
- Possible future residential extension for the west of Postdene
- Possible long-term future residential extension integrating Boichoko with Postmasburg and Newtown.
- Possible future residential development on Portion 3 & 5 of the farm Pensfontein No. 475
- An area north of the CBD next to R325 was identified for the development of a Mall.
- An area to the Northwest of the industrial area along the R385 is identified for future industrial sites
- Two possible cemetery sites for the long-term solution has been identified to serve the community of Boichoko
- The cemetery located next to the intersection of the R385 and R309 should be closed and fenced
- A taxi rank is proposed at the mixed land use area identified in Postmasburg.

### 2.3 SOCIAL ANALYSIS: POVERTY SITUATION AND GENDER-SPECIFIC ISSUES

Health:

Medical Facilities

Ward 1 Clinic

Ward 2 Clinic and hospital are close to neighborhood

Ward 3 Part of posted

ne - Clinic. Groenwater has no facility. Clinic in Jenn Haven – not operational, but make use of mobile clinic

Postdene - operational

Groenwater – no facility

Ward 4 Clinic

Ward 5 Soetfontein no facility, Skeifontein no facility, part of Boichoko facility, part of town - facility

Ward 6 White City, Stasie,

Challenges that were highlighted are:

- HIV/AIDS increase & TB increase
- High rate of teenage pregnancies
- Lack of sufficient and qualified staff – limited skills amongst current nurses and nursing sisters
- Lack of sufficient facilities to render a proper health service to all communities
- Irregular and insufficient service rendered by mobile clinics
- Lack of necessary health equipment and medication at clinics

Crime:

Police Stations

Ward 1 No facility

Ward 2 No facility

Ward 3 No facility

Ward 4 No facility

Ward 5 No facility

Ward 6 No facility

Safety & crime challenges are:

- Lack of sufficient police vehicles
- Lack of accommodation for police officials

- Increase in crime, i.e. family abuse and robberies, related to alcohol and drug abuse
- No fire / Disaster Management Centre, facilities, station or personnel available in Postmasburg or surrounding areas – Lohatla and Assmang currently provide that service to the whole Municipal Area if and when necessary

Education:

Schools

Town	Pre-primary / crèche		Primary		Private Secondary	
Postmasburg	2	1	1	1		
Postdene	2	2	0	1		
Newtown	1	1	0	0		
Boichoko	2	1	0	1		
Jenn-Haven	1	1	0	0		
Skeyfontein	2	1	0	0		
Groenwater	0	1	0	0		

Challenges relating to schools include:

- There is an urgent need for additional School Facilities in Newtown (Postmasburg) and Groenwater / Skeyfontein.
- Lack of Tswana medium Schools.
- Lack of private schools focusing on specialized traits i.e. Technical or Agricultural
- Lack of proper water and sanitation services at schools
- Not enough classrooms and teachers in ratio to the amount of learners
- An additional technical high school that will provide to the needs of the mining sector.

Recreation:

The condition of the Community Halls in Postmasburg Residential Area has been identified as a problem and also the provision of such a facility in Groenwater / Skeyfontein. The poor condition and state of local neighborhood Sport Facilities in all the Lower Income Areas were pointed out as well. A higher order, central located Multi-Purpose Sport Facility for Postmasburg has been identified as well as a lack of swimming pools in certain areas.

Towns	Community Halls		Parks and Recreation Facilities			Sport facilities	Libraries	Cemeteries
	Others							
Postmasburg		3	1	1	3			Town Hall
Wetland								
Makou Dam								
Postdene	1	1	1	1	1			
Newtown	1	1	1	0	1			
Boichoko	1	1	1	1	1			
Jenn-Haven	1	0	0	1	1			
Skeyfontein	1	0	0	0	1			
Groenwater	1	0	0	0	1			

## 2.4 ECONOMIC ANALYSIS

### NSDP

In terms of the National Spatial Development Perspective, The Siyanda District of which Tsantsabane forms a Local Municipal Area, has been classified as a “Medium” importance area which means that no significant investment is concentrated in the region. Whereas the Region has been classified as a Medium Rating Area on most of the categories of development potential, it is rated low on innovation and experimentation as well as the production of high value, differentiated goods.

In most cases, the “medium” judgment of the NSDP hides a more comprehensive lack of real potential:

- Mining activities have been rapidly on the increase in the last few years. Agriculture has never been a key feature of the Local Economy. There is no Labour Intensive Manufacturing in evidence – Manufacturing is in decline across the board.
- Retail and Services: This is a growing sector of the economy, but its potential is very limited by the smallness of the market and by the competitive proximity of Kimberley, which has taken a lot of business away from the City.
- Useful investments have been and are being made in Tourism, but the volume of Tourists is simply not sufficient to act as a driver of the economy.

#### LED Strategy

Tsantsabane Municipality has completed the process of developing its Local Economic Development (LED) Strategy. As part of the outcomes of the LED strategy anchor projects were adopted by council for implementation.

Being located in the centre of the Siyanda District it is further located between the main economic centre's of the Northern Cape, i.e. Kimberley and Upington. Not only has this location road-transport benefits but it largely present opportunities from trade and retail and further broadens the scope for tourism development.

According to the mentioned LED Framework considerable attention has to be given to the following activities and the development potential of Tsantsabane Municipality:

- Mineral deposits and mining related development in the area – mining accounts for 55% of the GDP within the region. Tsantsabane is located on a mining belt stretching through to Kathu and Kuruman. Mining related legislation also presents other economic opportunities through Social and Labour Plans. Due to the increase in mining activities, the demand for housing has also increased

Kumba Iron Ore, a member of Anglo American Plc Group has started a new mine in the municipal district in the financial year 2008/09.

Kumba Iron Ore Limited (Kumba) announced the approval of an R8.5bn investment in the new Sishen South mine in July 2008. The new mine is scheduled to start production in the first half of 2012, ramping up to full capacity of 9Mtpa in 2013.

It will have in excess of 20 years life and produce Direct Shipping Ore ("DSO") with product qualities of 64% Fe lump and 63.5% Fe fine ore for the export market. The ore will be transported on the main Sishen-Saldanha rail line to the port of Saldanha Bay via a rail link to be built from Sishen South mine.

Approximately 750 people will be employed by the mine, with a further 3000 jobs created at the peak of the construction phase. Indirect job creation is estimated to be in the region of 4000 jobs. The mine will have a positive impact on the economy of the Northern Cape and in particular Postmasburg.

- Local agriculture-related activities especially on a small scale level -  $\pm 1.9\%$  of the region's GDP. It presents opportunities for accelerated focus on small scale and emerging farming sector as well as to engage in the latest and modernized farming methods such as hydroponic farming.
- Activities related to road-transport routes or corridors – a heavy burden is placed on the roads by mining transport activities. This creates new opportunities for new revenue; i.e. weigh bridges and other traffic related revenue. It also presents an opportunity for more vigilant road maintenance which could inject investment in the construction sector significantly.
- Lohattha Military Base – it presents unique tourism opportunities and trade within the area. It also creates new opportunities for the skills development and training in the various skilled areas required by the military base.
- Tourism related activities – A focused tourism strategy needs to be developed in order to create a tourism package comprising of a number of activities in the areas, rather than the current fragmented approach towards tourism

As indicated above, it is clear that Tsantsabane is highly dependent on the activities of the local mining sector. The LED strategy proposes to main perspectives in considering LED in Tsantsabane:

- LED position of the Local Municipality and its development partners who are responsible for creating a climate to private sector investment. This included the provision of strategic infrastructure; Household Services; Good Communication; Strategic Planning; and Investment Promotion and Facilitation.

- Local private sector and the larger investment community that seeks to identify and build on local economic opportunities. This will depend on the availability of capital as well as favorable investment environment. This entails the Identification of Investment Opportunities; the successful functioning of the LED Forum; and Investment Promotion and Facilitation. The existing Tsantsabane Development Forum will also play a critical role in this regard.

#### Current Challenges for LED in Tsantsabane

- The shortage of appropriate labour skills in the area is a central constraint to investment and development
- The economic and cash flow situation of the Municipality is under pressure at present. The necessary steps and precautionary measurements should be identified and implemented. The poor payment culture by some Residents contributes to the problem and was analyzed during this phase.
- More than 70% of local businesses procure their stock / inputs from elsewhere and from a supplier located in Tsantsabane. The LED Unit in the Municipality has only one official, reporting to the Municipal Manager
- The LED Unit has only an operational budget available for travelling and accommodation but has not budget for programmes. Main source of LED project funding is the Social and Labour Plans of the Mining houses. Secondly through MIG and EPWP funding is also secured.
- The LED Forum was temporarily put on hold in order to solve functional challenges such as the non-participation of the private sector and government. The Forum also needs to reconfigure in order to function along the recommendations of the Provincial LED Strategy.
- Municipality developed an LED Policy to ensure that council takes a principle position on how it commits to LED.
- Tsantsabane need to customize relevant by-laws that have an economic impact; i.e. hawkers, waste management etc.
- The possibility of an Investment and Incentive Policy need to be explored
- Skills Development Policy should be developed, looking at the Municipality's response to the big skills challenge they face
- Affirmative Procurement Policy should be reviewed in order to ensure that the standards are biased for locally based SMME's in an effort to accelerate local economic development and stimulating the local economy.
- Municipality also need to look at other current LED stimulating policies such as the Property Rates Policy and Land Policy

#### Public Private Partnerships

According to the MFMA regulations Public Private Partnerships (PPP's) are commercial transactions between a Municipality and a private party in terms of which the private party –

- a) Performs a municipal function for or on behalf of a municipality, or acquired the management or use of municipal property for its own commercial purposes, or performs both a municipal function for or on behalf of a municipality and acquired the management or use of municipal property for its own commercial purposes.
- b) Assumes substantial financial, technical and operational risks in connection with –
  - i) the performance of the municipal function;
  - ii) the management or use of the municipal property; or
  - iii) both; and
- c) receives a benefit from performing the municipal function, from utilizing the municipal property or from both, by way of –
  - i) consideration to be paid or given by the municipality or a municipal entity under the sole or shared control of the municipality
  - ii) charges or fees to be collected by the private party from users or customers of a service provided to them; or
  - iii) a combination

Several of these partnerships have been established between the Tsantsabane Municipality, the Public Sector, other Government Departments as well as the Mines and larger Stakeholders in order to speed up development in the area. These include:

- Residential housing project – Tsantsabane Municipality, Kumba Resources, NC Department of Housing
- Youth Programmes
- Tsassamba – Tsantsabane Municipality, Assmang and Kumba

Correctly structured, such partnerships are a useful service delivery option from both an operational and a strategic perspective. Operationally the benefits of PPP's include efficiency gains; output focus; economies generated from

integrated the design, building, financing and operation of assets; innovative use of assets; managerial expertise; and better project identification. These benefits can result in some combination of better and more services for the same price, and savings, which can be used for other services or for more investment elsewhere.

Strategically, partnership contracts enhance accountability by clarifying responsibilities and focusing on the key deliverables of a service. Our managerial efficiency can benefit significantly as existing financial, human and management resources can be refocused on strategic functions.

The benefits of PPP's can accrue to all stakeholders. Therefore

- For Tsantsabane – PPP's must be accessible ,relevant, viable and beneficial service delivery options
- For the users of services – PPP's must result in accessible, affordable and safe services that meet acceptable quality standards,
- For private parties – PPP's must be sufficiently rewarding in relation to the investment required and the risks undertaken,
- For society – PPP's must promote goal such as social equity, economic empowerment, efficient utilization of scarce resources and protection of the environment.

## LED Opportunities in Tsantsabane

### Agriculture

- Involve local farmers in LED Forum
- Invite Ornamental Plant Institute of the ARC to provide information and assistance to local farmers
- Make land available for agricultural cooperatives and emerging farmers
- Establish informal trading areas for agricultural produce
- Provide skills training and support programmes. Investigate the role of Agri-SETA

### Manufacturing

- Establish an industrial development group as a sub-committee of the LED Forum
- Municipality must always have a surplus serviced industrial plots available
- Development of a Manufacturing Strategy
- Development of a labour and skills database
- Provision of information and training opportunities for local entrepreneurs and SMME's
- Identification of export opportunities and international markets

### Mining

- Establish a permanent working group between the Municipality and the mine managers responsible for developing S&L Plans
- Encourage local SMME's and entrepreneurs to take advantage of procurement opportunities created by the mines
- Develop a database of available labour and skills to encourage the employment of local people
- Provide skills training and support programmes
- Instigate mining procurement opportunities in consultation with the mines, develop a database of such opportunities and ensure that this information is made available to local businesses and communities
- Develop a small scale Mining Strategy

### Wholesale and Retail Trade

- Municipality should establish a Local business Support centre for the benefit of local entrepreneurs and informal traders
- A local labour and skills database should be developed for the benefit of local small businesses
- Mining procurement opportunities should be packaged in a local database for the benefit of local businesses
- The Municipality must develop a local Web-portal to showcase local products and investment opportunities
- An SMME Strategy could be developed to investigate the range of products and services that are in demand but not available locally

### Tourism

- The Municipality should develop and implement an aggressive marketing strategy

- Tourism opportunities should be packed and marketed accordingly
- New Tourism Opportunities should be explored and communicated through the LED forum

## 2.5 ENVIRONMENTAL ANALYSIS

The SDF also indicate the Impact of development activities planned in this document on the environment and rate impacts as low, medium and high.

### National Biodiversity Strategy

According to the NBS, biodiversity considerations are to be integrated into all other strategies and plans at local government level, such as poverty eradication and developmental programmes. The NBS provides the map for achieving the biodiversity related objectives contained, i.e. reducing the rate of loss of biodiversity by 2010. The goal of the NBS was therefore always to conserve and manage biodiversity to ensure sustainable benefits to the people of South Africa, through co-operation and partnerships that build on strengths and opportunities.

According to the National Spatial Biodiversity Assessment (NSBA), Tsantsabane and the broader Siyanda was not identified as a priority with regard to biodiversity. However, it continues to be important to address the issue, since biodiversity makes a substantial contribution to the livelihoods of rural communities, in the form of housing, fuel, food and medicines. The results of the assessment also highlighted that many people have become alienated from nature, through apartheid policies and processes like urbanization. Hence, much more needs to be done to make conservation more inclusive and relevant to people's lives.

To ensure sustainable livelihoods, it is important that economic opportunities are expanded in local areas, in a way that takes both people and biodiversity into account. Nature-based tourism should encourage local economic development. There is also a huge need to expand the skills of local communities, and encourage entrepreneurs in the tourism industry, the game farming industry and commercialization enterprises, through support for training, access to finances and marketing.

It is also essential that policy making and implementation is fully participatory. The Environmental Impact Assessment (EIA) processes need to be followed at all relevant levels, which include extensive public participation. IDP's should also include biodiversity considerations in all planning. Biodiversity must therefore be fully integrated into all planning processes. The environmental Management and Implementation Plans required under the National Environmental Act (NEMA) need to provide a broader understanding of the roles and responsibilities, process, structures and mechanisms to facilitate co-operative governance and are required to identify weaknesses, establish clear actions for addressing them, and measurable indicators for monitoring success.

### Threats to Biodiversity:

#### ☉ Climate Change

Climate change is associated with an increase in average global temperatures, leading to changes in rainfall patterns, and is likely to have significant impacts in some part of the world, especially Africa. Indications are that climate change will result in worse floods and droughts reduce production and worsen diseases. In South Africa the predictions are bad – we could lose the entire Cape Floral Kingdom and most of the mammal species for which the Kruger National Park is famous.

It is against this growing concern that efforts should be made to improve the scientific understanding of what drives the earth-atmosphere system, producing such changes, identify those areas that may be particularly vulnerable to environmental changes, and to improve adaptation and mitigation to enable people and plant and animal communities to better live with climate change.

The Municipality held its first Capacity Building and Awareness campaign in March 2010 to coincide National Water Week (15-19 March) and Earth Hour (27 March). The purpose was to sensitize officials and councilors on the role of the Municipality in Climate Change and how to take it into consideration when planning for IDP projects and programmes

#### ☉ Invasive Alien Species

The uncontrolled spread of invasive species (as later highlighted in the NC-SOER) is one of the key threats to indigenous biodiversity in our country. This spread has negative impacts on the economy, in sectors as diverse as

health, agriculture, water supply and tourism and is likely to become much worse with climate change. Therefore there is an urgency to attend to the development of a Plan to monitor, control and eradicate these species.

#### Northern Cape Environmental Implementation Plan

One of the key environmental issues identified in the province is the generation and disposal of a variety of waste types, including municipal waste, agricultural, agro-processing etc. Given this variety, an equally varied approach, and appropriate competencies are required to manage the different types of waste and to address the improper storage, handling and disposal of environmentally hazardous materials.

Another key issue of concern is the over-exploitation of natural resources, which include the following in the case of Tsantsabane:

- Development in the high conservation vegetation areas
- Illegal hunting
- Fraud professional hunting and hunting contractors

#### Northern Cape State of the Environment Report

According to the Report the following themes in the Province were identified:

- Atmosphere and Climate
- Biodiversity
- Environmental Management
- Fresh Water
- Human Settlements
- Land
- Marine and Coast

With regard to Atmosphere and Climate trends in temperature deviations indicate that temperature has been increasing over the past few years, making it all the more important for Tsantsabane Municipality to start taking into consideration the impact of climate change and Global warming on daily planning. Air pollution is furthermore not perceived as an important issue for the Province. In Tsantsabane, however, this needs to be prioritized because of the major increase in mining developments over the last few years and its impact on Air quality and pollution in the area.

The primary threats to Biodiversity, ecosystem goods and services are habitat transformation and degradation, and invasive alien species. The concern regarding threats to biodiversity is borne out of the recognition that our natural resources base provides a variety of goods and services on which life depends. In Tsantsabane this natural resource base is directly threatened by mining developments. The management of these is critical in ensuring effective conservation and sustainable use of the biodiversity. Again making the need for Environmental Conservation and Management Plans as well as Plans to eradicate and monitor Alien Invasive Species very important for Tsantsabane.

With all the development happening in the area, the demands for water have increase as in the rest of the semi-arid province.

Furthermore the Province is characterized by very low population size and density, mostly owing to the large land size of the Province. Human settlements are characterized by the legacy of apartheid, with some areas in Tsantsabane showing a distinct lack of services and infrastructure in comparison to other areas in the Municipality. Whilst the Municipality has tried to address the issues of basic service delivery and the provision of housing, some of the population still lacks these services. Access to appropriate modes of transport is also a Provincial issue and concern. Issues such as culture and heritage have been raised as important for consideration in the future planning of human settlements.

The Province is susceptible to land degradation. Policies and programmes are required to promote the sustainable management of land resources in the Province. Mining has played a major role in shaping the economic development of the area, but as mentioned above, has also had a negative impact on land resources.

#### Siyanda Environmental Management Framework

The area is rich in minerals which has historically been the mainstay of the area's economy. Iron and manganese mining is an important activity in the economy of the area. Haematite deposits in the form of ferriginised banded

ironstone occur as a capping to the Gamagara hills which lies between Postmasburg and Sishen. The ore is very pure and typically consist of 95% ferric oxide.

There are significant undeveloped mineral resources left in the area that can contribute to future economic growth in the area depending on the future viability of exploiting the minerals. Large areas of un-rehabilitated and poorly rehabilitated mining activities (current and closed) have a significant negative effect on the scenic environment in the area, especially in the mountainous areas.

Significant other water requirements are the sub-area for urban use as well as rural domestic supplies and stock watering. Groundwater utilization is important in the area and constitutes the only source of water over much of the rural areas. As a result of the low rainfall over the area, the groundwater is mainly used for rural domestic water supplies, stock watering and water supplies to inland towns. Recharge of groundwater is limited and only small quantities can be abstracted on a sustainable basis.

Most of the Siyanda Area is in a natural state and the most significant spatial impact on the environment has come from mining, which occupies an area of almost 7% of the total area.

The area has a good primary tarred road network that links the major towns with each other and to areas outside the area. The secondary network is less developed and vast areas with sparse populations are served only by means of a vast network of dirt roads of varying quality. Many of these roads are, however, in such a bad state that it is an impediment to the development of the tourism potential of the area.

The Sishen / Saldanha railway line which was built to transport iron ore from Sishen to the iron works at Saldanha passes through an area and crosses the N10 highway and the Orange River just north of Groblershoop from where it continues in a south-westerly direction past Kenhardt towards the coast. Postmasburg and Lime Acres are also linked to Kimberley in the south-east and Sishen in the north by a second railway line.

Both general and hazardous wastes are produced in the area. Waste in the "garden waste" classification originating from households and agriculture is the biggest contributor to the waste stream. Waste prevention and minimization are generally not practiced in the area. Recycling is concentrated in the Upington area due to the availability of adequate quantities of recyclable material. Recycling focuses mainly on cardboard and paper. Tsantsabane have a draft plan for future waste management.

There is a need to develop and upgrade landfill sites in order to prevent environmental degradation and meet the needs of the community.

The EMF further indicates strategies focusing on the alleviation of potential key development / environment friction areas by providing direction in respect of how these friction areas should be dealt with. The following strategies have been compiled and in future Tsantsabane will align its own environmental planning to these:

- Strategy for the protection and conservation of high quality natural vegetation
- Protection of sensitive environmental features on large properties
- Protection of sensitive environmental features on large properties across Siyanda
- Strategy for the protection of sensitive environmental features, surrounded or abutted by small properties

#### Human Resource Capacity Needed

- Urgent implementation of new Organogram (include and refer to);
- Lack of Personnel in certain Departments
- Lack of Skilled Staff and Relevant Training
- Implementation of Skills Development Plan;
- Development of a Recruitment and Retention Strategy

## 2.6 MUNICIPAL TECHNICAL ANALYSIS

At present the Equipment and Facilities available are hardly enough to provide services to the current Area but not for any extended Rural Area functions.

The equipment is restricted to 1 Grader, 2 Tippers (6m<sup>3</sup>), 1 Front-End Loader and a Sewer Tanker, which are not in a good running order. Some of the equipment needs replacement i.e. grader. Fire Control Services and Electrical Maintenance in the Rural Areas have been identified as a future problem.

The Department of Water Affairs has released its Blue Drop-report, after Drinking Water Quality was tested in different municipalities. Out of the 76 municipalities only 22 water supplying systems around the country earned the "Blue Drop" of approval - leaving 54 municipalities where you have to be careful of drinking water directly from the tap.

The report said that water supplier systems that were not able to obtain the Blue Drop status will be placed under close surveillance until they improve.

According to the document, Tsantsabane Municipality was also unable to obtain the Blue Water Drop Status. Indications showed that Tsantsabane scored 85%. In order to qualify one needs to at least achieve 95%. This issue is noted and the Municipality is in the process of addressing the gap. Currently the Municipality still lack to comply with certain legislation, i.e. the development of a Water Plan and certain policies

According to the Community Survey in 2007, 77.8% of households use electricity for lighting, 72.2% for cooking and 64.8% for heating. In comparison with 2001 Census Data this indicates some improvement in electricity provision over the last 7 years.

The survey further indicates an improvement in sanitation and sewerage provision. In comparison to 2001 (10.7%) 8.1% of households are still using the bucket toilet system. However, the number of households with no services has increased from 8.7% to 16.3%.

### Wards

#### Water Backlogs Sanitation Backlogs

	2001	2008	Planned	Remain 2001	2008	Planned	Remain	
Ward 1	5		2	2	-	6	9	9
-								
Ward 2	327		126	126	-	480	734	734
-								
Ward 3	89		34	34	-	76	116	116
-								
Ward 4	12		5	5	-	92	141	141
-								
Ward 5	169		65	400	-	221	338	400
-								
Ward 6	32		12	12	-	356	544	544
-								
	634		245	245	-	3,232	3,890	1,882
-								

WSA Code	WSA Name	March 2007 Bucket Backlog	Buckets Removed April 2009	April 2013	Bucket Backlog
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With regard to water provision the percentage of households having access to pipe water inside their dwellings have also increased from 37.1% to 62%. This has a direct impact on the decrease in households having access to piped water inside the yard.

Total Households Served							
Service Level	Above RDP		at RDP		Below RDP	No Infrastructure	Total
Total	5,306	323	122	25	5,776		
Served	3,876	323	122	0	4,322		
%	73.05%	100.00%		100.00%	0.00%	74.81%	

Total Poor Households Served							
Service Level	Above RDP		at RDP		Below RDP	No Infrastructure	Total
Total	1,802	109	38	8	1,956		
Served	1,802	109	38	0	1,949		
%	100.00%		100.00%		100.00%	0.00%	99.61%

Department of Water Affairs and Environment: Dec 2009

The amount of households receiving refuses removal services by the local authority have strangely decreased to 77.9% in comparison to the 83% in 2001. A further indication as to why this was identified as a priority issue under the environment.

#### Housing Backlog

According to the Community Survey (Stats SA 2007) 73% of the population live in formal and 25% of the total population lives in informal dwellings. This differs from the figures indicated through Census 2001: i.e. 79.9% formal and 17.3% informal dwellings.

The 2007 survey further indicates that 59.6% of households live in houses which they own and have fully paid off. This is seen in relation to the 6.7% not yet paid off; 22.6% rented and 9.1% occupied rent-free households.

#### Housing and Services Survey:

	Total Households		Total Backlogs					
	2001	2008	2001	2008	Planned	Remain		
Ward 1	513		624		13	351	351	-
Ward 2	902		1,096		205	1,165	1,165	-
Ward 3	1,208		1,468		241	138	138	-
Ward 4	1,264		1,536		303	257	257	-
Ward 5	1,039		1,263		247	809	809	-
Ward 6	914		1,111		400	-	-	-
	5,840		7,099		1,409	2,720	2,720	-

#### Remaining Gaps:

- Proper Maintenance of Existing Infrastructure;

- Economic and Social Development under Risk of Infrastructure Deterioration;
- Adherence to Statutory Plans such as the SDF
- Verification process as per the Department of Housing's Standards.

Need seems to be higher than the actual approved allocations

## Chapter 2

**This chapter outlines the purpose of the vision and the strategic goals and objectives of the municipality. It gives a picture on the ideal state of the municipality, what it will do to achieve that status and how it will be done.**

It looks at the long term vision of national government and how that vision will be cascaded into a five year plan for the municipality. It further links that vision to five year targets that will break down into annual targets.

Our IDP will also look at the following or / 5 Year Development Plan – must also cover:

- Municipal priorities and political guidelines;
- MEC/Provincial IDP Comments;
- National KPIs and outcomes/...
- Capital prioritization model/process;
- Services charter and service standards;
- Risk management;
- Clean audit planning;
- Projects/programmes/activities

### **2.1 Targets articulated as per the National Development Plan:**

1. Create 11 million more jobs by 2030.
2. Expand Infrastructure.
3. Transition to a low-carbon.
4. Transform urban and rural spaces.
5. Education and Training.
6. Provide Quality Health Care.
7. Build Capable State.
8. Fight Corruption.

## 9. Transformation and Unity.

### 2.2 Mandate: Vertical Integration

- 1) Implement a differentiated approach to municipal financing, planning and support;
- 2) Improve access to basic services;
- 3) Implement the community work programme and cooperatives supported;
- 4) Actions supportive of human settlement outcomes;
- 5) Deepen democracy through a refined ward committee model;
- 6) Improve municipal financial and administrative capability; and
- 7) Single window of coordination.

### 2.3 LG Mandate: National 5 KPAs

- 1) Infrastructure and services;
- 2) Social and economic development;
- 3) Institutional transformation;
- 4) Democracy and good governance; and
- 5) Financial management and viability.
- 6) Physical Infrastructure and energy efficiency.
- 7) Services and customer care.
- 8) Economic Growth and Development

### 2.4 The Key performance areas of Tsantsabane Local Municipality identified.

Six key performance areas have to be aligned to the strategic objectives of the municipality. For each objective and a number of key performance areas has been developed.

#### 2.4.1 KPA 1: Service Delivery.

Physical Infrastructure and Energy Efficiency –to ensure efficient infrastructure and energy supply that will contribute to the improvement of quality of life for all citizens of Tsantsabane.

#### 2.4.1 KPA 2: Local Economic Development,

Economic Growth and Development – to facilitate sustainable economic empowerment for all communities within Tsantsabane municipality and enabling a viable and conducive economic environment through the development of related initiatives including job creation and skills development.

#### 2.4.2 KPA 3: Financial Viability,

Financial Sustainability – to ensure the financial sustainability of the municipality in order and to adhere to statutory requirements.

#### 2.4.3 KPA 4: Institutional Arrangements and PMS,

Institutional Transformation – to provide an effective and efficient workforce by aligning our institutional arrangements to our overall strategy in order to deliver quality services.

#### 2.4.4 KPS 5: Good Governance and Public Participation,

Governance and Stakeholder Participation – to promote proper governance and public participation.

#### 2.4.5 KPA 6: Spatial Development

This kpa gives direction for the municipality in terms of its land use and its potential and direction for growth.

#### 2.4.6 Safety and environment.

It is further noted that other key planning documents that influence a municipal IDP is the delivery targets of the Northern Cape Growth and Development Strategy. The municipal IDP need to take cognizance of the targets contained in that document.

### Targets of the Northern Cape Provincial Growth and Development Strategy.

In response to the social and economic development imperatives yielded by an analysis of the socio-economic profile of the province, the following primary development objectives has been identified:

- Promoting the growth, diversification and transformation of the provincial economy; and
- Poverty reduction through social development.

The achievement of these primary development objectives depends on the achievement of a number of related objectives that, at a macro-level, describe necessary conditions for growth and development. These are:

- **Developing requisite levels of human and social capital;**
- **Improving the efficiency and effectiveness of governance and other development Institutions; and**
- **Enhancing infrastructure for economic growth and social development**

These objectives needs to be further aligned with those goals of the district municipality. We are listing and making reference towards these objectives to ensure alignment of intergovernmental programmes and plans.

### **Strategic Goals and Priorities of Z F Mcgawu District Municipality 2012/13 – 2017.**

- To monitor and determine the housing backlogs in the district as well as to inform the public on housing information
- To assess and provide targeted support improving institutional capacity and service delivery capabilities of category B-municipalities
- To promote environmental health and safety of communities in the Z F Mcgawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks
- To promote safety of communities in the District through the proactive prevention, mitigation, identification and management of fire and disaster risks
- To market, develop and co-ordinate tourism in the Z F Mcgawu District
- To assess and monitor the status of infrastructure needs and requirements of B Municipalities
- To ensure efficient business operations and to fulfill the assurance statutory requirements of the Z F Mcgawu District Municipality.

After having considered all these policy documents that are influencing our local process, we will take a look at the local alignment issues. A vision and other key deliverables have been identified at a strategic workshop held by the municipality.

### **3. VISION.**

*“Tsantsabane will be a trendsetting municipality in the provision of basic services.”*

### **3.2 MISSION.**

*Through sound management of scarce resources, the vision of a developmental state, the municipality will strengthen partnerships to improve livelihoods of all its citizens.*

### **3.3 Corporate Values.**

The following Values have been identified and proposed for the municipality: Tsantsabane Local Municipality believes that a customer-centric approach shapes the values of the municipality. The values of the municipality define the character on which leadership and employees behave and conduct decisions. We therefor subscribe to the following core values:



Integrity

Accountability

Accessibility

3.4 The key focus areas will develop into objectives for the municipality. A strategic workshop has been held in September 2013 to look into the matter of alignment of strategic planning instruments in the municipality. Key performance areas has been identified that needs to be aligned to the strategic objectives and key focus areas. For each KPA a number of key focus areas have been identified. Underneath follow the outcome of the alignment. The key focus areas will develop into objectives for the municipality.



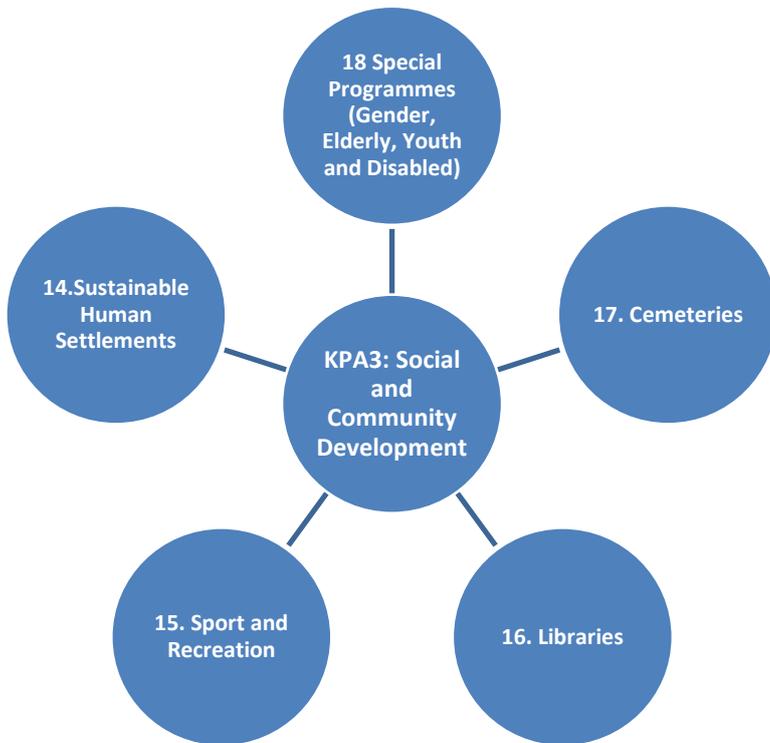
**3.4.1 KPA 1: Good Governance and Public Participation.**

Key performance indicator	Key focus area	Strategic objective	Indicators
Good Governance and Public Participation	Governance Structures	<b>To promote proper governance and public participation in the Tsantsabane municipal area</b>	No of council meetings
	Governance Structures		No of Audit Committee Meetings Conducted
	Governance Structures		Submission and approval of a Risk Based Internal Audit Plan
	Stakeholder Participation		Adopted IDP Process Plan by Council
	Stakeholder Participation		No of Ward Meetings endorsing the IDP.
	Risk Management		% of reported fraud, theft and Corruption cases investigated
	Stakeholder Participation		IDP & budget completed /reviewed and adopted.
	By Laws, policies and procedures		Report on the Review and updated Municipal code annually
	Monitoring and Evaluation (PMS)		Approval of SDBIP before Legislative deadline.



**KPA2: Safety and environment.**

Key performance indicator	Key focus area	Strategic objective	Indicators
Safety and environment	Law Enforcement	To contribute to the health and safety of communities in Tsantsabane through the proactive identification, prevention, mitigation and management of health Including environmental health, fire and disaster risks.	Quarterly report on traffic offences to council
	Environmental Management		Number environmental education and awareness Programmes conducted
	Disaster Management		Annual review of Disaster Risk Management Plan
	Law Enforcement		% increase in the issuing of fines against by-law transgressions
	Parks and Open Spaces		No of trees planted and parks upgraded
	Fire Fighting Services		Provide a functional firefighting service
	Environmental Management		Collect all households and business refuse on a weekly basis
	Environmental Management		Monthly Maintenance and management of waste site Sign a SLA or MOU with the stakeholders with regard to disaster management Comply with the drinking water quality standards
	Environmental Management		Quarterly report on the upkeep of public health facilities
Environmental Management		Monthly Surveillance of communicable diseases	



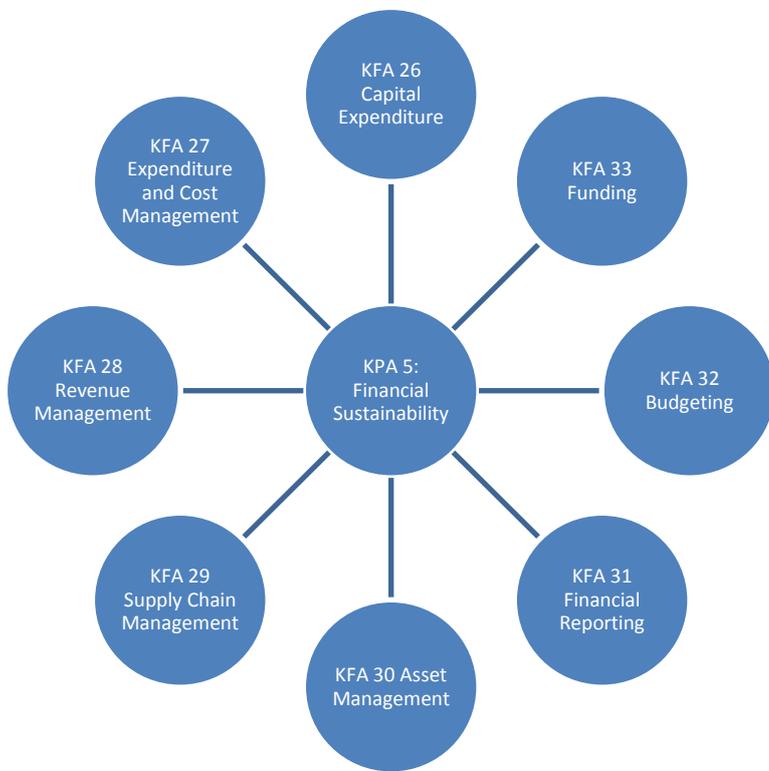
**KPA 3: Social and Community Development.**

Key performance indicator	Key focus area	Strategic objective	Indicators
Social and Community Development.	Libraries	<b>To assist and facilitate with the development and empowerment of the poor and the most vulnerable. These include the elderly, youth and disabled.</b>	No of new satellite libraries Established
	Sport and Recreation		Maintenance of sport and recreation facilities to council
	Cemeteries		Quarterly report on the upkeep of cemeteries by means of EPWP
	Special Programmes (Gender, Elderly, Youth and Disabled)		Programmes for the vulnerable
			Indicator for Director: Quarterly report from the Director on % budget spend and % overspent and % underspend with reasons
	Libraries		Quarterly report on activities of libraries wrt service delivery
			Review the disaster risk management plan and submit to council
	Sustainable Human Settlements		Monthly Water quality monitoring



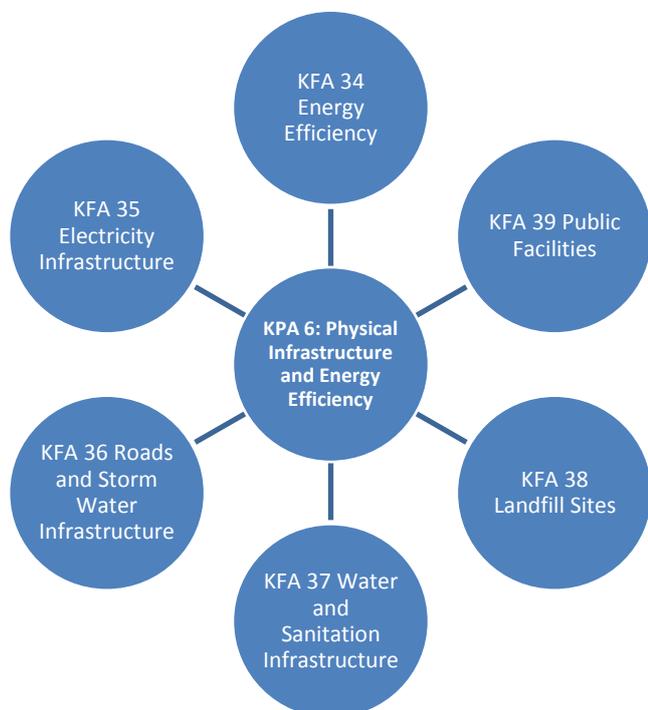
**KPA 4: Institutional Transformation.**

Key performance indicator	Key focus area	Strategic objective	Indicators
Institutional Transformation	Organizational Structure	<b>To provide an effective and efficient workforce by aligning our institutional arrangements to our overall strategy in order to deliver quality services</b>	Approved Organizational structure for the municipality
	Human Capital Development		Compliance with the targets in the EE Plan
	Human Capital Development		Percentage of budget actually spent on implementing its workplace skills plan.
	Programme and Project Management		No of staff trained in project management
	Human Capital Development		Skills Audit Report submitted to Council
	Systems and Technology		SLA with IT service providers
	Processes and Procedures		Monthly departmental meetings
	Organizational Structure		Quarterly Number of internships and learner ships created
	Processes and Procedures		Performance Contracts in Place for MM and all 556 managers by 30 June 2014.
	Processes and Procedures		Reviewed the employment equity plan and submit to DOL council
	Processes and Procedures		Quarterly report on customer complaints resolved within 3 days to council.
Processes and Procedures		Quarterly report on the Compliance with risk register	



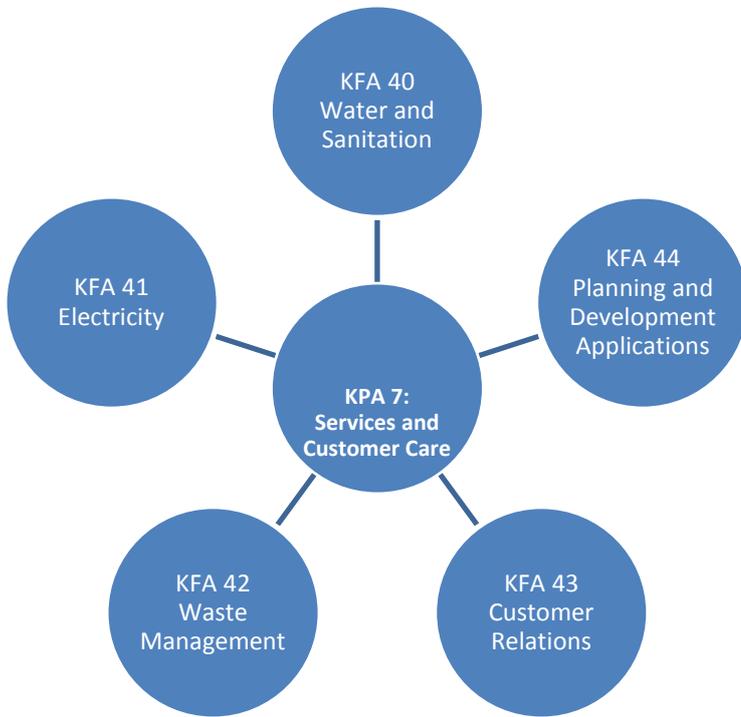
**KPA 5: Financial Sustainability**

Key performance indicator	Key focus area	Strategic objective	Indicators
Financial Sustainability	Asset Management	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Annual verification of assets recorded in asset register
	Asset Management		Compile a GRAP compliant asset register
	Financial Reporting	Monthly budget control Reconciliation of general ledger accounts with submission of sec 71 reports	
	Financial Reporting	Submission of draft budget to Provincial, National, AG & COGHSTA by 10 April 2014	
	Financial Reporting	Departmental SDBIP developed by 14 July 2014	
	Financial Reporting	Compiled annual financial Statements submitted to Auditor-General within legislative timelines	
	Financial Reporting	Approval of adjustments budget before legislative deadline.	
	Supply Chain Management	Ensure implementation of the supply chain management regulations and approved policy Q4.	
	Budgeting	Effective credit management s65 and s99	



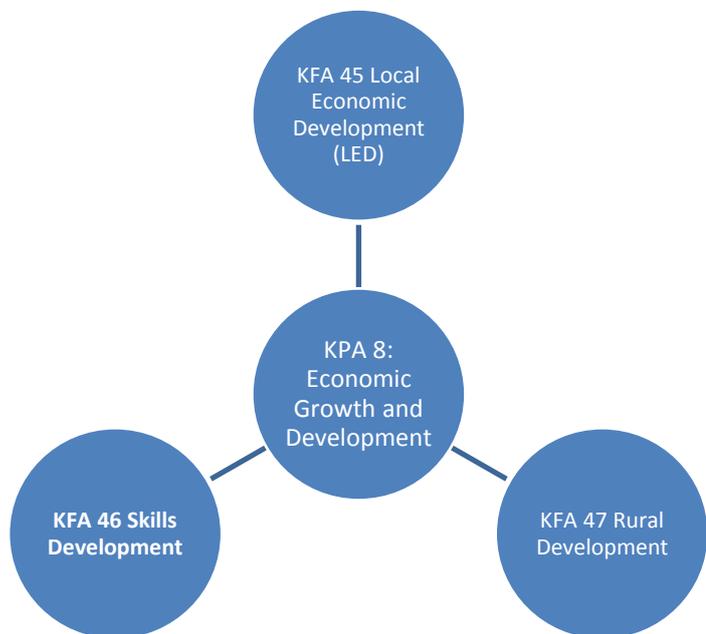
**KPA 6: Physical Infrastructure and Energy Efficiency.**

Key performance indicator	Key focus area	Strategic objective	Indicators
Physical Infrastructure and Energy Efficiency	Water and Sanitation Infrastructure	To ensure efficient infrastructure and energy supply that will contribute to the improvement of quality of life for all citizens in Tsantsabane	Compliance to waste water quality standards
	Water and Sanitation Infrastructure		Compliance to waste water quality standards (including Green Drop status)
	Energy Efficiency		Management of electricity losses
			Compliance to waste water quality standards Operation and maintenance



**KPA 7: Services and Customer Care**

Key performance indicator	Key focus area	Strategic objective	Indicators
Services and Customer Care	Water and Sanitation	To improve our public relations thereby pledging that our customers are serviced with dignity and care.	Compliance to potable water quality standards
	Electricity		Provisioning of electricity to HH in informal areas at Minimum standards.
	Electricity		New electricity requests Connected within 30 Days
	Water and Sanitation		Informal areas that meet agreed sanitation (sewerage) service standards (at least VIP on site) Informal areas serviced per communal toilets
	Customer Relations		Community Satisfaction Assessment in terms of Service Delivery



### KPA 8: Economic Growth and Development

Key performance indicator	Key focus area	Strategic objective	Indicators
Economic Growth and Development	Skills Development	To facilitate sustainable economic empowerment for all communities Tsantsabane Local Municipality and enabling a viable and conducive economic environment through the development of related initiatives including job creation and skills development	Number of jobs created through the Municipality's local economic development initiatives including capital Projects.
	Local Economic Development (LED)		Approved economic investment incentive policy

### Issues as further highlighted during the Ward Based Public Participation process in April 2013/14:

#### Postmasburg (Dorp)

Issue	Description
<b>Infrastructure Development</b>	<p>Access roads needs urgent maintenance and upgrading – especially in the residential areas</p> <p>Residents is to increase with 5000 – 6000 but services are limited</p> <p>Sewerage problems at the Industrial area and in town and in the vlei</p> <p>A need for Planning for additional parking for future development. It is not feasible to change the existing parking.</p> <p>Electricity is sufficient for the current request for at least five years.</p> <p>Dept. of Energy has avail funding for saving of electricity. Municipality must draw up n business plan for this purposes</p> <p>There is a need for an updated electricity masterplan in the municipality.</p> <p>Proper storm water and management needed.</p> <p>Maintenance of electricity is in a bad state.</p> <p>Possible renewable energy for new buildings</p> <p>Upgrading of electricity networks.</p>
<b>Local Economic Development</b>	<p>Tenders to be allocated to local contractors</p> <p>Main contractor must empower local contractors through training and</p>

	<p>development.</p> <p>LED office needs capacity.</p> <p>Empowerment of local people through main economic drivers.</p> <p>More LED initiatives to stimulate LED in the municipality</p> <p>There is a need for a golf course in Tsantsabane</p>
<b>Municipal Functioning and Management;</b>	<p>Firefighting services needed</p> <p>Increase levels of capacity and skills at municipality</p> <p>Lack of Performance Management System</p> <p>Attention to be given to all the issues raised in the AG's Report</p>
<b>Sport and Recreation Facilities and Services;</b>	<p>Limited parks for increase in residents</p> <p>Show grounds to be changed into a multipurpose training sports facility</p> <p>Rehabilitation of the swimming pool – control and monitoring to keep it safe, clean and productive for all residents</p> <p>Request for a recreational area outside the town – sewerage works water could be used</p>
<b>Environment</b>	<p>Rehabilitation of current dumping site</p> <p>Request for local skips for residents to dump waste</p> <p>Fencing need to be fixed at cemetery behind the school – devils fork</p> <p>Fixing of fence at the airstrip</p> <p>Waste at all cemeteries need to be removed</p> <p>Effective solid waste removal and waste site planning</p>

#### **Newtown / Hakbosdraai / Maranteng:**

<b>Issue</b>	<b>Description</b>
<b>Infrastructure Development</b>	<p>In Masakhane street an open manhole where sewerage is leaking</p> <p>Kraanvoel Street, Valkstreet, Muisvoel street, Kwartel Street</p> <p>Stop Sign needed at Bosie and Valk Street</p> <p>High Mass lights are requested in Hakbosdraai and Maranteng</p> <p>Access to water is far in Maranteng</p> <p>Plastic toilets in Maranteng is not cleaned – bad smell</p> <p>Lack of proper Storm water system in area, i.e. Newtown, Budgie street</p> <p>Storm water from Zincover at times flood the informal houses</p> <p>Street Lights not on – Newtown still in darkness</p> <p>Maintenance of older lights</p> <p>Roads in Maranteng needs to be repaired</p> <p>Eradication of the bucket system</p>
<b>Housing Development</b>	<p>Condition of Muddy Houses</p> <p>Clarity requested on the completion of the 300 houses to be built in Maranteng</p> <p>Clarity requested on the housing qualification process and criteria</p>
<b>Local Economic Development</b>	<p>Moratorium on Land needs to be lifted</p> <p>Waste recycling needs to start as an economic project</p>
<b>Municipal Functioning and Management;</b>	<p>Urgent need for firefighting services</p> <p>Proposal to buy water from the mines</p>
<b>Health Facilities and Services;</b>	<p>Primary health care services</p> <p>Municipality to engage Department of Health for a local Ambulance Call Centre</p> <p>Proposal for an Old Age centre in Newtown</p>
<b>Sport and Recreation Facilities and Services;</b>	<p>Makoudam is in bad state</p> <p>Expansion of Parks / additional parks</p> <p>Community Hall requested for Newtown – current hall should be utilized for a life skills centre</p> <p>Upgrade and closing of the soccer field</p> <p>Multi Purpose Centre should be build in Newtown</p>
<b>Education and Library Services;</b>	<p>Sewerage is leaking next to the school</p> <p>Mobile library requested in Newtown</p>
<b>Environment</b>	<p>Illegal dumping</p>

	Recycling needs to be investigated – location to be identified Contractors don't clean up their building rubble after construction
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### White City / Khuting / Carnation

Issue	Description
<b>Infrastructure Development</b>	Upgrading of internal roads in White City Upgrading of Roads in Carnation Renaming of streets in White City and Maranteng and Town
<b>Housing Development</b>	200 houses in White City 300 service sites in White City 100 serviced sites in Carnation
<b>Sport and Recreation Facilities and Services;</b>	Parks for Recreation needed for Khuting Soccer pitch upgraded for Newtown

### Boichoko

Issue	Description
<b>Infrastructure Development</b>	Provision of water services at the informal settlement
<b>LED</b>	Promotion of PPP
<b>Municipal Functioning and Management;</b>	Appointment of a Town Planner for the Municipality
<b>Health Facilities and Services;</b>	Batho Pele principles should be practiced at the hospital Hospital unhygienic
<b>Sport and Recreation Facilities and Services;</b>	Condition of the Hall, no roof, too small Multi Purpose Centre requested
<b>Education and Library Services;</b>	Insufficient books in the libraries. Libraries times need to be extended
<b>Environment</b>	Water pipes to be installed at the cemetery

### Postdene

Issue	Description
<b>Infrastructure Development</b>	Skool Street need lighting State of sanitation, water, electricity, serviced sites No lights at Jacaranda street Unsafe trench next to Asmandia – Storm water channel should be build Pensfontein in Postdene has no proper acces roads Lack of Storm water system Street Names lacking in Pensfontein
<b>Housing Development</b>	Condition of housing Asbestos houses still present in area Informal housing Replacement of Asbestos Roofs
<b>Local Economic Development</b>	Lack of sufficient Bursaries for students Propose partnerships with schools, i.e Job Creation – long term planning is necessary Job Creation for women, disabled etc.
<b>Municipal Functioning and Management;</b>	Financial Management to be aligned to the inputs from communities and projects to be planned More money to be budgeted for fire fighting
<b>Health Facilities and Services;</b>	Ambulance services from Postmasburg to Kimberley remains a challenge Sometimes Ambulance service only available on Tuesday and Thursday
<b>Sport and Recreation Facilities and Services;</b>	Swimming Pool should be repaired Upgrading of sport facilities
<b>Environment</b>	Illegal dumping

	Cemeteries are very dirty and graveyard needs maintenance Proposal for Waste skips in area Proposal for recycling
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### Jenn Haven

Issue	Description
<b>Infrastructure Development</b>	Condition of the road to PMG was raised as a concern High Mass Lights requested
<b>Housing Development</b>	Not enough service sites
<b>LED</b>	Unemployment – residents not able to pay for services Business sites needed in the area
<b>Municipal Functioning and Management;</b>	Lack of proper Operational and Maintenance Plan
<b>Health Facilities and Services;</b>	Clinic has a person working there but the clinic itself is not functioning
<b>Sport and Recreation Facilities and Services;</b>	Paving requested at the play park Renovation of the Community Hall
<b>Environment</b>	Solid waste Removal need to improve

### Skeyfontein

Issue	Description
<b>Infrastructure Development</b>	Fence of farm for alternative route Bridges and Road Infrastructure to be upgraded Storm water inside yards
<b>LED</b>	BEE to be supported to be sustainable High rate of unemployment Make provision for the implementation of the mining charter
<b>Municipal Functioning and Management;</b>	Lack of sufficient budget to implement the IDP
<b>Health Facilities and Services;</b>	No clinic services – costly to travel to nearest clinic
<b>Sport and Recreation Facilities and Services;</b>	Renovation of community building (Skuur) to be used as a community Hall
<b>Education and Library Services;</b>	Renovation of the pre-school building
<b>Environment</b>	Need for artificial grass as requested before

### Stasie

Issue	Description
<b>Infrastructure Development</b>	Request to change pre-paid electricity to Eskom Street lights Taxi points are too far and not safe Open drain holes are unsafe and smelling
<b>LED</b>	Transfer of land was raised
<b>Environment</b>	Grass needs to be cut next to the road

### Groenwater.

Issue	Description
	Storm water remains a challenge
<b>Environment</b>	Recreational park and soccer field.

	Some residents don't have toilets.
	Need for high mass lights.
	No proper access road infrastructure.
	Upgrade of the community hall and mobile clinic, no water and electricity.
<b>Infrastructure</b>	Technical department must look in the manner in which the toilets are emptied tell the operator to make sure he / she emptied the toilets.

## 2.

### 2.1 SWOT ANALYSIS

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Overall academically qualified personnel, i.e. public administration, community development, law, financial management, HR etc.</li> <li>• LED strategy in place,</li> <li>• Good relationship with private sector</li> <li>• Infrastructure master plans in place i.e. electricity</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Poor payment culture and income revenue – Municipality to dependant on Grants</li> <li>• Poor administration systems in place</li> <li>• Lack of sufficient cemeteries to cater for the increase in demand</li> <li>• Lack of sufficient Waste Dumping Sites</li> <li>• Lack of sufficient skilled personnel</li> <li>• Lack of proper implementation of the Communication Strategy – internal conflicts between the different departments</li> <li>• Lack of sufficient office space and equipment to accommodate all employees</li> <li>• Lack of providing basic services</li> <li>• Maintenance and reaction time on complaints</li> <li>• Housing backlog</li> <li>• Social issues in the workplace</li> <li>• Lack of effective client service desk</li> <li>• No By – Law enforcement</li> <li>• Appointment of officials into key positions is still vacant</li> <li>•</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Future Mining Developments and subsequent infrastructure development</li> <li>• Tourism sector can be promoted especially mining tourism</li> <li>• Existing infrastructure, i.e. basic services and roads</li> <li>• Youth i.e. economically, socially</li> <li>• Apprenticeship &amp; existing skills</li> <li>• Churches and social organizations</li> <li>• Informal business and smme`s booming</li> <li>• Bursary scheme to address scarce skills</li> <li>• Enforcement of By - Laws</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Social Issues in communities, i.e. unemployment, Drug and alcohol abuse, crime, HIV/AIDS etc.</li> <li>• Constraints that directly impacts on the growth of the economic sector, i.e. poor infrastructure</li> <li>• Kimberley attract economic activities and developers hesitate to develop in surrounding areas</li> <li>• Low levels of skills development</li> <li>• Infrastructure development and environmental impact on the environment</li> <li>• No By – Law enforcement</li> </ul>

Implementation of projects.

Basic services						
Project no:	Project Description	Funder	Funding / R	2013/14	2014/15	2015/16
B1/06/13	Roads and Storm water - Postdene	MIG/SLP		✓		

B2/06/13	Upgrade of main sewer line - Maranteng	MIG		✓		
B3/06/13	Replacement of all asbestos pipes (West end) - Tsantsabane	Acip		✓	✓	✓
B4/06/13	Upgrade of boreholes - Jenn Haven	Kolomela		✓		
B5/06/13	Upgrade of pressure tower - Boichoko	Kolomela		✓		
B6/06/13	Upgrade of Plein street - Postdene	Kolomela		✓		
B7/06/13	Upgrade of Budgie streets - Newtown	Assmang				✓
B8/06/13	Storm water main outlets - Boichoko	TLM		✓	✓	✓
B9/06/13	Storm water main outlets – End, Budgie street	Tsasamba		✓	✓	✓
B10/06/13	New development (township establishment)– Jenn Haven	TLM		✓	✓	
B11/06/13	Upgrade of all gravel roads – All wards and farms	TLM		✓	✓	✓
B12/06/13	Erecting of new reservoir – Boichoko, Newtown, Town	MIG			✓	✓
B13/06/13	Upgrading of low current network - Tsantsabane	TLM		✓	✓	✓
B14/06/13	Upgrading of High current electricity network - TLM	Dept of Energy		✓	✓	✓
B15/06/13	Connection of boreholes with reservoir – Makoudam, ACVV, Kooperasie.	DWA, Kolomela Assmang		✓	✓	✓
B16/06/13	3500 Mix typology housing - Tsantsabane	External funding		✓	✓	✓
B17/06/13	Construction of new waste water treatment works 10megaliter -TLM	TLM		✓	✓	✓
B18/06/13	Review of spatial development framework - TLM	Assmang		✓		
B19/06/13	Main storm water channel Groenwater Spruit (flood line)	Kolomela		✓	✓	✓
B20/06/13	Upgrade of End street – From Boichoko	MIG		✓	✓	
B21/06/13	Provision of high mass lights – All wards	MIG		✓		
B22/06/13	Construction of 50 houses – Maranteng & Groenwater	Coghsta		✓		
B23/06/13	War on all water leaks - All Wards	DWA		✓		
B24/06/13	1km access road(EPWP) – Jenn Haven	TLM		✓		
B25/06/13	Upgrade and renewal Gatkoppies borehole & pump line	Assmang		✓	✓	
B26/06/13	Update of Master plans(bulk services) SDF & LUMS	Assmang		✓		
B27/06/13	EIA for Waste Water Treatment works / Main sewer	Assmang		✓	✓	
B28/06/13	Budgie street storm water - Newtown	Assmang		✓		
B29/06/13	Drilling of own Boreholes for water – Tsantsabane	TLM		✓	✓	✓
B30/06/13	Eradicate UDS & VIP sanitation system – Groenwater	TLM		✓	✓	✓
B31/06/13	Upgrade of access road to paving - Groenwater	TLM		✓	✓	
B32/06/13	Provision of new stands	TLM		✓	✓	✓
B33/06/13	Servicing of stands	TLM		✓	✓	✓
B34/06/13	Availability of land for 2 Schools(Primary & technical)	TLM		✓		
B35/06/13	Site for substance rehabilitation centre	TLM/Soc dev		✓	✓	
B36/06/13	Upgrade of 5 <sup>th</sup> Ave, Postdene	MIG /Slp		✓	✓	
B37/06/13	Road proclamation of Skeifontein	TLM/Public works		✓	✓	✓
B38/06/13	Postdene sewer line south of railway line	Developers		✓	✓	✓
B39/06/13	Sewer line from pump station 1 to new wwtw	Developers		✓	✓	✓
B40/06/13	Upgrade of Postdene reservoir/press. Tower/pump chamber	MIG		✓	✓	
B41/06/13	New 1km 200mm water line Newtown reservoir - station	TLM		✓	✓	
B42/06/13	Safeguarding of Newtown reservoir	TLM		✓		
B43/06/13	Pressure valves on main waterlines(Newton & West end reservoir)	Kolomela		✓		

B44/06/13	Closure and rehabilitation of Postmasburg landfill site	Kolomela		✓	✓	✓
B45/06/13	Identification of a new landfill site	TLM		✓	✓	✓
B46/06/13	Water safety plan / process audit	DWA/TLM		✓		
B47/06/13	Erecting of borehole safety fencing	TLM/DWA		✓	✓	✓
B48/06/13	Purchasing of chlorination machine for blue drop	TLM		✓	✓	✓
B49/06/13	Technical fleet management programme	TLM		✓	✓	✓
B50/06/13	Low Water Bridge - Skeifontein	TLM				✓
B51/06/13	Upgrade of Kgololo str. – White City	TLM				✓
B52/06/13	Pegging and servicing of 20 sites – Jenn Haven	TLM		✓	✓	✓
B53/06/13	Upgrade of Newtown & Tsantsabane weg - Pensfontein	Kolomela		✓	✓	✓
B54/06/13	Town Establishment –Postdene informal settlements	TLM		✓	✓	
B55/06/13	Upgrade of internal roads - Carnation	TLM		✓	✓	
B56/06/13	Upgrade of access road to Henry & Brown street – West end(Sibilo)	TLM			✓	✓
B57/06/13	Land availability for NGO's and CBO's	TLM		✓	✓	✓
B58/06/13	Development of uitbreiding 9 – Town	TLM			✓	✓
B59/06/13	Water and sanitation - Maranteng	MISA	✓	✓		
B60/06/13	Water and sanitation – Postdene informal settlements	MISA	✓	✓		
<b>Economic Development</b>						
E1/06/13	Development of informal traders market	TLM		✓		
E2/06/13	Feasibility study of chicken abattoir	TLM		✓		
E3/06/13	Review LED strategy (annually)	TLM		✓	✓	✓
E4/06/13	Revive LED Forum	TLM		✓		
E5/06/13	SMME HUB - Tsantsabane	TLM		✓	✓	✓
E6/06/13	Annual Business Summit	TLM		✓		
E7/06/13	SMME Capacity building programme	TLM		✓		
E8/06/13	New business stands for small business	TLM		✓	✓	✓
E9/06/13	Annual Arts Festival	TLM			✓	✓
E10/06/13	Community Information service	TLM		✓		
E11/06/13	Recycling of waste material	TLM		✓		
<b>Economic Development</b>						
C1/06/13	Cladding and facelift of main building	TLM		✓		
C2/06/13	Refurbishment of learners testing station traffic dept.	TLM		✓	✓	
C3/06/13	Upgrade of testing lanes and turning radius	TLM		✓	✓	
C4/06/13	Installation of play detector – library(electronic)	Arts & culture		✓		
C5/06/13	Installation of play detector – traffic station	TLM		✓		
C6/06/13	Refurbishment of Postdene community hall	TLM		✓	✓	✓
C7/06/13	Refurbishment and upgrade of municipal chambers	TLM		✓		
C8/06/13	Upgrade of community hall – Groenwater	TLM/CPA		✓	✓	
C9/06/13	Construction of tool room - workshop	TLM		✓		
C10/06/13	Construction of new Offices – workshop	TLM		✓		
C11/06/13	Construction of new community Hall – White City	TLM		✓	✓	
C12/06/13	Establishment of Youth Centre / feasibility	TLM		✓		
C13/06/13	Waste management programme	TLM		✓	✓	✓
C14/06/13	Upgrade of Show grounds (5year programme)	Kolomela		✓	✓	✓
C15/06/13	Upgrade of swimming pools – Postdene , town	Kolomela		✓	✓	✓
C16/06/13	Upgrade of soccer field - Newtown	Kolomela		✓	✓	✓
C17/06/13	Construction of new public library	Arts & culture		✓	✓	✓
C18/06/13	Renewable energy sources	TLM		✓	✓	✓

C20/06/13	Fencing of graveyard – Postmasburg Primary	TLM		✓		
<b>Financial Viability Projects</b>						
F1/06/13	New Prepaid system (Electrical)	TLM		✓		
F2/06/13	New water Prepaid system for new developments	TLM		✓	✓	✓
F3/06/13	20 Computers and 2 Copiers	TLM		✓	✓	✓
F4/06/13	Office furniture & Projectors	TLM		✓	✓	✓
F5/06/13	Vehicle tracking system	TLM		✓		
F6/06/13	Electronic clock system for staff	TLM		✓		
F7/06/13	Purchasing of municipal fleet	TLM		✓	✓	✓

# Chapter 3

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

## 3. Long term financial strategy / Plan.

The budget has been informed by the key objectives as expressed in the Integrated Development Plan (IDP), with the emphasis again being on expediting delivery of basic services.

### Background.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

3.1 National Treasury's MFMA Circulars No. 58, 59, 66, 67, 70, and 72 were mainly used to guide the compilation of the 2014/15 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

3.1.1 The on-going difficulties in the national and local economy;

3.1.2 Aging roads, asbestos pipes, the capacity of the sewer work and electricity infrastructure;

3.1.3 The need to prioritize projects and expenditure within the existing resource envelope;

3.1.4 The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Similarly the effect of the water tariffs, as determined by the Sedibeng Water Board, on consumers. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;

3.1.5 Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;

3.1.6 Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in an unhealthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is not achieving this objective. The Capital Replacement Reserve needs to be at a level where all capital spending should be funded from. Currently there are no funds in the CRR (Capital Replacement Reserve) to fund any capital projects.

### **The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:**

3.2 The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;

3.3 Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

3.4 There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

3.5 The budget must be spent in full, and all grants should be utilised in full;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Description	Budget	Adjustment	Full year	Budget	Budget	Budget
	2013/14	budget	forecast	2014/15	2015/16	2016/17
	2013/14	2013/14	2013/14	2014/15	2015/16	2016/17
Total Revenue	139 691	156 555	156 555	182 882	203 221	223 773
Total Expenditure - Standard	168 257	175 594	175 594	192 388	208 078	225 559
Surplus/(Deficit) for the year	-28 566	-19 039	-19 039	-9 506	-4 857	-1 786

Total operating revenue has increase by 16.82% for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 11.12% and 10.11% respectively, equating to a total revenue increase of R67,218 million over the MTREF when compared to the 2013/14 financial year. The main reason for the increase in revenue is service charges and sale of available land (stands).

Total operating expenditure for the 2014/15 financial year has been appropriated at R192,388 million and translates into a budgeted deficit of R9,506 million before capital transfers. When compared to the 2013/14 Adjustments Budget, operational expenditure has increased by 9,56 per cent in the 2014/15 budget and increases by 8,16 and 8,40 per cent for each of the respective outer years of the MTREF. The operating deficit, before capital grant transfers, for the two outer years decreases to R4,857 million for the 2015/16 financial year and then decreases to R1,786 million for the 2016/17 financial year. The main reason for the increase in expenditure is employee related cost, depreciation and debt impairment.

The capital budget of R31,944 million for 2014/15 is 25,52 per cent more when compared to the 2013/14 Adjustment Budget. The capital programme further decreases to R31,496 million in the 2015/16 financial year and then increases in 2016/17 financial year to R49,067 million. A substantial portion of the capital budget will be funded from grants (R14,767 million 2014/15) over the MTREF, own revenue (R8,172 million) and loans to the value of R8,9 million making up the other funding sources.

### 3.6 Operating Revenue Framework

For Tsantsabane Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges and will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- 3.6.1 A financially sustainable municipality;
- 3.6.2 National Treasury's guidelines and macroeconomic policy;
- 3.6.3 Limited growth in the Municipality and continued economic development;
- 3.6.4 Efficient revenue management, which aims to ensure a 75,0 per cent annual collection rate for property rates and other key service charges. This percentage is high compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- 3.6.5 Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- 3.6.6 Achievement of full cost recovery of specific user charges especially in relation to trading services;
- 3.6.7 Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- 3.6.8 The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- 3.6.9 Increase ability to extend new services and recover costs;
- 3.6.10 The municipality's Indigent Policy and rendering of free basic services; and
- 3.6.11 Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 5,9% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal. Tariffs are not cost reflected and needs to be cost reflected. The tariff increase will be more than the average inflation forecast.

In order to ensure all revenues are raised and recovered and further that all ratepayers are being treated equitably, the municipality identified certain areas of concern and is busy implementing measures to address these problem areas.

<b>Strategy</b>
Maintain and improve on debt collection
Secure new sources of income
Counter the potential loss in electricity/water income as well as line-losses
Ensure an accurate and well maintained income database
Secure more external funding and government grants for soft services including long term funding for operating expenses
Monitor the financial health of the Municipality and cash-back all reserves

The following table is a summary of the 2014/15 MTREF (classified by main revenue source): (Excluding Capital Transfers).

**NC085 Tsantsabane - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>	1										
Property rates	2	4 523	6 100	11 997	14 695	19 795	19 795	19 795	21 447	24 648	27 497
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	22 053	27 427	28 670	32 569	33 569	33 569	33 569	42 295	53 109	61 149
Service charges - water revenue	2	5 565	29 382	12 481	13 694	13 694	13 694	13 694	32 315	35 606	39 236
Service charges - sanitation revenue	2	3 167	29 382	5 840	6 186	5 986	5 986	5 986	7 000	7 990	9 339
Service charges - refuse revenue	2	1 148	3 513	3 277	3 703	5 303	5 303	5 303	5 917	7 755	9 849
Service charges - other											
Rental of facilities and equipment		294	450		281	281	281	281	304	325	350
Interest earned - external investments		1 206	218		300	300			265	284	305
Interest earned - outstanding debtors									-		
Dividends received											
Fines		100	188		260	260	260	260	290	310	334
Licences and permits		543	339		374	374	374	374	385	412	443
Agency services		756	50		60	60	60	60	650	696	748
Transfers recognised - operational		31 430			29 685	29 685	29 685	29 685	29 794	29 794	31 010
Other revenue	2	3 133	1 324	7 200	8 885	8 885	8 885	8 885	12 220	13 292	14 513
Gains on disposal of PPE					29 000	29 000	29 000	29 000	30 000	29 000	29 000
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>73 919</b>	<b>98 375</b>	<b>69 465</b>	<b>139 691</b>	<b>147 191</b>	<b>146 891</b>	<b>146 891</b>	<b>182 882</b>	<b>203 221</b>	<b>223 773</b>

The growth in revenue contributions are indicated above (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Northern Cape, the percentage is relatively low and is a clear indication of the level of unemployment in the municipal area. Rates and service charge revenues are constant at about 50 per cent of the total revenue mix over the MTREF period. In the 2013/14 financial year, revenue from rates and services charges totalled R78,347 million or only 53,34 per cent.

This increases to an estimated R108,974 million (59,59%) (2014/15), R129,108 million (63,53%)(2015/16) and R147,070 million (65.72%)(2016/17) in the respective financial years of the MTREF. A notable trend is therefore the increase in the total percentage revenue generated from rates and services charges. This growth can be mainly attributed to the increased share that the sale of electricity and water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Revenue foregone, (mainly to the indigent) is estimated to equal about 10.73 per cent of billable revenue (2014/15), placing a strain on revenue sources. Details in this regard are contained below.

## **Tariffs**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy but there are always situations where there are defaults on payment. Past experience indicates that contribution for bad debt over the revenue for rates, service charges and rent of facilities on credit percentage should not be more than 10 per cent, however, a cautionary approach is taken in this budget due to the signs of economic stress being experienced by the community.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect

on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

**The following stipulations in the Property Rates Policy are highlighted:**

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R30 000;
- The limit for indigent households is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of ratable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year will be based on a general 7.5 per cent increase from 1 July 2014. A new valuation roll was implemented as from 1 July 2013. There is still property that was valued as uncompleted and we need to do a supplementary valuation roll for the next four years. The supplementary valuation roll will increase the revenue (property rates).

**The proposed tariffs for 2014/15 are as follows:**

<b>Residential Properties</b>	<b>R0.00532/R value</b>
<b>Business Properties</b>	<b>R0.00798/R value</b>
<b>Mining Properties</b>	<b>R0.02129/R value</b>
<b>Agricultural Properties</b>	<b>R0.0003192/R value (1 : 0.06)</b>

**1.4.2 Sale of Water and Sanitation and the Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The municipality obtains water from Sedibeng at a cost of R8.77/kl (2014/15). Furthermore, the water tariffs to the consumers are not cost reflective and as such the tariffs will increase substantially from the 2014/15, 2015/16 and 2016/17 financial years. The proposed tariffs for the 2014/1 financial year are as follows:

Currently, Tsantsabane municipality cannot determine what the water losses are. The municipality need urgently to measure the losses. The outstanding water account from Sediben amounts to R13,4 million and needs urgent attention. If the water losses are minimised, the monthly bill of Sediben will decrease substantially. The municipality needs to ring-fence the water supply and determine what the actual cost per kl should be. Tsantsabane Municipality need to make use of their own boreholes to minimize the usage of Sedibeng water. Kolomela mine made available R2,0 million to supply new equipment for the boreholes that is not in a working condition. We need to be less dependent on Sedibeng water in 2014/15.

The municipality needs continuously to explore ways to limit the water losses to an acceptable level. There will always be water line losses due to burst pipes and as repairs thereof requires flushing of systems before being distributed again. However any losses above 13% is considered excessive by the Auditor-General's office and regarded as fruitless expenditure. The municipality will continue to monitor reasons for the excessive losses and to improve systems to limit the water losses to below 10%.

### **Sanitation fees**

Similarly, the tariffs for sanitation are not cost reflective and may be subjected to significant increases. The proposed tariffs are listed below:

#### **1.4.3 Sale of Electricity and Impact of Tariff Increases**

NERSA has announced the revised bulk electricity pricing structure. An 8,01 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 7,39 per cent to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

### **ELECTRICITY TARIFFS & CHARGES**

The approved tariffs will be included in the budget after NERSA approved the tariffs.

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does make a profit on electricity for the past year. (2012/13) According to the 2012/13 audited financial statements, the profit on the sale of electricity was R8 390 903.

The surplus on the electricity service over the MTREF is 34.4 per cent for 2014/15 and 26,26 per cent and 34.68 per cent for the outer years

Electricity line losses are not continuously monitored. It can represent a significant financial loss for the municipality. In general electricity line losses of 10% is being regarded as "acceptable" in the industry and Tsantsabane is well above that norm. Tsantsabane needs to take action and monitor the losses.

#### **Comparison between current electricity charges and increases**

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). A stepped tariff structure has been implemented as from 1 July 2013.

#### **1.4.4 Waste Removal and Impact of Tariff Increases**

Solid waste removal was operating at a surplus which indicates that the tariffs are cost reflective for 2014/15. The projected surplus/loss on the service for 2014/15 are R989 145 (1,12%), R265 615 loss for 2015/16 (-2,82%) and R1,906 million loss (18,84%) over the MTREF period. It is widely accepted that the rendering of this service should at least break even, which is currently not the case for the MTREF period.

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role in the projected losses. Considering the deficit, it is recommended that a comprehensive investigation into the cost

structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

The total expenditure on solid waste removal don't include the cost that the mines are currently contributed towards the landfill site. When we calculate the cost-reflected tariff for solid waste removal, we need to add the cost that the mines are currently carried for the maintenance of the landfill site.

Despite the losses as indicated above, a general 7,5 per cent increase in the waste removal tariff is proposed as from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 per cent.

The following table compares current and proposed amounts payable from 1 July 2014:

Comparison between current waste removal fees and increases

#### 1.4.5 Overall impact of tariff increases on households

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 7,9%.

### 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circular 66, 67, 70 and 72;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

The budgeted allocation for employee related costs for the 2013/14 financial year totals R57,719 million, which equals 32,9 per cent of the total adjusted operating expenditure. This percentage decreases to 30,0 per cent (2014/15) and 29,67 per cent (2015/16) and 29,43 per cent (2016/17) in the outer years of the MTREF period. Should debt impairment and depreciation be excluded, in order to compare it with other municipalities on an more equal basis, the costs represent 40,22 per cent (2014/15) of the expenditure and decrease to 39,65 per cent and decrease to 39,21 per cent in the outer years. Based on the guidance provided by National Treasury in Circular 58 and 67, salary increases have been factored into this budget at a percentage increase of 7,3 per cent for the 2014/15 financial year. An annual increase of 7.0 per cent (2015/16) and 7.5% (2016/17) has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R18,792 million and escalates to R20,108 million by (2015/16) and R21,616 million by (2016/17). While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R28,826 million for the 2013/14 financial and equates to 16,45 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 20,0 per cent of the expenditure. The average for local municipalities in recent research is 13,76 per cent. The difference indicating that expected useful lives and depreciation rates are realistic.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up less than 1 per cent of operating expenditure excluding annual redemption for 2014/15.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represents 17.05 per cent (2014/15) of expenditure and increase to 17,6 per cent (2015/16) and 18.16 per cent (2016/17) in the outer years.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Contracted services have been identified as a cost saving area for the Municipality. Management will in the budget year further investigate projects which can be used for contracted services as an extension of the Extended Public Works Program. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2014/15 financial year to identify alternative practices and procedures based on solid approved policies.

Other expenditure comprises of various line items relating to the daily operations of the municipality, but also operating grant expenditures. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved

These expenditure items are listed below:

NC085 Tsantsabane - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>Other Expenditure By Type</b>											
Collection costs		-			-						
Contributions to 'other' provisions		-			-						
Consultant fees		-			-						
Audit fees		2 894	198	1 550	1 700	1 700	1 700	1 700	1 900	2 033	2 185
General expenses	3	2 044	541	11 459	8 587	8 587	8 587	8 587	12 056	12 298	13 623
Repair and maintenance		1 995	1 637	5 153	6 890	6 890	6 890	6 890	8 418	9 007	9 683
Operating Grant Expenditure		11 677	15 391	16 321	15 627	15 627	15 627	15 627	11 203	12 481	13 373
Advertising		170	155	256	308	308	308	308	411	440	473
Advertising and Tourism		-	-	11	30	30	30	30	75	80	86
Bank charges		230	2 797	680	735	735	735	735	790	845	907
Chemicals		68	233	153	165	165	165	165	450	482	518
Cleaning material		97	65	125	135	135	135	135	-		
Computer services and License fees		435	98	382	1 373	1 373	1 373	1 373	1 400	1 498	1 610
Entertainment cost		33	215	82	89	89	89	89	116	124	133
Fines		661	48	-	-	-	-	-			
Insurance		259	342	764	825	825	825	825	816	873	939
License fees- vehicles		570	229	1	39	39	39	39	-		
Local Economic development		4 232	-	181	196	196	196	196	250	1 075	1 075
Motor vehicle expences		1 006	1 298	1 251	1 317	1 317	1 317	1 317	1 962	2 099	2 257
Oil and Lubricants		-	263	-	-	-	-	-			
Postage		217	263	430	464	464	464	464	656	702	755
Printing and stationary		455	347	563	608	608	608	608	827	885	951
Professional and consultancy fees		756	-	333	360	360	360	360	3 716	3 976	4 274
Rental paid		16	8	415	448	448	448	448	143	153	164
Security paid		-	-	-	-	-	-	-			
Telephone cost		896	974	993	1 072	1 072	1 072	1 072	970	1 034	1 111
Valuation cost		48	192	692	280	280	280	280	250	267	288
Security service		578	-	221	238	238	238	238	-	-	-
Service charges		284	129	358	387	387	387	387	1 436	1 537	1 652
Travel Allowances		1 215	749						1 839	1 968	2 115
<b>Total 'Other' Expenditure</b>	<b>1</b>	<b>30 837</b>	<b>26 174</b>	<b>42 374</b>	<b>41 873</b>	<b>41 873</b>	<b>41 873</b>	<b>41 873</b>	<b>49 684</b>	<b>53 857</b>	<b>58 172</b>

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote for the 2014/15 financial year:

### 2014/15 Medium-term capital budget per vote

Department	Capital 2014/15	Capital 2015/16	Capital 2016/17
RATES AND GENERAL	0	0	0
CEMETARY	0	87 000	120 000
LIBRARY	262 000	391 000	888 000
FIRE FIGHTING	175 000	95 000	55 000
COMMONAGE	0	0	0
CARAVAN PARK	0	0	0
MUNICIPAL BUILDINGS AND PROPERTY	399 000	191 000	235 400
PARKS AND RECREATION	260 000	90 000	106 000
HEALTH DEPARTMENT	0		
PUBLIC WORKS AND STREETS	17 750 000	18 252 000	19 450 000
SEWERAGE PLANT - POSTMASBURG			
SECURITY			
POUND			
MAYORAL OFFICE	43 200		
CORPORATE SERVICES	775 000	600 000	400 000
HUMAN RESOURCES	120 000		
MUNICIPAL MANAGER	97 800	1 800	
COUNCIL GENERAL	200 000	750 000	12 000 000
FINANCIAL DEPARTMENT	672 000	850 000	300 000
SWIMMING POOL	0		
RETICULATION NETWORK			
TRAFFIC	890 000	428 500	692 300
REFUSE - POSTMASBURG	630 000	2 200 000	1 320 000
WORKSHOP	415 000	500 000	
ELECTRICITY - POSTMASBURG	125 000		
WATER - POSTMASBURG	9 130 000	7 060 000	13 500 000
HOUSING	0		
<b>TOTAL EXPENDITURE</b>	<b>31 944 000</b>	<b>31 496 300</b>	<b>49 066 700</b>

Tsantsabane Municipality experience cash flow problems and the allocation to the capital program is totally insufficient for all the expansions' that needs to take place. The second phase of the sewer treatment plant needs to be upgraded. The old infrastructure (asbestos pipes) needs to be replaced. The water storage capacity needs to be upgraded. Additional water sources needs to explore. The main roads need to be upgraded. Office space is a serious problem and additional offices need to be erected.

The SDF (special development framework) are in the process to be reviewed to determine where to develop. Land must be made available to developers and individuals for housing and businesses. Bulk services needs to be upgraded to accommodate all the developments. The bulk services fees increase from R49 500.00 per stand to R51 500.00 per stand. Council must not allow any development to take place if there is no service level agreement in place.

The allocation to roads amounts to R55, 452 million over the MTREF, of which R17,750 million is allocated to the 2014/15 financial year, R18,252 million for the 2015/16 and R19,450 million to the 2016/17 year.

The municipality is experiencing difficulties with regards to the landfill site. The landfill site is not register and the property belongs to the National Government. The municipality needs to engage with the Provincial Government to transfer the property to the Municipality and license the landfill site. This not only leaves the municipality with harming the environment, but also the prospect of incurring huge fines and is it necessary to ensure the municipality complies with all requirements. The MTREF provides for an amount of R3,52 million for the establishment of a new landfill site.

Kolomela and Assmang helped the municipality with the operating of the landfill site. If the mining companies withdrawn from the landfill site, nothing has been budgeted to operating the landfill site. The municipality needs proper equipment (front-end-loader) and personnel to operate the landfill site.

## 1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF to be approved by the Council. Each table is accompanied by explanatory notes on the facing page.)

Table A1 - Budgeted Summary.

## NC085 Tsantsabane - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	4 523	6 100	11 997	14 695	19 795	19 795	19 795	21 447	24 648	27 497
Service charges	31 934	89 705	50 267	56 151	58 551	58 551	58 551	87 527	104 460	119 573
Investment revenue	1 206	218	-	300	300	-	-	265	284	305
Transfers recognised - operational	31 430	-	-	29 685	29 685	29 685	29 685	29 794	29 794	31 010
Other own revenue	4 827	2 351	7 200	38 860	38 860	38 860	38 860	43 849	44 035	45 388
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>73 919</b>	<b>98 375</b>	<b>69 465</b>	<b>139 691</b>	<b>147 191</b>	<b>146 891</b>	<b>146 891</b>	<b>182 882</b>	<b>203 221</b>	<b>223 773</b>
Employee costs	30 876	35 733	45 993	53 018	57 719	57 719	57 719	57 707	61 746	66 377
Remuneration of councillors	-	-	2 169	2 603	2 738	2 738	2 738	2 892	3 094	3 326
Depreciation & asset impairment	23 726	-	34 711	28 076	28 826	28 826	28 826	30 125	32 234	34 652
Finance charges	2 730	-	6 920	864	864	864	864	388	415	446
Materials and bulk purchases	18 185	23 576	31 330	29 767	31 117	31 117	31 117	32 800	36 624	40 970
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	64 036	26 174	53 663	53 929	53 929	53 929	53 929	68 476	73 965	79 788
<b>Total Expenditure</b>	<b>139 552</b>	<b>85 484</b>	<b>174 786</b>	<b>168 258</b>	<b>175 193</b>	<b>175 193</b>	<b>175 193</b>	<b>192 388</b>	<b>208 078</b>	<b>225 559</b>
<b>Surplus/(Deficit)</b>	<b>(65 633)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed	23 528	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(42 105)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(42 105)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>46 292</b>	<b>66 225</b>	<b>4 927</b>	<b>34 700</b>	<b>34 700</b>	<b>34 700</b>	<b>34 700</b>	<b>31 944</b>	<b>31 497</b>	<b>49 067</b>
Transfers recognised - capital	-	-	-	14 282	14 282	14 282	14 282	14 872	15 524	15 524
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	8 900	8 800	26 700
Internally generated funds	-	-	-	20 418	20 418	20 418	20 418	8 172	7 172	6 843
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34 700</b>	<b>34 700</b>	<b>34 700</b>	<b>34 700</b>	<b>31 944</b>	<b>31 496</b>	<b>49 067</b>
<b>Financial position</b>										
Total current assets	20 568	37 251	15 706	23 223	23 223	23 223	23 223	25 800	27 700	28 700
Total non current assets	479 540	657 794	611 364	548 038	548 038	548 038	712 930	601 958	468 887	368 796
Total current liabilities	48 924	22 281	17 649	22 906	22 906	22 906	22 906	33 082	35 152	28 851
Total non current liabilities	8 684	13 305	6 500	8 050	8 050	8 050	8 050	8 300	7 400	6 834
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
<b>Cash flows</b>										
Net cash from (used) operating	42 664	235 346	22 905	(13 364)	(13 364)	(13 364)	(13 364)	(6 752)	(11 360)	(11 279)
Net cash from (used) investing	(44 563)	(215 696)	(16 005)	(10 082)	(10 082)	(10 082)	(10 082)	50	(2 291)	(3 850)
Net cash from (used) financing	76	-	(7 794)	6 920	6 920	6 920	6 920	8 142	(600)	(600)
<b>Cash/cash equivalents at the year end</b>	<b>(1 822)</b>	<b>17 828</b>	<b>16 935</b>	<b>409</b>	<b>409</b>	<b>409</b>	<b>409</b>	<b>1 849</b>	<b>(12 402)</b>	<b>(28 131)</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	2 350	20 500	13 395	11 654	11 654	11 654	11 654	14 000	16 500	18 500
Application of cash and investments	20 034	(18 052)	14 653	9 401	10 283	10 283	10 283	22 146	26 564	22 227
<b>Balance - surplus (shortfall)</b>	<b>(17 684)</b>	<b>38 552</b>	<b>(1 258)</b>	<b>2 253</b>	<b>1 371</b>	<b>1 371</b>	<b>1 371</b>	<b>(8 146)</b>	<b>(10 064)</b>	<b>(3 727)</b>
<b>Asset management</b>										
Asset register summary (WDV)	4 713	-	26 021	24 275	24 275	24 275	30 382	30 382	30 390	30 399
Depreciation & asset impairment	23 726	-	34 711	28 076	28 826	28 826	30 125	30 125	32 234	34 652
Renewal of Existing Assets	-	19 569	6 865	3 851	3 851	3 000	3 000	31 944	31 496	49 067
Repairs and Maintenance	1 995	1 675	2 121	6 890	6 890	6 890	8 418	8 418	9 007	9 683
<b>Free services</b>										
Cost of Free Basic Services provided	7	7	10	12	12	12	13	13	14	15
Revenue cost of free services provided	11 559	11 559	15 468	13 426	13 426	13 426	17 212	17 212	18 417	19 761
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	0	0	0	-	-	-	-
Energy:	-	-	-	0	0	0	-	-	-	-
Refuse:	-	-	-	0	0	0	-	-	-	-

## Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
  - a. Financial management reforms emphasises the importance of the municipal budget being funded. The current budget (2014/15) is not fully funded as required by National Treasury. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF.
  - b. Capital expenditure should be balanced by capital funding sources. The CRR (capital replacement reserve) should be cash backed. Currently there are no funds in the CRR.
3. The cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently none of its obligations are cash-backed.

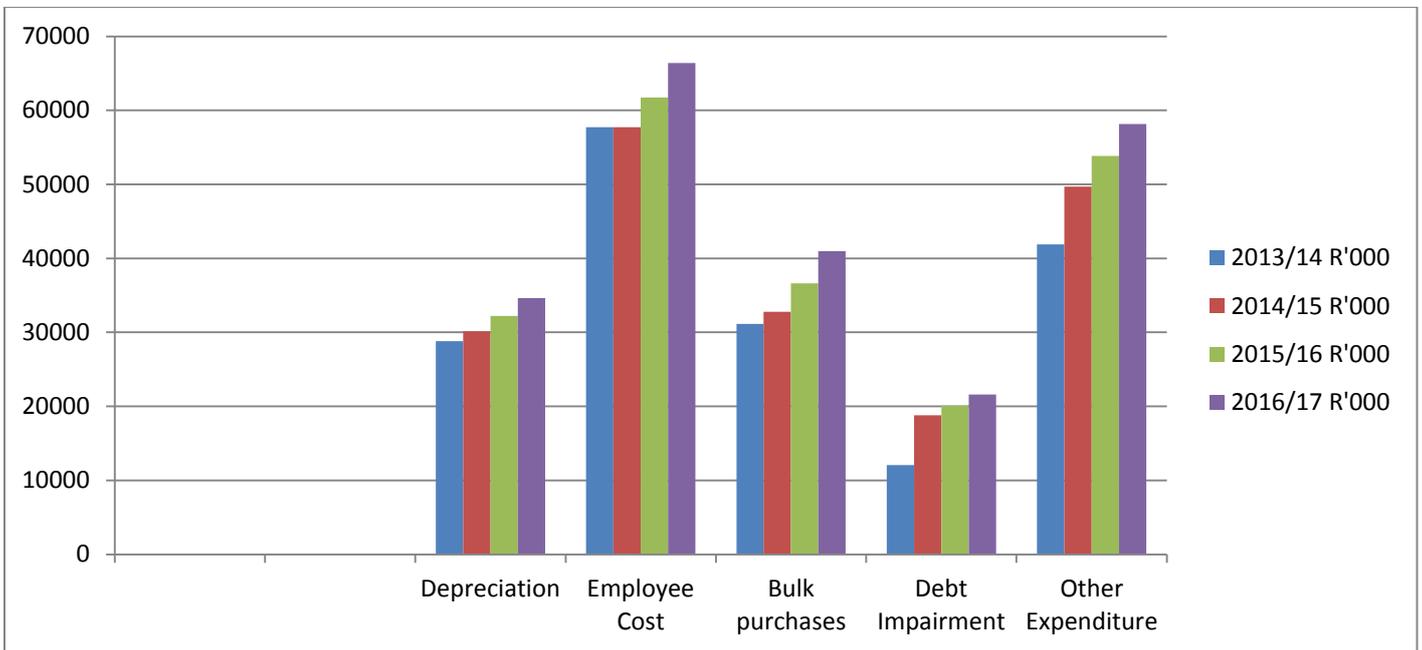
NC085 Tsantsabane - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	4 523	6 100	11 997	14 695	19 795	19 795	19 795	21 447	24 648	27 497
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	22 053	27 427	28 670	32 569	33 569	33 569	33 569	42 295	53 109	61 149
Service charges - water revenue	2	5 565	29 382	12 481	13 694	13 694	13 694	13 694	32 315	35 606	39 236
Service charges - sanitation revenue	2	3 167	29 382	5 840	6 186	5 986	5 986	5 986	7 000	7 990	9 339
Service charges - refuse revenue	2	1 148	3 513	3 277	3 703	5 303	5 303	5 303	5 917	7 755	9 849
Service charges - other											
Rental of facilities and equipment		294	450		281	281	281	281	304	325	350
Interest earned - external investments		1 206	218		300	300			265	284	305
Interest earned - outstanding debtors									-		
Dividends received											
Fines		100	188		260	260	260	260	290	310	334
Licences and permits		543	339		374	374	374	374	385	412	443
Agency services		756	50		60	60	60	60	650	696	748
Transfers recognised - operational		31 430			29 685	29 685	29 685	29 685	29 794	29 794	31 010
Other revenue	2	3 133	1 324	7 200	8 885	8 885	8 885	8 885	12 220	13 292	14 513
Gains on disposal of PPE					29 000	29 000	29 000	29 000	30 000	29 000	29 000
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>73 919</b>	<b>98 375</b>	<b>69 465</b>	<b>139 691</b>	<b>147 191</b>	<b>146 891</b>	<b>146 891</b>	<b>182 882</b>	<b>203 221</b>	<b>223 773</b>
<b>Expenditure By Type</b>											
Employee related costs	2	30 876	35 733	45 993	53 018	57 719	57 719	57 719	57 707	61 746	66 377
Remuneration of councillors				2 169	2 603	2 738	2 738	2 738	2 892	3 094	3 326
Debt impairment	3	33 199	-	11 289	12 056	12 056	12 056	12 056	18 792	20 108	21 616
Depreciation & asset impairment	2	23 726	-	34 711	28 076	28 826	28 826	28 826	30 125	32 234	34 652
Finance charges		2 730	-	6 920	864	864	864	864	388	415	446
Bulk purchases	2	18 185	23 576	31 330	29 767	31 117	31 117	31 117	32 800	36 624	40 970
Other materials	8										
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	30 837	26 174	42 374	41 873	41 873	41 873	41 873	49 684	53 857	58 172
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>139 552</b>	<b>85 484</b>	<b>174 786</b>	<b>168 258</b>	<b>175 193</b>	<b>175 193</b>	<b>175 193</b>	<b>192 388</b>	<b>208 078</b>	<b>225 559</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital		(65 633)	12 891	(105 321)	(28 566)	(28 002)	(28 302)	(28 302)	(9 506)	(4 857)	(1 786)
Contributions recognised - capital	6	23 528	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(42 105)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(42 105)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(42 105)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(42 105)</b>	<b>12 891</b>	<b>(105 321)</b>	<b>(28 566)</b>	<b>(28 002)</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>(9 506)</b>	<b>(4 857)</b>	<b>(1 786)</b>

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue, excluding capital transfers, is R182,882 million in 2015/16 and escalates to R203,221 million by 2015/16 and R223,773 million in 2016/17. This represents a year-on-year increase of 24,5 per cent for the 2014/15 and year-on-year increases of 11,12 per cent for the 2015/16 financial year and 10,11 per cent for the 2016/17 financial year.





### Expenditure by major type

6. Bulk purchases have significantly increased over the 2008/09 to 2014/15 period escalating from R9,8 million to R32,8 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Reconciliation between the IDP strategic objectives and budgeted capital expenditure.

NC085 Tsantsabane - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Sustainable	Water	A		15 490	576	6 230	230	230	230	9 130	7 060	13 500	
	Electricity	B		1 701	813	2 500	-	-	-	125			
	Sanitation	C		7 412	7	8 500	-	-	-				
	Waste Management	D		-	393	5 520	580	580	580	630	2 200	1 320	
	Health	E		-	7	-	-	-	-				
	Community	F		149	454	873	267	267	267	1 451	1 927	13 179	
Infrastructure	Roads & Stormwater	G		21 143	14 496	24 170	29 112	29 112	29 112	17 750	18 252	19 450	
	Cemeteries	H		-	1	30	100	100	100	-	87	120	
	Housing	I		546	6 937	-	-	-	-				
Good Governance	Integrated Planning	J		-	-	-	-	-	-				
	Financial Management	K		51		1 917	952	952	952	672	850	300	
	Human Resource	L		36		961	286	286	286	895	600	400	
	Executive and Council	M		18		842	413	413	413	141	2	-	
Economic Development	Local Economic Development	N		-	-	-	-	-					
Social Development	Culture & Sport	O		-	1 098	2 330	2 330	2 330	260	90	106		
Safety & Security	Road Safety	P		18		234	390	390	390	890	429	692	
	Disaster Management		3	-		23	40	40	40				
<b>Total Capital Expenditure</b>				1	<b>46 563</b>	<b>23 684</b>	<b>52 897</b>	<b>34 701</b>	<b>34 701</b>	<b>34 701</b>	<b>31 944</b>	<b>31 496</b>	<b>49 067</b>

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality with the help of the Municipal Manager, Mr HG Mathobela and the ZFM District Municipality, helped with the development and implemented a performance management system. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The table below - Measurable performance objectives

NC085 Tsantsabane - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Vote 12 - Housing</b>										
<b>Function 1 - Housing</b>										
<b>Sub-function 1 - Provide houses</b>										
Provide 150 RDP houses to community	Houses per year			100	150	150	150	150	150	150
<b>Vote 3 - Corporate Services</b>										
<b>Function 1 - Corporate Services</b>										
<b>Sub-function 1 - Develop policies and</b>										
12 policies completed	Policies per year			8	10	10	10	12	14	14
14 By Laws completed.	By laws per year			14	14	14	14	14	14	14
<b>Vote 11 - Waste Management</b>										
<b>Function 1 - Refuse</b>										
<b>Sub-function 1 - To collect, transfer</b>										
Collect all households and business refuse on a	Weeks per year			52	52	52	52	52	52	52
<b>Sub-function 2 - Improve our service</b>										
Clean town entrances	Per month			12	12	12	12	12	12	12
Clean parks and graveyards	Per month			12	12	12	12	12	12	12
<b>Vote 7 - Road Transport</b>										
<b>Function 1 - Public Works And Streets</b>										
<b>Sub-function 1 - Managing &amp; Planning</b>										
Upgrading of gravel to tar road (Monitoring)				2	2	2	2	2	2	2
Construction of Hospital Road (Monitoring role)				1	1	1	1	1	1	1
Construction of End Street (Monitoring role)				1	2	2	2	2	2	2
Upgrading of existing sewerage plant: Phase 2				1	1	1	1	1	1	1
Roads in Postdene and Boichoko Construction				1	2	2	2	2	2	2
<b>Vote 42 Council</b>										
80% of Councillors must attend council					80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Review code of conduct for councillors					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Function 2 - (name)</b>										
<b>Finance Department 043</b>										
Clean Audit by 2014					Qualified	85.0%	85.0%	Qualified	Qualified	Unqualified
Collect 100% outstanding debt					85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
<b>Municipal Manager</b>										
LLF Meetings					10 Meetings	10 Meetings	10 Meetings	10 Meetings	10 Meetings	10 Meetings
Review equity plan					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Planning</b>										
Review the SDF					1 x SDF Plan	1 x SDF Plan	1 x SDF Plan	1 x SDF Plan	1 x SDF Plan	1 x SDF Plan

## 1.10.1 Performance indicators and benchmarks

### 1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Tsantsabane Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- Capital charges to operating expenditure is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is less than 1% throughout the MTREF period. While borrowing

is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.

- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality intend to borrow money from DBSA during the MTREF period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2014/15 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 1.10.1.2 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well above the norm, indicating a weak financial position.
- The gearing ratio is a measure of the total long term borrowings over funds and reserves. A ratio in the region of 50% is a general benchmark and the municipality is currently on 8 per cent and reducing to 6 per cent by 2014/15. This is again a clear indication of the municipality's financial weakness.

#### 1.10.1.3 Liquidity

- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### 1.10.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 75 per cent which is a fairly conservative approach in order to cater for the current negative economic climate.

#### 1.10.1.5 Creditors Management

- The Municipality did not managed to ensure that creditors are settled within the legislated 30 days of invoice. The liquidity ratio is of concern. This had an impact on suppliers' perceptions of risk of doing business with the Municipality.

#### 1.10.1.6 Other Indicators

- The electricity/water losses have not been measured. The Municipality needs to measure all water and electricity losses.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

#### 1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the MTREF 2,740 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

### 1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### 1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

#### 1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### 1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### 1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy was workshop by Council on 18 March 2014 for approval during March/April 2014. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### 1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was workshop by council on 18 March 2014 for approval during March/April 2014.

#### 1.11.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was approved by Council. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### 1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy (Reviewed during 2013);
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy);
- Commitment Policy;
- Contingent Liability/Asset Policy;
- Events after reporting Date;
- Related Party Policy;
- Virement Policy
- Travel and Subsistence Policy;
- Sharing of responsibilities Policies.

### 1.12 Overview of budget assumptions

#### 1.12.1 External factors

Domestically, after five years of strong growth, during which lot of jobs were created, our economy shrank fast and thousands of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2014 will minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

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

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

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

### 1.12.3 Credit rating outlook

**There is no credit rating for Tsantsabane Municipality.**

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

The municipality intend to borrow R8,9 million during the 2014/15 financial year. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

### 1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (60 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

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

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

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

### 1.12.7 Salary increases

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 70 of National Treasury was used to budget accordingly.

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

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

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;

- Rural development and agriculture; and
- Fighting crime and corruption.

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

#### 1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 80 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

### 1.13 Overview of budget funding.

Breakdown of operating revenue over the 2014/15 MTREF

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

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

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 75 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

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

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

#### 1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

#### 1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table does not meet the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

#### 1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality.

##### 1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

##### 1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

##### 1.13.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

##### 1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a deficit of R9,506 million, R4,857 million and R1,786 million.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective.

##### 1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

##### 1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget

#### 1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 9,77 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### 1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

#### 1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

#### 1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

#### 1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained elsewhere in this report.

#### 1.13.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained elsewhere in this report.

### 1.17 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

### 1.18 Capital expenditure details

The capital budget is attached as a separate document.

### Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

#### 1. In year reporting

Reporting to National Treasury in electronic format was not fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has improved. The CFO needs to take Actions to comply with above. The Municipalities website is active as and needs to publish the information on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA. Additional staff needs to be appointed to help with the compilation of the budget, Treasury reports and the AFS.

4. Audit Committee

The Audit Committee is non-functional. Adverts have been published in newspapers to appoint audit committee members. Tsantsabane Municipality will make use of the ZFM District Municipalities audit committee until a permanent committee has been appointed .

5. Service Delivery and Implementation Plan

The draft SDBIP document is available and will be approved as required by the MFMA. The draft SDBIP will be finalised after approval of the 2014/15 MTREF in May 2014 and will be directly aligned and informed by the 2014/15 MTREF.

6. Annual Report

The 2012/13 Annual report is compiled in terms of the MFMA and National Treasury requirements. The Oversight Committee did review the Annual Report and did make recommendations to the Council. Council will consider the recommendations during the March 2014 council meeting.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2. SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

This is an overview of the top layer of the SDBIP of the institution will be compiled and adopted 14 days after the approval of the budget, i.e. 14 July 2014. The SDBIP will be compiled in alignment with the IDP as well as approved Municipal Budget.

### 2.1 Office of the Municipal Manager.

Key Performance Areas	Indicator	Type of KPI
Good Governance and stakeholder participation	Scheduled of ordinary and special council meetings	Kpi
Good Governance and stakeholder participation	Ensure tabling and quarterly implementation of the Audit improvement plan to council	KPi
Good Governance and stakeholder participation	Ensure 4 Council Committee meetings takes place	KPi
Good Governance and stakeholder participation	Attend and submit reports to the district Intergovernmental relations forum	KPi
Good Governance and stakeholder participation	Ensure the implementation of councils public participation programme	
Good Governance and stakeholder participation	Implementation of Performance management system within this financial year. Acquisition of a system and a champion	KPi
Good Governance and stakeholder participation	Completion of 2012/2013 Annual report	KPI
	Facilitate the tabling and implementation of IDP, BUDGET and Performance process plan	
	Table and submit Annual Financial statements to council	KPi
	Facilitate the appointment of the audit committee	KPi
	Ensure the approval and implementation of Fraud and risk management systems	KPi
Good Governance and stakeholder participation	Tabling of IDP & budget for approval	KPi
Key focas area	Indicator	
Good Governance and stakeholder participation	1. Approval of an MSA compliant IDP by Council (Annual Review) by 31 May 2013	KPi

Economic growth and development	1. Review and approval of LED Strategy	KPi
Economic growth and development	2. Ensure an updated Development of a Spatial Development Framework	KPi
Economic growth and development	1. Review & report on Equity Plan	KPi
Economic growth and development	2. Review & report on Workplace Skills Plan	Kpi
Economic growth and development	3. Review and submit organogram for approval at council	KPi
Institutional transformation	1. Attend Health & Safety committee meetings	Pi
<b>Key focus area</b>	<b>Indicator</b>	
Good Governance and stakeholder participation	5. Compile and Implement delegations for Head of Departments (Finance, Administration, Planning and Technical)	Pi
	<b>Indicator</b>	
Services and customer care	3. Review and approval of the Code of Conduct for Councillors	KPI
	Review and approval of delegations of Authority for the municipality	Pi
	The mayor must, within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality ito Sec 52(d) of the MFMA	Kpi
	The mayor must approves the municipality's service delivery and budget implementation plan within 28 days after the approval of the budget	Pi
	The bi-annual report (Section 72 report) should be submitted to the council by 31 January 2013.	KPi
Economic growth and development	Ensure the Development and Implement a communication Policy	Kpi
Good Governance and stakeholder participation	Established Ward committees representing all wards in municipal area.	Kpi
Good Governance and stakeholder participation	External communication strategy	PI
Good Governance and stakeholder participation	Review Internal Audit plan	Kpi
	Review 3 year strategic plan	Kpi
	Compile Annual audit plan	Kpi
	Review Audit charter	Kpi
	Audit quarterly report issued Q2; Q3,Q4	Kpi
	Risk implementation plan	Kpi
	Risk policy & register by Q1	Kpi
	Establishment of risk management committee	Kpi

	Appointment of risk champions per department (5)	Kpi
	Appointment of Risk Officer	Kpi

## 2.2 Key performance indicators for the finance department.

Individual Key Performance Area	Key Performance Area	Key Focus Area	Indicator	Type of indicator
1. Ensure accurate and timeous Reporting and Planning.	Financial sustainability	Budgeting	1.Monthly budget control Reconciliation of general ledger accounts with submission of sec 71reports	Kpi
	Financial sustainability	Financial reporting	2.Submission of finance related annual report matters prescribed by the MFMA by 31 January 2014.	Kpi
	Financial sustainability	Financial reporting	3.MFMA quarterly reports to Council, National Treasury, Provincial Treasury	Kpi
	Financial sustainability	Financial reporting	4.Timeous submission of Mid-Year budget assessment report to Council. National & Provincial Treasury as per MFMA requirement by 25 January 2013 & adjusted budget (if required) S72	KPI
	Good Governance and Stakeholder participation	Compliance Reporting	5. Departmental SDBIP developed by 30 June 2014	KPI
Key Performance Area			Indicator	
2.To Develop a compliant budget and Financial Statements	Financial sustainability	Financial reporting	1.Timeous preparation and submission of Annual Financial Statements to Auditor-General by 31 August 2013 in GRAP format	Kpi
	Institutional Transformation	Organisational Structure	2. Appoint all interns in Budget and Treasury Office.	PI
	Financial sustainability	Budgeting	3. Tabling of draft budget to council by 31 March 2014	Kpi
	Financial sustainability	Budgeting	4. Submission of draft budget to Provincial, National, AG & COGHSTA by 10 April 2014	Kpi

	Financial sustainability	Budgeting	5. Timeous approval of annual budget by 31 May 2014	Kpi
	Financial sustainability	Budgeting	6. Submission of the final budget to the Provincial & National Treasury by 1 June 2014	Kpi
3.Ensure Effective Capacity development and Support in the Financial unit			1.Approval of performance agreement with specific time frames for financial management support and capacity building with finance staff. (e.g. debt collection, Meter Readers)	Kpi
3. Establish and maintain financial services and policies	Financial sustainability	Revenue Management	1. Ensure 100% collection and receipt of grant funding as per DoRA allocations (Equitable share, FMG & MSIG)	Kpi
	Financial sustainability	Revenue Management	2. Annual review and implementation of approved credit control & debt collection, indigent policy. Q4	Pi
	Financial sustainability	Revenue Management	3. Develop and implement a Property Rates policy	Pi
	Good Governance and Stakeholder participation	Bylaws, policies and procedures	4. Review, By-lawing and Implementation of Credit Control and Debt Collection Policy	Pi
	Financial sustainability	Financial reporting	5. Preparation and implementation of valuation roll/register 2013/14.	Pi
<b>Key Performance Area</b>			<b>Indicator</b>	
3. Establish and maintain financial services and policies	Institutional Transformation	Human Capital Development	6. Ensure minimum competency for all of Supply Chain Management Unit by June 2014.	Pi
	Good Governance and Stakeholder participation	Bylaws, policies and procedures	7. Ensure implementation of the supply chain management regulations and approved policy Q4.	Pi
	Financial sustainability	Financial reporting	8. Annual update and implementation of Indigent Register for all wards.	Kpi
	Financial sustainability	Asset Management	9. Implement GRAP compliant Asset Register and effective asset management system.	Pi
	Financial sustainability	Asset Management	10. Implementation of Proper Record Management System for Financial Department	PI
	Financial sustainability	Financial reporting	11. Ensure 100% maintenance and security in respect of general ledger accounting system	Pi

5. Implementation of audit recommendations	Financial sustainability	Financial reporting	Implementation of audit recommendations and adhering to Operation Clean Audit Plan	Pi
6. Negotiations with creditors on payment arrangements to avoid litigation	Financial sustainability	Expenditure and Cost Management	Effective credit management s65 and s99	Pi
7. Intensification of cost - cutting measures on overtime, telephone, cellphones & travelling	Financial sustainability	Expenditure and Cost Management	Effective cost management as per policy	Pi
8. Debt Collection	Financial sustainability	Revenue Management	Effective revenue management as per policy.	Pi

### 2.3 Key performance indicators for the technical department.

IDP Key Focus Area	Indicator	Type of indicator	Unit of measurement
Roads and Stormwater Infrastructure	Planning and upgrading of Jakaranda, Iris & Noord Street from gravel to paving	KPI	800 m Jakaranda, 800 m Iris, 300 m Noord street
Roads and Stormwater Infrastructure	Upgrade and completeion of Masakane, Kiewiet, Vink, Mossie, from gravel to paving	KPI	Masakane 300m, Mossie 200 m, Vink 300 m, Kiewiet 200 m
	Planning and design of 250m road in Jenn Haven	KPI	
Water and sanitation Infrastructure	Road rehabilitation of hoofstreet in Jenn Haven, from gravel to paving only 400 m.	KPI	Hoofstraat 400 m
			Measure
Roads and Stormwater Infrastructure	Skeifontein upgrade of main gravel access road and river crossings from Skeifontein stormwater requirements.		
Water and sanitation Infrastructure	Commisioning of boreholes in Jenn Haven	PI	2 Boreholes
Water and sanitation Infrastructure	Analising of water samples in Postdene, Boichoko, Skeifontein, Groenwater, Town,	PI	
Water and sanitation Infrastructure	sampling of effluent at sewerage works		PI
Roads and Stormwater Infrastructure	4. Establishment of functional Road Maintenance team and performing O&M Duties		PI

Water and sanitation Infrastructure	5. Maintenance of water network		PI
Public facilities	6. Maintenance of buildings & Traffic Test Ground		
	<b>Indicator</b>		
Roads and Stormwater Infrastructure	8. Maintaining road signs & road works		1
Water and sanitation Infrastructure	Tsantsabane / Misa bucket eradication program	KPI	500 waterborne toilets Maranteng and Postdene Informal settlements
Water and sanitation Infrastructure	Tsantsabane / Misa water water and standpipes program.	KPI	500 Households Maranteng and Postdene informal settlements Phase 1.
Water and sanitation Infrastructure	Monthly routine inspection of boreholes	PI	13 boreholes
Water and sanitation Infrastructure	Water and sanitation services to informal settlements. Boichoko / Maranteng / Postdene	KPI	1
Energy Efficiency	Ensure masterplan of Electrical network	PI	
Water and sanitation Infrastructure	6. Prepare formal Operations and Maintenance Plans for : Waste Water Treatment Works, Roads and Stormwater, Electrical Network and Refuse Disposal Site		1
Energy Efficiency	Ensure following Critical positions are filled: Electrician		1

#### 2.4 Key performance indicators for community services.

Key Performance Area	Key Focus Area	Indicator	Type of indicator
Services and Customer Care	Waste management	Collect all households and business refuse on a weekly basis	KPI
Services and Customer Care	Waste management	Monthly Maintenance and management of waste site	KPI

	<b>Waste management</b>	Carry out least 4 waste & environment management programs per annum	Pi
<b>Institutional Transformation</b>	<b>Organisational structure</b>	Fill critical vacant positions:	PI
<b>Safety and Environment</b>	<b>Parks and Open Spaces</b>	Quarterly Report on cleaning of public places and open spaces	PI
<b>Safety and Environment</b>	<b>Parks and Open Spaces</b>	Indicator for Director: Quarterly report from the Director on % budget spend and % overspent and % underspend with reasons	PI
<b>Safety and Environment</b>	<b>Library services</b>	Quarterly report on activities of libraries wrt service delivery	PI
<b>Safety and Environment</b>	<b>Library services</b>	Permanent appointment of temporary staff	PI
<b>Safety and Environment</b>	<b>Library services</b>	Implement programmes to expand the library service	PI
	<b>Parks and Open Spaces</b>	Clean Parks	KPI
<b>Social and Community Development</b>	<b>Cemeteries</b>	Quarterly report on cleaning of public places, entrances etc	PI
		<b>Indicator</b>	
<b>Good Governance and stakeholder participation</b>	<b>Bylaws, policies and procedures</b>	1 x Quarterly report on transgressions on community services related by laws	PI
<b>Physical Infrastructure and energy efficiency</b>	<b>Public Facilities</b>	Quarterly report on beautification of public open spaces	PI
		<b>Indicator</b>	

Safety and Environment	Traffic control	Combine report in a quarterly report on traffic services	PI
Safety and Environment	Traffic control	Quarterly Report to council on traffic offences	PI
Safety and Environment	Disaster Management	Sign a SLA or MOU with the stakeholders with regard to disaster management	PI
Safety and Environment	Disaster Management	Review the disaster risk management plan and submit to council	PI
Safety and Environment	Environmental Management	Comply with the drinking water quality standards	PI
Safety and Environment	Environmental Management	Monthly Water quality monitoring	PI
Safety and Environment	Environmental Management	Food quality control	KPI
Safety and Environment	Environmental Management	Monthly Surveillance of communicable diseases	PI
Social and Community Development	Sport and Recreation	Quarterly report on the upkeep of recreational facilities	PI
Social and Community Development	Public Health care facilities	Quarterly report on the upkeep of public health facilities	PI
Social and Community Development	EPWP	Quarterly report on the implementation of EPWP	PI

## 2.5 Key performance indicators for corporate services.

Individual Key Performance Area	Key Performance Area	Key Focus Area	Indicator	Type of indicator
1. To improve communication internally and	Services and Customer Care	Customer relations	Monthly departmental meetings	Pi

externally				
	Services and Customer Care		Quarterly report on critical post filled by 30 June 2014	KPI
			Quarterly report on Number of employees employed in accordance with the EE targets	KPI
	Services and Customer Care		Quarterly Number of internships and learnerships created	KPI
			Quarterly report on Number officials capacitated in terms of the works skills plan	KPI
			Quarterly Report on work skills plan submitted to LGSETA	KPI
2. To improve the institutional capacity	Institutional Transformation	Organisational Structure	Number of post filled as per approved staff establishment	KPI
<b>Individual Key Performance Area</b>	<b>Key Performance Area</b>	<b>Key Focus Area</b>	<b>Indicator</b>	<b>Type of indicator</b>
4. PMS development and implementation	Institutional Transformation	Processes and Procedures	All staff employment contracts in place SIGNED by 30 June 2014	Pi
	Good Governance and Stakeholder participation	Monitoring and evaluation	2. Performance Contracts in Place for MM and all S56 managers by 30 June 2014	KPI
5. To effectively support internal political interface	Good Governance and Stakeholder participation	Governance structures	Attend all Special Council meetings during the year	Pi
	Good Governance and Stakeholder participation	Governance structures	Minutes of quarterly council committee meetings	KPI
	Good Governance and Stakeholder participation	Bylaws, policies and procedures	Attend Annual institutional policy review	Pi
6. Development of policies and by-laws	Good Governance and Stakeholder participation	Bylaws, policies and procedures	Review By Laws applicable to corporate services	Pi

	Good Governance and Stakeholder participation	Compliance reporting	Reviewed the employment equity plan and submit to DOL council	KPI
7. Human Resource Development	Good Governance and Stakeholder participation	Compliance reporting	2. Submit Workplace Skills Plan to Management and Council	KPI
	Good Governance and Stakeholder participation	Compliance reporting	3. Submit Skills Audit Report to Council	KPI
			Quarterly report on customer complaints resolved within 3 days	KPI
	<b>Individual Key Performance Area</b>	<b>Key Performance Area</b>	<b>Key Focus Area</b>	<b>Indicator</b>
7. Human Resource Development	Institutional Transformation	Human Capital Development	6. Development and Implementation of all job descriptions	Pi
			7. Review and Implementation of Recruitment Policies	Pi
	Institutional Transformation	Processes and Procedures	Implement organizational review by 30 June 2014	KPI
8. Labour Relations	Institutional Transformation	Processes and Procedures	Develop an employee wellness policy	Pi
	Good Governance and Stakeholder participation	Governance structures	Compliance of all collective agreements	Pi
9. Health, Safety & Environment	Good Governance and Stakeholder participation	Compliance reporting	Review of delegations of powers	Pi

	<b>Good Governance and Stakeholder participation</b>	<b>Governance structures</b>	Compliance with OHSACT	Pi
	<b>Good Governance and Stakeholder participation</b>	<b>Governance structures</b>	1. The keeping and compilation of minutes of all meetings of the Council and its Committees. (Issue not later than one week after the meeting)	KPI
	<b>Good Governance and Stakeholder participation</b>	<b>Governance structures</b>	2. The compilation and submission of Council resolutions to the Municipal Manager within 7 days after the meeting.	KPI
<b>10. Improved Governance and accountability</b>	<b>Good Governance and Stakeholder participation</b>	<b>Governance structures</b>	3. Ensure that all Council resolutions assigned to the Administration Segment receive attention within Five (5) working days after such decision is forwarded by the Municipal Manager.	KPI
		<b>Governance structures</b>	Implement the ICT Framework by 30 June 2014	KPI
			Functionality of the ICT steering committee by 1 x Quarterly meeting 30 June 2014	KPI
			Quarterly report on the Implementation of audit improvement plan	KPI
			Quarterly report on the Compliance with risk register	KPI

### 3. ORGANISATIONAL AND PERFORMANCE MANAGEMENT SYSTEM

#### BACKGROUND

ZFM District municipality assisted with the draft GAP analysis report on the findings of the recent review conducted by PwC on Performance Management followed by the midterm review (s72) assisted by ZFM.

The implementation of performance management derives its existence from the performance regulations and the the MFMA on strategic management and performance related information.

In addition based on the above, to enable the compilation of a credibly aligned IDP, Budget and SDBIP the municipality embarked on a process to convene councillors and Senior Management to contribute to the formulation of appropriate predetermined objectives (Strategic Objectives and Key Focus Areas). These objectives reflected the community needs and the strategic priorities of Council.

#### **To achieve the aforementioned it was proposed that:**

The following actions resulted from the workshop:

1. The purchase of the e-Perform system,

Purpose: ePerform is a user-friendly IT system specifically developed by PwC for municipalities in South Africa. It is applied to record and translate all performance areas and indicators for the organisation, departments, sections, units and individual human resources. It provides a comprehensive integrated system for measuring and reporting on the achievements of planned performance. ePerform helps you to manage organisational and personnel performance. It is a user-friendly web-based IT system, developed by PwC, and has the capabilities to assist users in capturing diagnostic information, establish data bases for performance planning, monitoring, review and reporting as well as communicating on these to others. You can use the powerful customising features of ePerform to match your specific requirements and keep track of exactly the information you want. Tsantsabane municipality signed a Service Level Agreement on 30 November 2012 with the ZFM District Municipality. The SLA signed with the district is to request assistance with the implementation of a Performance Management system. The ZFM District Municipality procured the e-Perform system from PwC as it is the same system which the district is currently using to measure performance. The system was procured by the ZFM District on 20 February 2013 for the Tsantsabane Municipality. Currently the system is operational in the municipality.

2. The installation of e-Perform (MWeb hosting),

3. The drafting of the adjusted SDBIP 2013/14,

4. Alignment of the budget with the 2013/14 Reviewed IDP,

5. The identification of values for the municipality,

6. The identification of the predetermined objectives.

The Municipality undertook the development of the Top Layer as well as with the development of the Departmental SDBIP that the "SMART" principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

#### **Legislative Requirement.**

Performance management overview and process

In order to improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions;

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor 28 DAYS after approval of the budget.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

A number of KPI's has been identified for the Municipality to report on although some is still very much operational. These indicators need to be streamlined into more strategic indicators that are outcome based and not operational in nature.

Departmental operational plans will be developed in the next financial year for monitoring and reporting operational programmes;

There is a column in the SDBIP for each KPI to ensure that the portfolio of evidence was populated correctly.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The IDP was developed for 2012- 2017 and was reviewed during 2012/2013. The Top Layer SDBIP in the IDP was also revised during February 2013. This performance report has been compiled in compliance with the requirements of section

46 (1) of the local government: municipal systems act, 2000; which stipulates as follows:

(1) A municipality must prepare for each financial year a performance report reflecting –

(a) The performance of the municipality and each external service provider during that financial year;

(b) A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and

(c) Measures taken to improve performance.

In addition, regulation 7 (1) of the local government: municipal planning and performance management regulations, 2001 states that “a municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.”

Performance management is not only relevant to the organization as a whole, but also to the Individuals employed in the organization as well as the external service providers and the municipal entities this framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP.

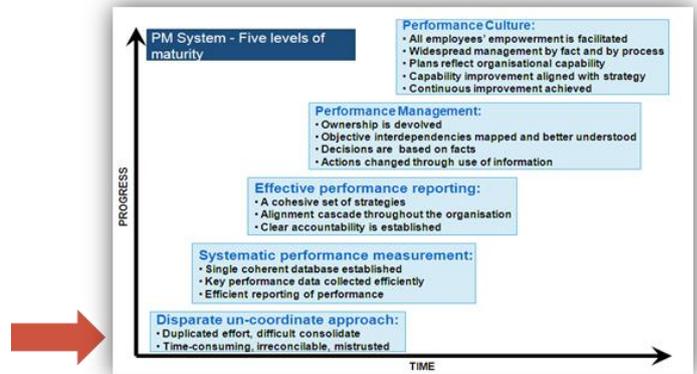
Performance Management is a new concept at Tsantabane Municipality.

SDBIP evaluations took place for the first time at Tsantabane Municipality during February 2014.

In terms of the Performance Management maturity level the municipality is currently at the level of a desperate and un coordinated approach meaning that the information available is difficult to consolidate, duplication of information, time consuming, irreconcilable and mistrusted.

For Tsantsabane municipality to reach the next level of maturity the municipality needs to

1. Approved the Performance Management system – ePerform
2. Approved the Key focus and key performance areas as work shopped September 2013 in the IDP.
3. Align the projects in the IDP with the Key focus and key performance areas.
4. Develop a Performance Management which is in line with the needs of the municipality.
5. Approved the Performance Agreements & Performance Plans of the Directors and Municipal Manager.
6. Establish an evaluation committee to determine bonuses of directors and municipal managers
7. Establish a culture of Performance management by having a workshop with key personnel and directors on the role and purpose of performance management.
8. Conduct performance assessments on the SDBIP and Performance Plans quarterly.
9. Report to council on the results or progress made on the evaluation of the SDBIP .



### 3.1 ORGANISATIONAL BACKGROUND

The Municipal Systems Act emphasizes the need for transformation of the municipal administrative system without proposing any specific organizational arrangements. Considering the diversity of conditions, it is left to the municipality to develop an institutional plan that proposes appropriate arrangements.

In order for Tsantsabane Municipality to implement its IDP, sufficient resources are needed, i.e. Financial, Human, Equipment, Assets and Skills etc. This plan will look at the current state of the Institution in order to highlight the strengths and weaknesses, as well as to look at possible strategies to overcome the gaps and challenges in order to be able to implement the IDP accordingly.

Taking into consideration the Recommended Powers and Functions of the Municipality (tabled below), the purpose of this plan is therefore to:

- Ensure easily institutional transformation;
- Enhance an integrated implementation process;
- Provide the institutional activities needed to implement the IDP projects; and
- To ensure co-ordinated action in this regard

The framework for a Recruitment and Retention Strategy of staff has been developed in this financial year. The draft document is to be tabled to council for approval by the end of the financial year. The implementation of the Framework will entail the development of a Plan to recruit and retain staff as a resource in the Municipality. For more information in this regard, please consult the HOD: Corporate Services at the Municipality.

### 3.2 SKILLS DEVELOPMENT PLAN

A skills development plan exists and has been approved for the financial year 2012/13 and it has been aligned to the priorities of the municipality for the financial year 2012/13.

### 3.4 RESOURCES AND ARCHIVES

### 3.5 POLICIES

Policy	Approved	To Be Reviewed	Amended
Procurement	Nov 2003	Yes	
Advertising Procedures in the Development Process	Nov 2003	Yes	
Customer Care	Nov 2003	Yes	
Delegation of Powers	Nov 2003	Yes	
Tariffs	Nov 2003	Yes	
Financial Standing Orders	Nov 2003	Yes	
Travel and Subsistence	Dec 2003	Yes	
Vehicle Policy for Councillors, Mayor and Officials	Sep 2007		
Banking and Investment	Nov 2007		
Fixed Asset Management	Nov 2007		
Fraud and Anti-Corruption	Nov 2007		
Information and Communication Technology	Nov 2007		
Supply Chain Management System	Nov 2007		
Sharing of Responsibilities	Feb 2008		
Property Rates	March 2008		
Petty Cash	April 2009		
Bad Debt Write-off	June 2009		
Indigent	June 2009		Yes
Credit Control	June 2009		Yes
Debt Collection	June 2009		Yes
Free Basic Services		Yes	
Human Resources		Yes	

<b>Outstanding Policies</b>	<b>Impacting IDP Strategies</b>
Code of conduct for Councilors: Disclosure of Interests	
Vehicle	
Recruitment and Selection	Yes
Lock and Key	
Employment Equity	Yes
Employment Practice	Yes
HIV/AIDS	Yes
Incapacity: Due to ill health / Injury	
Incapacity: Due to poor work performance	Yes
Internal Bursary	Yes
Employees under the influence of intoxicating substances	
Legal Aid	
Occupational Health and Safety	Yes
Private work and declaration of interests	
Relocation	
Sexual Harassment	
Smoking	
Land Policy	Yes

Short summary of buildings as part of the asset register of the Municipality include:

<b>Municipal Offices</b>	<b>Payment Offices</b>	<b>Satellite Office</b>
<b>Postmasburg</b>	<b>None</b>	<b>Jenn Haven</b>

### 3.6 ACCOMMODATION

The Municipality has built a new block of Offices to accommodate its financial staff, but the municipal building are too small to house the ever increasing staff to address service delivery demand.

### 3.7 INFORMATION TECHNOLOGY

Previously Tsantsabane Municipality has been operating its information Technology with the assistance of contracted companies which has never assisted in its envisaged long term solutions to its internal infrastructure and information secrecy. A lot of problems were encountered in the appointment of some of the contractors.

When the IT Officer position was advertised the job purpose relating to the position was to co-ordinate tasks/activities associated with the provision of End-User Support and analysis, diagnose and resolve software and hardware related problems ensuring optimum and uninterrupted functionality of operating systems and applications within the Municipality. This basically means that the responsibility of the IT Officer was to offer only Systems Support to the Municipality and help to reduce downtime on the systems.

During the appointment of the IT officer the network infrastructure of the Municipality was not at a satisfactory standard. To mention a few, other external buildings of the Municipality could not connect to the main building, the network cabling did not meet the required industry standards and currently we still sit with other hardware that has outlived its lifespan and software that has long been out of the market. There are still challenges faced by the IT Division but the main problems with infrastructure have been resolved. There is still room for improvement in certain areas and challenges with relevant knowledge or training on how to use the applications installed on the Municipality network.

There are improvements on the general state of information technology of the municipality in terms of the audit outcome of the 2011/12 financial year. Apart from that there has been a huge visible improvement on the IT Division which has been achieved since the employment of a permanent IT Officer. Improvements such as:

- **Municipality Prepaid Electricity System:** The municipality was using the analogue electricity system to vend electricity, leaving customers with frustrations even to a point where people decided to bypass electricity meters and as a result the Municipality losing money. Other customers would return cards claiming that the electricity has not registered on the cards and there was no mechanism in place to test if the card has been used or not and this also resulted to revenue loss. Then the Municipality started the project of replacing these meters with digital meters which was driven by the IT Division (Corporate Services) and as a result there is minimal complaints received from the public and the municipality has been able to restore confidence of the public.
- **IT Infrastructure Upgrade:** The IT Office identified the need for the Municipality's infrastructure to be upgraded so that it can meet industry standards. This was the main challenge of the IT Division as this resulted in poor service delivery. Some of the problems arose as a result of bad infrastructure and left the employees frustrated even the IT Officer was frustrated as he had to run around fixing these problems. Then the frustration was extended to the public as they would not get things done effectively and efficiently. After a year of frustration proposals were submitted externally seeking funding for resolving this problem.

**Network cabling:** Has been upgraded to meet industry standards and network connection to the municipal workshop has been restored after years without connection. Cabling is currently labeled and patched, and also has been placed in cabinets.

**Server Room:** Previously the municipality did not have a complaint server room with limited access. The municipality has achieve the milestone of a fully equipped server room with electronic access, an upgraded cooling system, fireproof doors, fire extinguishers and new rack mount servers in cabinets.

**Hardware procurement:** Most of the municipality hardware had outlived its lifespan and therefore needed to be replaced. A total of 6 new servers, 9 computers, 5 laptops and 2 printers with 1 copier were procured during the 2012/2013 financial year.

Finally a year of hard-work and struggles was rewarded when the municipality secured funding for infrastructure upgrade. The officials are currently regaining confidence in the IT systems and the IT division admits that there are still challenges and some of them relates to training of staff, budget constraints and manpower. But all these can be achieved with support from Management.

- **Municipality Website:** The IT office was tasked with the Municipality's website development project which was to be completed before end of February 2013. This project was successfully completed and currently the IT officer is responsible for updating the municipality's website.
- **Municipality Policies:** IT unit developed a workshop schedule to workshop the employees and councilors on the ICT Policies. 12 audit queries relate to this policies and it is very important that these policies be taken to council for approval. The IT Officer has assumed the responsibility of ensuring that IT policies are in place.
- **Internet and E-mail connection:** Previously the Municipality was reliant on the Internet connection and email accounts from DBSA, recently DBSA terminated the connection. The IT Department initiated a task to ensure that the Municipality gets its own internet connection and emails. The process has been successfully completed. Currently the municipality has a stable internet connection and an effective e-mail infrastructure with a registered domain of [tsantsabane.gov.za](http://tsantsabane.gov.za).

- **Online Technology for Electricity Vending:** The IT Department currently initiated the project of moving the Municipality to an online vending and this means we can extend our electricity vending facilities to reach more clients. The town is busy growing and the municipality needs to come up with initiatives which will speed-up service delivery. Upon implementation of this initiative the municipality clients will be able to purchase electricity from anywhere in the country via cell phones, internet, bank ATM's etc. This will improve customer confidence and even internal cash control for the municipality. Currently the electricity server is using Windows 2003 Standard Edition software and the vending points are using Windows 2000, this upgrade has been long overdue as it is of the very importance for the municipality. Upon implementation of this initiative the current old server together with computers that are located at the vending stations, will be replaced and equipped with latest software in the market. This initiative will assist the municipality to improve its service delivery to the entire Tsantsabane community.

- **IT Audit Action Plan**

The IT Department submitted the IT Audit Action Plan to the office of the Director Corporate Services and the Municipal Manager. The implementation of this plan depends on the assistance of the above mentioned offices.

IT Office acknowledges that there is still a lot to be done but commends the Management for the support that it received during the current financial year.

### **ORGANOGRAMME**

The complete copy can be found at corporate services.

### **3.8 INVOLVEMENT OF THE VARIOUS DEPARTMENTS IN THE IDP PROCESS**

Corporate services convene general meetings annually prior the approval of the IDP to explain the IDP processes and to engage all employees on the role each one has to play on the implementation of the IDP.

#### **Department of Corporate Services**

- Monitoring of Project Implementation (MSIG)
- Compilation of WSP as well as Employment Equity Plan in line with the IDP objectives
- Implementation of the WSP and EEP
- Compilation of Institutional Plan aligned to the IDP

#### **Department Financial services**

- Enumeration and sufficient finances to be budgeted for to appoint personnel and purchase equipment
- Prepare a proper capital and operational budget to run the IDP
- To ensure an increased payment culture in the municipal area
- Ensure a better service delivery to the public
- Assistance to other department to apply for funds
- To provide and budget for sufficient personnel

#### **Department Technical Services**

- Current reporting on project implementation
- Project Management of projects (infrastructure)
- Providing for future provision of internal services, bulk services as well as link services
- Upgrading and daily maintenance of the services
- Holistic future planning and provision of future land and services
- Maintenance on/public amenities

#### **Department Community Services**

##### **Libraries**

Approximately 100 000 users has visited the libraries in the 2012/13 financial year. With some of libraries having the capacity to accommodate the current usage, but the main library with virtually no space after school. None of the libraries has the capacity for tertiary research. There are three buildings and two mobiles

and a container in the respective areas that serves as libraries. There is a need to build a bigger main library with study facilities, e learning facilities, computer and internet facilities that can accommodate more users. Staff component of libraries are 17 and it is sufficient for the current needs. An opportunity for training exist of staff to deal with the complexities of a library.

#### **Traffic**

- Planning of all community services in alignment with needs prioritized in the IDP
- Planning and provision of Waste Management Services and licensed facilities
- Planning and provision of Disaster Management Services and facilities
- Guide over the maintenance of all community services directly under the Municipal powers and functions

#### **Municipal Manager's Office**

- Compilation and Administration of the IDP
- Submission of the IDP reports to the council and to ensure the IDP stays a permanent item on the agenda
- To provide legal and other administration support during the IDP process
- Management of the IDP and all relevant structures, i.e. the IDP Steering Committee, IDP Representative Forum etc.
- Compilation of an LED Strategy and its implementation
- A drive towards the implementation of the IDP
- Report back to the Representative Forum on IDP progress
- To assist in establishing a sound local economic base for the towns

### **4. GOOD GOVERNANCE**

#### **4.1 COMMUNICATION STRATEGY**

A Draft Communication Strategy was compiled for the Municipality by GCIS. The challenge currently faced by the municipality is the implementation of the strategy. The strategy focuses on basic legislation applicable to Local Government with regard to proper communication internally and externally. It includes further methods and best practices. It also zooms in on each of the Departments and their responsibility to communicate with other departments within the Municipality as well as with the broader public. The strategy should be reviewed with the focus on implementation. An implementation plan should be developed to form part of the IDP Process Plan for future review processes.

#### **4.1 HIV/AIDS POLICY**

According to the List of Policies, the HIV/AIDS policy for the Municipality is still outstanding. As part of the IDP Implementation, the Mayor and Council committed themselves to the development of the policy which will include information sessions with all of the employees. It will further give way to the establishment of an HIV/AIDS Forum for the Municipal area. The forum is to again compile a strategic plan to address the issue across the different sectors in the area.

#### **4.2 WARD COMMITTEES**

Ward Committees have been established for each of the 6 wards in the Municipal area. They have also received several training sessions to assist them with understanding their roles and responsibilities within the Municipality. However, very few of the committees meet on a regular basis, very few give collective inputs to the IDP and other related processes, very few of them are completely functional and filling the gap between Local Government and the broader community.

The Mayor and Council has committed themselves to a second round of capacity building workshops as well as to kick start the Ward Based Planning processes in each of the Wards. The objective of the Ward Committees' training should be to become fully functional and to assist the Municipality and its council with community consultations around IDP and other processes; i.e. budgets, PMS etc. It should also enhance public participation and should further assist the Municipality with identifying priority areas of potential and empowerment needs.

### 4.3 COMMUNITY DEVELOPMENT WORKERS

Community Development Workers are civil servants with specific and limited levels of training. They are deployed at the community level and are community based resource persons for government. They are accountable to all three spheres of government and are to facilitate community engagement and participation. They are further supported by government and the public sector, but are not there to replace it.

Rational for CDW's:

- Challenges around Poverty and Unemployment
- Interface between government and community – improve participatory and contractual governance
- Information and communication
- Public Awareness
- Gearing public with community resources
- Intergovernmental coordination
- Complimenting capacity gaps
- Targeting – pro poor interventions

Taking the above into consideration, Community Development Workers in Tsantsabane aim to:

- strengthen and enhance participatory democracy, by educating, empowering and creating community awareness on government processes, policies and projects e.g. Integrated Development Plan (IDP), Budget, Community Based Participation and Development, etc;
- work with ward councilors and ward committee members to ensure that ward committees are functional;
- work together with local municipalities, government sectors, NGO and CBO's in initiating and facilitating job creation opportunities in a government effort to push back the frontiers of poverty; and
- provide the necessary support to all emerging small business entrepreneurs by assisting them with issues around access to capital and in some instances advise or refer them to the relevant public or private agencies and institutions for the drafting of business plans.

Their role therefore is to:

- Provide active information to communities
- Collect information on needs, problems and opportunities
- Identify resource persons and organizations that can add value to government programmes
- Facilitate implementation coordination of intergovernmental programmes
- Facilitate ongoing liaison with government
- Monitor and evaluate programme implementation
- Assist with HIV/AIDS programmes
- Assist in implementing the People's Contract

### 4.4 COUNCIL AND SUB-COMMITTEES

Ward	Councilor	Party Representing
1	Me. M. Oliphant	ANC
2	Mr. M.J. Tonyane	ANC
3	Ms. M. Mashila	ANC
4	Me. M Swart	DA
5	Mr. O Kgoronyane	ANC
6	Mr. D Pothle	ANC
PR	Mr. J Rooiland	DA
PR	Mr. N. Pullers	COPE
PR	Mr. E Phete	ANC
PR	Mrs. S. Brown	TYC
PR	Mr. O.M. Mabilo	TYC

Sub-committees	Chairperson
Finance	Cllr. E J Phete
Technical	Cllr. T Pothle
Community Services	Cllr. M Oliphant
Corporate services	Cllr. O Kgoronyane

#### 4.5 POLICIES AND BY-LAWS SPECIFICALLY CONTRIBUTING TOWARDS GOOD GOVERNANCE

- Advertising Procedures
- Cell Phone for Ward Committee Members
- Customer Care
- Waste By-Law

#### 4.6 SPECIAL PROGRAMMES / OFFICE OF THE MAYOR.

##### Disabled.

The municipality has a responsibility to mainstream disability issues as an integral part of relevant strategies of sustainable development. The municipality has the responsibility to ensure that people with disability are not excluded from any sphere of life this can only be achieved through effective participation and inclusion in society for all persons with disabilities as stated in the convention. The barriers and obstacles such as in building, roads, transportation and other indoor and outdoor facilities.

##### Children.

The municipality is responsible for mainstreaming the best interest of the child in all policy development, programming, and resources allocation and communication. In whatever program municipalities engage on, there must be a child centered governance approach. The children's rights emerging issues for advocacy in service delivery, and policy formulation

The municipality is currently, busy collecting data of the children in the municipal district to develop the Children's rights profile, and develop strategies based on children's issues, and to also develop a children's rights operating framework.

##### Gender.

The municipality has a role to provide policy guidelines, support and monitor and evaluate implementation of gender. It has to provide strategic interventions to facilitate gender policy implementation. Gender mainstreaming is the systematic incorporation of considerations into the policy, programmes and practices, so that before decisions are taken an analysis is made of circumstances and effects on women and men. It is concerned not only with participation of women, but also quality and conditions of their participation, mainstreaming is a process towards achievement of transformation and development goals. The municipality has engaged on a process of economic development of women such as farming, SMME, gardening project, and mining.

Women are encouraged to participate in all municipal process such as at management level. Gender transformation presents an opportunity for the establishment and development of a body of knowledge for sharing across municipalities and other spheres of government.

##### Youth Programmes

With the assistance of the Municipality and in collaboration with Kumba Resources, the Tsantsabane Youth Service Centre was established in 2009. The focus of the centre is skills development of youth in the area in order to empower them to play a vital role in the economy of the area. Specific programmes are planned for the next financial year, included life skills training, leadership training, Computer training etc.

## 4.7 ANNEXURES

### Outline on status of all applicable Sector and Integrated Plans

Sector plan	Status	Reasons	Responsible Person / Department
Spatial Development Framework	In progress of update	Funding secured through mines	Technical Department
Disaster Management Plan	Completed in 2006. To be reviewed annually and translated into English		Community services
Land Use Management Plans	Part of SDF		Technical department
Waste Management Plan	Draft	To be reviewed and updated according to New Act	Community services
Water Services Development Plan	Completed		Technical Department
Integrated Transport plan	No		Technical Department
Housing Development plan	No		Technical Department
Electricity Master Plan	Yes		Technical Department
Comprehensive Infrastructure Plan (CIP)	Yes – to be reviewed		Technical Department
Anti Corruption Strategy	No		Corporate services
Recruitment and Retention Strategy	In process to be compiled	Draft Framework Developed	Corporate services
Employment Equity Plan	Yes		Corporate services
Environmental Sector Plans	No	Lack of Human and financial resources	Community services
Local Economic Development Plan	In place	Final draft	LED Department
Integrated Tourism Plan	No		LED Department
Energy and Climate Change Strategy	No		Technical Department
Invasive Species Monitoring, Control and Eradication Plan	No		Community services