

PHUMELELA LOCAL MUNICIPALITY



INTEGRATED DEVELOPMENT PLAN DRAFT REVIEW 2016/2017



VREDE THEMBALIHLE MEMEL ZAMANI WARDEN EZENZELENI

MAYOR'S FOREWORD



Our journey of the last years with all its many trying and difficult challenges concludes towards the middle of 2017, as we complete local government's 3rd Generation IDP. In the context of the term and 3rd Generation IDP I present you with the final review plan with its main focus on basic service delivery and the future planning program for our municipality. This plan therefore forms part of those cohesive efforts to create not only better services but also much more social cohesion between the different communities of the broader Phumelela. We are very aware of the numerous challenges we face ranging from differing levels of living conditions; informed by limited opportunities within both the public and private sectors which we are definitely redressing. Our direct consultation with you formed the

foundation for our Five year plan, of which this particular year plan is the last review. The main focus of our current IDP and budget links mainly to those projects that links to the provision of basic services and creating decent living conditions for all peoples of Phumelela. The senior management team together with me continue to engage provincial / national and other government entities to provide support in certain critical areas to allow us to improve on service delivery. Our partnership with our community as the main and most strategic partner is informed by the consultation and feedback sessions that are driven by our ward councillors and ward committees.

The 2016/17 financial year will be characterised by the completion of a number of projects that remained incomplete for reasons beyond our control as most of such projects were undertaken by provincial and national departments. The buildings of a state of the art library in Memel, the building of a school are some of the major life-changing projects undertaken by government to bring services much closer to our people. Council remains focussed on the development of a Vision 2035 to unlock and direct future potential in benefit of you as the decision-makers of the community with of the pillars also being structured including the development of financial recovery plan in collaboration with National and Provincial Treasury. An imperative that remains is to create a more conscious community that will support the initiatives of council by actively and regularly paying for the services provided as it being one of the pillars that continue to hamper service delivery. Though as government we are not directly responsible for the creation of jobs, we have the responsibility to create a conducive environment and conditions as we are seriously on that path with the of review of our Local Economic Development Strategy that in all certainty create a more structured and coordinated economic environment. Our activities that are to support / stimulate economic development and growth are currently being streamlined to support our Provincial Economic Development plan.

The Municipal Manager with the full blessing of Council is taking bold steps to improve our revenue collection, in partnership with Provincial Treasury we are in the process of replacing faulty and non-active electricity and water meters to curb our losses and request communities to support this initiative by allowing tagged officials to enter residential spaces. I am more than excited about the prospects of Phumelela and look forward to a tough but great year of delivery as we continue our mandate to create a better and prospering Phumelela. I look forward to the year in planning, knowing that together we will create a better life for all.

Yours sincerely,

Councilor John Tlokotsi Motaung

PHUMEMELA MUNICIPALITY: VISION AND MISSION

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

VISION

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

MISSION

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

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

Set of Abbreviations

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

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

INDEX

MAYOR’S FOREWORD	2
Set of Abbreviations	4
INDEX	5
LIST OF TABLES	7
List of Figures	8
List of Maps	9
List of Graphs	9
MUNICIPAL MANAGER’S FOREWORD	10
CHAPTER 1: INTRODUCTION	11
1.1 Integrated Development Planning.....	11
1.2 Integrated Development Planning Review Structure.....	12
1.3 Development and Implementation of the IDP.....	13
Figure 3: Planning Process.....	14
1.4 Status of the IDP.....	14
CHAPTER 2: PUBLIC PARTICIPATION	16
2.1 Legislation	16
2.2 Background to Public Participation Process.....	16
2.3 Mechanisms and processes	16
2.3.1 IDP/Budget Steering Committee.....	16
2.4 Stakeholder Engagement	17
2.3.2 Public Engagements	18
2.4 Levels of Involvement	21
CHAPTER 3: MUNICIPAL PROFILE	24
3.1 Demographic Information.....	25
3.1.1 Population Information.....	25
3.1.2 Educational statistical information.....	26
3.1.3 Human Settlement.....	28
3.1.4 Phumelela basic services: Spatial reflection of access to basic services per ward –Ward 1.....	38

3.1.5	Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 2.....	39
3.1.6	Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 3.....	40
3.1.7	Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 4.....	41
3.1.8	Phumelela basic services: Spatial reflection of access to basic services per ward-ward 5	42
3.1.9	Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 6.....	43
3.1.10	Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 7..	44
3.1.11	Phumelela basic services: Spatial reflection of access to basic services per ward-ward 8 ..	45
CHAPTER 4: STATUS QUO.....		52
4.1	Institutional Performance against IDP Objectives.....	52
4.2	Institutional Performance	57
4.3	Stakeholder input.....	60
4.3.1	Community Engagements and Needs	60
The list of community needs per ward is indicated in the following table as in order of priority.		61
4.5	BACK TO BASICS	69
CHAPTER 5: INSTITUTIONAL PERSPECTIVE.....		72
1.1	Council	72
1.2	The Senior Management structure	75
1.3	Departmental Functions	75
1.4	Municipal Workforce	78
1.5	Skills Development.....	79
1.6	Municipal Administrative and institutional capacity.....	81
1.7	Municipal administrative and institutional capacity	82
CHAPTER 6: OUR STRATEGY AND AGENDA.....		83
2.1	Vision, Mission and Values.....	83
2.2	Strategic Objectives	84
2.3	Status of Our Sector/Strategic Plans.....	90
CHAPTER 7: FINANCIAL AND FUNCTIONAL PERSPECTIVE.....		102
3.1	FINANCIAL STRATEGY (Debt Recovery Plan).....	102
3.2	BUDGET	104

3.3	Financial Perspective	113
3.3.1	Phumelela Municipality Investment Plan	115
3.3.2	Financial Information.....	115
3.4	Municipal Functions, Sector Plans and Projects Roll-out 2016/17	129
CHAPTER 8: PERFORMANCE MANAGEMENT		130
4.1	Performance Management.....	130
4.2	Organizational Level	130
4.3	Individual Level	131
4.4	Key Performance Indicators (KPIs)	131
4.5	Performance Reporting	131
4.5.1	Quarterly Reports.....	132
4.5.2	Mid-Year Assessment	132

LIST OF TABLES

Table 1: IDP/Budget Steering Committee	17
Table 2: Scheduled Stakeholder Sessions	17
Table 3: Scheduled IDP/Budget Consultation Sessions.....	19
Table 4: IDP Stakeholder Meeting Participation Analysis.....	19
Table 5: IDP Public Meeting Participation Analysis	19
Table 6: Schedule of public consultation Sessions on Final Draft IDP/Budget	20
Table 7: Public Participation Mechanisms	22
Table 8: Municipal Strategic Sessions/Workshops and meetings	23
Table 9: Phumelela Municipality's population per ward comparison	25
Table 10: Gender representation per ward (Census 2011)	26
Table 11: Education attainment levels of residents 20 years and older.....	27
Table 12: Labor status in terms of employment and skills of labour force in Phumelela	27
Table 13: Refuse removal by type and geography	32
Table 14: Performance against 2014 IDP Objectives.....	57
Table 15: Institutional Performance – Office of Municipal Manager	57
Table 16: Institutional Performance - Technical Services.....	58
Table 17: Institutional Performance Financial Services.....	58
Table 18: Institutional Performance Corporate Services.....	59
Table 19: Community Needs List - 2015	65
Table 20: Department RDLR Free State	66
Table 21: Department Integrated Human Settlement	66
Table 22: COGTA Projects and Programs.....	67
Table 23: Department Police Roads & Transport	67

Table 24: Department of Health Projects in Phumelela	68
Table 25: PLM Back to Basics Integrated Priority	71
Table 26: Composition of Council	72
Table 27: Members of PLM Executive Committee	73
Table 28: Departmental Functions	76
Table 29: Recruitment and Selection.....	78
Table 30: Staff complements (Draft AR 2014/15)	78
Table 31: Staff Positions Filled (Draft AR 2014/15)	79
Table 32: Training of Councilors	80
Table 33: Training of Staff / Employees.....	81
Table 34: Training of Unemployed persons.....	81
Table 35: Schedule of policies	82
Table 36: Policies to be developed	82
Table 37: IGR Involvement.....	82
Table 38: Values of Phumelela Municipality.....	83
Table 39: PLM Strategic Objectives	84
Table 40: Traditional approach to Risk Management versus Enterprise Risk Management	86
Table 41: PLM Strategic Risks	87
Table 42: Alignment of Strategic Objectives.....	90
Table 43: Status of Sector Plans & Strategic Plans	91
Table 44: Strategic Objective 1	96
Table 45: Strategic Objective 2	96
Table 46: Strategic Objective 3	97
Table 47: Strategic Objective 4	97
Table 48: Strategic Objective 5	98
Table 49: Strategic Objective 6	98
Table 50: Strategic Objective 7	99
Table 51: Strategic Objective 8	99
Table 52: Strategic Objective 9	100
Table 53: Strategic Objective 10	100
Table 54: Strategic Objective 11	101
Table 55: Strategic Objective 12	101
Table 56: Revenue by Source.....	116
Table 57: Expenditure by Type	117
Table 58: Capital Project Funding.....	118
Table 59: Capital Projects: Vrede.....	118
Table 60: Capital Projects - Warden	118
Table 61: Capital Projects Memel	119
Table 62: Capital Projects Service Category	119
Table 63: Municipal Functions.....	129

List of Figures

Figure 1: Interrelation between Planning, Budgeting & Implementation	12
Figure 2: Interrelation Planning Budgeting & Implementation	12
Figure 3: Planning Process.....	14
Figure 4: Executive Committee.....	73
Figure 5: Organisational Structure on Macro Level	75
Figure 6: Macro Structure	77
Figure 7: MSDF Process & Elements	95

Figure 8: IDP/Budget Reporting Process.....	104
Figure 9: Budget Implementation Process	114
Figure 11: Performance Management System.....	130
Figure 12: Organisational Performance	131

List of Maps

Map 1: Phumelela Municipal Area.....	24
Map 2: Electrical infrastructure of Phumelela.....	33
Map 3:Electrical Infrastructure Memel	33
Map 4: Electrical Infrastructure of Vrede	34
Map 5: Electrical Infrastructure of Warden.....	34
Map 6: Sanitation Infrastructure of Memel.....	35
Map 7: Sanitation Infrastructure Vrede.....	35
Map 8: Sanitation Infrastructure of Warden	36
Map 9: Water Infrastructure Memel	36
Map 10: Water Infrastructure Phumelela	37
Map 11: Water Infrastructure Vrede.....	37
Map 12: Water Infrastructure Warden	38

List of Graphs

Graph 1: Distribution of household by type of main dwelling	28
Graph 2: Source of energy usage (Census 2011)	29
Graph 3: Households with access to electricity for lighting (Census 2011).....	29
Graph 4: Distribution of households by energy or fuel for cooking and geography (Census 2011).....	30
Graph 5: Distribution of households by type of toilet facility and geography (Census 2011).....	30
Graph 6: Access of households to piped (tap) or community stand water	31
Graph 7: Grants versus Own Revenue 2015/16	117

Annexures:

Annexure A: IDP / Budget Process Plan

Annexure A: Public Participation Report 2016

Annexure C: Budget Policies

Annexure D: Corporate Services Policies

Annexure E: Phumelela Draft SDF

Annexure F: Municipal By-Laws and Other Policies

Annexure G: National / Provincial Sector Department APP / Projects



MUNICIPAL MANAGER'S FOREWORD

The preparation and development of any strategic long-term or annual plan is linked to realizing broader programs and directly informed by the mandate an institution receives to deliver on its vision. The development of this IDP is therefore linked to the vision of Phumelela and the mission that is to give effect to it. We continue to ask ourselves whether we have been able to successfully deliver on our vision and if we indeed succeeded in delivering on the mandate of local government. We have certainly moved from where we were though believe and are convinced that with a much more structured approach, active citizenry and a well capacitated staff, strong and sound policy environment we will completely turn this institution around. Not all of the mentioned pillars are currently readily in place, to allow us to satisfactorily deliver on our mandate. Phumelela municipality like any other rural municipality will continue to struggle should we continue to work with limited rates and services being paid for by all sectors and residents in our area of jurisdiction. Our current collaborative program of Financial Recovery with National Treasury must once completed be expanded towards the development of a Long-Term Financial Strategy that is focused on delivering and providing sustainable services. This plan as an integral part our Long-term Development Framework must stretch beyond our next Five-year plan linked to our Provincial Growth Plan and the National Development Plan. The survival of Rural Local Municipalities remain threatened by the bigger metropolitan municipalities which continues to lure all potential talent and investment towards its core, requiring from rural municipalities to develop its own niche during this new age of delivery.

I am thus leading this path of developing long-term sustainable development plans for our municipality and linked district institutions to create more viable rural municipalities. Municipal survival and governance have moved beyond the original program of focused delivery to certain sectors of society requiring from us to mobilize all sectors to create more thriving community.

Our annual equitable share allocation chinked exactly as I predicted last year indicated would happen due to a number of factors some under our control and others beyond our control. Our municipality cannot be dependent on grants, we must expand our revenue collection if we wish to survive this very challenging period. Revenue collection is therefore inevitably also linked to the economic growth and expansion of economic opportunities. This therefore calls for a closer look at our rural agricultural economy and how we are to make it more profitable amidst challenges of drought. The value chain of agriculture and services opportunities must be explored and expanded, including how our economic activity is presented to the metropolitan areas. The development of local agricultural market opportunities must therefore bought back into our own economic centers to force more stimulating economic activity. These presenting possibilities must be thoroughly researched to present good business cases for possible funding and implementation within our locality. As a municipality we have for the first time had proper meaningful cooperative government when we together with Treasury were able to work together to improve on our audit outcome as one of the deliverables we have set ourselves during our bi-laterals with minister's office.

Our planning therefore must incorporate the vision and needs of our children; the engineers, planners, teachers, bankers, artisans' technicians, farmers, councilors and public administrators of tomorrow. Our mission of developing a government precinct remain as relevant as centering all business and economic activity along the featured types of business. Our Small Town Regeneration program must be our central focal point as we move towards sustainable service delivery within peaceful yet prospering settings of the rural Eastern Free State.

We have geared all administrative systems towards better integrated sustainable long-term planning and I certainly look forward to the next year of planning and engagements with all role-players whom wishes to play/make an active and positive contribution as we plan and aim for success Phumelela.

BW Kannemeyer
Municipal Manager

CHAPTER 1: INTRODUCTION

1.1 Integrated Development Planning

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

Integrated development planning is about the integration of planning processes that will allow local government to give effect to its Constitutional mandate, providing integrated basic services, transforming apartheid spatial planning patterns, effectively creating cohesive communities, transforming local economies and expanding opportunities for all. We will thus in the year in planning address these planning processes and instruments which are absent, review those that are outdated and ensure that we develop a Human Resource strategy that will result in the recruitment and placement of equipped and capable staff to address the fundamental gaps.

The Phumelela 2016/17 IDP provides a platform for addressing the municipal transformation and development challenges by giving effect to District developmental strategic objectives, the Provincial Growth and Development Strategy focusing on identified priorities as reflected in the revised Free State Growth and Development Strategy 2011. Our Vision of prosperity and sustainable economic growth in benefit of all links directly to the strategic intent of the FSGDS focused on redressing social and economic disparities in partnership with all whom aspire towards a prospering and opportunity driven economy for all.

This IDP is therefore underpinned by the FSGDS aiming to forge a common and shared developmental agenda across a wide spectrum of service delivery mechanisms. Our plan will coordinate and shape the direction of government resources at a local sphere, where seamless government activity will focus on delivering sustainable development outcomes based on integrated planning.

The FSGDS as overarching planning instrument articulates the developmental agenda strategically directs the provincial agenda as an extension of our national development plan. As a municipality we share this vision of growth and development, specifically to effect transformation with an impetus on redressing inequality as part of our long-term development framework which we envisage in revitalizing small towns in our area of jurisdiction. This integrated approach we see part of our mandate as a dynamic local municipality exploring the endless opportunities that our new democracy provides. We will craft a space for our existence and the people we represent in a completely different way partnering with our other government counterparts, municipalities in our district/region and country, our counterparts in the continent and our people.

On 1 July 2016 Phumelela municipality will be implementing the last Reviewed 3RD Generation IDP plan to inform and guide the elected public representative leadership; council, during their term as the order of day. The key focus of this document is to deliver on the strategic ethos of council, mobilizing all available resources to systematically fulfill its mission via action plans as reflected in the Service Delivery Budget Implementation Plan (SDBIP) in support of our objectives. The IDP supported by our SDF under review will be the basis for our future planning; as directed by the political leadership, management and the public whom we all serve. This IDP gears all resources and processes towards achieving this goal.

The IDP inevitably links to a financial plan or budget which over a specified term reflects financial support and investment to stimulate better management, growth and developmentally focused on redressing economic imbalances also providing opportunities for all. Monitoring and evaluation of the IDP is further linked to performance management system, ensuring the

strategy remains effective and efficient. The service delivery budget implementation plan or SDBIP flows from the IDP process, which the executive mayor signs-off after approval of both the IDP and budget. Performance management is not confined to the administrative component of the municipality, also extending towards performance measurement of the legislative authority. The key to delivery is regular monitoring of IDP implementation by way of regular review and feedback on services and service quality levels as formulated in a performance management system, regulated by chapter 6 of the Municipal Systems Act.

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



Figure 1: Interrelation between Planning, Budgeting & Implementation

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

1.2 Integrated Development Planning Review Structure

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

- the consolidated long term developmental strategy of all the other strategic documents that exists on municipal level, such as the sector plans, ward based plans and the various master plans
- Include plans per town/area to address the needs of the specific towns / areas and seeks for targeted investment in government and other resources to address inequalities and the needs of the community in an integrated manner.
- Serve as a basis for the municipality to prioritise its resources for long-term change, while expanding the overall economic, municipal and social infrastructure already in place in line with our long-term vision

- A vital tool to ensure the integration of the municipality's activities with other spheres of development planning at provincial, national and international levels, by serving as a basis for communication and interaction with the establishment of Inter-governmental relations platform

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

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

1.3 Development and Implementation of the IDP

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

The IDP was developed in terms of an IDP process plan to ensure that the IDP process complies with certain minimum quality standards, to ensure that proper coordination between and within the spheres of government is established and that communities are engaged during the preparation of the IDP. The process plan is in effect a "plan to plan". Council approved the process plan for 2015 / 2016 on 30 August 2014 setting the methodology and systems to be followed with the development of the Review IDP planning process to be conducted.

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

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

Integral to the municipal planning process includes direct interaction by our different departmental heads/directors with district/provincial and national program heads to ensure proper integration and support takes place at all levels of planning and implementation. A major gap in this planning process remains the lack of coordinated planning, with serious capacity and resource gaps within the critical service delivery areas of Phumelela municipality. This plan thus cannot be complete in the absence of the legislative required sector plans which has been lacking for numerous terms as reflected in the current levels of service delivery. Concerted collaborative efforts must continue to address this fundamental gap that may on the longer term allow the municipality to effectively act in accordance with its constitutional mandate.

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

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

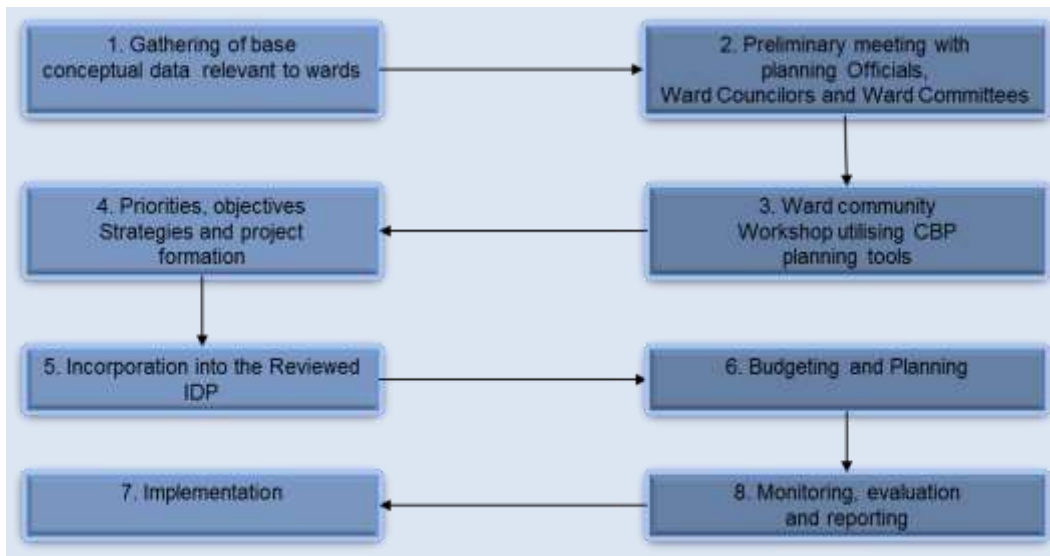


Figure 3: Planning Process

1.4 Status of the IDP

This 2016/17 IDP Review is the last review of the Five Year strategic plan for Phumelela municipality. The planning cycle starts with the development and adoption of a process plan, see annexure-A guiding implementation of the process plan. All stakeholders identified and processes reflected are reflected in the approved process plan.

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

1.5 Phumelela municipality and

The Platberg Mountain is landmark to the Eastern Free State presenting a different natural beauty, therefore luring tourists from across our country and international tourist community.

Our economic strategy is therefore build around opportunities that currently and in future can stem from all potential developments flowing or initiated around this central economic pillar of the district. Adjacent to this economic corridor are

communities established over time or groups of people whom migrated towards the areas opportune to developments took place.

Along this route the political and economic authorities built on the evolving initiatives and substantial economies have systematically been established. A transport hub presenting ninety-percent of the regions economic dependency hosting thousands of vehicles passing daily via this Maluti-A-Phofung strategically located space. Harrismith and towns like Warden have established itself over years of economic activity and therefore forms part of the economic mainstreams of the respective municipalities. The already cash-stripped municipalities are further economically strained with more dis-investment from both provincial and national governments. Maluti-A-Phofung currently has a portion of its land zoned as industrial space to give effect to its LED Strategy, providing employment and development opportunity for local and all those interested in doing business in the region. This spatial planning process forms part of the FSGDS and vision of the National Development Plan (NDP)

As a broader district of small town rural municipalities providing services to the peoples within the Thabo Mofutsanyana district we must continue fighting for provision of sustainable services of which include creating a space for local economic development of which a significant portion of our collective revenue supports in excess of 736 238 people. Our right to represent and exist as part of the provincial and national community therefore entitled to benefit from what should be the declared national interest as we contribute towards the national fiscus.

We support government's Small Town Regeneration program and will continue mobilizing current role-players and potential resources to share this program small towns as viable institutions of delivery and opportunity, curbing migration towards strong urbanized bigger towns and cities like; Bloemfontein, Johannesburg, Durban, Cape Town and Tshwane. These cities inevitably cannot sustain current levels of service and development with massive influxes straining current basic services infrastructure. We present the potential of opportunities on the periphery with our vast open-spaces available for peaceful settings ideal for family development. We will not allow our town and the opportunity it offers to die – this is a lifestyle for us and all who value peaceful settings. It is safe to be here, to bring up our kids. We want to be able to make a decent living in an environment of our choice exploring potentially the;

- Strengthen the logistics and transport corridor between SA's main industrial hubs;
- Raise efficiency along the corridor
- Reflecting an inclusive Industrial Strategy
- Integrate the current disconnected industrial and logistics activities, including marginalized rural production centers into the main logistics system.

The N3 De Beer Pass must provide socio-economic opportunity to all of the Phumelela and the broader Maluti-a-Phofung precinct.

CHAPTER 2: PUBLIC PARTICIPATION

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

2.1 Legislation

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



Phumelela Mayor speaks to people of Memel PLM

2.2 Background to Public Participation Process

With the clear legislation guidelines on the consultation mechanisms and processes which can and must be followed; Phumelela Local Municipality, hereafter referred to as PLM, incorporated these core principles into the Process Plan as presented to and approved by Council on 30 August 2015. The process preceding Council's adoption of the IDP during 2016 allows for thorough consultation with all 8 wards & towns, informed by a comprehensive community developmental needs list as currently captured in our approved 3rd Generation IDP.

2.3 Mechanisms and processes

2.3.1 IDP/Budget Steering Committee

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

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

The mayor calls and leads all meetings of the steering committee, whilst the administration takes responsibility for minutes and recording of minutes during and after meetings.

The following table describes the list of active participants and respective designation in the IDP / Budget Steering committee.

	Name	Surname	Portfolio
1	John	Motaung	Mayor
2.	Bruce	Kannemeyer	Municipal Manager
3.	Sello	Nyapholi	Chief Financial Officer
4.	Nomvula	Malatjie	Director Corporate Services
5.	Hope	Mthembu	Acting Director Technical Services
6	Francis	Ralibenja	Manager Budget Office
7	Charles	Chordnum	IDP/PMS

Table 1: IDP/Budget Steering Committee

2.4 Stakeholder Engagement

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

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

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

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

Table 2: Scheduled Stakeholder Sessions

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



Typical IDP-Stakeholders of Phumelela

Typical PLM-IDP-Stakeholders of Memel

Typical IDP-Stakeholders - Warden

The sessions with stakeholders were held to allow input on the support stakeholders may provide to the municipality to affect better service delivery, also to allow ascertain what support council can provide to our stakeholders. The prioritizing of needs



1. Typical Farm Owners IDP session in Vrede

2. Farmers' Ass. Leader, Daan Venter

3. Mr Kannemeyer & Nyapholi (Left)

The prioritising of needs are done by the public in accordance with the municipal mandate and strategic framework

- To provide information to the communities regarding the IDP/Budget process
- To prioritise existing recorded community needs
- To develop top five priorities to be focussed on in the 2016/17 financial year as guided by ward councillor and ward representative structure; i.e ward committee
- To provide Ward Committees and opportunity to engage councillors and senior officials on ward needs which should be prioritised for the financial year in planning.

2.3.2 Public Engagements

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

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

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

DATE.....	TIME	CONSTITUENCY	VENUE
15 March 2016	15h00	WARDEN CENTRAL	Town Hall
	11h00	EZENZELENI	Ezenzeleni Community Hall
14 March 2016	15h00	MEMEL CENTRAL	Town Hall
	11h00	ZAMANI	Community Hall
STAKEHOLDER MEETINGS			

17 March 2016	10h00	Farmers Association	Vrede Town Hall

Table 3: Scheduled IDP/Budget Consultation Sessions

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

MEETING	DATE	VENUE	NUMBER OF INPUTS	ATTENDANCE
Stakeholders meeting	14-03-2016	Memel Council Chamber	0	0
Stakeholders meeting	15-03-2016	Warden Town Hall	17 Inputs	27
Stakeholders Meeting	17-03-2016	Vrede Town Hall	7	15

Table 4: IDP Stakeholder Meeting Participation Analysis

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

MEETING	DATE	VENUE	ATTENDANCE
Public meeting	17-03-2016	Vrede Town Hall	Re-scheduled
Public meeting	15-03-2016	Ezenzeleni Town Hall	199
Public Meeting	14-03-2016	Zamani Town Hall	83

Table 5: IDP Public Meeting Participation Analysis

Public participation at local government level remains a challenge, though in Phumelela municipality we generally did not experience low turn-out levels at scheduled session's quality inputs and understanding of the planning and reporting processes requires serious program intervention. This lack of understanding stretches beyond our municipal and provincial space which we hope to systematically address in our effort to creating sustainable communities. PM however commits to initiate a proper survey, to establish the public view on our public meetings and what they regard as important considerations for public participation in the affairs of PM. What remain disturbing is the non-attendance and/or low turn-out of white residents specifically in the Vrede and Memel consultation sessions.



Memel Youth during IDP session pleads for support to enhance educational qualifications, PLM

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

The second round of engagements featured on presentation of the Approved Draft IDP & Budget for the 2015/16 financial year as scheduled below. The engagements did not completely materialize as planned though the inputs received were in some cases not that satisfactory from the community perspective, though the efforts of council was acknowledged.

Date	Stakeholder	Town/Area	Venue	Time
18 May	COMMUNITY	Vrede	Thembalihle Community Hall	16h00
18 May	COMMUNITY	Warden	Warden Town Hall	10H00
20 May	COMMUNITY	Memel	Memel Town Hall	16H00
21 May	FARMERS	Phumelela	Vrede Town Hall	10H00
22 May	IDP Rep Forum	Phumelela	Vrede Town Hall	10H00

Table 6: Schedule of public consultation Sessions on Final Draft IDP/Budget



Ward Councilor Tshabalala left, speaks during IDP session in Warden –PLM



Warden residents left, listen attentively to council representatives – PLM

2.4 Levels of Involvement

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

Structure/ Publication	Frequency	Stakeholders	Objectives/ functions
Stakeholders Forum / IDP Representative Forum	Monthly / Quarterly	<ul style="list-style-type: none"> <input type="checkbox"/> 1 Nominated ward committee member per ward <input type="checkbox"/> 1 Ward Councillor <input type="checkbox"/> Mayor & Speaker <input type="checkbox"/> Municipal Manager and Senior Management <input type="checkbox"/> Budget Manager <input type="checkbox"/> Manager IDP / Performance Management 	<ul style="list-style-type: none"> <input type="checkbox"/> Monitor IDP and budget process <input type="checkbox"/> Monitor IDP implementation process <input type="checkbox"/> Provide final input to IDP after ward/public consultation process.

Structure/ Publication	Frequency	Stakeholders	Objectives/ functions
Public meetings on IDP & Budget	Quarterly Annually	<input type="checkbox"/> Mayor and Councillors <input type="checkbox"/> Senior management personnel of municipality <input type="checkbox"/> Community	To inform the community of council decisions, community rights and duties, municipal affairs etc. <input type="checkbox"/> To enable the community to inform the councillors and officials of their issues. <i>Inputs received during these engagements have been dealt with as described above.</i>
Council meetings (open to public)	Monthly / Quarterly	<input type="checkbox"/> Mayor and Councillors <input type="checkbox"/> Senior management personnel of municipality	<input type="checkbox"/> To inform the community of council decisions, community rights and duties, municipal affairs etc.
Municipal Website	Continuously updated	<input type="checkbox"/> Mayor and Councillors <input type="checkbox"/> Community <input type="checkbox"/> Personnel of municipality	<input type="checkbox"/> To provide comprehensive information of municipal affairs <input type="checkbox"/> Advertise public engagements <input type="checkbox"/> Publish Adopted IDP & Budget

Table 7: Public Participation Mechanisms

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

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

(I) Municipal Sectors

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

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

Mayoral Imbizo



Elders of Thembalihle speaks to Mayor Motaung



Mayor Motaung, his Councilors his MM and our People

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

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

Table 8: Municipal Strategic Sessions/Workshops and meetings

(II) Structured Community Consultation

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

(III) National and Provincial Sector Departments

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

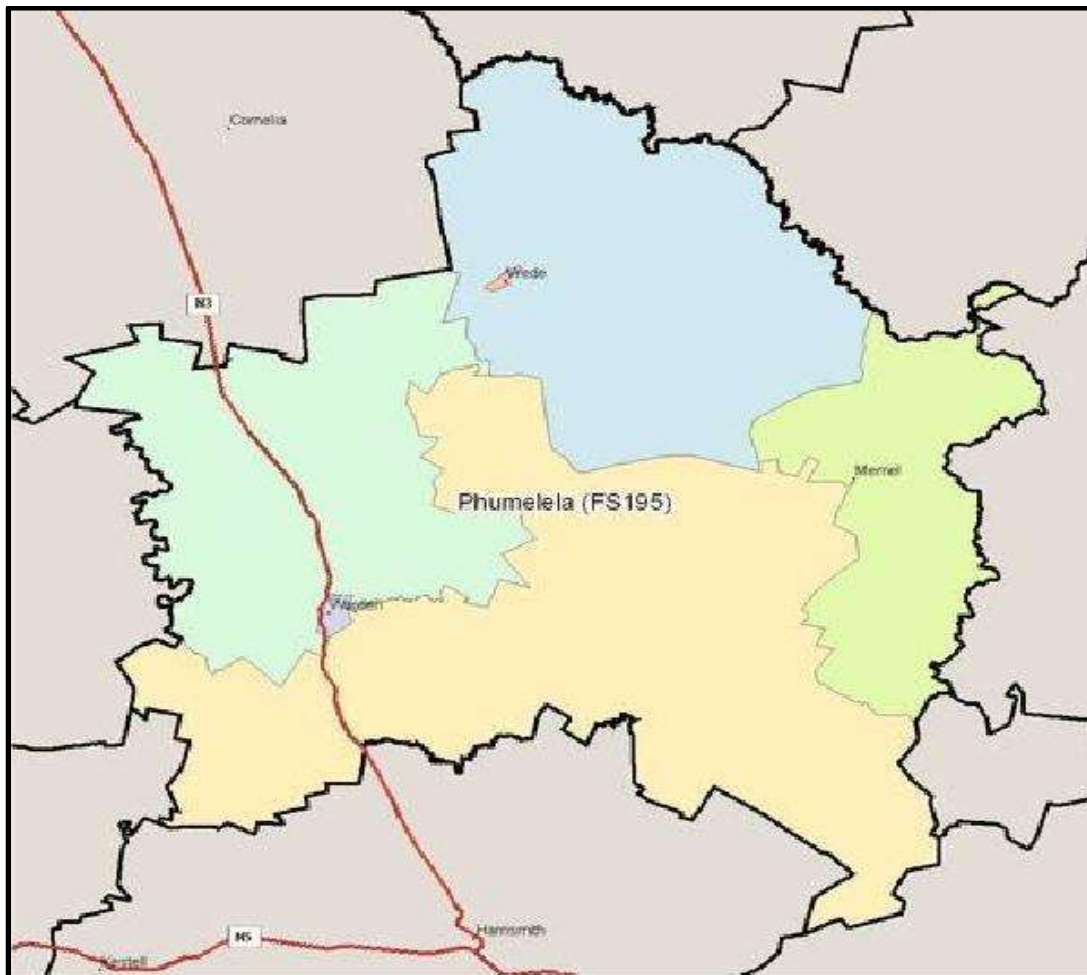
Chapter 3, Section 41 *h (ii & iii)* guides that different spheres of government must; assist and support one another, inform one another of, and consult one another on matters of common interest. To give effect hereto, sound government strategy must strive towards effectiveness and efficiency, ensuring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

CHAPTER 3: MUNICIPAL PROFILE

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

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

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



Map 1: Phumelela Municipal Area

3.1 Demographic Information

3.1.1 Population Information

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

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

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

Table 9: Phumelela Municipality's population per ward comparison

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

Table 10: Gender representation per ward (Census 2011)

3.1.2 Educational statistical information

(I) Learner Enrolment

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

(II) Levels of Education

The levels of education provide an indication of the income potential and standard of living of residents in a particular geographic area. Municipalities may further use the information of the education profiles to attract businesses to the area while providing specific motivation for the retention of specific types of businesses and industries already in the municipal.

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

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

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

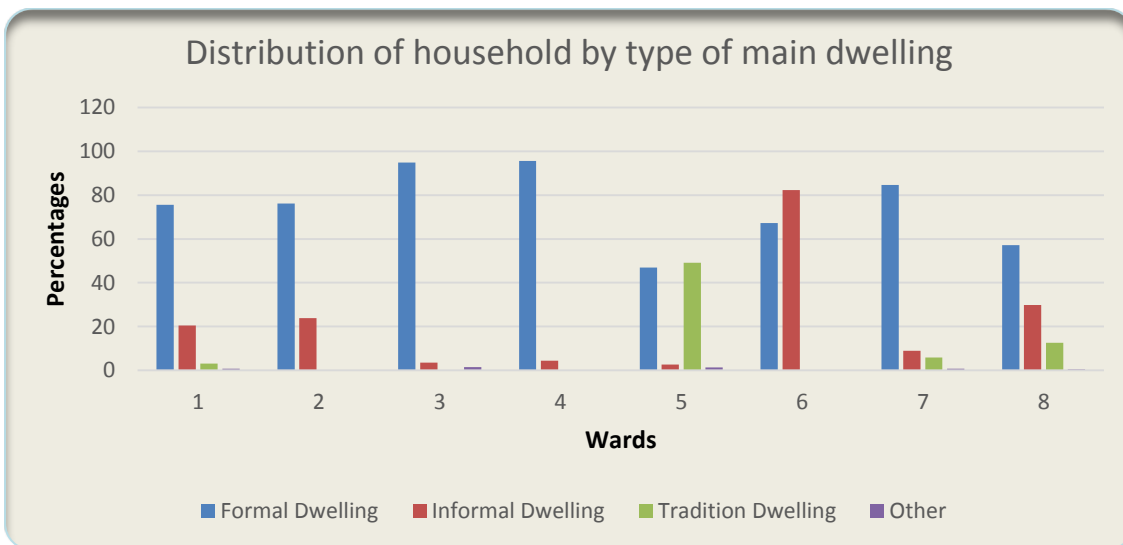
Table 12: Labor status in terms of employment and skills of labor force in Phumelela



Phumelela says; let us work and share in the wealth of this country

3.1.3 Human Settlement

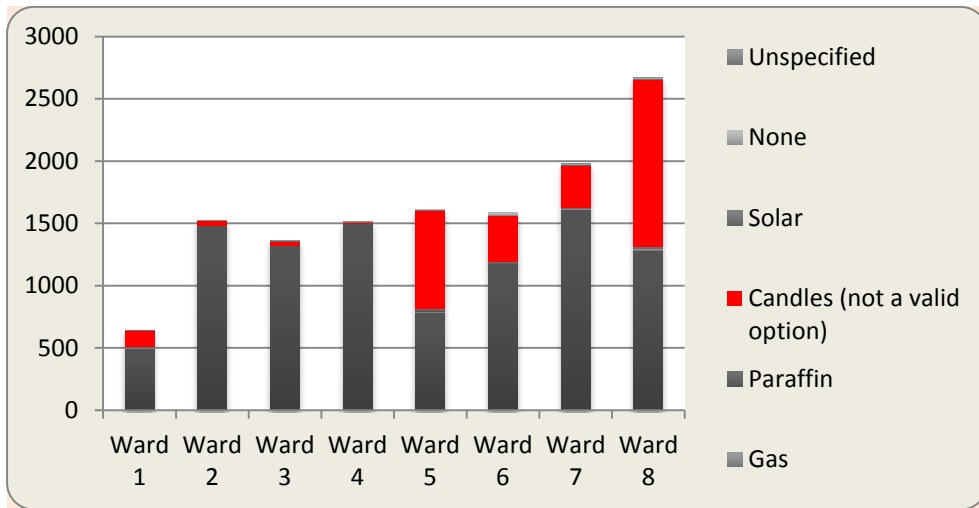
There are approximately 12 666 households in Phumelela municipal area. This section reflects services available to households of Phumelela.



Graph 1: Distribution of household by type of main dwelling

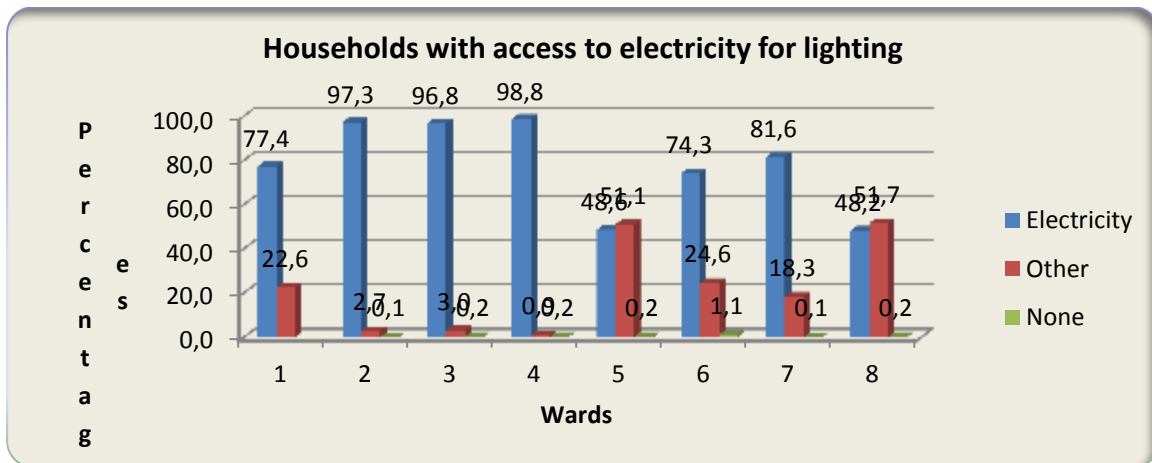
(I) Electricity

Electricity and street lighting are provided to all formal and electricity and street or high mast lights to most informal areas in the Phumelela region. Electricity is the main source of energy and lighting, 73% of households in Phumelela municipality has electricity available for lighting and energy, while 7% still uses candles. Currently the power outages (both planned and unplanned) are within acceptable norms. The areas mostly affected by unplanned outages are the rural areas where overhead line systems are exposed to storms and lightning.

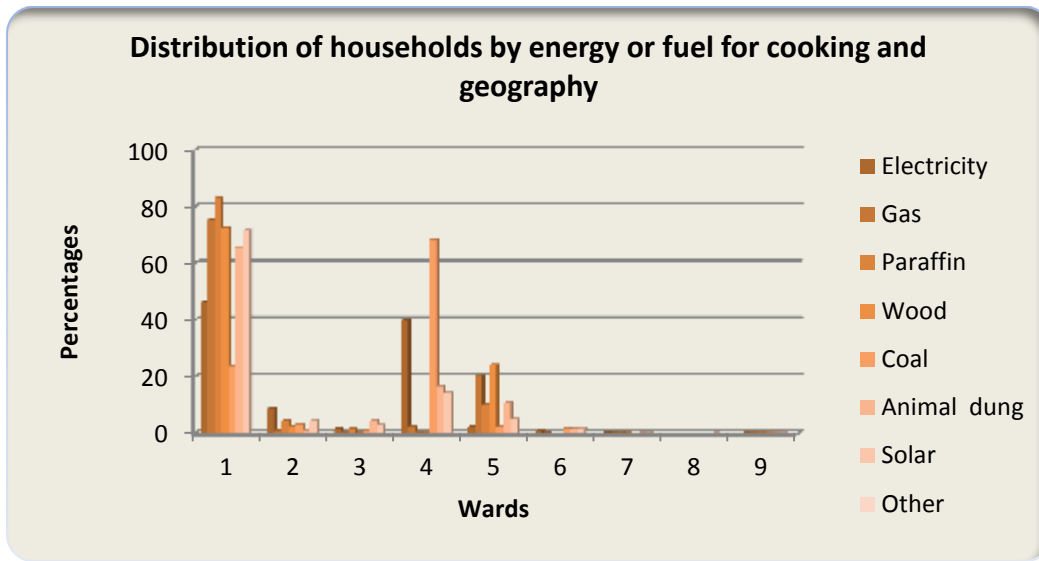


Graph 2: Source of energy usage (Census 2011)

As illustrated above electricity usage decreased from 3% of households in 2001 to 2% of households in 2011, with the usage of paraffin increasing from 4% of households to % of households in 2011. The increase in electricity tariffs is a contributing factor to the decrease in electricity usage including the increase in informal residential areas, where energy dependency is mainly reliant on paraffin and candles as primary sources.



Graph 3: Households with access to electricity for lighting (Census 2011)

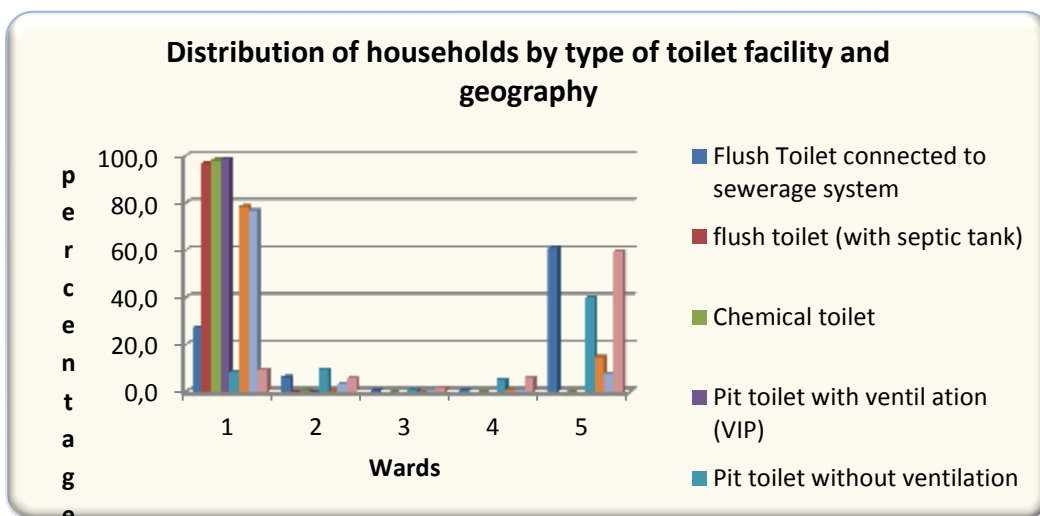


Graph 4: Distribution of households by energy or fuel for cooking and geography (Census 2011)

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

(III) Sanitation

Good sanitation services exist in the municipal area where the majority of the residential areas have waterborne sanitation. More than 87.51 % of households in the urban area had access to flush toilets, flush septic tanks or chemical toilets in 2011. This is a concern against the backdrop of the national policy drive of eradicating the bucket toilet system. Although there had been an improvement in access to sanitation, some households still did not have access to sanitation in 2011. We need to look at means to curb informal settlements or the growing of informal settlements especially if we wish to win the war against buckets, no or limited access to basic services.



Graph 5: Distribution of households by type of toilet facility and geography (Census 2011)

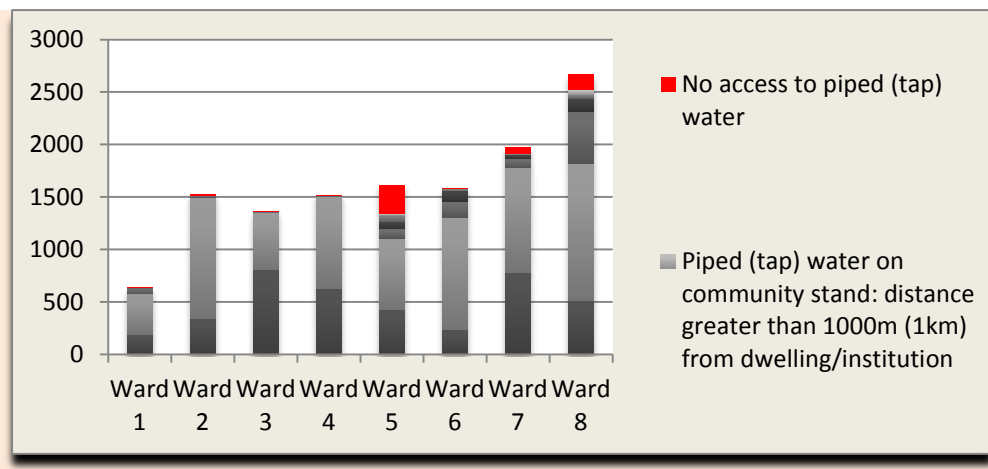
The comparative graphs above illustrate access to sanitation services in 2001 in relation to current access to sanitation as recorded during the 2011 census. Access to sanitation is mainly dependent on formalised structures, where required infrastructure get provided to support services provided to link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



Mayoral Imbizo May 2016, respecting people listens to respectable leaders

(IV) Water Supply

Access to portable water is the norm in Phumelela municipality. The percentage share of households with access to piped water (or potable water) dropped from 99.1% per cent in 2007 to 98.2% in 2011. Phumelela residents' experienced a significant shift from access to potable water inside yard/or outside yard to inside dwelling.



Graph 6: Access of households to piped (tap) or community stand water

(V) Refuse Removal

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

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

Table 13: Refuse removal by type and geography

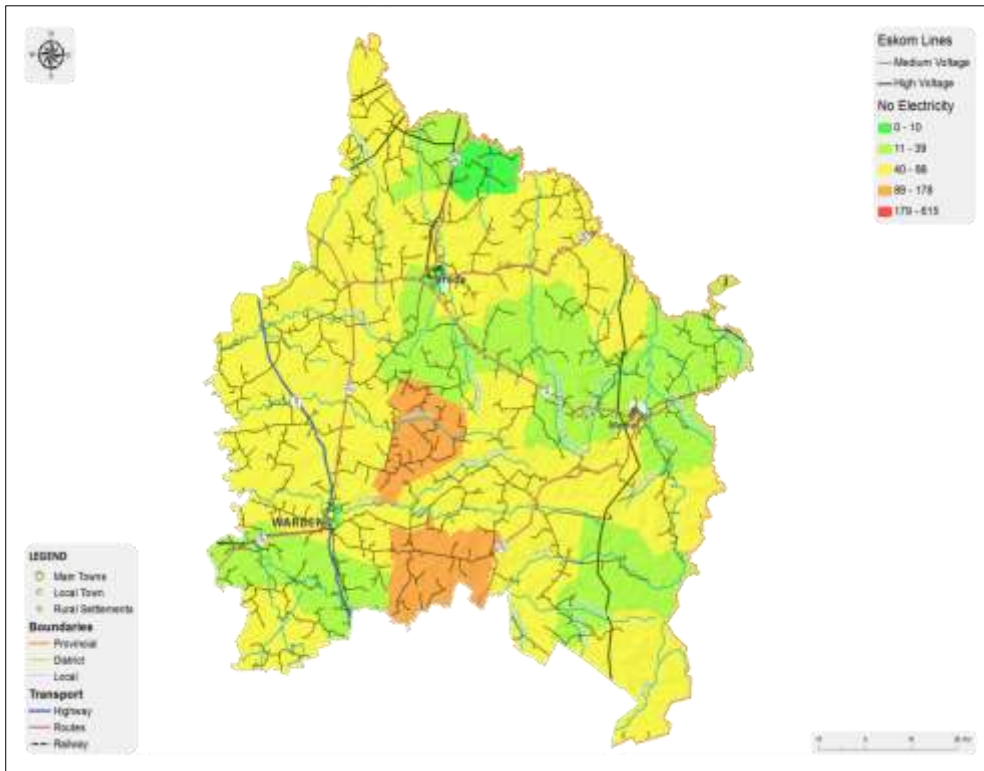
(VI) Roads

The total road area that covers Phumelela Municipality amount to a total of **189.934** kilometres of road. The total kilometres of roads comprise of **89.590** kilometres of surfaced roads and **100.344** kilometres of gravel roads as provided by the planning department of the municipality. These figures exclude latest roads paved in all towns as projects are still incomplete.

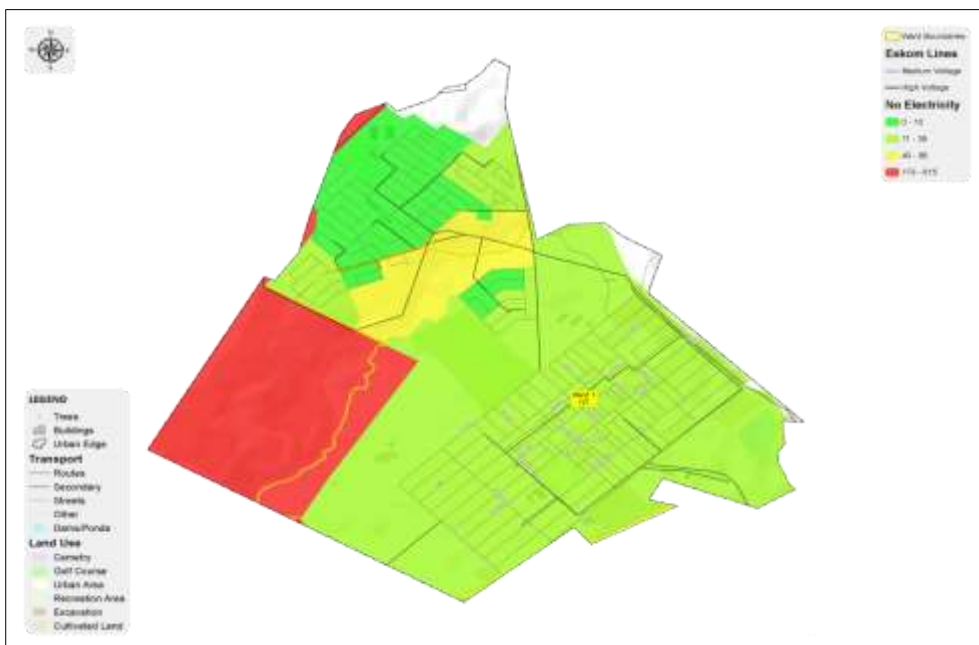


New roads under construction in Thembalihle Extension4

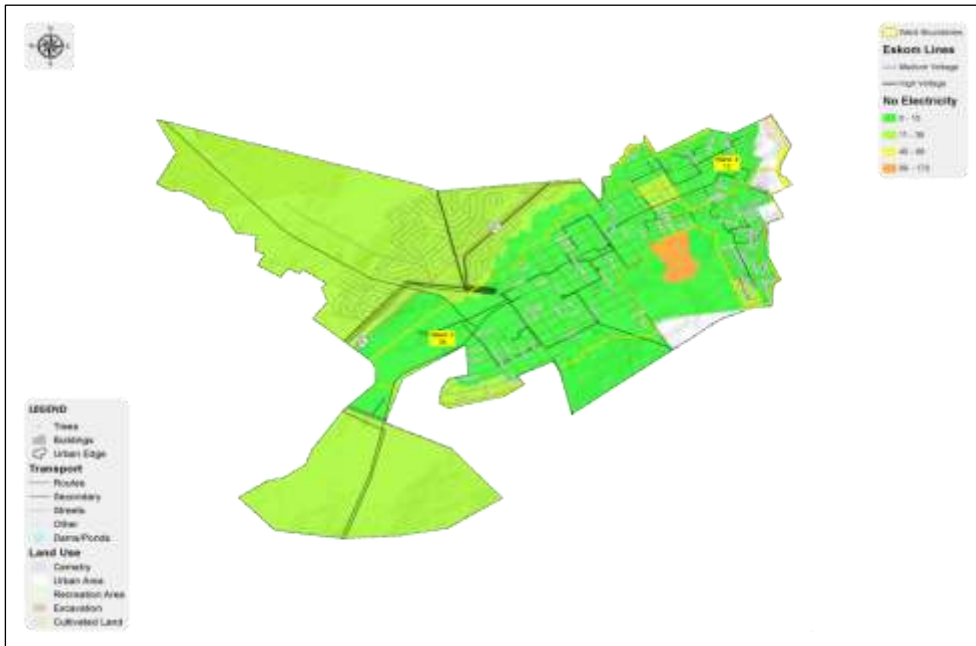
Spatial reflection of Phumelela basic services status per town



Map 2: Electrical infrastructure of Phumelela



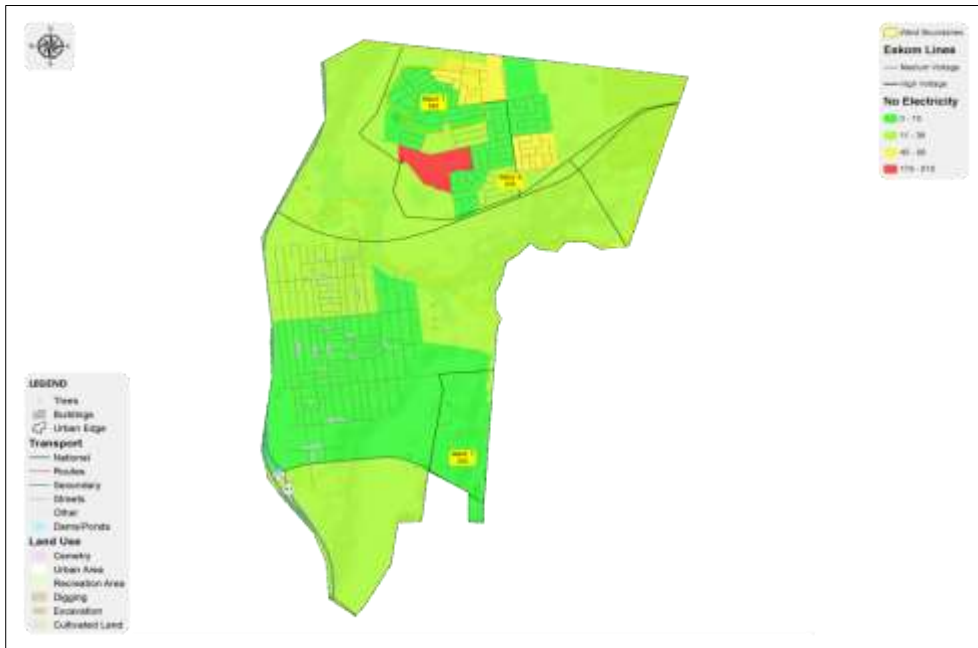
Map 3: Electrical Infrastructure Memel



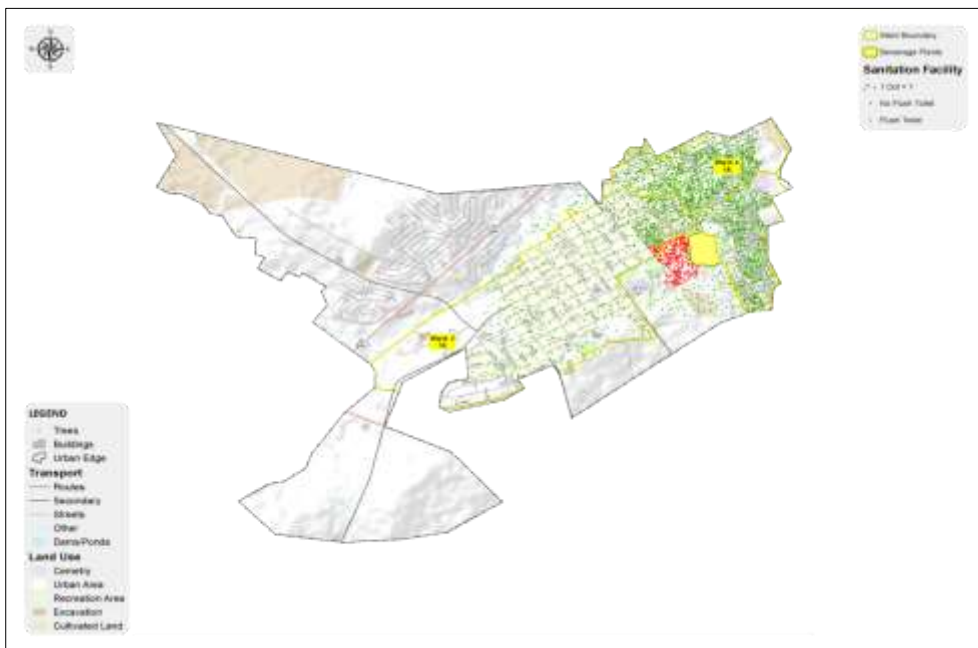
Map 4: Electrical Infrastructure of Vrede



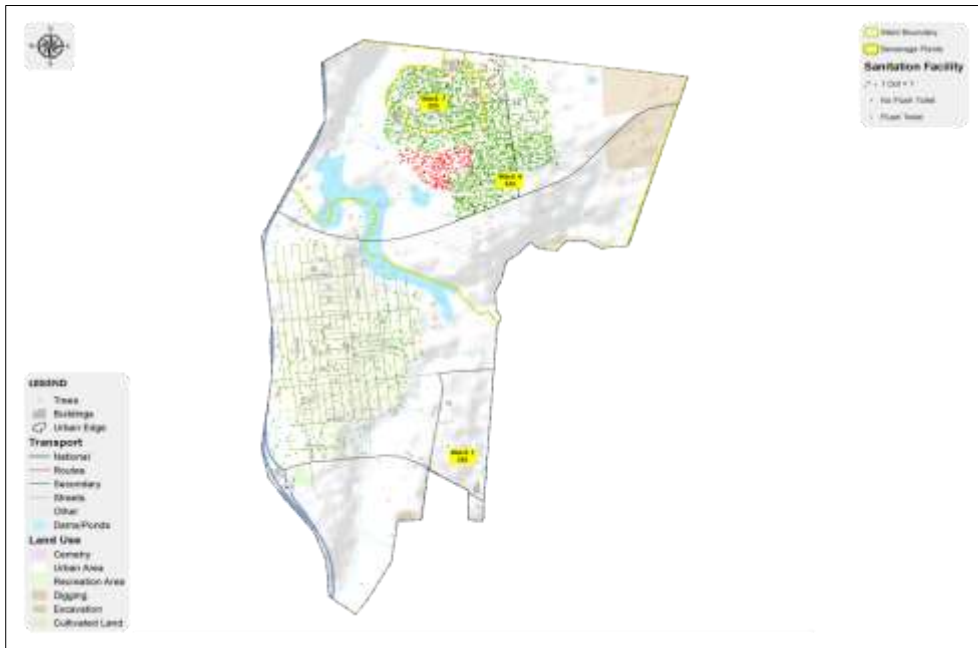
Map 5: Electrical Infrastructure of Warden



Map 6: Sanitation Infrastructure of Memel



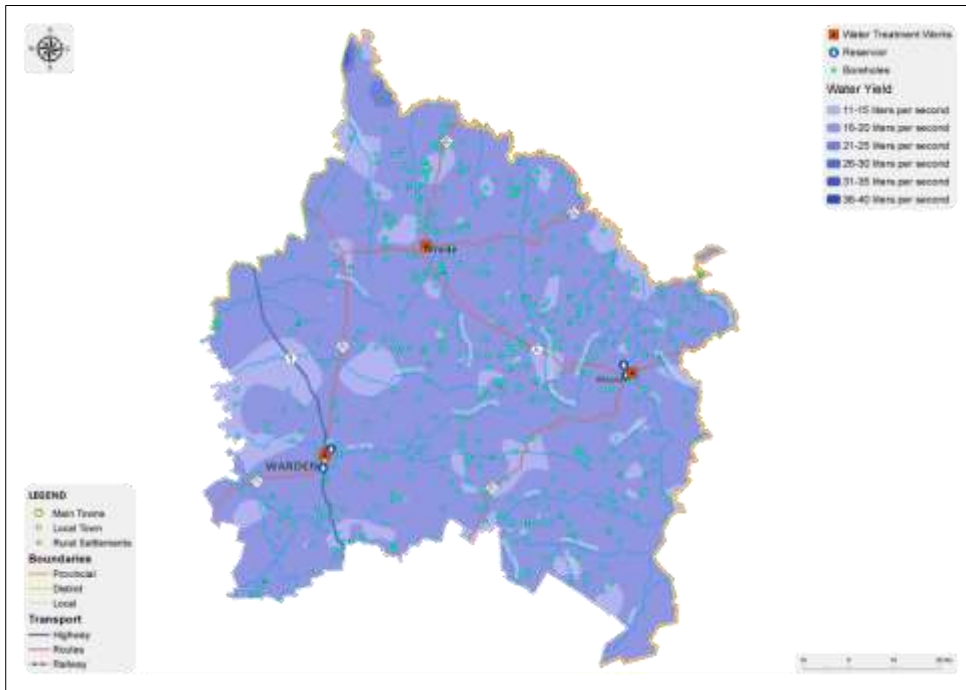
Map 7: Sanitation Infrastructure Vrede



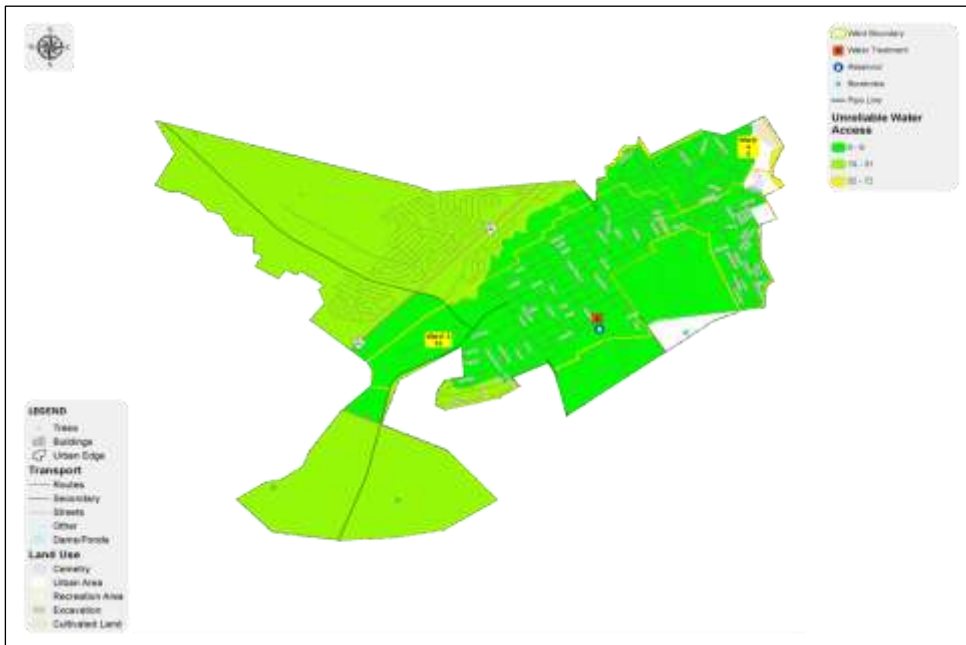
Map 8: Sanitation Infrastructure of Warden



Map 9: Water Infrastructure Memel



Map 10: Water Infrastructure Phumelela

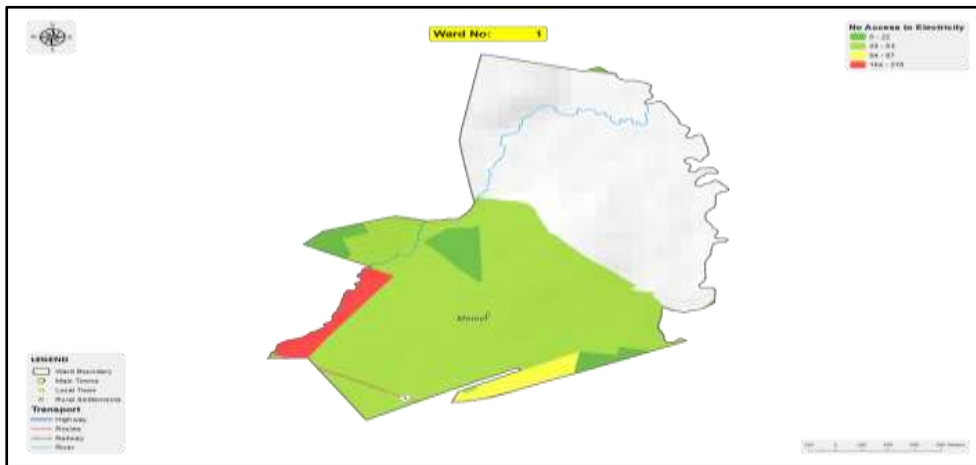


Map 11: Water Infrastructure Vrede

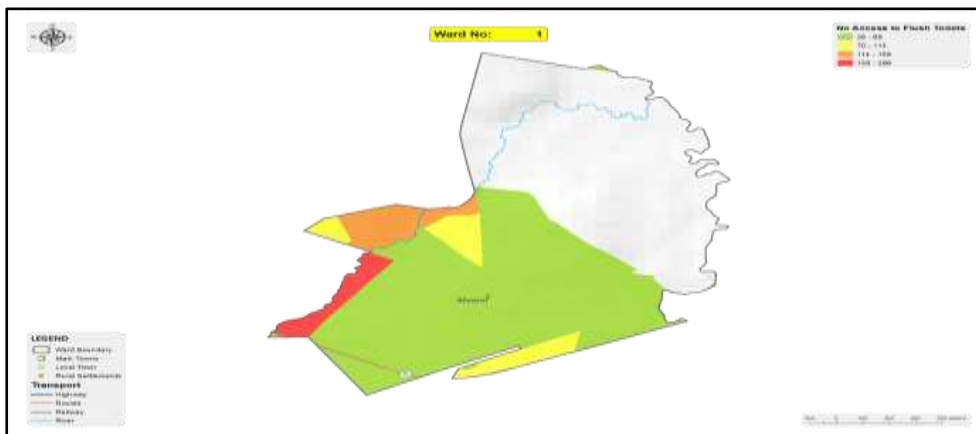


Map 12: Water Infrastructure Warden

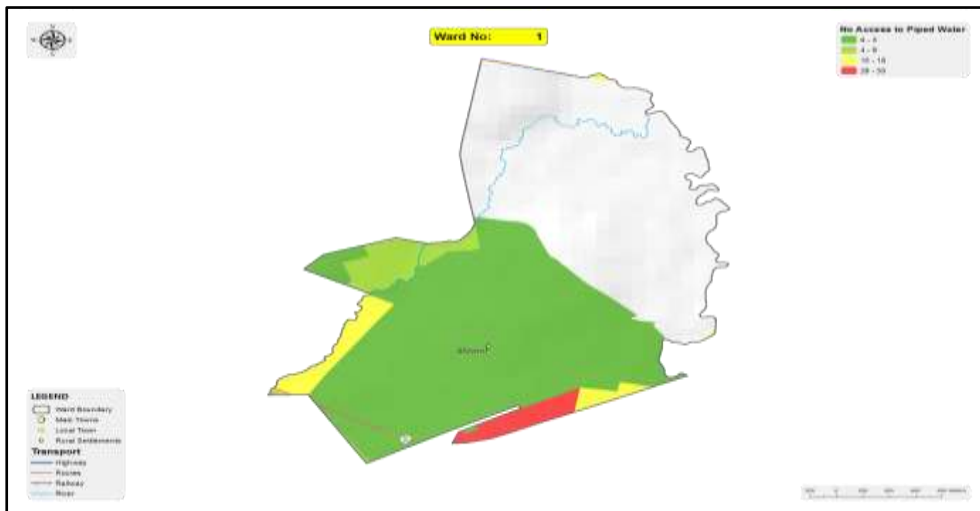
3.1.4 Phumelela basic services: Spatial reflection of access to basic services per ward –Ward 1



Ward Basic Services Spatial Outlook 1: Electricity

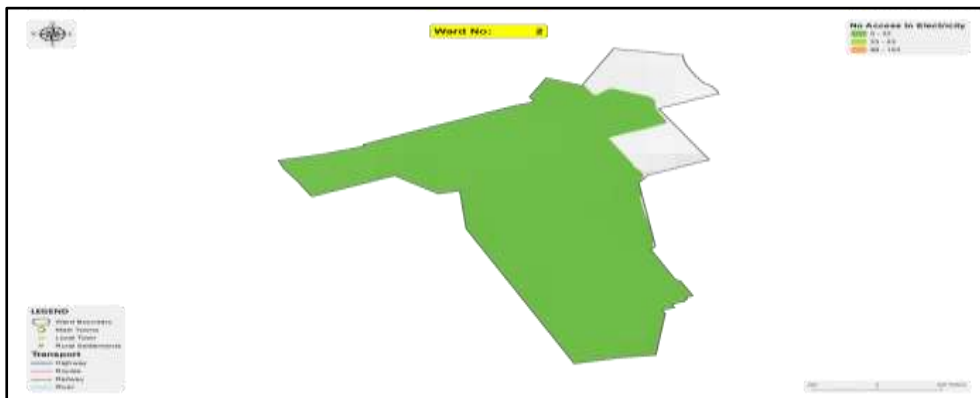


Ward Basic Services Spatial Outlook 2: Toilets

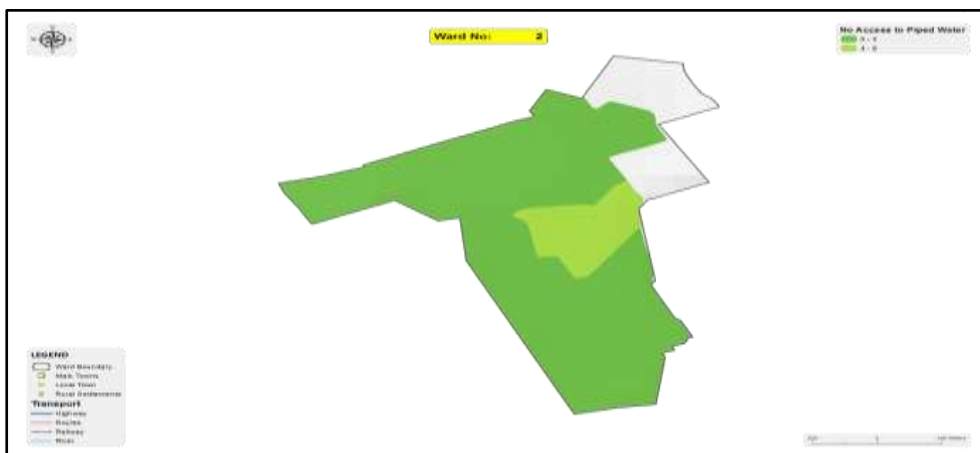


Ward Basic Services Spatial Outlook 3: Piped Water

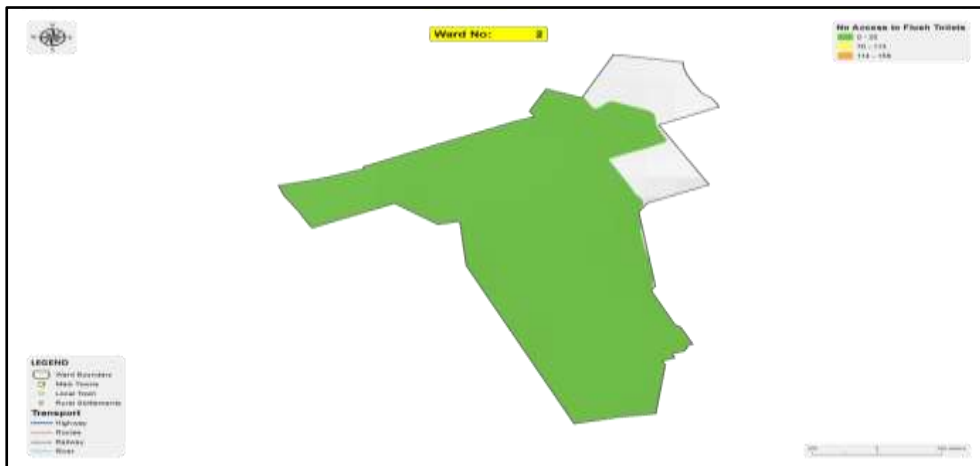
3.1.5 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 2



Ward Basic Services Spatial Outlook 4: Electricity

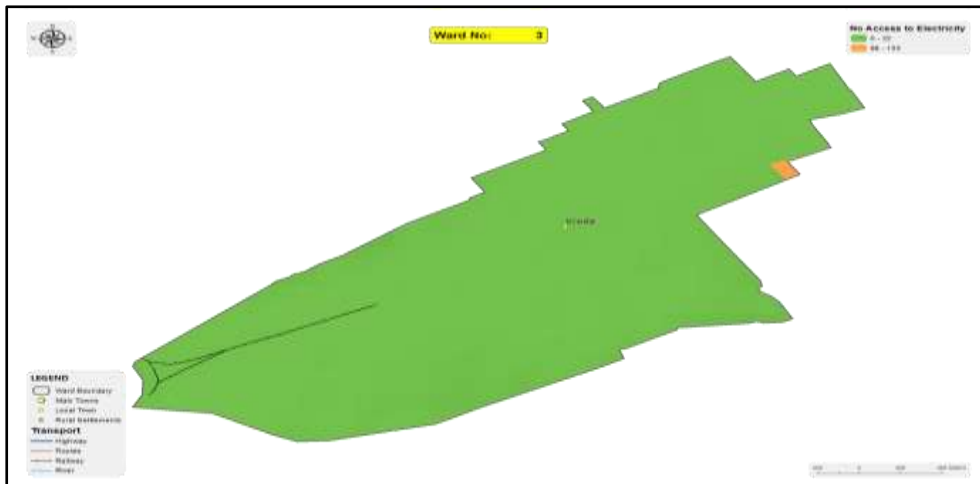


Ward Basic Services Spatial Outlook 5: Piped Water

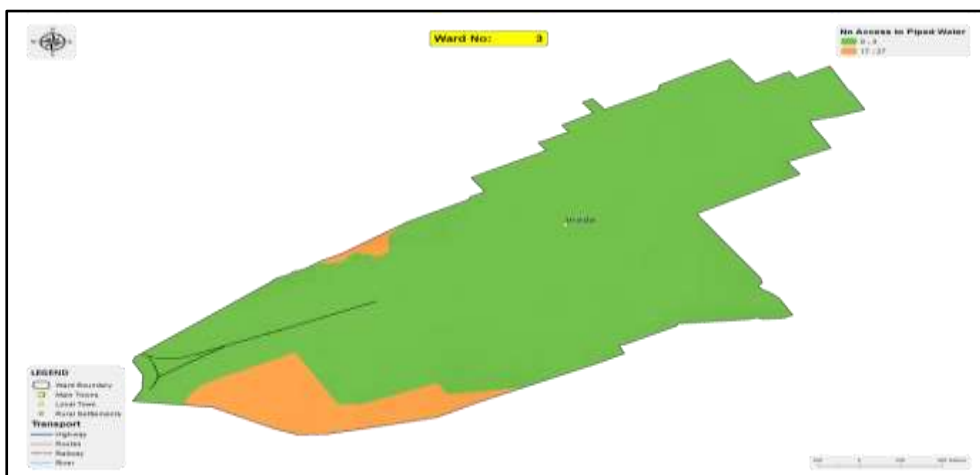


Ward Basic Services Spatial Outlook 6: Flush Toilets

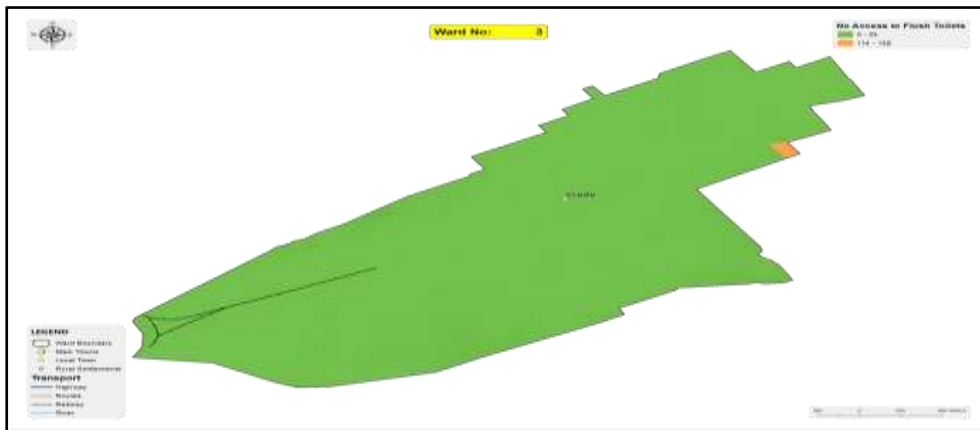
3.1.6 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 3



Ward Basic Services Spatial Outlook 7: Electricity

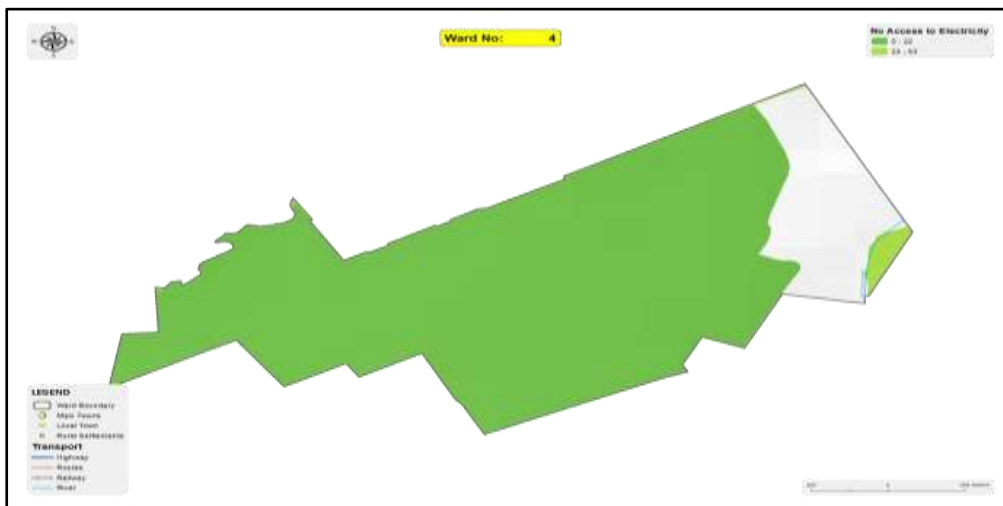


Ward Basic Services Spatial Outlook 8: Piped Water

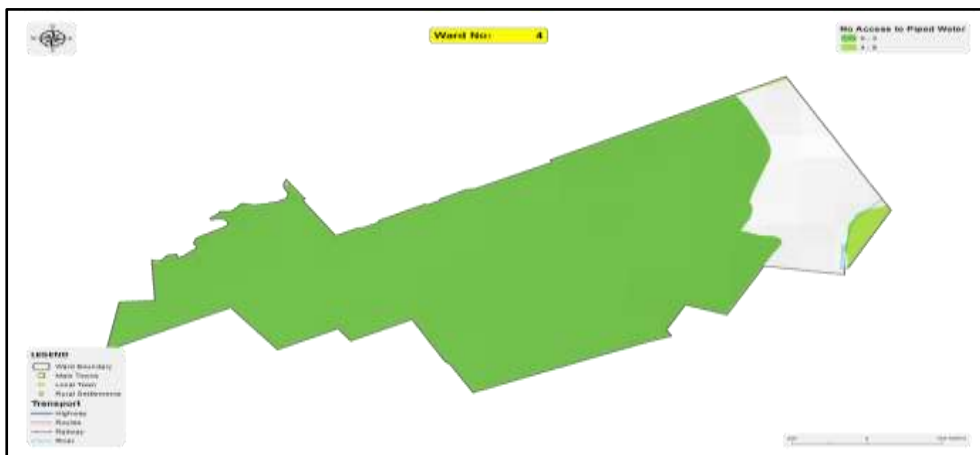


Ward Basic Services Spatial Outlook 9: Flush Toilets

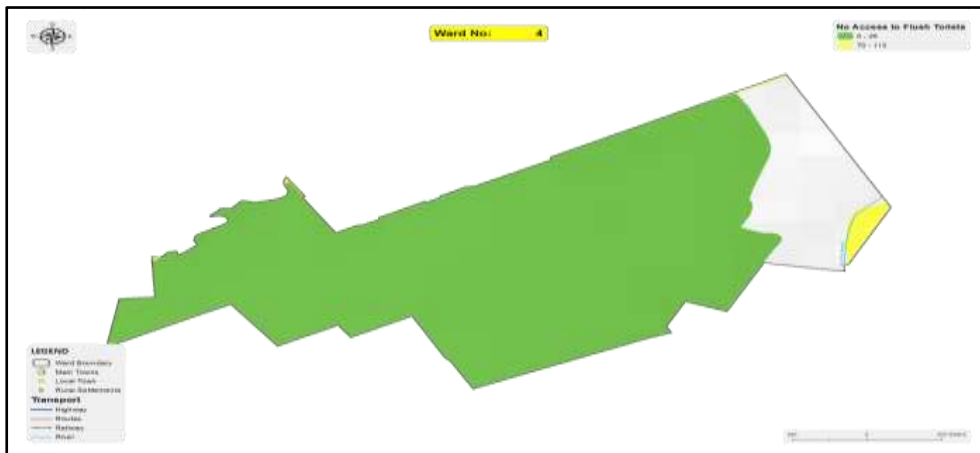
3.1.7 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 4



Ward Basic Services Spatial Outlook 10: Electricity

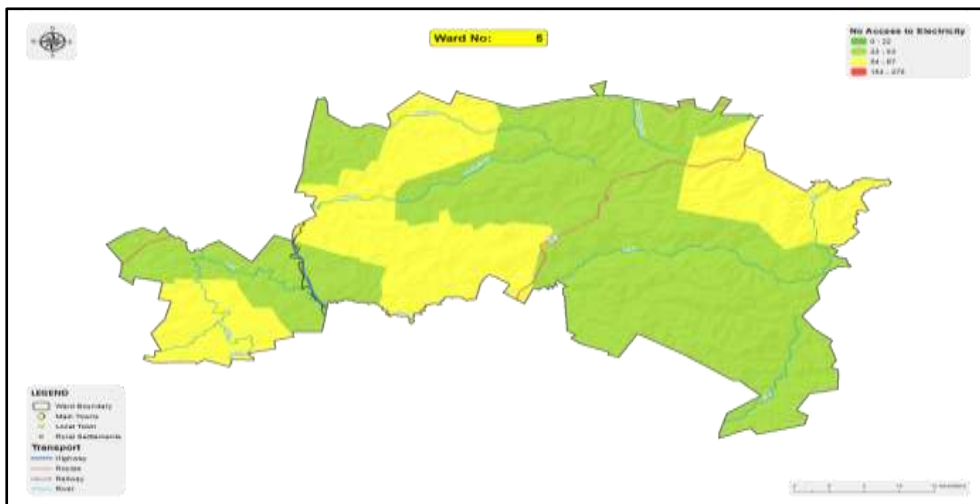


Ward Basic Services Spatial Outlook 11: Piped Water

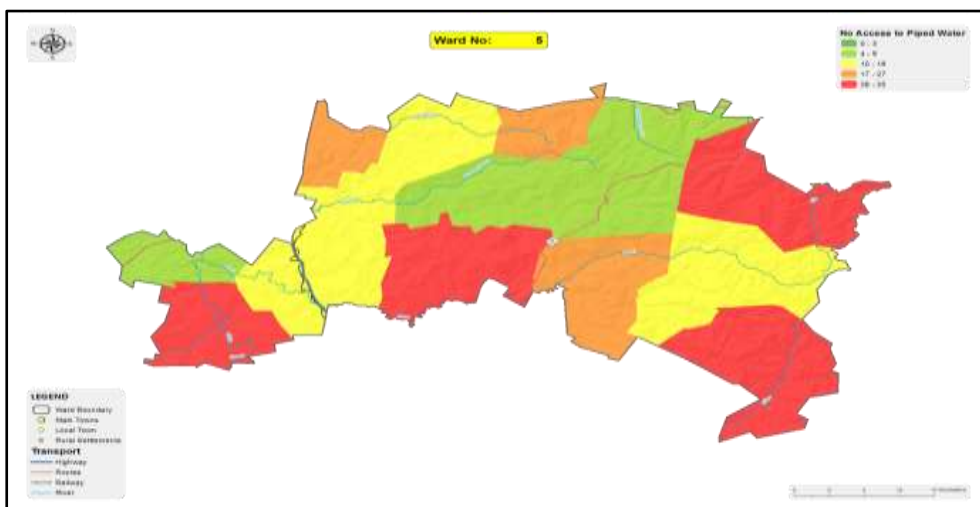


Ward Basic Services Spatial Outlook 12: Flush Toilets

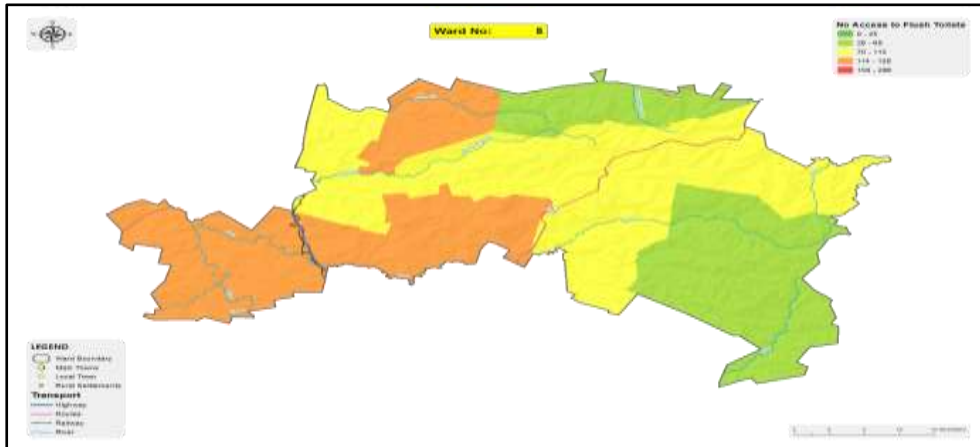
3.1.8 Phumelela basic services: Spatial reflection of access to basic services per ward-ward 5



Ward Basic Services Spatial Outlook 13: Electricity



Ward Basic Services Spatial Outlook 14: Piped Water

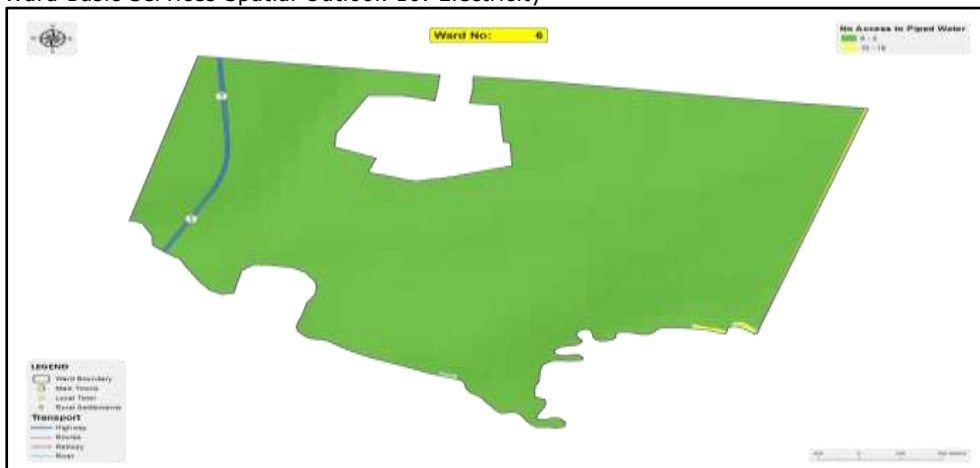


Ward Basic Services Spatial Outlook 15: Flush Toilets

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



Ward Basic Services Spatial Outlook 16: Electricity

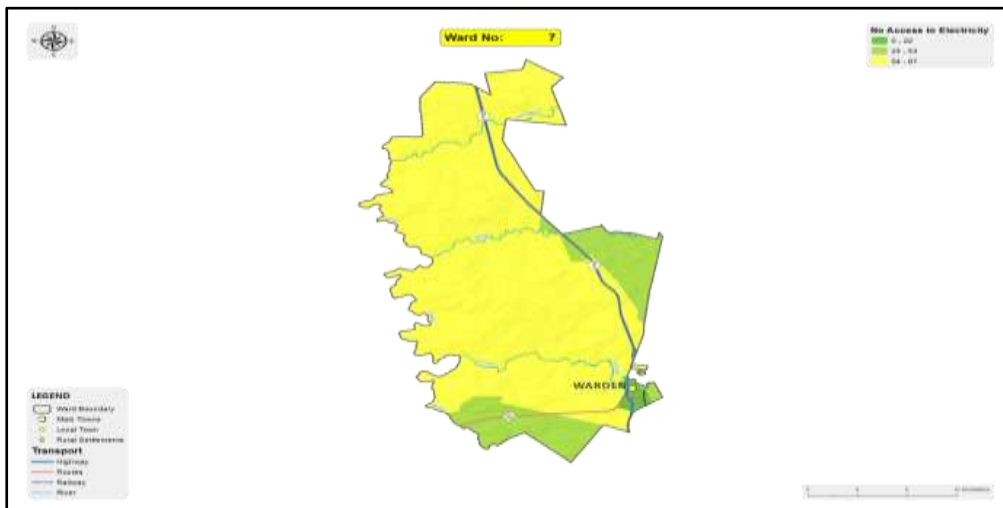


Ward Basic Services Spatial Outlook 17: Piped Water

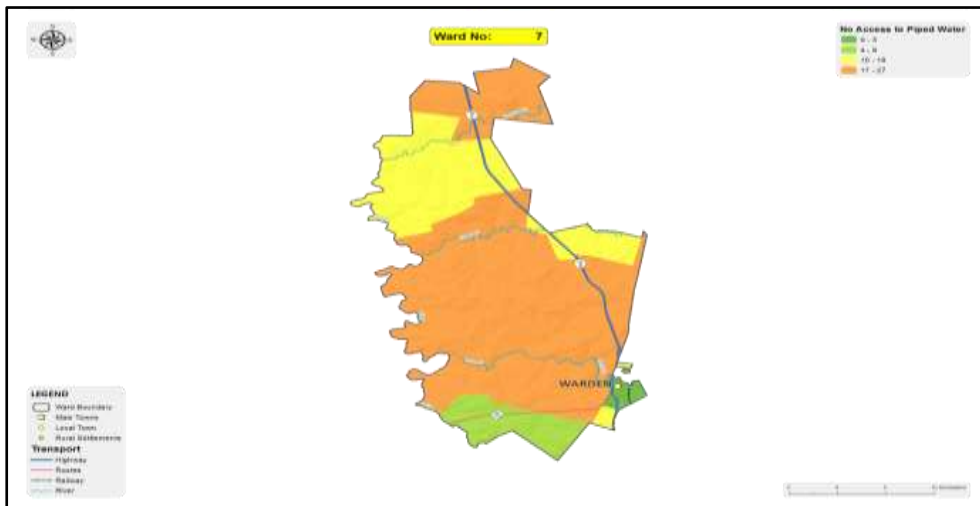


Ward Basic Services Spatial Outlook 18: Flush Toilets

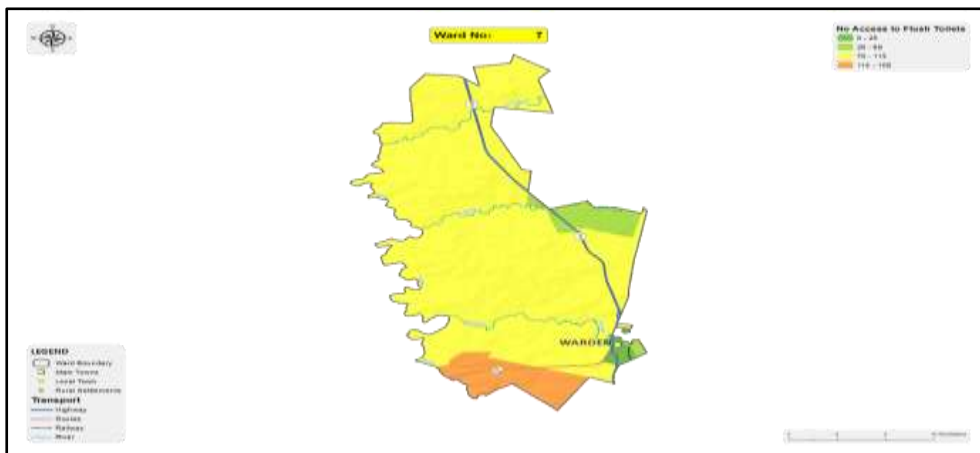
3.1.10 Phumelela basic services: Spatial reflection of access to basic services per ward-Ward 7



Ward Basic Services Spatial Outlook 19: Electricity

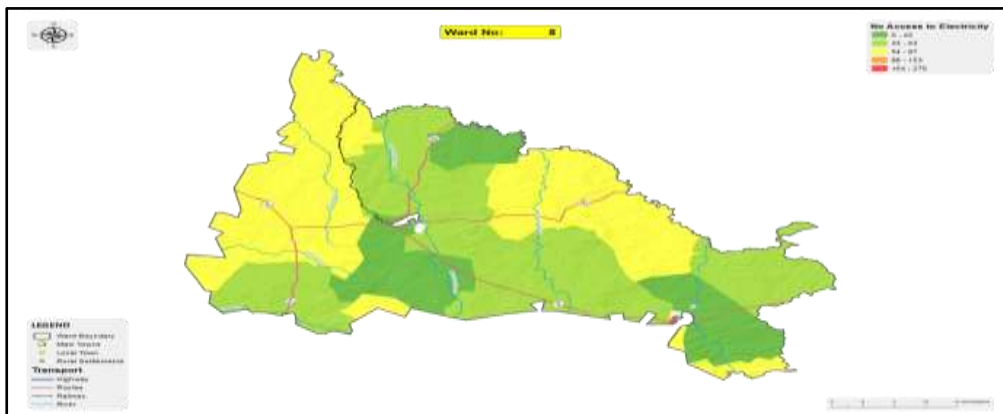


Ward Basic Services Spatial Outlook 20: Piped Water

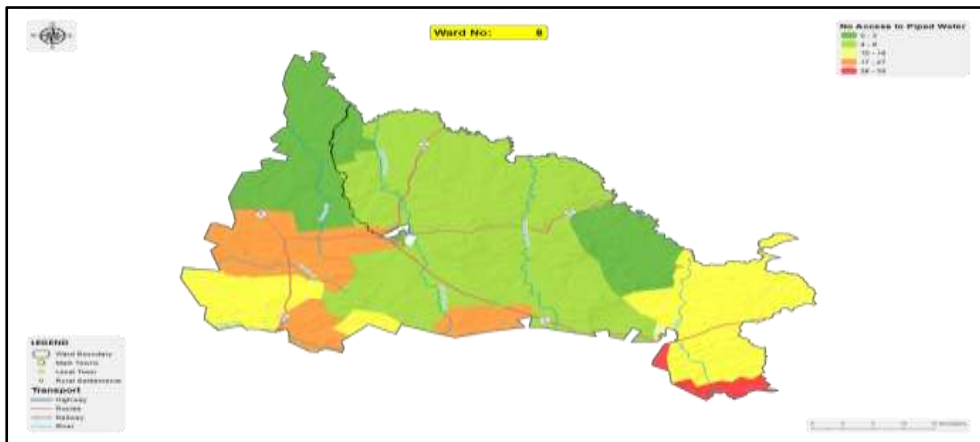


Ward Basic Services Spatial Outlook 21: Flush Toilets

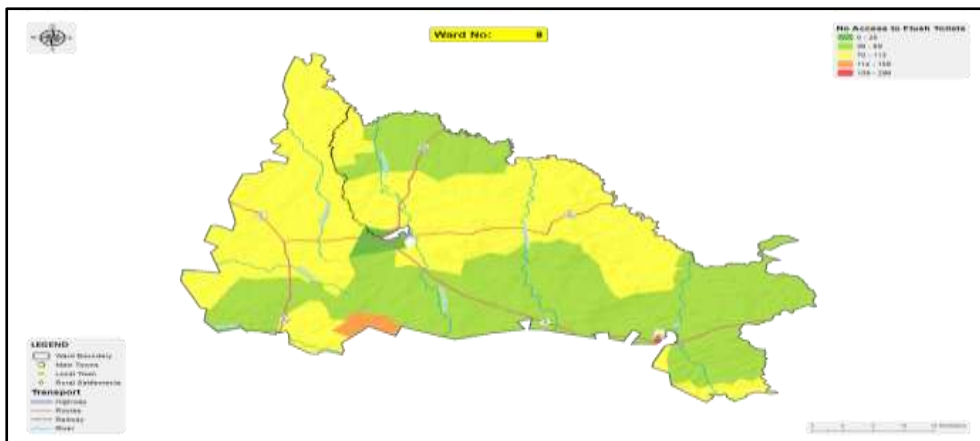
3.1.11 Phumelela basic services: Spatial reflection of access to basic services per ward-ward 8



Ward Basic Services Spatial Outlook 22: Electricity



Ward Basic Services Spatial Outlook 23: Piped Water



Ward Basic Services Spatial Outlook 24: Flush Toilets

Spatial Planning and Land Use Management Act

The Spatial Planning and Land Use Management Act, Act 16 of 2013 (SPLUMA) is a framework act for all spatial planning and land use management legislation in South Africa. It seeks to promote consistency and uniformity in procedures and decision-making. Other objectives include addressing historical spatial imbalances and the integration of the principles of sustainable development into land use and planning regulatory tools and legislative instruments. SPLUMA will provide a framework for spatial planning and land use management in the Republic; specify the relationship between the spatial planning and the land use management system and other kinds of planning; provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government; provide a framework for the monitoring, coordination and review of the spatial planning and land use management system and ensure that the system of spatial planning and land use management promotes social and economic inclusion. The following development principles as prescribed in the SPLUMA were adhered to:



New Housing development in Vrede PLM-April 2016

Spatial justice:

- (i) past spatial and other development imbalances must be redressed through improved access to and use of land;
- (ii) spatial development frameworks must address the inclusion of persons and areas that were previously excluded;
- (iii) spatial planning mechanisms, including land use schemes, must incorporate provisions that enable redress in access to land by disadvantaged communities and persons;
- (iv) land use management systems must include all areas of a municipality and include provisions that are flexible and appropriate for the management of disadvantaged areas, informal settlements;
- (v) land development procedures must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas;

Spatial sustainability:

- (i) promote land development that is within the fiscal, institutional and administrative means of the Republic;
- (ii) ensure that special consideration is given to the protection of prime and unique agricultural land;
- (iii) uphold consistency of land use measures in accordance with environmental management instruments;
- (iv) promote and stimulate the effective and equitable functioning of land markets;
- (v) consider current and future costs for the provision of infrastructure and social services;
- (vi) promote land development in locations that are sustainable and limit urban sprawl; and
- (vii) result in communities that are viable;

Efficiency:

- (i) land development optimises the use of existing resources and infrastructure;
- (ii) decision-making procedures are designed to minimise negative financial, social, economic or environmental impacts; and
- (iii) development application procedures are efficient and streamlined and timeframes are adhered to by all parties;

Spatial resilience: whereby flexibility in spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks.

Good administration: All spheres of government must ensure an integrated approach to land use and land development and all departments must provide their sector inputs and comply with prescribed requirements during the preparation or amendment of SDFs. This principle is the pivot of this framework largely because implementation of the spatial planning vision and objectives is not only highly dependent upon a strong coordinating role of central government, but is also predicated upon

good governance mechanisms, incorporating meaningful consultations and coordination with a view to achieving the desired outcomes across the various planning spheres and domains.



Spatial Development Framework

A Spatial Development Framework is a legally required component of the Integrated Development Plan, which every municipality in South Africa has to produce. Spatial planning should thus form an integral part of strategic planning processes at local government level. Producing a spatial development framework is but one of the challenges that Municipalities face and many municipalities are attempting to meet these challenges with limited spatial and strategic planning capacity within their organizations.



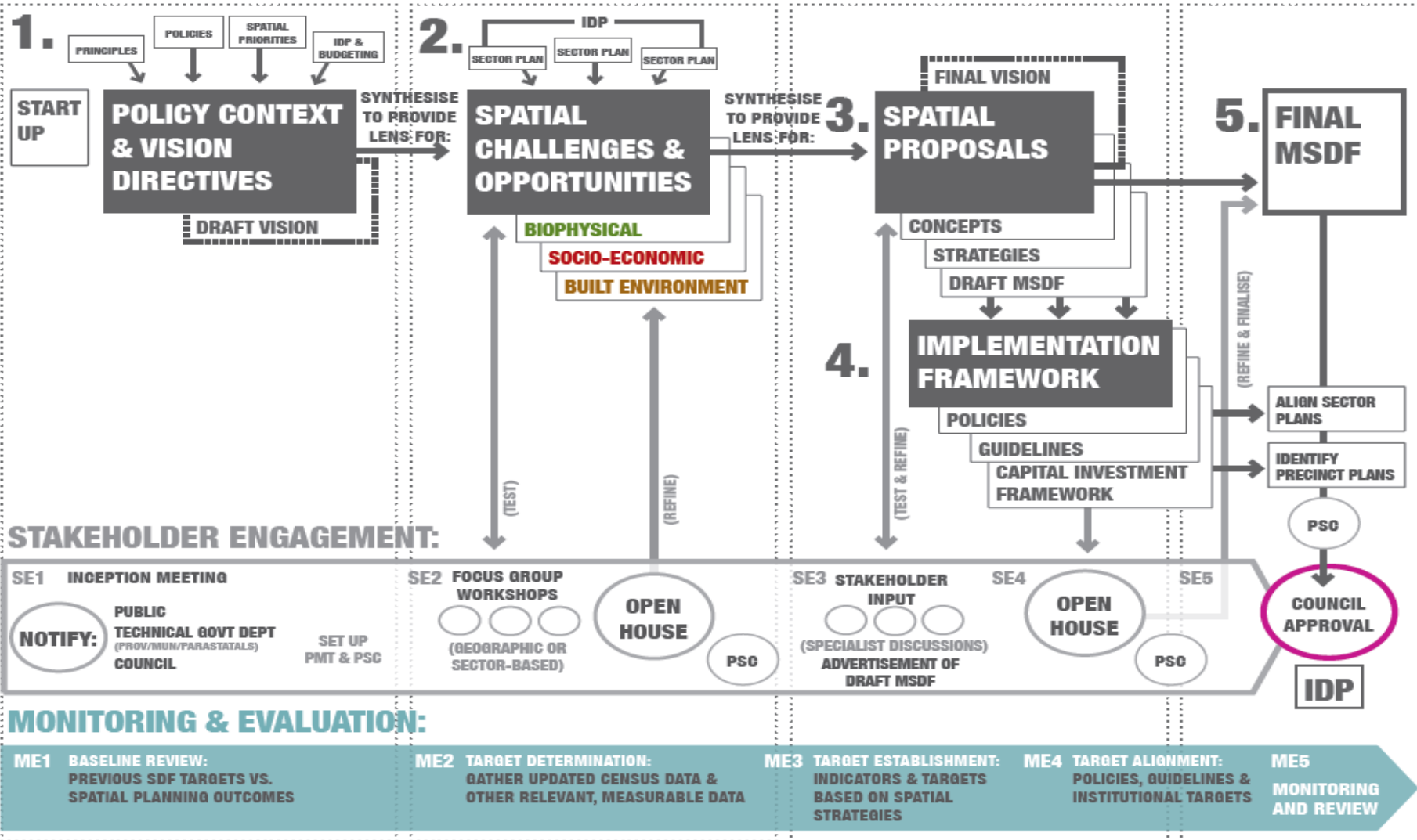
Memel youth actively participating in Council Affairs

The Local Government: Municipal Systems Act (2000) requires that a spatial development framework (SDF) be reflected as part of a municipality's Integrated Development Plan (Section 26(e)). In Section 35(2), the Act states that the SDF prevails over plans as defined in section 1 of the Physical Planning Act, 1991 (Act 125 of 1991)..

SPLUMA requires national, provincial, and municipal spheres of government to prepare SDFs that establish a clear vision which must be developed through a thorough inventory and analysis based on national spatial planning principles and local long-term development goals and plans. SDFs are thus mandatory at all three spheres of government. Sub-section 12(2) confirms that all three spheres must participate in each other's processes of spatial planning and land use management and each sphere must be guided by its own SDF when taking decisions relating to land use and development. Chapter 4 Part A of SPLUMA sets out the focus and general requirements that must guide the preparation and compilation of SDF products at the various scales.

The Phumelela SDF is currently in the spatial challenges and opportunities phase, but some elements of spatial proposals are also in draft form. The SPLUMA indicates that the SDF must be for the entire municipal area and that all municipalities must have a SPLUMA-compliant SDF within 5 years of the commencement of the Act. Phumelela has engaged with the National Department of Rural Development and Land Reform and the department has availed itself in order to assist the municipality in formulating a SPLUMA-compliant SDF. The draft SDF Guidelines which were developed by the National Department of Rural Development and Land Reform provides a guide to the process and content of SDFs which is in line with SPLUMA and the Municipal Systems Act. The following diagrams indicate the MSDF Process, as well as the Elements that should be in a Municipal Spatial Development Framework.

MSDF PROCESS:

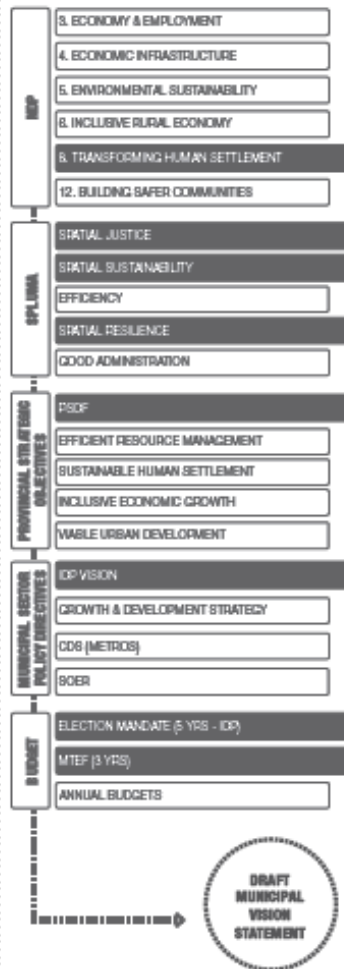


MSDF ELEMENTS:

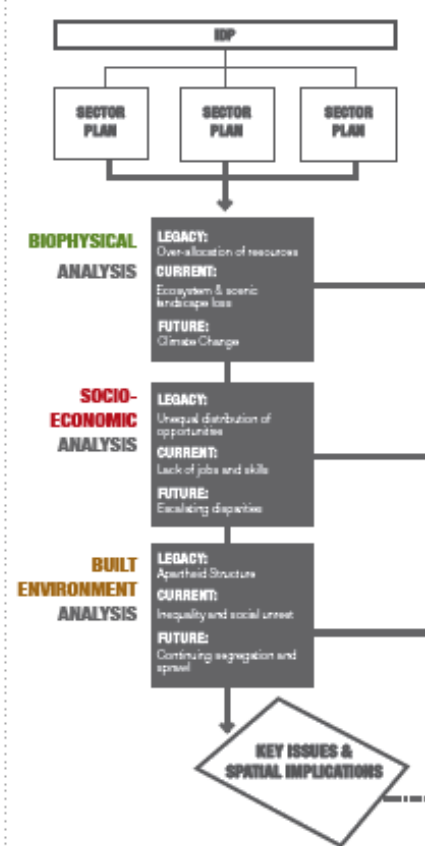
1. EXECUTIVE SUMMARY

2. BACKGROUND & PURPOSE

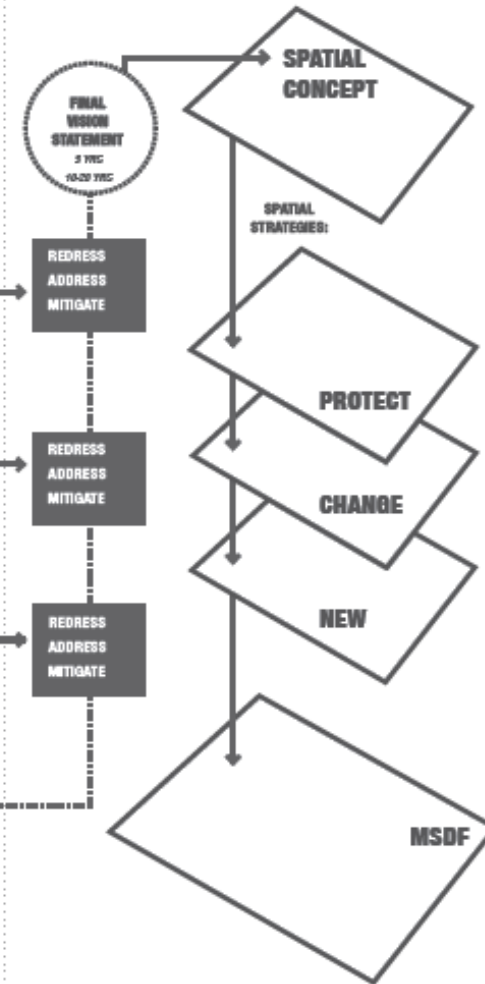
3. POLICY CONTEXT & VISION DIRECTIVES



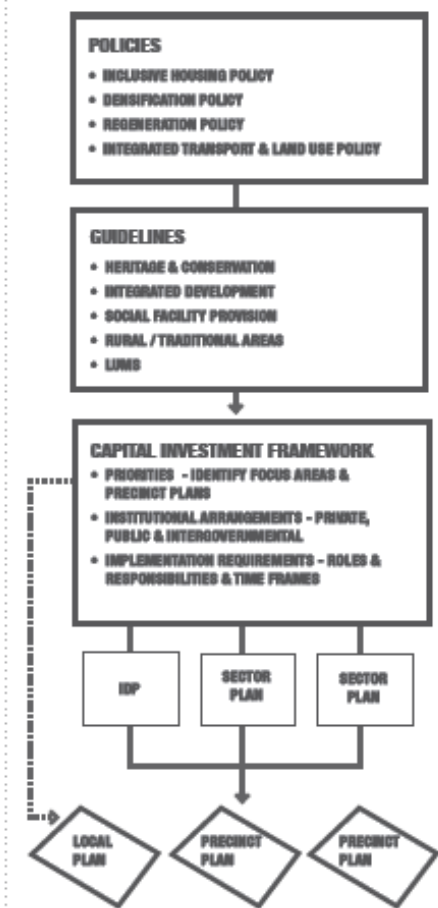
4. SPATIAL CHALLENGES & OPPORTUNITIES



5. SPATIAL PROPOSALS



6. IMPLEMENTATION FRAMEWORK



MONITORING & EVALUATION:

1. BASELINE TARGETS VS. SPATIAL PLANNING OUTCOMES

2. UPDATED CENSUS DATA & MEASURABLE, RELEVANT INFORMATION

3. SPECIFIC INDICATORS & TARGETS ACCORDING TO STRATEGIES

4. TARGETS ALIGNED WITH POLICIES, GUIDELINES & INSTITUTIONAL REQUIREMENTS

CHAPTER 4: STATUS QUO

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

4.1 Institutional Performance against IDP Objectives

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

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
Good Governance and Public Participation	To ensure good governance in the Phumelela local municipality	<ul style="list-style-type: none"> ☐ Though we share the Audit Committee function with the District, we managed all engagements. ☐ Compliance with legislative timeframes in terms of the budget & IDP 	<ul style="list-style-type: none"> ☐ The lack of proper Office Space with infrastructure and adequate equipment ☐ PLM does not have an MPAC, currently making use of the Shared Service from provided by the District ☐ Optimal utilisation of the ward committee system as one of the vehicles to strengthen community participation. ☐ The development and approval of a Public Participation Policy and Strategy
Municipal Transformation and Organisational Development	To facilitate institutional transformation and development in the Phumelela local municipality	<ul style="list-style-type: none"> ☐ 100% spending of allocation for the workplace skills plan for 2015/16 ☐ A total of 37 staff members were trained in accordance with the skills development plan ☐ The development of a Financial Recovery Plan in collaboration with NT 	<ul style="list-style-type: none"> ⇒ The lack of an approved Human Resource Strategy ⇒ The impact of the training in the Minimum Competency Modules, prescribed by National Treasury, on Technical Services Department and performance. ⇒ Organisation Structure not properly supported with Job Descriptions ⇒ No proper regular departmental plans and meetings ⇒ Serious lack of capacity and absence at middle management ⇒ The systems of the institution e.g. out dated technology, modern but inappropriate technology, inadequate flow of information etc. ⇒ The Local Labour Forum not functioning

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
			<p>⇒ Human resources capacity challenges due to inappropriate or inadequate skilled human resources or a counter-productive culture or way of work</p>
Municipal Financial Viability and Management	To facilitate the financial viability of the Phumelela local municipality	<ul style="list-style-type: none"> <input type="checkbox"/> Financial statements submitted on time <input type="checkbox"/> Conditional capital grant spending on par <input type="checkbox"/> SCM policy reviewed annually <input type="checkbox"/> SCM system managed effectively - no successful appeals <input type="checkbox"/> Development of a Financial Recovery Plan in process in collaboration with National Treasury <input type="checkbox"/> Movement on the data cleansing process 	<p>Debt recovery rate</p> <ul style="list-style-type: none"> <input type="checkbox"/> Credit control challenges: <input type="checkbox"/> High debt exposure <input type="checkbox"/> Financing requirements for its large capital expenditure budget <input type="checkbox"/> Good stable credit rating <input type="checkbox"/> Improvement only possible through effective service charges collection / revenue management <input type="checkbox"/> No credible Consumer Data Base, Data Cleansing and management critical,(Please see municipal Back to Basics/Key Tasks Action Plan) <input type="checkbox"/> Ensure also decrease in debt exposure. <input type="checkbox"/> Ineffective application of land-use scheme leading to financial losses / residents and businesses using different residential and business properties for other un-registered purposes <input type="checkbox"/> Constant planning and maintenance of the budget reforms and processes to comply with new requirements <input type="checkbox"/> Constant improvement in the control processes to uphold and improve the asset management process through a proper asset register <input type="checkbox"/> No proper Asset management <input type="checkbox"/> Daily bank reconciliations that result in accurate monthly bank reconciliations are done

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
			<ul style="list-style-type: none"> <input type="checkbox"/> Limited tax base: <input type="checkbox"/> Better Audit Outcome <input type="checkbox"/> To ensure that the Municipality achieve a better audit report in according to the requirements in future. <input type="checkbox"/> To adhere to legislative, governance, internal audit, performance management and GRAP requirements. <input type="checkbox"/> Ensure that proper planning, prioritization and control take place as far as budgets are concerned. <input type="checkbox"/> Implementation of an electronic SCM system. <input type="checkbox"/> Enhancement of debt recovery strategy: <input type="checkbox"/> Review of the current system and processes will be done and new dimensions will be implemented to enhance the debt recovery rate etc. <input type="checkbox"/> Unaffordable rates and service charges <input type="checkbox"/> The shifting of the tax incident from the disadvantaged to the more affluent areas <input type="checkbox"/> Approximately 5.8% of budget is spent on maintenance; this is below the national standard of 10%.
Basic Service Delivery	To ensure that 100% of households in the Phumelela municipal area have access to electricity by 2014	<ul style="list-style-type: none"> <input type="checkbox"/> 93.4% of capital budget spent on capital projects <input type="checkbox"/> 100% of formal households has access to a basic service level of water <input type="checkbox"/> 94.3% of formal households has access to a basic service level of sanitation 	<ul style="list-style-type: none"> <input type="checkbox"/> Capacity and training of existing personnel and the availability and retention of skilled personnel <input type="checkbox"/> Lack of supervisory personnel <input type="checkbox"/> Budget inadequate to alleviate backlogs <input type="checkbox"/> Accessing alternative funding sources i.e. Department of Water Affairs and Department of Human Settlement.

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
	To ensure that 100% of households in the Phumelela municipal area	<ul style="list-style-type: none"> <input type="checkbox"/> 100% of formal households with access to a basic service level of electricity <input type="checkbox"/> 100% of formal households with access to basic service level of solid waste removal 	<ul style="list-style-type: none"> <input type="checkbox"/> Municipal roads at disastrous levels <input type="checkbox"/> No Electrical professional currently in place as yet <input type="checkbox"/> No formally active Landfill Site in place yet
		<p><u>Electricity:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Indigent households receive 50Kwh free electricity per month from the municipality <input type="checkbox"/> 100% of all formal households have access to basic level of electricity <input type="checkbox"/> Formal households receives electricity at minimum service level and above 	<ul style="list-style-type: none"> <input type="checkbox"/> No Electrical / Energy Master Plan <input type="checkbox"/> No government certified Electrical Engineer <input type="checkbox"/> No qualified electricians <input type="checkbox"/> Electricity losses
		<p><u>Solid Waste:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> 100% of indigent formal households receive free basic refuse removal <input type="checkbox"/> All Formal households have access to a basic level of solid waste removal <input type="checkbox"/> Formal households receive a refuse removal service that adheres to the minimum service level standard and above (refuse removed at least once a week) 	<ul style="list-style-type: none"> <input type="checkbox"/> Upgrading and cleaning of open public spaces <input type="checkbox"/> Increase in illegal dumping <input type="checkbox"/> Unlicensed Landfill Sites <input type="checkbox"/> Re-claimers (scavengers) on landfill sites
		<p><u>Water and Sanitation:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> In 2015 – 2180 indigent received free basic water (6kl free water per month) <input type="checkbox"/> 2180 Indigent receive a specific rand value for free basic sanitation per month (R145) <input type="checkbox"/> 100 % of formal households receives a minimum water service 	<ul style="list-style-type: none"> <input type="checkbox"/> Compliance of Water and Waste water quality to meet required standards <input type="checkbox"/> Technical skills capacity shortage and funding <input type="checkbox"/> Development of credible Indigent Register critical to prevent unnecessary losses and provide more effective and efficient services to indigents <input type="checkbox"/> Elaborative administrative requirements

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
	<p>have access to basic level of Sanitation by 201</p> <p>To ensure that 100% of households in the Phumelela municipal area have access to basic level of water by 2014</p>	<p>level and above</p> <ul style="list-style-type: none"> <input type="checkbox"/> 7 639 Formal households have access to a flush toilet (connected to sewerage) and 429 households have access to a flush toilet (connected to septic tank). <input type="checkbox"/> 68 households have access to a chemical toilet 	<p>for Blue Drop Status – administrative capacity constraints</p> <p><u>Backlog:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Water backlog of 3 918 households <input type="checkbox"/> 801 households have no toilet facilities
<p>Local Economic Development</p> <p>Provision of Basic Services</p>	<p>To ensure that 100% of households in the Phumelela municipal area have access to basic level of water by 2014</p>	<p><u>Roads & Stormwater:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Tarred / Fixing of Potholes municipal roads (2015/16): ⇒ 28.7km of existing tar roads potholes were fixed <p><u>Paved Roads:</u></p> <ul style="list-style-type: none"> ⇒ Vrede/Thembalihle 8.4km paved road ⇒ Warden 10.3km paved road ⇒ Memel 2.8km paved road <input type="checkbox"/> Municipal gravel roads (2015/16): ⇒ 17km of existing gravel roads are graded or maintained <p><u>Housing:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Since 2014 - 525 households gained access to housing for the first time 	<p><u>Backlog:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> No Infrastructure Maintenance Plan <input type="checkbox"/> No Integrated Transport Plan <input type="checkbox"/> No Pavement Management System <input type="checkbox"/> No Intervention-support by Provincial departments amidst resource and capacity constraints <input type="checkbox"/> Roads and Storm water backlog of 3 918 households <ul style="list-style-type: none"> <input type="checkbox"/> No dedicated Integrated Human Settlement Manager <input type="checkbox"/> No Integrated Human Settlement Plan <input type="checkbox"/> No Recreational parks included in Housing projects <input type="checkbox"/> The number of housing beneficiaries are currently 561 <input type="checkbox"/> Serviced sites for middle-income owners
<p>Local Economic Development</p>	<p>To create employment opportunities in the Phumelela municipal area</p>	<ul style="list-style-type: none"> <input type="checkbox"/> The following local economic initiatives were implemented during 2013/14: ⇒ Community members continuously receiving training in 	<ul style="list-style-type: none"> <input type="checkbox"/> Review of the LED Strategy in line with review of SDF <input type="checkbox"/> Lack of incentives hampering the attraction of investment. <input type="checkbox"/> Suitable land availability for

National Key Performance Area	IDP Strategic Objectives	Highlights	Challenges
		tourism <input type="checkbox"/> Job creation through EPWP clean-up projects	development. <input type="checkbox"/> Lack of capacity to spearhead development potential and initiatives.

Table 14: Performance against 2014 IDP Objectives

4.2 Institutional Program 2016/17

An institutional program for the review period is informed by the status and Five Year Plan of which include key departmental tasks identified for implementation, back to basics key deliverables and activities that forms part of our Financial recovery Plan..

The following were identified as IDP priorities for implementation by directors over specified period and included in departmental SDBIPs for monitoring and reporting by directors, as reflected in the tables below.

Directorate:	Office of the Municipal Manager
Sub Directorates:	Strategic Management, Unit / Area Management (Warden and Memel) - Internal Audit & Risk Management - IDP & Performance Management, LED
IDP Strategic Objective:	<input type="checkbox"/> Assure financial viability and sustainable growth <input type="checkbox"/> To ensure a safe, healthy, clean and sustainable external environment for all Phumelela's people <input type="checkbox"/> To provide an maintain basic services and creating an enabling environment <input type="checkbox"/> To create employment opportunities in the Phumelela municipal area <input type="checkbox"/> To facilitate institutional transformation and development in the Phumelela local <input type="checkbox"/> To ensure good governance in the Phumelela local municipality
	<input type="checkbox"/> Temporary employment opportunities for residents must be created in the areas of EPWP/Community Works Program/ Learner ships
	<input type="checkbox"/> Institute Unit/Area Management to address pertinent service delivery issues, management of municipal assets and area programs and regularly report to senior management meetings
	<input type="checkbox"/> Development of Financial Recovery Plan and cascade to all departments for implementation
	<input type="checkbox"/> The appointment of Audit Committee
	<input type="checkbox"/> Development and implementation of the Performance Management System in Phumelela Municipality
	<input type="checkbox"/> Appoint Manager in Office to address strategic issues
	<input type="checkbox"/> Develop a Long-Term Development Framework / Phumelela Vision 2035 in process
	<input type="checkbox"/> Explore Twinning / Partnership Relations with other municipalities in country and internationally
	<input type="checkbox"/> Development and implementation of properly structured and realistic strategic departmental plans
	<input type="checkbox"/> Start review of municipal SDF / Implementation of SPLUMA
	<input type="checkbox"/> Prioritise Key Departmental Tasks to effect better service delivery
	⇒ Development of strategic Risk register

Table 15: Institutional Performance – Office of Municipal Manager

Directorate:	Technical Services Department
--------------	-------------------------------

Sub Directorates:	Electricity - Water (Bulk & Networks) - Sewerage (Purification and Network) - Municipal Roads - Storm water - Refuse removal (Disposal, Landfill sites, Recycling and Public toilets) Parks / Resort, Commonage, Cemeteries and Recreational Facilities - Environmental Management
IDP Strategic Objective:	<input type="checkbox"/> To ensure 100% of households in formal settlements in PLM have access to basic level of water <input type="checkbox"/> To ensure 100% of households in formal settlements in PLM have access to basic level of sanitation <input type="checkbox"/> To ensure access to quality sport and recreational in the Phumelela municipal area <input type="checkbox"/> To ensure effective management of graveyards and cemeteries in the Phumelela municipal area
	<input type="checkbox"/> SEWER – Memel / Zamani: Sewer Outfall Pumps and Rising Main <input type="checkbox"/> Thembalihle: Extension 4 Construction of Sewer Network – 1827 Stands <input type="checkbox"/> Zamani / Memel: Installation of Sewer Network, Phase 1 <input type="checkbox"/>Zamani / Memel Relining of Oxidation Ponds
	<input type="checkbox"/> WATER – Memel / Zamani: 2ML Reservoir Rising Main and Pump Station
	<input type="checkbox"/> ROADS – Thembalihle: Construction of 28.7km Paved road across all towns
	<input type="checkbox"/> SPORT & RECREATIONAL – Thembalihle Extension 2: Upgrade of Sport Recreational Facilities
	<input type="checkbox"/> Cemeteries – Fencing of municipal cemeteries

Table 16: Institutional Performance - Technical Services

Directorate:	Financial Services
Sub Directorates:	Financial Planning – Revenue - SCM (logistics, expenditure and procurement) – Valuations, Expenditure Management, Municipal Budgeting, Investment and Asset Management
IDP Strategic Objective:	<input type="checkbox"/> To facilitate financial viability of PLM <input type="checkbox"/> To ensure good governance in the Phumelela local municipality
	<input type="checkbox"/> Tabling of the budget in line with the legislative required timeframes <input type="checkbox"/> Review of the budget related policies <input type="checkbox"/> Publish Draft Tariff Rates <input type="checkbox"/> Publish Draft Budget for public comments <input type="checkbox"/> Submit monthly Financial Statements to Internal Audit Office <input type="checkbox"/> Submit Quarterly S52 reports on implementation of the budgets <input type="checkbox"/> Submit monthly S71 reports to PT & NT <input type="checkbox"/> Develop Financial Recovery Plan <input type="checkbox"/> Appointment of Supply chain management officials

Table 17: Institutional Performance Financial Services

Directorate:	Corporate Services
Sub Directorates:	Corporate Support - Human Resources - Legal Services – ICT - Logistical Services – Housing
IDP Strategic Objective:	<input type="checkbox"/> To ensure good governance in the Phumelela Municipality <input type="checkbox"/> To facilitate institutional transformation and development in the Phumelela local Municipality
<input type="checkbox"/> Develop a Human Resource Strategy <input type="checkbox"/> Develop and present Policy and By-Law Register <input type="checkbox"/> Develop or explore opportunity to develop and approve Integrated Human Settlement Plan <input type="checkbox"/> Develop/Review and approve Municipal SDF <input type="checkbox"/> Implement SPLUMA <input type="checkbox"/> Implement the Job-evaluation and Job Descriptions <input type="checkbox"/> Develop a succession planning process <input type="checkbox"/> Communicate all municipal policies with newly appointed staff <input type="checkbox"/> Develop and municipal Induction program <input type="checkbox"/> Develop and implement Staff Wellness Program <input type="checkbox"/> Fully functional ward committee system with all ward committees meeting regularly <input type="checkbox"/> Fully functional Council in line with legislative framework meeting at least once per quarter <input type="checkbox"/> Communicate council resolutions with relevant institutions	

Table 18: Institutional Performance Corporate Services



Municipal Manager Mr Kannemeyer and the Public Participation Officer in Warden

4.3 Stakeholder input

4.3.1 Community Engagements and Needs

The public consultation process was successfully rolled-out in all of the towns of Phumelela municipality, reflecting significant improvement in the turn-out at these meetings, though in both Vrede and Warden the turn-out of white residents was very low and very disappointing. The municipality provided all possible logistical support in the arrangements of these meetings i.e. Transporting members of the public to and from meetings, providing communities open opportunity to engage council on the prevalent needs existing in Phumelela. The community consultations conducted in all towns across Phumelela were thus very successful and gave insight to the tremendous challenges which both government and clients are facing. The consultation process recorded the following list of needs all of which does not necessarily constitute or is within the mandate of local government; such needs outside of our mandate were communicated to the relevant sphere of government and/or institution responsible for the core service.



The list of community needs per ward is indicated in the following table as in order of priority.

Ward	Priority per Ward (Not in priority order)	Department
1	Title deeds	Corporate Services
1	Change of ownerships	Corporate Services
1	Clinic	Department of Health
1	Fixing of Potholes	Technical Services
1	Pave roads	Technical Services
1	Sports Facility	Technical Services
1	Sanitation	Technical Services
1	Youth Development and bursaries	Corporate Services
1	Unemployment	Office of The Municipal Manager
1	Street Lights	Technical Services
1	Toilets	Technical Services
1	Cleaning Of dumping sites	Technical Services
1	Creation Of Parks	Technical Services
1	Electricity for households	Technical Services
1	Maintenance of tractors	Technical Services
1	RDP Houses	Corporate Services
2	Pave Roads	Technical Services
2	Improving of water services	Technical Services
2	Maintenance of gravel roads	Technical Services
2	Sports facilities	Technical Services
2	New sites	Technical Services
2	Title deeds	Corporate Services
2	Housing for middle income	Corporate Services
2	Social and youth development programs	Corporate Services
2	Educational Bursaries	Corporate Services
2	Shortage of doctors and nurses	Department of Health
2	Church sites	Corporate Services
2	Business sites	Corporate Services
2	High and fluctuation rates of municipal services	Financial Services
2	Electrical solar system for poor	Technical Services
2	Local Economic development /Employment opportunity	Office of The Municipal Manager
2	Skills development for community	Corporate Services
2	Projects (co-operatives)	Office of The Municipal Manager
2	Refuse removal	Technical Services

Ward	Priority per Ward (Not in priority order)	Department
2	Cleaning of illegal Dumping sites	Technical Services
2	Toilets in grave yard	Technical Services
2	Employment of securities in governmental institutions	Corporate Services
2	Bridge	Technical Services
2	Change of community hall to recreational hall	Technical Services
2	Greening of townships	Technical Services
3	Pave Roads	Technical Services
3	Improving of water services	Technical Services
3	Maintenance of gravel roads	Technical Services
3	Sports facilities	Technical Services
3	New sites	Corporate Services
3	Title deeds	Corporate Services
3	Housing for middle class	Corporate Services
3	Build overhead bridge for safe access to Extension 4	Department Roads/Public Works
3	Social and youth development programs	Corporate Services
3	Educational Bursaries	Corporate Services
3	Shortage of doctors and nurses	Department of Health
3	Church sites	Corporate Services
3	Business sites	Corporate Services
3	High and fluctuation rates of municipal services	Financial Services
3	Electrical solar system for poor	Technical Services
3	Local Economic development /Employment opportunity	Office of The Municipal Manager
3	Skills development for community	Corporate Services
3	Projects (co-operatives)	Office of The Municipal Manager
3	Refuse removal	Technical Services
3	Cleaning of illegal Dumping sites	Technical Services
3	Toilets in grave yard	Technical Services
3	Employment of securities in governmental institutions	Corporate Services
3	Bridge	Technical Services
3	Change of community hall to recreational hall	Corporate Services
3	Greening of townships	Technical Services
4	Pave Roads	Technical Services
4	Improving of water services	Technical Services
4	Maintenance of gravel roads	Technical Services
4	Sports facilities	Corporate Services

Ward	Priority per Ward (Not in priority order)	Department
4	New sites	Corporate Services
4	Title deeds	Corporate Services
4	Housing for middle – income earners	Corporate Services
4	Social and youth development programs	Corporate Services
4	Educational Bursaries	Corporate Services
4	Shortage of doctors and nurses	Department of Health
4	Build overhead bridge for safe access to Extension 4	Department Roads/Public Works
4	Church sites	Corporate Services
4	Business sites	Corporate Services
4	High and fluctuation rates of municipal services	Financial Services
4	Electrical solar system for poor	Technical Services
4	Local Economic development /Employment opportunity	Office of Municipal Manager
4	Skills development for community	Office of Municipal Manager
4	Projects (co-operatives)	Office of Municipal Manager
4	Refuse removal	Technical Services
4	Cleaning of illegal Dumping sites	Technical Services
4	Toilets and fencing grave yard /cemetery (Thembalihle / Vrede)	Technical Services
4	Employment of securities in governmental institutions	Corporate Services
4	Bridge	Technical Services
4	Change of community hall to recreational hall	Corporate Services
4	Greening of townships	Technical Services
5	Pave Roads	Technical Services
5	Sports facility	Technical Services
5	Water	Technical Services
5	Educational Bursaries	Corporate Services
5	Employment of PRO	Office of Municipal Manager
5	Skills Development for business people	Office of Municipal Manager
5	By-laws for business	Office of Municipal Manager
5	Eradicate eviction problems	Office of Municipal Manager
5	RDP Houses	Office of Municipal Manager
5	New Sites	Technical Services
5	Functionality of Ward Committees	Office of Municipal Manager
5	Theft of scrap metals	South African Police Services
5	Functionality of fire fighters	Corporate Services
5	Creation of tourism board	Office of Municipal Manager
5	By-laws to control foreigners business	Corporate Services

Ward	Priority per Ward (Not in priority order)	Department
5	Registration of business	Corporate Services
5	Electricity back to Eskom	Financial Services
5	Maintenance of existing roads	Technical Services
6	Pave Roads	Technical Services
6	Sports facility	Corporate Services
6	Water	Technical Services
6	Educational Bursaries	Corporate Services
6	Employment of PRO	Corporate Services
6	Skills Development for business people	Office of Municipal Manager
6	By-laws for business	Corporate Services
6	Eradicate eviction problems	Corporate Services
6	RDP Houses	Corporate Services
6	New Sites	Corporate Services
6	Functionality of Ward Committees	Corporate Services
6	Theft of scrap metals	South African Police Services
6	Functionality of fire fighters	Corporate Services
6	Creation of tourism board	Office of Municipal Manager
6	By-laws to control foreigners business	Corporate Services
6	Registration of business	Corporate Services
6	Electricity back to Eskom	Financial Services
6	Maintenance of existing roads	Technical Services
7	Pave Roads	Technical Services
7	Sports facility	Corporate Services
7	Water	Technical Services
7	Educational Bursaries	Corporate Services
7	Employment of PRO	Corporate Services
7	Skills Development for business people	Office of Municipal Manager
7	By-laws for business	Corporate Services
7	Eradicate eviction problems	Corporate Services
7	RDP Houses	Corporate Services
7	New Sites	Corporate Services
7	Functionality of Ward Committees	Corporate Services
7	Theft of scrap metals	Corporate Services
7	Functionality of fire fighters	Corporate Services
7	Creation of tourism board	Office of Municipal Manager
7	By-laws to control foreigners business	Corporate Services

Ward	Priority per Ward (Not in priority order)	Department
7	Registration of business	Corporate Services
7	Electricity back to ESKOM	Technical Services
7	Maintenance of existing roads	Technical Services
8	Title deeds	Corporate Services
8	Change of ownerships	Corporate Services
8	Clinic	Department of Health
8	Fixing of Potholes	Technical Services
8	Pave roads	Technical Services
8	Sports Facility	Corporate Services
8	Sanitation	Technical Services
8	Youth Development and bursaries	Corporate Services
8	Unemployment	Corporate Services
8	Street Lights	Technical Services
8	Toilets	Technical Services
8	Cleaning Of dumping sites	Technical Services
8	Creation Of Parks	Technical Services
8	Electricity for households	Technical Services
8	Maintenance of tractors	Technical Services
8	Water	Technical Services

Table 19: Community Needs List - 2015

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

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

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

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

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

Department Agriculture, Rural Development & Land Reform

PROJECT DESCRIPTION
Assist with Review of PLM SDF
Assist with SPLUMA Implementation
Vrede Dairy Farm – Buildings & Fixed Structures

Table 20: Department RDLR Free State

Department Integrated Human Settlement

PROJECT DESCRIPTION
Assist with energy saving in Phumelela, installing Solar energy saving Geezer Panels in all current and new housing developments
Housing opportunities / infrastructure for 350 households in Memel / Forster

Table 21: Department Integrated Human Settlement

COGTA Free State

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

Table 22: COGTA Projects and Programs

Department POLICE, ROADS & TRANSPORT

PROJECT DESCRIPTION
Repair of bridge structures in entire free state
Upgrade of transport route – Vrede – Memel – Newcastle
Pothole repair entire Free State
Road signs for entire free State
Rehabilitation of vrede – Memel Road
Road safety education – schools & municipalities

Table 23: Department Police Roads & Transport

Department of Health

NEW EMS STATIONS					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
EMS Vrede	Vrede	2018/2019	2018/2019	4 253 000	-
CLINIC UPGRADE					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
Bophelong Clinic	Vrede	2018/2019	2018/2019	480 000	-
Ezenzeleni Clinic	Warden	2018/2019	2018/2019	480 000	-
Thusa Bophelo Clinic	Warden	2018/2019	2018/2019	480 000	-
Tshepo Themba Clinic	Vrede	2018/2019	2019/2020	160 000	2 430 000
Vrede Clinic	Vrede	2018/2019	2018/2019	480 000	-
Warden Clinic	Warden	2018/2019	2018/2019	480 000	-
Zamani Clinic	Memel	2018/2019	2019/2020	160 000	2 430 000
EMS STATIONS UPGRADE					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
EMS Memel	Memel	2017/2018	2018/2019	163 000	2 475 000
EMS Warden	Warden	2016/2017	2016/2017	525 000	-

UPGRADE OTHER INFRASTRUCTURE					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
Vrede Mortuary	Vrede	2017/2018	2018/2019	129 000	1 950 000
MAINTENANCE HOSPITALS					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
Phumelela Hospital	Vrede	2015/2016	2016/2017	300 000	579 000
MAINTENANCE OTHER INFRASTRUCTURE					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
Vrede Mortuary	Vrede	2015/2016	2016/2017	75 000	75 000
CLINIC MAINTENANCE					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
Bophelong Clinic	Vrede	2015/2016	2016/2017	80 000	80 000
Ezenzeleni Clinic	Warden	2015/2016	2016/2017	80 000	80 000
Memel Clinic	Memel	2015/2016	2016/2017	80 000	80 000
Vrede Clinic	Vrede	2015/2016	2016/2017	80 000	80 000
Warden Clinic	Warden	2015/2016	2016/2017	80 000	80 000
Zamani Clinic	Memel	2015/2016	2016/2017	80 000	80 000
EMS STATIONS MAINTENANCE					
NAME	TOWN	START	COMPLETE	BUDGET: YEAR 1	BUDGET: YEAR 2
EMS Memel	Memel	2015/2016	ONGOING	88 000	88 000
EMS Vrede	Vrede	2015/2016	ONGOING	88 000	88 000
EMS Warden	EMS Warden	2015/2016	ONGOING	107 000	107 000

Table 24: Department of Health Projects in Phumelela

Department of Education

PROJECT DESCRIPTION		
Memel – Umcebo Primary School	Buildings & other fixed structures	R48 219
Warden Silindokuhle	Building and fixed structures	R40 000
Vrede Thembalihle	Building and fixed structures	R40 000

Intended Projects:

The following intended projects were identified and final arrangements are effected by all relevant role-players.

1. Department Public Works Free State in Partnership with Phumelela municipality is looking at potential site for the building of offices for Social Development Services whom will serve all communities in the area. An initial budget for initiating the planning has been allocated. Suitable serviced available land at agreed rate will be provided by PLM. This multi-year project is earmarked for Vrede/Thembalihle area.

2. The building of a hostel for disabled children has been funded by Lottery SA and will potentially be located in Vrede.
3. Expanding employment opportunities at Dairy Farm

4.5 BACK TO BASICS

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

GAME CHANGERS:

As part of the continuous engagements the municipality was requested to identify of the most significant issues and/or priorities that if addressed immediately it would automatically change the landscape of service delivery within our municipality. These priorities or better defined as 'Game Changers' Back to Basics linguistics were then identified and communicated to COGTA Free State back to Basics Crack Team. The list below states the game changers;

- Filling of critical vacancies; Communications Officer, Revenue Manager, SCM Manager, Town Planner, Electrical manager, Meter Readers, HR manager, Chief Records Officer
- Replacement of Electricity and Water Meters
- Focus on preventative maintenance
- Implementation of Time management system
- Organisation structure review
- Support for licensing and establishment of Landfill Sites
- New FMS, mSCOA compliant
- Cemetery - Funding for underground water study
- Development of Integrated Long-term Development Strategy
- Support for Sector/Master Plans

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

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

ASSESSMENT	ACTIONS	MUN & PROV DEPT	TIMEFRAMES
The existence, and level of functionality, of a complaints management system	To have a fully-fledged staffed complaints management system in the Unit Managers Office and the head office Review complaints manual	MM & DTS	June 2015 Ongoing
Level of Implementation of Batho Pele Service Standards Framework for Local Government. (Displayed)	The municipality to develop a service delivery charter and service delivery improvement plan The service charter will be displayed at all the three units	DCS & COGTA	June 2015 Ongoing
The municipality conducts effective Public participation programs that are both structured (provided for by law) and the non-structured through such activities as mayoral imbizos.	Keep an annual calendar of public meetings that is adhered to by everybody	DCS & COGTA	June 2015 Ongoing
The rate of service delivery protests and approaches to address them	Establish petition management committee with guidelines	MM & COGTA	July 2015 Ongoing
The municipality do not have a public participation policy	Develop the Public Participation plans and Policy	DCS & COGTA	June 2015 Ongoing
Does the municipality have a public communication strategy and systems in place	Develop Communication Strategy	DCS & COGTA	June 2015 Ongoing
Do gap analysis between available policies and requirements	Develop the register of existing by-laws and policies highlight those subject to review.	DCS & COGTA	June 2015 Ongoing
Is there a detailed internal audit plan in place? If so, review the plan for comprehensiveness	Review the plan	Office MM & COGTA	March 2015 Completed
ASSESSMENT	ACTIONS	MUN & PROV DEPT	TIMEFRAMES
Has the municipality conducted a comprehensive Risk Assessment? Review quality and completeness as well as mitigation plans	Appointment of risk champions	Office MM & COGTA	March 2015 Completed
Politicization of labour force, platforms to engage organized labour to minimise disputes and disruptions	To have a functional LLF and adhere to the schedule of meetings. Management to include this in their performance agreements and such reports are to be submitted to reports council whenever performance is reported	DCS & COGTA	June 2015 Ongoing

Does the municipality have Human Resources Policies and Practices in place? Review for completeness and review how current these are. Furthermore review if they meet the municipality's needs (Policies should include at minimum the Remuneration -, Recruitment-, Performance management -, Leave -, Travel -, Training and Development Policies as well as a Code of conduct)	Review the policy	DCS	June 2015 Ongoing
Is there an approved establishment? Obtain details.	Review the current Organogram	DCS	June 2015 Ongoing
Review the technical capacity in place at the municipality and the levels of competence for the technical positions.	Review organizational structure and recruit and retain in line with the policy	DCS	March 2015 Continuous
At which levels is the PMS implemented (staff and management levels)	The PMS to be cascade to middle Management	Office of MM	July 2015 Ongoing
Review training regarding the PMS. Up to date, regular	A complete in-house training/education program on IDP and PMS to be included as part of WSP for the new financial year	DCS & Office of MM	On-going
Are there any restrictions for the municipality on acquiring staff now or in the future?	The intervention by CoGTA to take over the salaries of Section 54 & 56 Managers	MM & COGTA	June 2015 Ongoing
Does the municipality have reliable internet access?	Speed upgrade to 4Mbps	DCS & PT	June 2015 Ongoing
Review PMO (for management of the projects) in detail and review gaps and risks in the PMO management at the municipality	Develop and review PMO gaps and risks annually	MM & Acting DTS	Feb 2015 Completed

Table 25: PLM Back to Basics Integrated Priority

CHAPTER 5: INSTITUTIONAL PERSPECTIVE

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

5.1 Council

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

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

Table 26: Composition of Council

The Mayor of Phumelela Council, Cllr. J.T Motaung and members of The Executive Committee (EXCO)

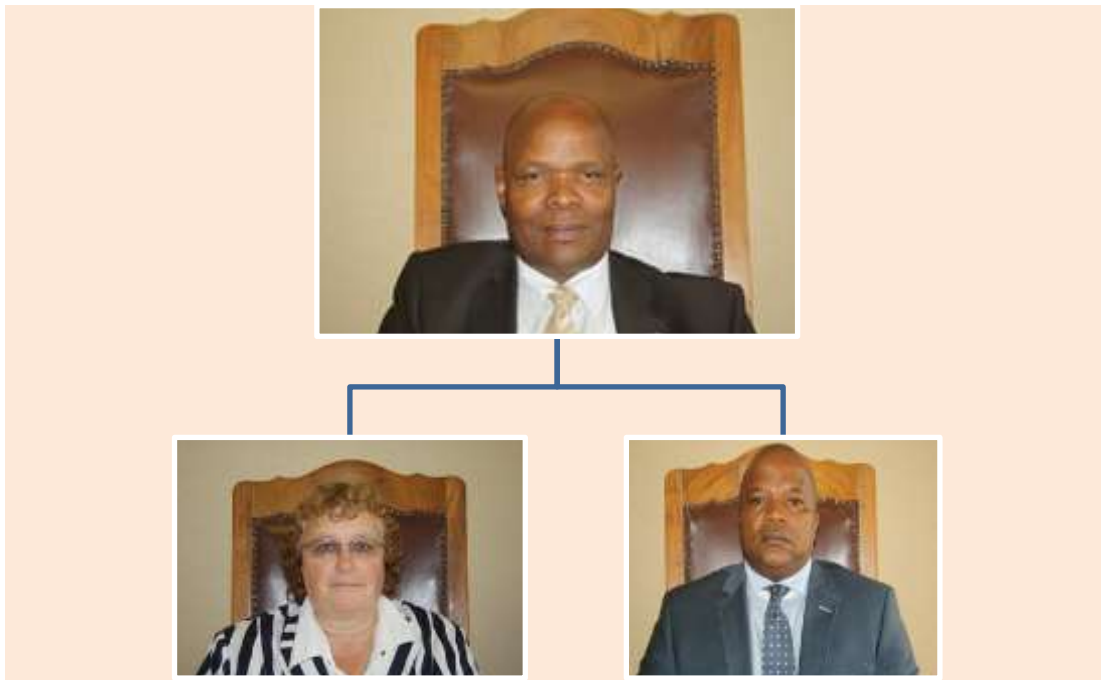


Figure 4: Executive Committee

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

Table 27: Members of PLM Executive Committee

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

PHUMELELA LOCAL MUNICIPALITY IDP REVIEW 2016/17

Phumelela municipality is demarcated into eight wards, with all wards are represented in Council by the democratically elected ward councilors. The Ward councilors elected, report directly to Council where the elected Speaker oversees the business of Council



Cllr. T R Zwane – Ward 7



Cllr. Mofokeng Ward 2



Cllr. J Motaung – Ward 3



Cllr. O Mokoena – Ward 6



Cllr. S E Tshabalala – Ward 5



Cllr. T E Radebe Ward 8



Cllr. K Sibeko Ward 4

Ward 1 Vacant

5.2 The Senior Management structure

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

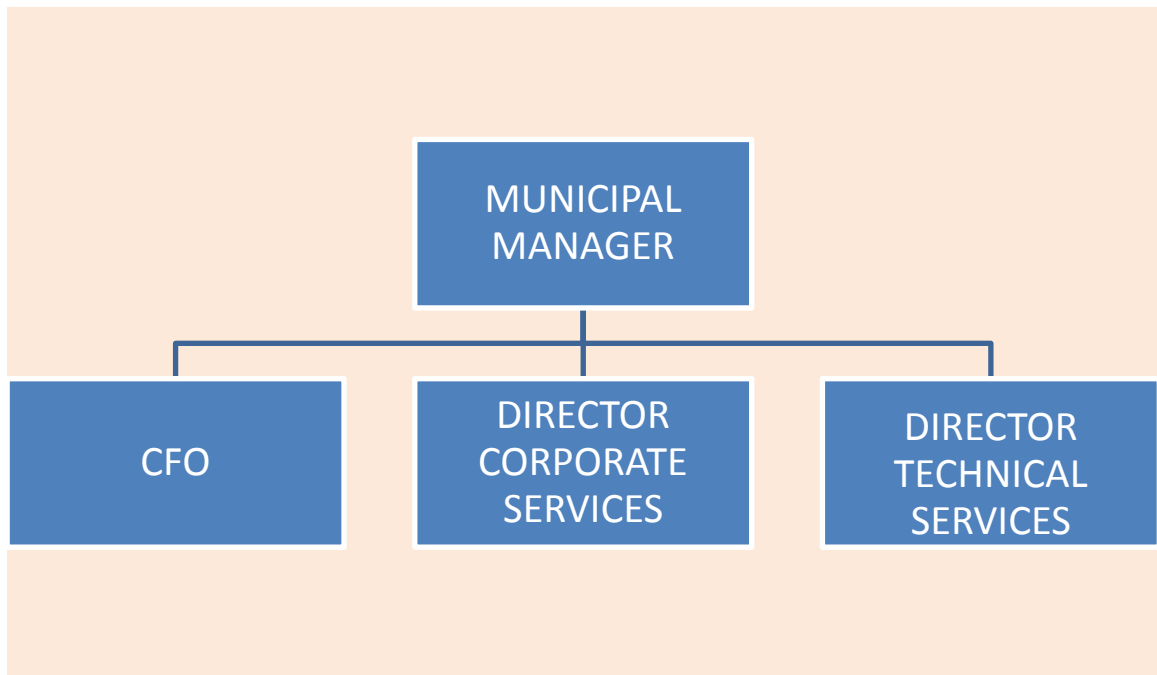


Figure 5: Organisational Structure on Macro Level

5.3 Departmental Functions

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

Department	Core Function
Financial Services	Financial Services manages the financial affairs of Council and ensures the optimum use of all Council assets. It is the protector and custodian of public money as it levies and collects taxes and charges from the public. It further administers the expenditure of those taxes and charges on goods, services and assets on behalf of the public.
Corporate Services	Corporate Services serve as the secretariat of Council and administratively supports the legislative and executive functions of Council. It is also responsible for cultivating a culture of good governance and administration and to ensure administrative processes take place in an environment which promotes productivity. The department is responsible for the implementation of fire, rescue and disaster management services, traffic and law enforcement including the provision of Corporate Services i.e. library & information services and arts & cultural activities. The applicable services are provided in an integrated and coordinated effort with other stakeholders

Department	Core Function
	within the municipal service area.
Technical Services	<p>The department is responsible for the provision of bulk infrastructure and services which include planning, project management, municipal roads, water supply and distribution, sewerage management, refuse collection and sites for the disposal of waste in compliance with all applicable legislative and regulating requirements. It is also responsible for the safe and efficient distribution of electricity to customers within the municipal service area, in compliance with the Occupational Health and Safety Act and the Electricity Regulation Act and the management of the electricity infrastructure. The department is also responsible for public amenities namely resorts and swimming pools, public toilets, recreational facilities and cemeteries.</p> <p>The department is also responsible for all town planning activities (GIS, building control and local economic development) within the municipality and compliance with zoning and other aspects of planning legislation.</p>

Table 28: Departmental Functions



MIG projects implemented throughout Phumelela focusing on infrastructure in residential areas Memel / Zamani

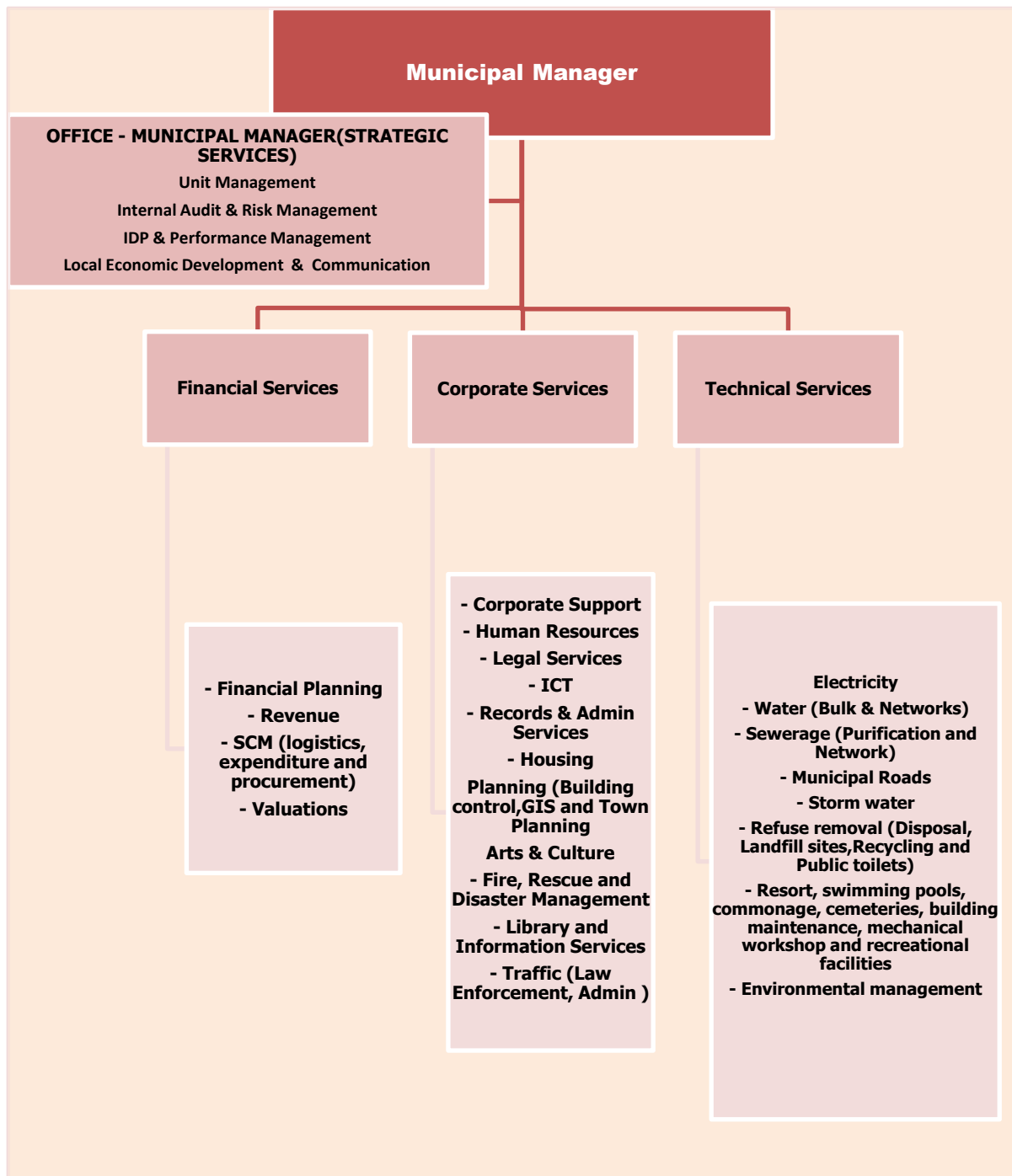


Figure 6: Macro Structure

5.4 Municipal Workforce

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

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

Category	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2015/16
Africans				
Whites	0	0	0	0
Coloured / Asian	1	1		
Employees with Disabilities	0	0	0	0

Table 29: Recruitment and Selection

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

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and related Trade Workers	Elementar y Occupation s
Legislators	15					
Technical Services	202	1	1	3	-	-
Finance	3 2	2	28	3	-	-
Corporate Services	48	2	15	2	-	2 9
Municipal Manager's Office	5	4	1	1	-	-
Total:2014/	302	11	45	9		1

Table 30: Staff complements (Draft AR 2014/15)

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

The actual positions filled are indicated in the tables below by post level and by functional level. 138 Posts were vacant at the end of 2011/12. Below is a table that indicates the vacancies within the municipality:

Directorate	Total	Legislators, senior officials and	Clerks	Technicians and associate	Craft and related trade workers	Elementary occupations
Technical Services	9	1	1	4	0	3
Chief Financial Officer	9	4	5	0	0	0
Corporate Services	9	7	2	1	0	0
Municipal Manager's	1	3	0	0	0	0
Total:2014/15	28	15	8	5	0	3

Table 31: Staff Positions Filled (Draft AR 2014/15)

5.5 Skills Development

The municipality is committed to developing the skills of the human resource capacity and therefore prepares a workplace skills plan annually. The municipality will complete the implementation of a staff performance management system for all staff by 2017 and the performance plans will be aligned with the strategic objectives and the TASK job functions. Training and skills development gaps will be identified and the training plans will be focusing on the needs identified. Members of the management team are currently involved in a Minimum competency program for senior managers and the program will be completed by 2016/17.

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

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

This plan, the WSP must currently be submitted on the last working day of April of each year, now allowing for much better integration of the WSP into the broader planning processes of the municipality.

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

Workplace Skills Planning (WSP) Process

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

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

The WSP is then submitted.

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

The following training areas have been prioritized for the 2016/17 financial year and reflect as follows:

Training for Councilors includes;

Training Area
Local government Law & Administration
Councillors development program

Table 32: Training of Councilors



Mayor Motaung congratulates Cllr Tshabalala on his successful completion of training course

Staff Training;

Training Area
Horticulture
Local government certificate
Fire & Rescue Operation
Environmental Practice
MFMP
Water Purification
Waste Water Purification
ND Finance Management and Administration

Table 33: Training of Staff / Employees

Training of Unemployed

Training Area
Various

Table 34: Training of Unemployed persons

5.6 Municipal Administrative and institutional capacity

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

Name of Policy, Plan or System	Status	Responsible Department
HR Policy on procedure Manual	Approved	Corporate Services
Occupational Health and Safety Policy	Approved	Corporate Services
Attendance and Punctuality	Approved	Corporate Services
Succession Planning	Approved	Corporate Services
Bursary Policy	Approved	Corporate Services
Scarce Skills Policy	Approved	Corporate Services
Training and Development Policy	Approved	Corporate Services
Incapacity Policy	Approved	Corporate Services
Leave Policy	Approved	Corporate Services
Recruitment and Selection Policy	Approved	Corporate Services
Asset Management	Approved	Financial Services
Fund & reserves	Approved	Financial Services
Cash & Investment	Approved	Financial Services
Stand-by Allowance Policy	Approved	Financial Services
Overtime Policy	Approved	Financial Services
Property Rates Policy	Approved	Financial Services

Name of Policy, Plan or System	Status	Responsible Department
Tariff Policy	Approved	Financial Services
Customer care and management	Still to be developed	Corporate Services
Credit control	Approved	Financial Services
Debt collection	Approved	Financial Services
Indigent Policy	Approved	Financial Services
Cell phone Policy	Approved	Financial Services
Acting allowance section 57 employees	Approved	Financial Services
Supply Chain Management	Approved	Financial Services
Anti-corruption strategy	To be approved	Office of the Municipal Manager
Fraud prevention strategy	To be approved	Office of the Municipal Manager

Table 35: Schedule of policies

Policies still to be developed during 2016/17	
HIV and AIDS policy	Corporate Services
Smoking policy	Corporate Services
Essential users scheme policy	Corporate Services

Table 36: Policies to be developed

5.7 Municipal administrative and institutional capacity

The municipality foster relations with other municipalities, spheres of government and participate in various inter-governmental activities to promote a closer working relationship between municipalities and the different spheres of government. Council is of view that these relationships can assist in enhancing Phumelela's services to the communities within our area of jurisdiction.

The municipality therefore delegated officials to technically support councilors in f the following applicable forums:

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

Table 37: IGR Involvement

CHAPTER 6: OUR STRATEGY AND AGENDA

Phumelela municipality developed and adopted a 5-year strategy plan (IDP) for the period 1 July 2012 to 30 June 2017 during May of 2011. The IDP therefore is central to the long term sustainable management of the municipality and informs key processes, developments and decisions within the municipal service area landscape, namely:

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

6.1 Vision, Mission and Values

The **Vision** describes where Phumelela wants to be as a municipality over a specified period and within the greater Thabo Mofutsanyana area. This vision is described as:

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

The **Mission** of the municipality offers the people of Phumelela the following:

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

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

VALUE	DESCRIPTION
Reliability	Reliability leads to quality
Accountability	We remain accountable to the community we serve reporting regularly on the work we do
Commitment	We serve with commitment
Communication	Our communication is done with no pretext
Punctuality	We strive for punctuality in every
Respect	We respect all those we serve
Transparency	Transparency informs all our decision-making and delivery of service
Responsibility	Our responsibility goes beyond our daily tasks
Honesty	We serve with honesty in everything we do
Integrity	Integrity remains a central value in how we render our service

Table 38: Values of Phumelela Municipality

6.2 Strategic Objectives

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

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

Table 39: PLM Strategic Objectives

6.3 Phumelela Strategic Risk Program

6.3.1. Commitment Statement

Phumelela Local Municipality is committed to the effective management and treatment of risks in order to achieve its objectives.

Management of risk is the responsibility of all Executive, Senior Management and employees and Section 62 (1) (c) (i) of the MFMA requires that:

"The municipality has and maintains: Effective, efficient and transparent systems of financial and risk management and internal control."

The municipality will ensure:

- Risk Management is an integral part of the organization's key business planning, resourcing and decision making processes;
- There is a consistent and systematic approach to the management of risks across the institution and that Risk Management Strategy is followed and complied with;
- Staff has the necessary training to allow them to participate in risk management activities;
- That the municipality is honest in relation to the risks and challenges facing the institution.
- Employees become aware of the risks associated with their area of work and must manage these risks to be within tolerance level by using risk management response strategies outlined in the risk management strategy.

6.3.2 Risk management process

Good governance is the means of ensuring due and adequate control over the strategy and direction of any organisation.

6.3.2(1) Section 62 (1) of the MFMA

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

- a) that the resources of the municipality are used effectively, efficiently and economically;*
- b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;*
-) that the municipality has and maintains effective, efficient and transparent systems—*
 - (i) of financial and risk management and internal control; and*
 - (ii) of internal audit operating in accordance with any prescribed norms and standards;*

6.3.2(2) The King III report stipulates that:

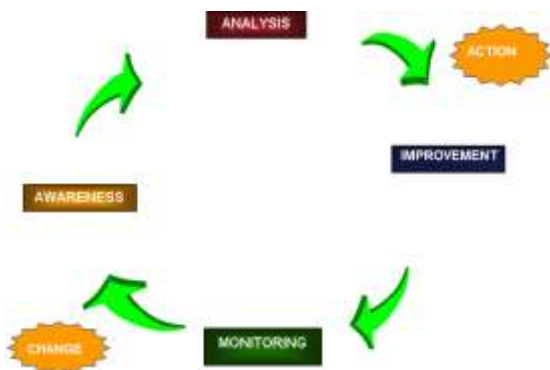
1. The responsibility for **risk management** resides with the Senior Management Team, directors. Directors need to oversee the total process and at the end, form their own opinion on its effectiveness. The code acknowledges the accountability of management towards the board for designing, implementing and monitoring the process of **risk management**. In practice, the board, in liaison with senior management, will set risk strategy policies.
2. The **risk management** process will be effective only if it is integrated with the day-to-day activities of the company, and if the risk strategy is incorporated into the language and culture of the company.
3. Companies should develop a system of **risk management** and internal control that builds more robust business operations and delivers:

- (i) A demonstrable system of risk identification;*
- (ii) Commitment by management to the process;*
- (iii) A demonstrable system of risk mitigation activities;*
- (iv) A system of documented risk communications;*
- (v) A system of documenting the cost of non-compliance and losses;*
- (vi) A documented system of internal control and risk management;*
- (vii) An alignment of assurance of efforts to the risk profile; and*
- (viii) A register of key risks that could affect shareowner and relevant stakeholder interests*

TRADITIONAL	ENTERPRISE RISK MANAGEMENT
1. Limited strategic influence	1. Effective support of strategic and business planning
2. Risk avoidance	2. Proactive risk management comprising risk avoidance and risk exploitation
3. Silo effects and barriers	3. Integrated, holistic approach
4. Inconsistent risk reporting.	4. Concise and consolidated reporting
5. Infrequent risk assessment.	5. Continuous risk assessment, re-evaluation and management
6. Ambiguous ownership for certain types of risk.	6. Risk ownership assigned in management business and evaluation plans
7. Closed communication.	7. Open communication
8. Lack of clear definitions of roles and responsibilities.	8. Risk management roles and responsibilities

Table 40: Traditional approach to Risk Management versus Enterprise Risk Management

Focus is placed on the strategic risk assessment process as part of the ERM processes. The strategic risk assessment process is processes that requires active participation from all spheres of the organisation. The risk cycle is graphically depicted below:



Purpose of Strategic Risk Assessment

The Risk Owners of Phumelela Municipality has to ensure that strategic risks across Phumelela Municipality are identified and managed on an on-going basis, and that best practice governance requirements are consistently complied with. The CRO facilitate a strategic risk assessment process to assist the Internal Audit function in formulating a risk based audit plan for Phumelela Municipality.

APPROACH

The following process was followed ahead of and during the risk assessment process

- **Risk identification**

During the strategic risk assessment process, participants must identify the high level, holistic strategic risks that may impact **departments from** realising / achieving its set strategic objectives.

Participants must consider all risks relating to the following Priority areas.

- Financial Viability
- Service Delivery and Infrastructure Development
- Good Governance and Public Participation
- Institutional Transformation and Development
- Local Economic Development
- Information Communication and Technology

Relative ratings are allocated to each specific risk on the following scales:

- a) Likelihood (*the probability of the occurrence of the risk event*) and
- b) Impact (*the potential effect on the business of the risk event*).

Strategic Risk

Ref.	Focus Area	Risk Name	Risk Champion
1	Financial viability	Under collection of revenue	Chief Financial Officer
2	Financial viability	Ineffective financial system	Chief Financial Officer
3	Financial viability	Ineffective procurement processes and/or systems	Chief Financial Officer
4	Financial viability	Reliance to conditional grants for sustainability	Chief Financial Officer/ MM
5	Service Delivery and infrastructure Development	Poor water Management	Acting Director Technical Services
6	Service Delivery and infrastructure Development	Poor waste management	Acting Director Technical Services
7	Institutional transformation and Development	Lack of attraction and retention of skilled personnel	Director Corporate Services
8	Institutional transformation and Development	Poor contract management	Director Corporate Services / CFO
9	Institutional transformation and Development	Insufficient development of Information Technology (IT)	Director Corporate Services
10	Good Governance and Public Participation	Non adherence to council approved policies	MM / Directors
11	Local Economic Development	Lack of attraction of new potential investors	MM / Directors
12	Institutional transformation and Development	Inadequate management of communication tools	MM / Directors
13	Good Governance and Public Participation	Ineffective public participation	Director Corporate Services
14	Institutional transformation and Development	Poor record keeping system	Director Corporate Services

Table 41: PLM Strategic Risks

Section 24 of the Municipal Systems Act states:-

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

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

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

Millennium Development Goals	Vision for 2030	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Phumelela Strategic Objectives
Eradicate extreme poverty and hunger	An economy that will create more jobs	Productive investment is effectively crowded in through the infrastructure build programme	Outcome 4 Decent employment through inclusive economic growth	Ensure an enabling environment for manufacturing	SO 9 To create employment opportunities in the Phumelela municipal area
	Improve & expand infrastructure	Massive programme to build economic and social infrastructure	An effective, competitive and responsive economic infrastructure network	Ensure an enabling environment for manufacturing	SO 3 To ensure that identified internal roads in Phumelela municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality
	Transition to a low-carbon economy			Develop and maintain an efficient road, rail and public transport network.	
	Transform urban and rural spaces	Comprehensive rural development strategy linked to land and agrarian reform and food security	Vibrant, equitable and sustainable rural communities and food security		
Ensure environmental sustainability	Reversing the spatial effects of apartheid	Build cohesive, caring and sustainable communities	Sustainable human settlements and improved quality of household life	Maintain and upgrade basic infrastructure at local level	SO 2 To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014
		Sustainable resource management and use	Protection and enhancement of environmental assets and natural resources	Provide and upgrade Bulk Services	SO 1 To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014

Millennium Development Goals	Vision for 2030	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Phumelela Strategic Objectives
Achieve universal primary education	Improve education and training	Strengthen the skills and human resource base	<p>Improve the quality of basic education</p> <p>A skilled and capable workforce to support inclusive growth</p>	Create an environment and relationships in which post-school education institutions / training agencies respond to the educational and skills demands in line with growth and development needs.	SO 10: To facilitate institutional transformation and development in the Phumelela local municipality
Reduce child mortality	Provide quality health care for all	Improve the health profile of society	Improve health and life expectancy		SO 10 To facilitate institutional transformation and development in the Phumelela local municipality
Improve maternal health		Intensify the fight against crime and corruption	All people in South Africa protected and feel safe	Enhance relationships between the SAPS and communities.	
Combat HIV/AIDS, malaria, and other diseases	Building safer communities				
	Build a capacity State	Build a developmental state including improvement of public services and strengthening democratic institutions	<p>A development-orientated public service and inclusive citizenship</p> <p>A responsive and, accountable, effective and efficient local government system</p>	Establish a strong and capable political and administrative management cadre. Support agrarian transformation ; develop for livestock and crop farming and diversification	<p>SO12 To ensure good governance in the PLM.</p> <p>SO:10 To facilitate institutional transformation and development in the Phumelela local municipality</p>
	Fighting corruption and enhance accountability				
Promote gender equity and empower women Develop a global partnership for development	Transform society and unite the country	Pursue regional development, African advancement and enhanced international co-operation	A better South Africa, a better Africa and world	Develop a skilled and capable public service workforce to support the growth and development trajectory for	SO 10: To facilitate institutional transformation and development in the Phumelela local municipality

Millennium Development Goals	Vision 2030 for	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Phumelela Strategic Objectives
				the province	

Table 42: Alignment of Strategic Objectives

6.3 Status of Our Sector/Strategic Plans

SECTOR / STRATEGIC PLAN	STATUS OF PLAN
Phumelela Vision 2035 LTDF	In Process of development
Spatial Development Framework (SDF)	In process of review
Water Services Development Plan (WSDP)	Outdated
Local Economic Development Strategy	Outdated
Disaster Management Plan	Not in place
Long Term Financial Plan	Not in place
Risk Management Strategy / Plan	In Place
Audit Plan	In Place
Workplace Skills Plan	In place
Institutional Plan	Not in place
Human Resource Plan	Not in place
Traffic Management Plan	Not in place
Integrated Human Settlement Plan	Not in place
Integrated Infrastructure Maintenance Plan	Not in place
Integrated Infrastructure Investment Plan	Not in place
Water and Sanitation Master Plan	Not in place
Electricity / Energy Master Plan	Not in place
Integrated Waste Management Plan	Not in place
Storm Water Master Plan	Not in place
Pavement Management System	Not in place

SECTOR / STRATEGIC PLAN	STATUS OF PLAN
Integrated Transport Management Plan	Not in place
Air Quality Management Plan	Not in place
Staff Wellness Plan	Not in place

Table 43: Status of Sector Plans & Strategic Plans

6.4 Spatial Planning and Land Use Management Act

The Spatial Planning and Land Use Management Act, 16 of 2013 (SPLUMA) is a framework act for all spatial planning and land use management legislation in South Africa. It seeks to promote consistency and uniformity in procedures and decision-making. Other objectives include addressing historical spatial imbalances and the integration of the principles of sustainable development into land use and planning regulatory tools and legislative instruments. SPLUMA will provide a framework for spatial planning and land use management in the Republic; specify the relationship between the spatial planning and the land use management system and other kinds of planning; provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government; provide a framework for the monitoring, coordination and review of the spatial planning and land use management system and ensure that the system of spatial planning and land use management promotes social and economic inclusion. The following development principles as prescribed in the SPLUMA were adhered to:

6.4.1 Spatial justice:

- (vi) past spatial and other development imbalances must be redressed through improved access to and use of land;
- (vii) spatial development frameworks must address the inclusion of persons and areas that were previously excluded;
- (viii) spatial planning mechanisms, including land use schemes, must incorporate provisions that enable redress in access to land by disadvantaged communities and persons;
- (ix) land use management systems must include all areas of a municipality and include provisions that are flexible and appropriate for the management of disadvantaged areas, informal settlements;
- (x) land development procedures must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas;

6.4.2 Spatial sustainability:

- (viii) promote land development that is within the fiscal, institutional and administrative means of the Republic;
- (ix) ensure that special consideration is given to the protection of prime and unique agricultural land;
- (x) uphold consistency of land use measures in accordance with environmental management instruments;
- (xi) promote and stimulate the effective and equitable functioning of land markets;
- (xii) consider current and future costs for the provision of infrastructure and social services;
- (xiii) promote land development in locations that are sustainable and limit urban sprawl; and
- (xiv) result in communities that are viable;

Efficiency:

- (iv) land development optimises the use of existing resources and infrastructure;
- (v) decision-making procedures are designed to minimise negative financial, social, economic or environmental impacts; and
- (vi) development application procedures are efficient and streamlined and timeframes are adhered to by all parties;

Spatial resilience: whereby flexibility in spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks.

Good administration: All spheres of government must ensure an integrated approach to land use and land development and all departments must provide their sector inputs and comply with prescribed requirements during the preparation or amendment of SDFs. This principle is the pivot of this framework largely because implementation of the spatial planning vision and objectives is not only highly dependent upon a strong coordinating role of central government, but is also predicated upon good governance mechanisms, incorporating meaningful consultations and coordination with a view to achieving the desired outcomes across the various planning spheres and domains.



6.4.3 Spatial Development Framework

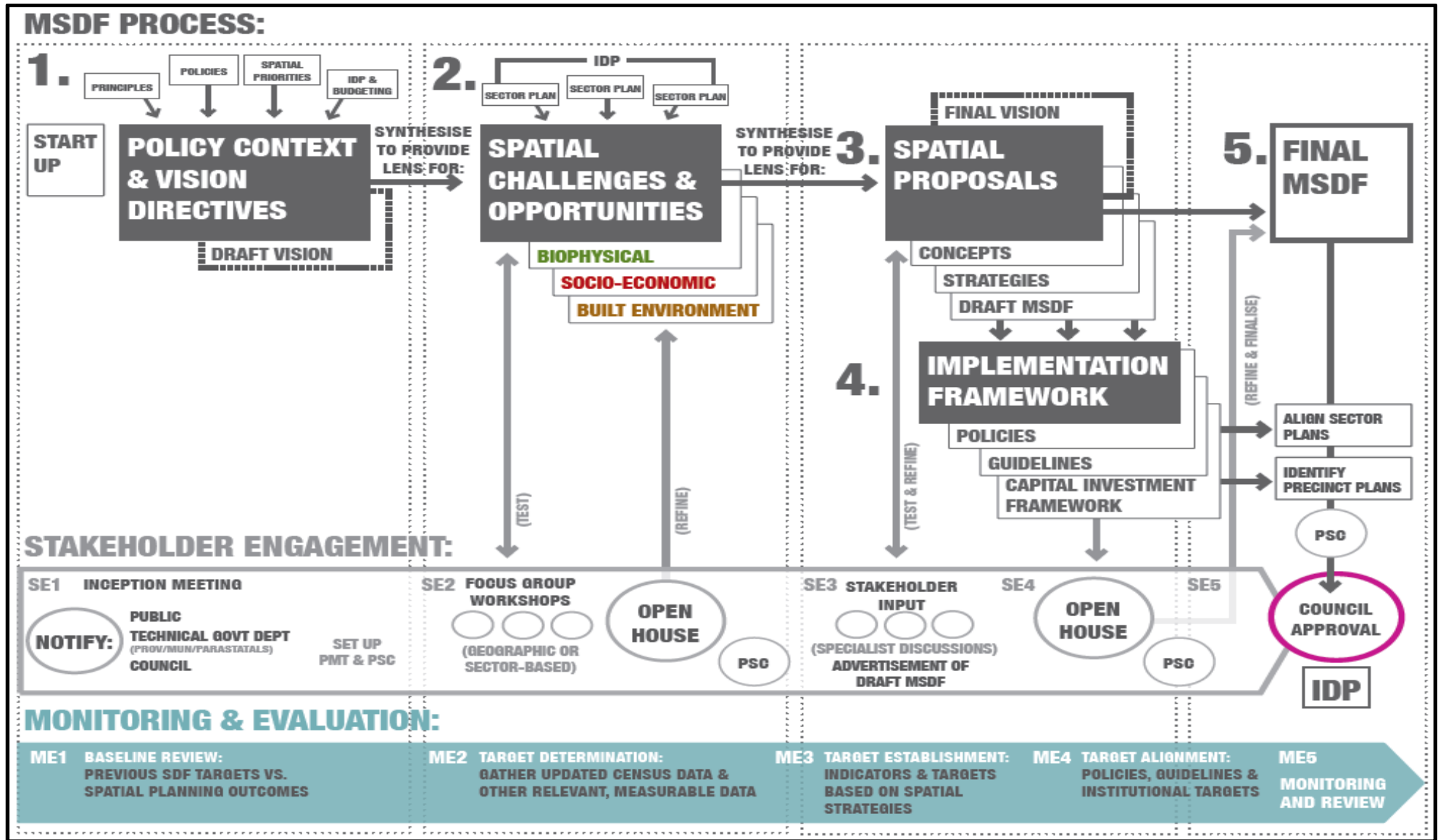
A Spatial Development Framework is a legally required component of the Integrated Development Plan, which every municipality in South Africa has to produce. Spatial planning should thus form an integral part of strategic planning processes at local government level. Producing a spatial development framework is but one of the challenges that Municipalities face and many municipalities are attempting to meet these challenges with limited spatial and strategic planning capacity within their organizations.

The Local Government: Municipal Systems Act (2000) requires that a spatial development framework (SDF) be reflected as part of a municipality's Integrated Development Plan (Section 26(e)). In Section 35(2), the Act states that the SDF prevails over plans as defined in section 1 of the Physical Planning Act, 1991 (Act 125 of 1991).

SPLUMA requires national, provincial, and municipal spheres of government to prepare SDFs that establish a clear vision which must be developed through a thorough inventory and analysis based on national spatial planning principles and local long-term development goals and plans. SDFs are thus mandatory at all three spheres of government. Sub-section 12(2) confirms that all three spheres must participate in each other's' processes of spatial planning and land use management and each sphere must be guided by its own SDF when taking decisions relating to land use and development. Chapter 4 Part A of SPLUMA sets out the focus and general requirements that must guide the preparation and compilation of SDF products at the various scales.

The Phumelela SDF is currently in the spatial challenges and opportunities phase, but some elements of spatial proposals are also in draft form. The SPLUMA indicates that the SDF must be for the entire municipal area and that all municipalities must have a SPLUMA-compliant SDF within 5 years of the commencement of the Act. Phumelela has engaged with the National Department of Rural Development and Land Reform and the department has availed itself in order to assist the municipality in

formulating a SPLUMA-compliant SDF. The draft SDF Guidelines which were developed by the National Department of Rural Development and Land Reform provides a guide to the process and content of SDFs which is in line with SPLUMA and the Municipal Systems Act. The following diagrams indicate the MSDF Process, as well as the Elements that should be in a Municipal Spatial Development Framework.



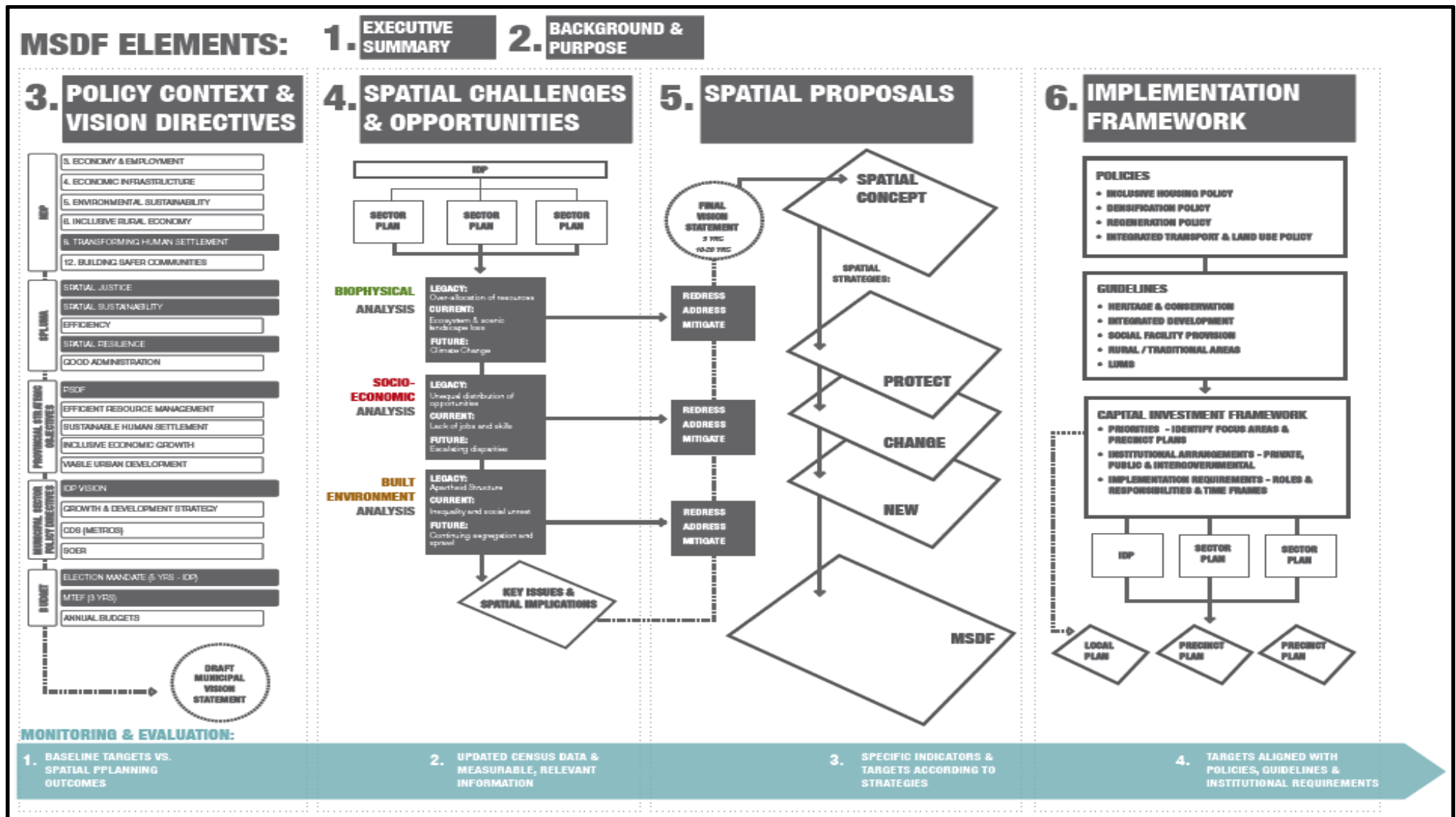


Figure 7: MSDF Process & Elements

6.5 Strategic Focus Areas and functional priorities

The tables below align Phumelela municipality's strategic objectives with national, provincial and district strategic directives. It also links with municipal functions and objectives that show how and by which directorate(s) implementation will be effected in the organisation. These strategies and objectives will also inform the distribution of resources (financial / human capacity resources) in the municipal structure.

Municipal Strategic Objective	SO 1– To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014
National Key Performance Area	Basic Service Delivery & Infrastructure
National Outcomes	A responsive and accountable, effective and efficient local government system Vibrant, equitable and sustainable rural communities and food security
National Development Plan	Provide quality health care for all Building safer communities Transform urban and rural space An economy that will create jobs
Provincial Strategic Objectives	Provide new basic infrastructure at local level (water sanitation and electricity) Economic Growth Development and Employment
Municipal Function	Technical Services Corporate Services Financial Services
Applicable Departmental Objectives	Explore opportunities / support to Develop WSDP in collaboration DWS To implement a bulk water scheme to entire Warden community <input type="checkbox"/> Construction of Dam in Warden <input type="checkbox"/> Connection of Bulk Water to households in Memel <input type="checkbox"/> Connection of Reservoir sand pipeline in Memel <input type="checkbox"/> 3.5 ML Reservoir Thembalihle Extension 4
Functional priorities	Basic Services

Table 44: Strategic Objective 1

Municipal Strategic Objective	SO2 – To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014.
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Provide new basic infrastructure at local level (Sanitation) Economic Growth, Development and Employment
Municipal Function	Technical Services Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> Explore support to Develop Sanitation Master Plan <input type="checkbox"/> Provide technical sanitation services to PLM <input type="checkbox"/> Lining of Oxidation ponds in Memel / Zamani
Functional priorities	<input type="checkbox"/> Basic Services

Table 45: Strategic Objective 2

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

Table 46: Strategic Objective 3

Municipal Strategic Objective	SO4 – To ensure good waste management in the Phumelela municipal area.
National Key Performance Area	Basic Service Delivery
National Outcomes	All people in South Africa protected and feel safe Sustainable human settlements and improved quality of household life Protection and enhancement of environmental assets and natural resources
National Development Plan	Building safer communities Reversing the spatial effects of apartheid Transform urban and rural space
Provincial Strategic Objectives	Social and Human development
Municipal Function	Corporate Services Technical Services
Applicable Departmental Objectives	<input type="checkbox"/> Expolre support / opportunities to Develop Integrated Waste Management Plan <input type="checkbox"/> Construction of Landfill site in Warden and Vrede <input type="checkbox"/> Scheduled refuse collection form households to landfill site <input type="checkbox"/> Monthly rehabilitation of landfill site
Functional priorities	Basic Services

Table 47: Strategic Objective 4

Municipal Strategic Objective	S05 – To ensure that 100% of households in the Phumelela municipal area have access to electricity by 2014
National Key Performance Area	Building safer communities Reversing the spatial effects of apartheid Transform urban and rural space
National Outcomes	Increasing safety Developing integrated and sustainable human settlements
National Development Plan	Public Safety and Community Development Housing Planning
Provincial Strategic Objectives	Economic Growth, Development and Employment
Municipal Function	Technical Services Corporate Services Financial Services
Applicable Departmental Objectives	Initiate and encourage use of alternative solar energy as source Install solar panels in new and recently built Low income housing areas Provision of pre-paid electricity to Warden / Ezenzeleni households
Functional priorities	Basic services

Table 48: Strategic Objective 5

Municipal Strategic Objective	S06 – To ensure effective management of graveyards and cemeteries in the Phumelela municipal area
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Social and Human Development Promote and support integrated, inclusive, sustainable human settlement development
Municipal Function	Technical Services
Applicable Departmental Objectives	Fencing of Cemeteries; cutting of grass and cleaning cemeteries Use EPWP contractors to regularly clean side-walks & graveyards Explore cremation as alternative method of burial Explore alternative burial and grave yard sites for all municipal areas.
Functional priorities	Basic Service Delivery Provide grave-digging services to local communities

Table 49: Strategic Objective 6

Municipal Strategic Objective	SO7 – To ensure access to quality sport and recreational in the Phumelela municipal area.
National Key Performance Area	Basic Service Delivery
National Outcomes	Sustainable human settlements and improved quality of household life
National Development Plan	Improving and expand infrastructure
Provincial Strategic Objectives	Promote effective and efficient sport and recreation development Provide free, equitable and accessible library and information services to make provision for the learning, information, cultural and recreational needs of the province.
Municipal Function	Technical Services Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> Providing sport facilities in Warden / Ezenzeleni <input type="checkbox"/> Providing sport facilities in Memel / Zamani <input type="checkbox"/> Providing sport facilities in Vrede / Thembalihle <input type="checkbox"/> Maintenance of sport facilities <input type="checkbox"/> Greening of open spaces / Planting of trees in sport facilities
Functional priorities	Basic Services

Table 50: Strategic Objective 7

Municipal Strategic Objective	SO8 – To ensure effective firefighting in the Phumelela municipal area.
National Key Performance Area	Provide a safe and healthy environment
National Outcomes	A long and healthy life for all South Africans
National Development Plan	Put in place a regulatory framework for land use, to ensure the conservation and restoration of protected areas.
Provincial Strategic Objectives	Strengthen rural security of farm communities. Conserve and consolidate functional natural areas
Municipal Function	Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> Explore opportunities / support Develop Disaster Management plan
Functional priorities	Provide support to Phumelela Fire Protection Agency Create general awareness on fire

Table 51: Strategic Objective 8

Municipal Strategic Objective	SO9 – To create employment opportunities in Phumelela municipal area.
National Key Performance Area	Local Economic Development
National Outcomes	Decent employment through inclusive economic growth
National Development Plan	An economy that will create jobs
Provincial Strategic Objectives	Facilitate land reform, redistribution and agricultural reform Improve rural development; build institutions, skills, social and economic infrastructure, promote non-farm activities.
Municipal Function	Office of Municipal Manager All municipal departments
Applicable Departmental Objectives	<input type="checkbox"/> To promote tourism and economic development and reduce unemployment and poverty in the municipal area <input type="checkbox"/> Explore support to Develop / Review and implement LED Strategy
Functional priorities	<input type="checkbox"/> Create employment opportunities using EPWP Program <input type="checkbox"/> Use procurement policy to promote local economic development as much possible <input type="checkbox"/> Use EPWP /CWP program contracting unemployed to regularly clean towns

Table 52: Strategic Objective 9

Municipal Strategic Objective	SO10 – To facilitate institutional transformation and development in PLM
National Key Performance Area	Municipal Transformation and Institutional Development
National Outcomes	A responsive and accountable, effective and efficient local government system A skilled and capable workforce to support inclusive growth
National Development Plan	Build a capacity State Fight corruption and enhance accountability
Provincial Strategic Objectives	Establish a strong and capable political and administrative management cadre. Strengthen an integrated development orientation and planning approach in governance
Municipal Function	Office of the Municipal Manager Corporate Services
Applicable Departmental Objectives	<input type="checkbox"/> To create a functional organization that enables optimal performance by developing and retaining a skilled representative workforce <input type="checkbox"/> Assist municipal departments in developing and implementing HR plans <input type="checkbox"/> To encourage individual performance with institutionalization of PMS <input type="checkbox"/> To implement and maintain processes to facilitate compliance with legislation and best practices
Functional priorities	<input type="checkbox"/> Organizational review and design of the municipal staff establishment <input type="checkbox"/> Employee wellness programs <input type="checkbox"/> Identify and reward high performers in the organization <input type="checkbox"/> Review and approve the Employment Equity Plan <input type="checkbox"/> Develop and introduce a professional fleet management program and strategy

Table 53: Strategic Objective 10

Municipal Strategic Objective	SO11 – To ensure Financial Viability of the PLM
National Key Performance Area	Municipal Financial Viability and Management
National Outcomes	A responsive and accountable, effective and efficient local government system
National Development Plan	Fight corruption and enhance accountability
Provincial Strategic Objectives	Improve the overall financial management in governance structures in the province to ensure clean audits and appropriate financing towards the growth and development of the province.
Municipal Function	Financial Services
Applicable Departmental Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Develop and implement a Financial Recovery Plan <input type="checkbox"/> Develop Long-Term Financial Strategy <input type="checkbox"/> Develop and implement a strategy to identify additional sources of revenue for financing major capital projects and maintenance of assets <input type="checkbox"/> Focus on improving municipal revenue collection <input type="checkbox"/> Create culture of payment for services used
Functional priorities	<ul style="list-style-type: none"> <input type="checkbox"/> Annually review municipal indigent status <input type="checkbox"/> Verify household status, water / electricity meters etc <input type="checkbox"/> Implementing the Credit control policy <input type="checkbox"/> Improve in the monitoring of the financial health of the municipality <input type="checkbox"/> Develop a system to address all audit findings and work towards achieving a clean audit by 2017

Table 54: Strategic Objective 11

Municipal Strategic Objective	SO12 – To ensure good governance in the Phumelela local municipality
National Key Performance Area	Good Governance and Public Participation
National Outcomes	A responsive and accountable, effective and efficient local government system
National Development Plan	Build a capacity State
Provincial Strategic Objectives	Improve the link between citizens and the state to ensure accountability and responsive governance
Municipal Function	Office of the Municipal Manager Corporate Services
Applicable Departmental Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> provide support to Exco and Council – schedule of Council meetings and reporting <input type="checkbox"/> Entrench culture of community / public reporting – schedule of meetings and reports
Functional priorities	<ul style="list-style-type: none"> <input type="checkbox"/> Strengthening oversight role and function of council structures <input type="checkbox"/> Improve council and committee monitoring and implementation of council resolutions <input type="checkbox"/> Implement specific mechanism to improve communication and public participation in municipal affairs <input type="checkbox"/> Establishment of a IDP & IGR Representative Forums <input type="checkbox"/> Launching of a Municipal Newsletter

Table 55: Strategic Objective 12

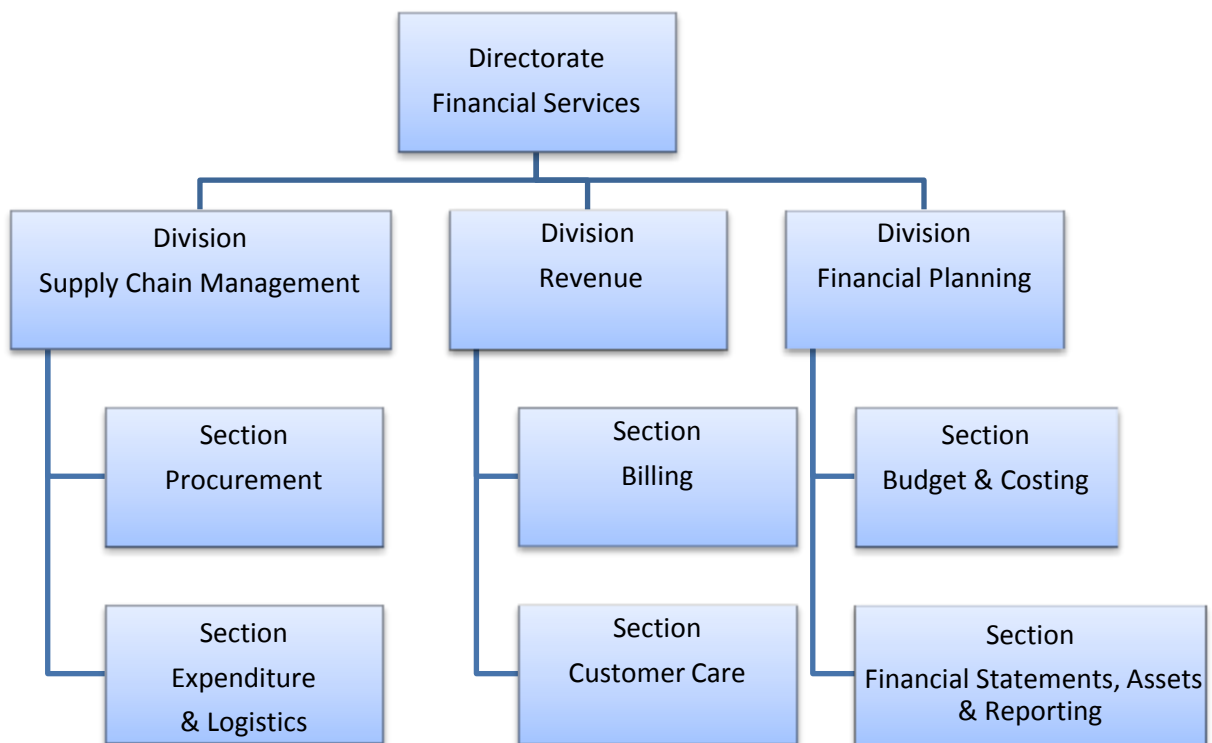
CHAPTER 7: FINANCIAL AND FUNCTIONAL PERSPECTIVE

7.1 FINANCIAL STRATEGY (Debt Recovery Plan)

Background

Phumelela municipality is situated in the Free State Province

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



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

Legislative framework

- Constitution section 152 (Objects of local government);
(IMPORTANT, section 152(2) "A municipality must strive within its financial and administrative capacity to achieve its objects. Structures Act 117 of 1998;
- Systems Act 32 of 2000;
- Municipal Finance Management Act 56 of 2003;
- Municipal Property Rates Act 6 of 2004;
- Municipal Fiscal Powers and Functions Act 12 of 2007;
- Public Audit Act, 2004;
- National Treasury MFMA circulars and guidelines; and
- Accounting Standards.

Rating Information

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

Credit Strengths

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

Credit Challenges

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

Accountability Framework

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

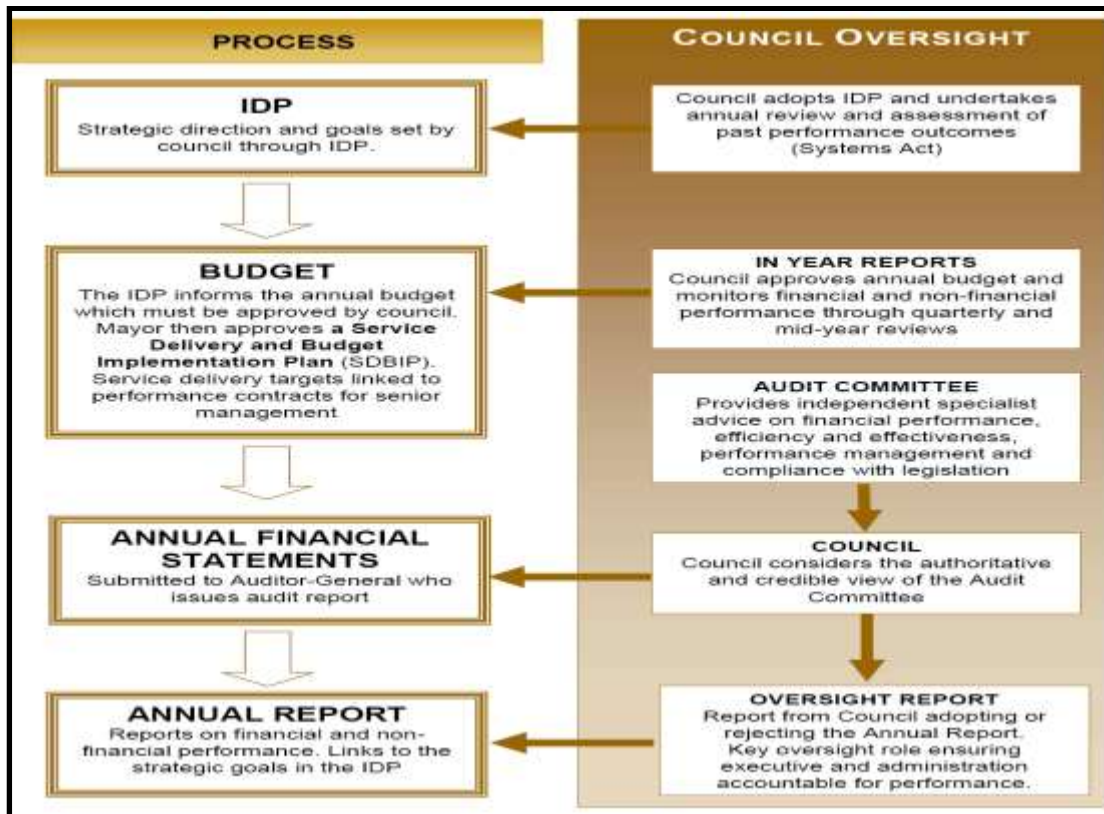


Figure 8: IDP/Budget Reporting Process

7.2 BUDGET

7.2.1 STRATEGIC FINANCIAL PLANNING

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

The funding and reserves framework of the Phumelela aimed at;

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

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

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

FUNDING OF THE ANNUAL BUDGET

An annual budget may only be funded from:-

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

Spending on a capital project may only occur if:-

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

7.2.2 DEBT MANAGEMENT

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

7.2.3 CASH MANAGEMENT

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

7.2.4 OPERATING BUDGET

- The operating budget provides funding to departments for their medium term expenditure as planned. The Municipality categorizes services rendered to the community according to its revenue generating capabilities as follows:-
 - Trading services (services that generate predetermined surpluses that can be used to fund other services rendered by the Municipality);

- Economic services (services that should at least break-even, but do not necessarily generate any surpluses to fund other services rendered by the Municipality);
- Rates and General (services that are funded by property rates, government grants or surpluses generated by the trading services).
- In accordance with Section 18 of the MFMA, the operating budget can only be funded from realistically anticipated revenue. Amounts for the provision of Bad Debt and Depreciation, although non-cash items are not to be used to “balance” operating shortfalls.
- The operating budget is funded from the following main sources of revenue:-
 - Property rates;
 - Service charges;
 - Government grants and subsidies;
 - Other sundry revenue, such as fines, interest received etc.; and
- Cash backed accumulated surpluses from previous years not committed for any other purposes.
- The following guiding principles apply when compiling the operating budget:-
 - The annual budget must be cash backed. This implicates that apart from expenditure being budgeted it must always be cash funded (provision for bad debt must therefore be equal to actual payment levels);
 - Growth parameters must be realistic, taking into account the current economic conditions;
 - Tariff adjustments must be realistic, taking into consideration affordability, bulk increases and future projected growth according to the approved Integrated Development Plan (IDP);
 - Revenue from government grants and subsidies must be in line with allocations gazetted in the Division of Revenue Act and Provincial Gazettes;
- Revenue from public contributions, donations or any other grants may only be included in the budget if there is acceptable documentation that guarantees the funds such as:-
 - A signed service level agreement;
 - A contract or written confirmation; or
 - Any other legally binding document.
- Property rates are levied according to the Municipal Property Rates Act and Property Rates Policy based on the market values. The budget is compiled using the latest approved Valuation Roll and any Supplementary Roll, consistent with current and past trends. Property rates tariffs and rebates are determined annually as part of the tariff setting process;
- Property rates rebates, exemptions and reductions are budgeted either as revenue foregone or as a grant as per MFMA Budget Circular 51 depending on the conditions thereof;
- Projected revenue from service charges must be realistic based on current and past trends with expected growth considering the current economic conditions. The following factors must be considered for each service:-
- Metered services comprising of electricity and water:-
 - the consumption trends for the previous financial years;
 - envisaged water restrictions or load shedding when applicable; and
 - actual revenue collected in previous financial years.
- Refuse removal services:-
 - the actual number of erven receiving the service per category; and

- actual revenue collected in previous financial years.

■ Sewerage services:-

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

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

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

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

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

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

7.2.5 Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer is made from the accumulated surplus. However this is limited to the deemed fair value of assets previously funded from grants and donations. In addition the annual cash flow requirement for the repayment of borrowings must be fully taken into consideration with the setting of tariffs.

■ A detailed salary budget is compiled on an annual basis. All funded positions are budgeted for in total and new and/ or funded vacant positions are budgeted for nine (7) months only of the total package considering the time for the recruitment process. As a guiding principle the salary budget should not constitute more than 35% of annual operating expenditure.

■ To ensure the health of the municipal asset base, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels as maintenance budgets are normally lower than the recommended levels. As a guiding principle repair and maintenance should constitute at least between 5% and 10% of total operating expenditure and should annually be increased incrementally until the required targets are achieved.

■ Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over operating expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

7.2.6 CAPITAL BUDGET

■ The capital budget provides funding for the Municipality's capital programme based on the needs and objectives as identified by the community through the Integrated Development Plan and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.

■ Provisions on the capital budget will be limited to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:-

- Cash backed accumulated surpluses;
- Borrowings;
- Government grants and subsidies;

- Public donations and contributions; and
- Operating revenue.
- The following guiding principles apply when considering sources of funding for the capital budget:-
- Government Grants and Subsidies:-
 - Only gazette allocations or transfers as reflected in the Division of Revenue Act or allocations as per Provincial Gazettes may be used to fund projects;
 - The conditions of the specific grant must be taken into consideration when allocated to a specific project; and
 - Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.
- In the case of public contributions, donations and/or other grants, such capital projects may only be included in the annual budget if the funding is guaranteed by means of:-
 - A signed service level agreement;
 - A contract or written confirmation; and/or
 - Any other legally binding document.
- Public donations, contributions and other grants are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.
- The borrowing requirements are used as a basis to determine the affordability of external loans over the Medium Term Revenue and Expenditure Framework. The ratios to be considered to take up new borrowings include:-
 - Long-term credit rating of at least BBB;
 - Interest cost to total expenditure not to exceed 9%;
 - Long-term debt to revenue (excluding grants) not to exceed 50%;
 - Payment rate of above 95%;
 - Percentage of capital charges to operating expenditure less than 15%.
- Allocations to capital projects from Cash Backed Accumulated Surpluses (subject to the provisions of paragraph 9 below) will be based on the available funding for each ring-fenced reserve according to the conditions of each reserve as follows:-
 - Capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc. must be funded from own generated revenue from the operating budget for that specific year;
 - Infrastructure projects to service new developments and the revenue received through the sale of erven must be allocated to the Capital Reserve for Services;
 - Capital projects to replace and/or upgrade existing assets will be allocated to the Capital Replacement Reserve; and
 - Capital projects to upgrade bulk services will be allocated to the Capital Bulk Contributions Reserve for each service.
- In accordance with Section 19 of the MFMA, the Municipality may spend money on a capital project only if:-
 - The money for the project has been budgeted (excluding feasibility study cost).
 - The project, including the total cost, has been approved by Council.
 - Compliance with section 33 (contracts with future budgetary implications) to the extent that the section may be applicable to the project.
 - The sources of funding have been considered, are available and have not been committed for other purposes.
- Before approving a capital project the Council must consider:-
 - The projected cost covering all financial years until the project is operational;
 - The future operational costs and revenue on the project, including municipal tax and tariff implications.

- All capital projects have an effect on future operating budgets. The following cost factors must therefore be considered before approval:-
 - Additional personnel cost to staff new facilities once operational;
 - Additional contracted services, such as security, cleaning etc.
 - Additional general expenditure, such as services cost, stationery, telephones, material etc.
 - Additional other capital requirements to operate the facility, such as vehicles, plant and equipment, furniture and office equipment etc.
 - Additional costs to maintain the assets;
 - Additional interest and redemption in the case of borrowings;
 - Additional depreciation charges;
 - Additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

7.2.7 RESERVES

- To ensure that funding is readily available for future development and the timeous replacement of Infrastructure responsible for service delivery it will be prudent for the Municipality to create dedicated reserves that are cash backed at all times.
- All Reserves are “ring fenced” as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognized Accounting Practices (GRAP).

- The following ring fenced reserves should be established and cash backed over a period of time:-

- Capital Reserve for New Developments

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

- Capital Replacement Reserve

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

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

- interest received on investments;

- Bulk Capital Contribution Reserves

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

7.2.8 PROVISIONS

- A provision is recognized when the Municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.
- The Municipality should have the following provisions:-
 - Leave Provision
 - Liabilities for annual leave are recognized as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are to be redeemed for cash at once, only 15% of the leave provision is cash backed.
 - Landfill Rehabilitation Provision
 - The landfill site rehabilitation provision is created for the current operational site at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the landfill site. This provision must be cash backed to ensure availability of cash for rehabilitation on closure.
 - Long Services Awards
 - Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash at once, only 30% of the long service leave provision is cash backed.
 - Post-Employment Medical Care Benefits
 - The Municipality provides post-retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be cash backed to ensure the availability of cash for the payment of medical aid payments.

7.2.9 ITEMS TO BE CASH BACKED

- Donations, Public Contributions, Unspent Conditional Grants

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

- Consumer Deposits

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

- Operational financing

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

- Working Capital

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

7.2.10 REVENUE MANAGEMENT STRATEGIES

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

- Improvement in the payment ratio of the area that can be found in the credit control and debt collection policy. This policy highlights the procedures to be followed in the collection of all money owed to the Municipality;
- To ensure through Local Economic Development employment opportunities, this will enable families to start paying for services and also to broaden the Taxbase;
- To create a climate for investment in the area which will in turn also generate employment opportunities;
- To ensure that the information in respect of families that qualify in terms of the indigent policy, are correct so as to qualify for an increased amount from National Government;
- To introduce a system through which services payment by employed people is guaranteed by having such payments deducted by their employers before salaries are paid out;
- The installation of prepaid meters is essential in securing future payment for services by residents;
- To enlarge the revenue base of the municipality, by ensuring that all properties are correctly zoned. (The property rates tariffs are based on the zoning); and
- To enlarge the revenue base of the municipality, by negotiating with Eskom, to take over the electricity supply in areas currently under Eskom's control. This will also improve the credit control capabilities of the municipality.

7.2.11 EXPENDITURE MANAGEMENT STRATEGIES

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

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

7.2.12 IDP/BUDGET STEERING COMMITTEE PRIORITIES

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

- Address the uncontrollable growth of the informal settlements;
- Ensure proper law enforcement in the Phumelela;
- Enhance tourism in the Phumelela;
- To ensure proper prioritization of limited resources. Do more with less;
- To acknowledge cleaning as important;
- To address the bad conditions of our current road infrastructure;
- To keep tariff increases reasonably low, to ensure affordability;
- To align the budget with the IDP in a realistic way;
- Address the IDP needs prioritised by different wards.
- Be realistic with projected revenue and expenditure & ensure financial health;
- Be innovative in our approaches towards service delivery;
- Address the organizational structure of the municipality;
- Review current practices like fleet management, travelling & subsistence, telephone cost, management of our overtime, security etc.;
- Enhance our approach to human settlements;
- Do public education programs with regards to littering & illegal dumping
- Enhancement of the EPWP (Expanded Public Works Programme);
- Explore all other sources of funding, etc.

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

7.2.13 INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

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

7.3 Financial Perspective

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

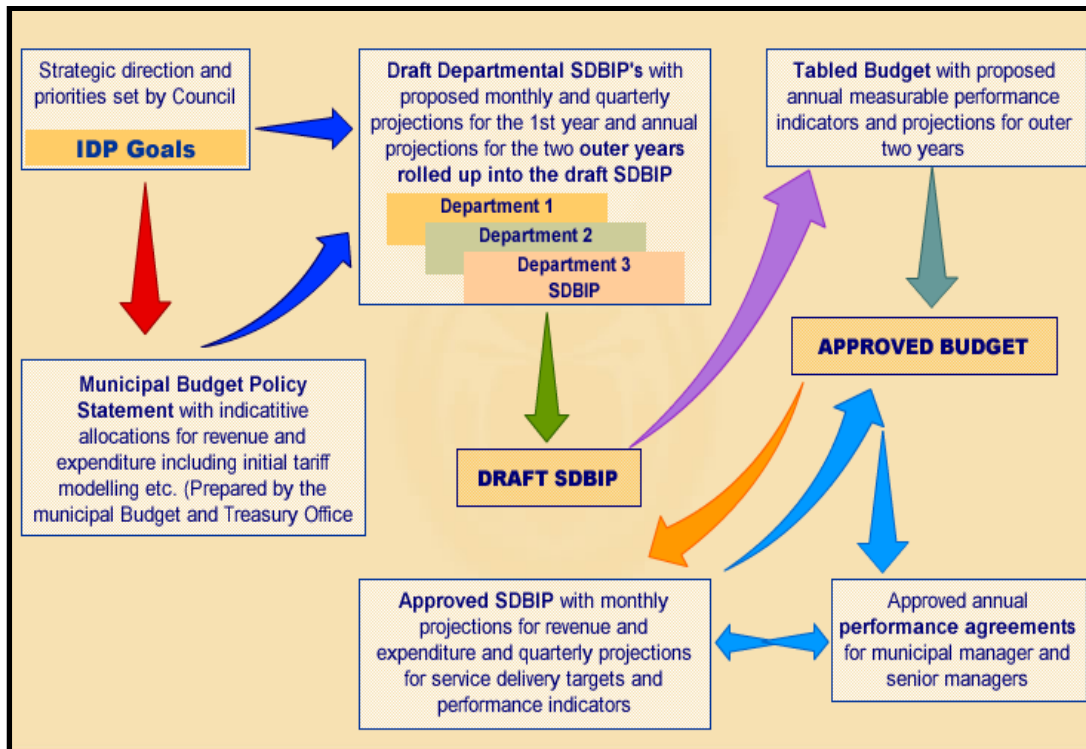


Figure 9: Budget Implementation Process

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

■ **Credible Budget:**

- Activities consistent with the IDP and vice versa, ensuring that the IDP is realistically achievable given the financial constraints of the Municipality
- Financial viability of municipality not jeopardised – ensure that the financial position is maintained/ improved within generally accepted prudential limits and that obligations in short term and long term can be met.
- Capacity to spend the budget- Institutional capacity (Staff; Infrastructure; Institutional functioning; PMS operational/ PDO/ KPI's) & Budget assumptions applied

■ **Sustainable Budget:**

- Financial sustainability/ overall financial health of Municipality and to what extent is it sustained?
- Revenue budgeted realistic / realisable? (Both Operating and Capital)
- The intention of this is to determine whether the Municipality has sufficient revenue and adequate financial stability to fund and deliver on its proposed budget.

■ **Responsive Budget:**

- To the needs of the community / public.
- Alignment of IDP – LED Strategies – Budget, and to what extent does it give effect to provincial and national priorities?
- Is the Budget appropriately responsive to economic growth objectives and the socio- economic needs of the community
- Process followed to identify strategic priorities/priority interventions in the IDP

■ **Affordability / Tariffs:**

- Tariffs must not be increased unreasonably, and consumers must be able to afford to pay. There should be a balance between affordability and level of service.

■ **Funding of Budget:**

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

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

7.3.1 Phumelela Municipality Investment Plan

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

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

7.3.2 Financial Information

- **Revenue:** Phumelela's main source of income is electricity \pm 7.3%. The table below gives a breakdown of revenue sources.

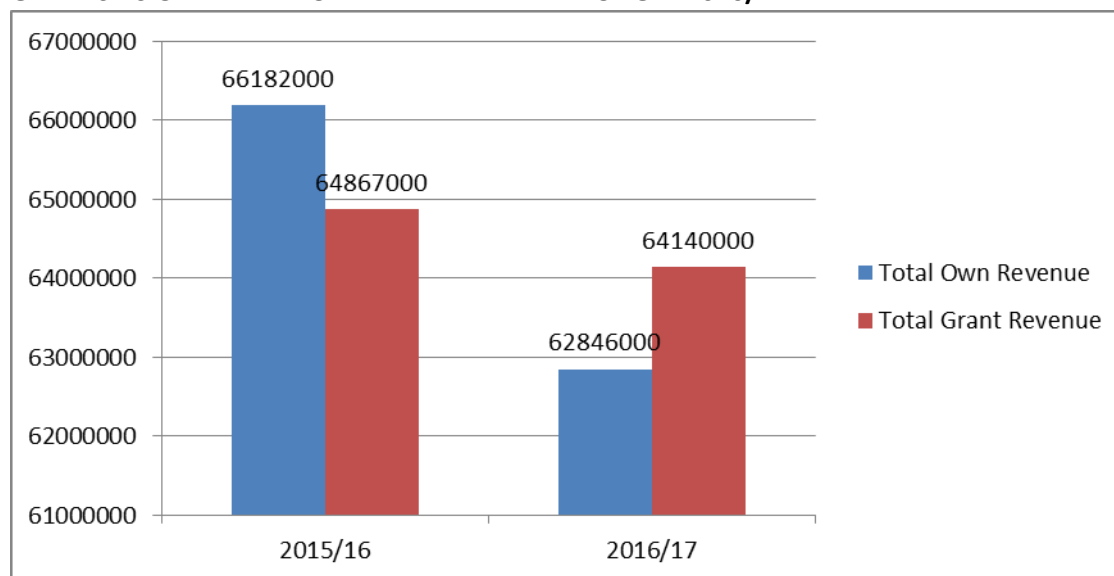
Description R thousand	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
	Original Budget	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source									
Property rates	22 545	19 047	15%	11 993	9%	12 864	10%	14 876	10%
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	9 425	7 477	5,7%	9 209	7,3%	9 937	7,6%	10 712	7,6%
Service charges - water revenue	11 436	7 217	5,5%	7 710	6,1%	8 285	6,3%	8 765	6,3%
Service charges - sanitation revenue	12 790	7 500	5,7%	6 885	5,4%	7 284	5,5%	7 707	5,5%
Service charges - refuse revenue	13 057	7 374	5,6%	6 570	5,2%	6 951	5,3%	7 354	5,3%
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1 915	4 258	3%	4 593	3,6%	4 859	3,7%	5 141	3,7%
Interest earned - external investments	222	165	0,13%	244	0,2%	258	0,20%	273	0,20%
Interest earned - outstanding debtors	10 937	11 220	9%	11 928	9,4%	12 619	9,6%	13 351	9,6%
Dividends received	-	-	-	-	-	-	-	-	-
Fines	66	40	0,03%	75	0,06%	79	0,06%	84	0,06%
Licences and permits	18	26	0,02%	28	0,02%	30	0,02%	31	0,02%
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	64 267	64 867	49%	64 140	51%	64 379	49%	68 630	49%
Other revenue	1 696	1 859	1,4%	3 612	2,8%	3 822	2,9%	4 043	2,9%
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	148 372	131 049	100%	126 986	100%	131 367	100%	140 968	100%

Table 56: Revenue by Source

Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:					
Operating Transfers and Grants					
National Government:	64,267	64,267	64,140	64,379	68,630
Local Government Equitable Share	60,462	60,462	59,830	60,669	64,597
EPWP Incentive	1,000	1,000	1,000	-	-
Finance Management	1,875	1,875	2,010	2,345	2,600
Municipal Systems Improvement	930	930	1,300	1,365	1,433
Total Operating Transfers and Grants	128,534	128,534	128,280	128,758	137,260
Capital Transfers and Grants					
National Government:	48,067	33,505	47,530	55,079	61,199
Municipal Infrastructure Grant (MIG)	20,467	20,467	20,090	21,463	22,484
Regional Bulk Infrastructure	20,000	5,000	27,440	28,616	28,715
Integrated National Electrification Programme	7,600	7,600	-	5,000	10,000
	-	-	-	-	-
	-	-	-	-	-
DWS Drought Relief	-	438	-	-	-
Total Capital Transfers and Grants	48,067	33,505	47,530	55,079	61,199
TOTAL RECEIPTS OF TRANSFERS & GRANTS	176,601	162,039	175,810	183,837	198,459

GRANTS VS OWN REVENUE

DRAFT BUDGET 2016/17



Graph 7: Grants versus Own Revenue 2016/17

The municipality has in total three (3) pay points in the three major towns of the municipal area, one (1) in Vrede, one (1) Warden and one (1) Memel each have one (1) pay point. In total the municipality has 5 885 water meters and 2 268 (conventional) electricity meters distributed within its municipal service area as indicated in the map.

Expenditure: Phumelela's will spend 13.5% of the budget on bulk purchases and 52.7% on employee related costs. Main source of income is electricity 7.3%. The table below gives a breakdown of expenditure.

Description	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
	Original Budget	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Expenditure By Type									
Employee related costs	53 099	54 047	41,4%	66 871	52,7%	70 967	54%	75 774	53,8%
Remuneration of councillors	4 348	4 696	3,6%	4 805	3,8%	5 093	4%	5 399	3,8%
Debt impairment	4 814	2 588	2,0%	1 006	0,8%	1 064	1%	1 126	0,8%
Depreciation & asset impairment	3 876	1 984	1,5%	1 984	1,6%	2 099	2%	2 221	1,6%
Finance charges	891	3 634	2,8%	634	0,5%	671	1%	710	0,5%
Bulk purchases	18 801	23 521	18,0%	17 125	13,5%	18 392	14%	19 859	14,1%
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	3 500	3 500	2,7%	3 100	2,4%	3 481	3%	3 928	2,8%
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	58 005	36 695	28,1%	31 411	24,7%	29 546	23%	31 853	22,6%
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	147 333	130 666	100,0%	126 935	100,0%	131 313	100%	140 869	100%

Table 57: Expenditure by Type

CAPITAL PROJECTS 2016/17:

The following Capital projects have been identified as critical projects and specified per town, including a separate list of special projects were also prioritised for the 2016/17 financial year.

CAPITAL PROJECTS

All Towns						
Project Name	Section	Town	Source of Funding	Allocation 2016/17	Allocation 2017/18	Allocation 2018/19
Upgrading/Maintanance of Municipal roads	Roads	All Towns	MIG	-	-	3 000 000,00
Fencing Municipal cemeteries	Cemeteries	All Towns	MIG	-	2 858 506,90	2 506 500,00
PMU Allocation	PMU	All Towns	MIG	1 004 500,00	1 073 150,00	1 236 620,00
				1 004 500,00	3 931 656,90	6 743 120,00

Table 58: Capital Project Funding

CAPITAL PROJECTS: VREDE

DRAFT BUDGET 2016/17

Vrede						
Project Name	Section	Town	Source of Funding	Allocation 2016/17	Allocation 2017/18	Allocation 2018/19
Vrede/Thembalihle Paved Road	Roads	Vrede	MIG	2 217 173,49	5 800 000,00	3 200 000,00
3,5Ml Resevior in Thembalihle Ext 4	Water Distribution	Vrede	MIG	8 020 675,10	-	-
Foot Bridge in Thembalihle	Roads	Vrede	MIG	500 000,00		
3,5Ml Resevior in Thembalihle Ext 4	Water Distribution	Vrede	MIG	300 808,00	1 097 605,89	-
Sport Facilities	Sports facilities	Vrede	MIG	216 406,00	-	-
				11 255 062,59	6 897 605,89	3 200 000,00

Table 59: Capital Projects: Vrede

CAPITAL PROJECTS: WARDEN

Warden						
Project Name	Section	Town	Source of Funding	Allocation 2016/17	Allocation 2017/18	Allocation 2018/19
Warden/Ezenzeleni Paved Road	Roads	Warden	MIG	1 320 000,00	3 880 000,00	1 795 536,10
Warden/Ezenzeleni Sport Facility PH2	Sports facilities	Warden	MIG	1 204 448,20	1 090 000,00	1 657 000,00
Electrification	Electricity Distribution	Warden	INEP	-	5 000 000,00	10 000 000,00
Construction of Dam in Warden	Water Distribution	Warden	RBIG	27 440 000,00	28 616 000,00	28 715 000,00
				29 964 448,20	38 586 000,00	42 167 536,10

Table 60: Capital Projects - Warden

CAPITAL PROJECTS: MEMEL

BUDGET 2016/17

Memel							
Project Name	Section	Town	Source of Funding	Allocation 2015/16	Allocation 2016/17	Allocation 2017/18	Allocation 2018/19
Connection of resevoirs and pipeline	Water	Memel	Own Funding	1 727 989,43	-	-	-
Lining of oxidation ponds	Sewerage	Memel	Own Funding	1 850 000,00	-	-	-
Memel/Zamani Paved Road	Roads	Memel	MIG	-	2 752 090,25	5 663 737,28	4 600 000,00
Memel/Zamani Connection of bulk water to Households	Water Distribution	Memel	MIG	-	800 000,00	-	-
Sport Facilities	Sports facilities	Memel	MIG	-	1 000 000,00	-	-
Foot Bridge in Zamani	Roads	Memel	MIG	-	500 000,00	-	4 201 000,00
Retentions Paved Road in Memel/ Zamani	Roads	Memel	MIG	-	253 877,00	-	287 343,99
				3 577 989,43	5 305 967,25	5 663 737,28	9 088 343,99

Table 61: Capital Projects Memel

CAPITAL PROJECTS SERVICE CATEGORY

Category	2016/17	2017/18	2018/19
Roads	7,543,140.74	15,343,737.28	17,083,880.09
Water	36,561,483.10	29,713,605.89	28,715,000.00
Ceneteries		2,858,506.90	2,506,500.00
Sewer	-	-	-
Electricity		5,000,000.00	10,000,000.00
Sports Facilities	2,420,854.20	1,090,000.00	1,657,000.00
Solid Waste	-	-	-
Town Planning	1,004,500.00	1,073,150.00	1,236,620.00
	47,529,978.04	55,079,000.07	61,199,000.09

Table 62: Capital Projects Service Category

IDP AND BUDGET ALIGNMENT

RECONCILIATION OF IDP STRATEGIC OBJECTIVE AND BUDGET (Revenue)

FS195 Phumelela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective R thousand	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
100% Households in formal settlement have access to basic level of water	Proper water distribution and management			5 059	8 496	9 986	17 500	13 278	13 278	12 486	13 338	14 111
100% Households in formal settlement have access to basic level of sanitation	Proper sewerage and sanitation management			7 120	8 833	10 274	15 936	10 646	10 646	12 510	13 235	14 003
To ensure that identified internal roads in the Phumelela municipal area are maintained and upgraded to facilitate economic & social activity required for the sustainable development of municipality; considering the capacity limitations facing the municipality	To maintain and upgrade internal roads in order to facility economic and social activity			-	-	-	-	-	-	-	-	-
To create employment opportunities in the Phumelela municipal area; resulting from programmes and projects of this IDP	To create employment opportunities in local and rural areas				1 409	47	5 616	8 377	8 377	38	40	42

PHUMELELA LOCAL MUNICIPALITY IDP REVIEW 2016/17

To facilitate the financial viability of the Phumelela local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	To ensure financial viability in terms of budget and treasury & assessment rates			106 490	115 833	113 402	79 172	76 329	76 329	67 788	68 407	74 137
To facilitate institutional transformation and development in the Phumelela local municipality	To ensure institutional transformation and development in terms of Corporate services, Property services and Property services: Commonage			26 794	20	1 267	36	36	36	6 796	7 190	7 607
To ensure good governance in the Phumelela local municipality	Ensure good governance in the office of the mayor, council, municipal manager & town planning			-	-	-				3 522	3 699	3 886
To ensure good waste management in the Phumelela municipal area	Ensure good solid waste management			-	8 779	10 306	16 155	10 472	10 472	11 881	12 570	13 299

PHUMELELA LOCAL MUNICIPALITY IDP REVIEW 2016/17

To ensure good that 100% of households in the Phumelela municipal area have access to electricity	To ensure proper electricity distribution		9 863	7 769	16 047	13 703	11 672	11 672	11 679	12 584	13 560
To ensure effective management of graveyards and cemeteries in the Phumelela municipal area	To ensure proper management of cemetery and parks		–	133	173	188	200	200	212	225	237
To ensure access to quality sport and recreational in the Phumelela municipal area	To ensure proper management of the library, sport and recreational facilities		–	–	692	–	–	–	–	–	–
To ensure effective traffic management and parking in the Phumelela municipal area	To ensure proper traffic control		100	62	64	66	40	40	75	79	84
To ensure effective firefighting in the Phumelela municipal area	To ensure proper fire fighting		–	–	–	–	–	–	–	–	–
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	155 426	151 334	162 257	148 372	131 049	131 049	126 986	131 367	140 968

BUDGET 2016/17 SUPPORTING TABLE SA 4

RECONCILIATION OF IDP STRATEGIC OBJECTIVE AND BUDGET (Operating Expenditure)

FS195 Phumelela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
100% Households in formal settlement have access to basic level of water	Proper water distribution and management			9 922	20 865	23 636	21 000	16 548	16 548	17 544	15 877	16 975
100% Households in formal settlement have access to basic level of sanitation	Proper sewerage and sanitation management			6 047	11 728	19 562	9 571	9 136	9 136	10 386	10 992	11 792
To ensure that identified internal roads in the Phumelela municipal area are maintained and upgraded to facilitate economic & social activity required for the sustainable development of municipality; considering the capacity limitations facing the municipality	To maintain and upgrade internal roads in order to facility economic and social activity			1 742	2 125	1 622	4 000	3 000	3 000	2 500	2 000	2 000
To create employment opportunities in the Phumelela municipal area; resulting from programmes and projects of this IDP	To create employment opportunities in local and rural areas			22 218	10 216	27 816	18 575	18 515	18 515	14 302	15 277	16 319
To facilitate the financial viability of the Phumelela local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	To ensure financial viability in terms of budget and treasury & assessment rates			92 601	41 388	19 538	30 125	27 385	27 385	23 890	24 267	26 584

PHUMELELA LOCAL MUNICIPALITY IDP REVIEW 2016/17

To facilitate institutional transformation and development in the Phumelela local municipality	To ensure institutional transformation and development in terms of Corporate services, Property services and Property services:			–	6 789	10 398	10 348	10 999	10 999	13 404	14 231	15 125
To ensure good governance in the Phumelela local municipality	Commonage Ensure good governance in the office of the mayor, council, municipal manager & town planning			4 561	11 533	18 785	22 668	18 709	18 709	18 578	19 705	20 921
To ensure good waste management in the Phumelela municipal area	Ensure good solid waste management			–	6 365	17 110	8 579	8 243	8 243	8 244	8 800	9 393
To ensure good that 100% of households in the Phumelela municipal area have access to electricity by 2014	To ensure proper electricity distribution			9 922	20 865	20 020	21 000	16 548	16 548	16 294	18 245	19 708
To ensure effective management of graveyards and cemeteries in the Phumelela municipal area	To ensure proper management of cemetery and parks			–	1 456	765	797	812	812	866	923	985
To ensure access to quality sport and recreational in the Phumelela municipal area	To ensure proper management of the library, sport and recreational facilities			–	–	1 294	–	–	–	–	–	–
To ensure effective traffic management and parking in the Phumelela municipal area	To ensure proper traffic control			3 040	690	1 084	669	773	773	927	997	1 066
Allocations to other priorities												
Total Expenditure			1	150 053	134 018	161 630	147 333	130 666	130 666	126 935	131 313	140 869

RECONCILIATION OF IDP STRATEGIC OBJECTIVE AND BUDGET (capital expenditure)

FS195 Phumelela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective R thousand	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
100% Households in formal settlement have access to basic level of water	Proper water distribution and management	A		49 625	49 864	339	26 294	11 722	11 722	36 561	29 714	28 715
100% Households in formal settlement have access to basic level of sanitation	Proper sewerage and sanitation management	B		20 275	4 527	-	3 500	3 500	3 500	-	-	-
To ensure that identified internal roads in the Phumelela municipal area are maintained and upgraded to facilitate economic & social activity required for the sustainable development of municipality; considering the capacity limitations facing the municipality	To maintain and upgrade internal roads in order to facility economic and social activity	C		3 907	6 307	13 012	6 201	6 201	6 201	7 543	15 344	17 084
To create employment opportunities in the Phumelela municipal area; resulting from programmes and projects of this IDP	To create employment opportunities in local and rural areas	D		4 042	-	49 431	4 632	4 632	4 632	3 425	2 163	2 894
To facilitate the financial viability of the Phumelela local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	To ensure financial viability in terms of budget and treasury & assessment rates	E		2 835	-	-	-	-	-	-	-	-

PHUMELELA LOCAL MUNICIPALITY IDP REVIEW 2016/17

To facilitate institutional transformation and development in the Phumelela local municipality	To ensure institutional transformation and development in terms of Corporate services, Property services and Property services: Commonage	F		-	-	-	-	-	-	-	-	
To ensure good governance in the Phumelela local municipality	Ensure good governance in the office of the mayor, council, municipal manager & town planning	G		-	-	-	-	-	-	-	-	
To ensure good waste management in the Phumelela municipal area	Ensure good solid waste management	H		1 500	-	-	-	-	-	-	-	
To ensure good that 100% of households in the Phumelela municipal area have access to electricity by 2014	To ensure proper electricity distribution	I		4 500	-	7 600	7 600	7 600	-	5 000	10 000	
To ensure effective management of graveyards and cemeteries in the Phumelela municipal area	To ensure proper management of cemetery and parks	J		-	3 705	-	65	65	65	-	2 859	2 507
To ensure access to quality sport and recreational in the Phumelela municipal area	To ensure proper management of the library, sport and recreational facilities	K		-	-	-	-	-	-	-	-	
To ensure effective traffic management and parking in the Phumelela municipal area	To ensure proper traffic control	L		-	-	-	-	-	-	-	-	
To ensure effective firefighting in the Phumelela municipal area	To ensure proper fire fighting	M		-	-	-	-	-	-	-	-	
No strategic Objective in IDP	Health	N		-	-	-	-	-	-	-	-	
Allocations to other priorities			3									
Total Capital Expenditure			1	86 684	64 403	62 782	48 292	33 720	33 720	47 530	55 079	61 199

BUDGET 2016/17 SUPPORTING TABLE SA 6

FS195 Phumelela - Supporting Table SA36 Detailed capital budget

8 R thousand	Ref 4	Program/Project description	Asset Class 3	2016/17 Medium Term Revenue & Expenditure Framework		
				Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality:						
<i>List all capital projects grouped by Municipal Vote</i>						
Town Planning		PMU Allocation	<i>Community</i>	1 005	073	237
Roads		Construction of water network in Zamani Ext 6	<i>Infrastructure - Road transport</i>	2 752	664	600
Roads		Vrede/Thembalihle Paved Road	<i>Infrastructure - Road transport</i>	2 217	800	200
Water Distribution		3,5ML Reservoir in Thembalihle Ext 4	<i>Infrastructure - Water</i>	8 021	–	–
Water Distribution		Memel/Zamani Connection of bulk water to Households	<i>Infrastructure - Water</i>	800	–	–
Roads		Memel/ Zamani Connecting Bridge	<i>Infrastructure - Road transport</i>	–	–	–
Roads		Warden/Ezenzeleni Paved Road	<i>Infrastructure - Road transport</i>	1 320	880	796
Sports facilities		Warden/Ezenzeleni Sport Facility PH2	<i>Community</i>	1 204	090	657
Sports facilities		Sport Facilities	<i>Community</i>	1 000	–	–
Town Planning		High mast lights in Thembalihle Ext 4	<i>Community</i>	500	–	–
Roads		Foot Bridge in Zamani and Thembalihle	<i>Infrastructure - Road transport</i>	500	–	201
Roads		Upgrading/Maintenance of Municipal roads	<i>Infrastructure - Road transport</i>	–	–	000
Cemeteries		Fencing Municipal cemeteries	<i>Community</i>	–	859	507
Roads		Retentions Paved Road in Memel/ Zamani	<i>Infrastructure - Road transport</i>	254	–	287
Water Distribution		3,5ML Reservoir in Thembalihle Ext 4	<i>Infrastructure - Water</i>	301	098	–

Sports facilities		Sport Facilities	Community	216	-	28	-	28
Water Distribution		Construction of Dam in Warden	Infrastructure - Water	27 440	616	5	715	10
Electricity Distribution		Electrification	Infrastructure - Electricity	-	000		000	
Parent Capital expenditure	1			47 530	079	55	199	61
Entities: <i>List all capital projects grouped by Entity</i>								
Entity A Water project A								
Entity B Electricity project B								
Entity Capital expenditure				-	-		-	
Total Capital expenditure				47 530	079	55	199	61

References

1. Must reconcile with Budgeted Capital Expenditure
2. As per Table SA6
3. As per Table SA34
4. Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by programme by Vote
5. Correct to seconds. Provide a logical starting point on networked infrastructure.
6. Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13

7.4 Municipal Functions, Sector Plans and Projects Roll-out 2016/17

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

Phumelela municipality is responsible for delivering the following services:

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

Table 63: Municipal Functions

CHAPTER 8: PERFORMANCE MANAGEMENT

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

8.1 Performance Management

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

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

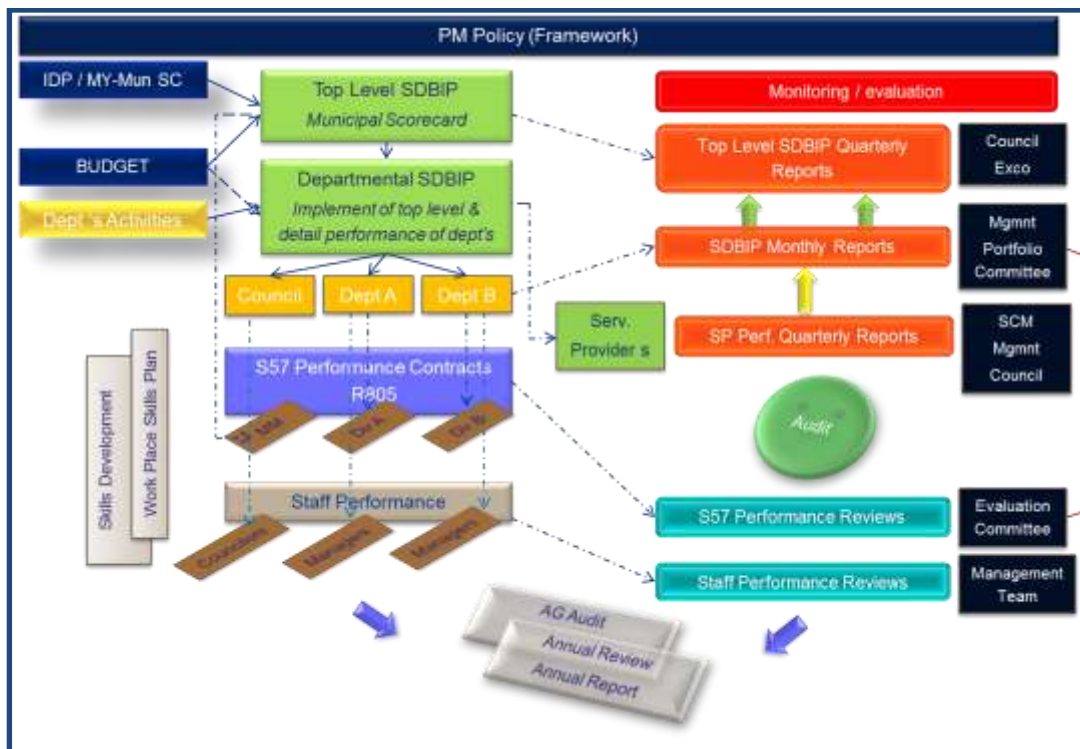


Figure 10: Performance Management System

8.2 Organizational Level

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

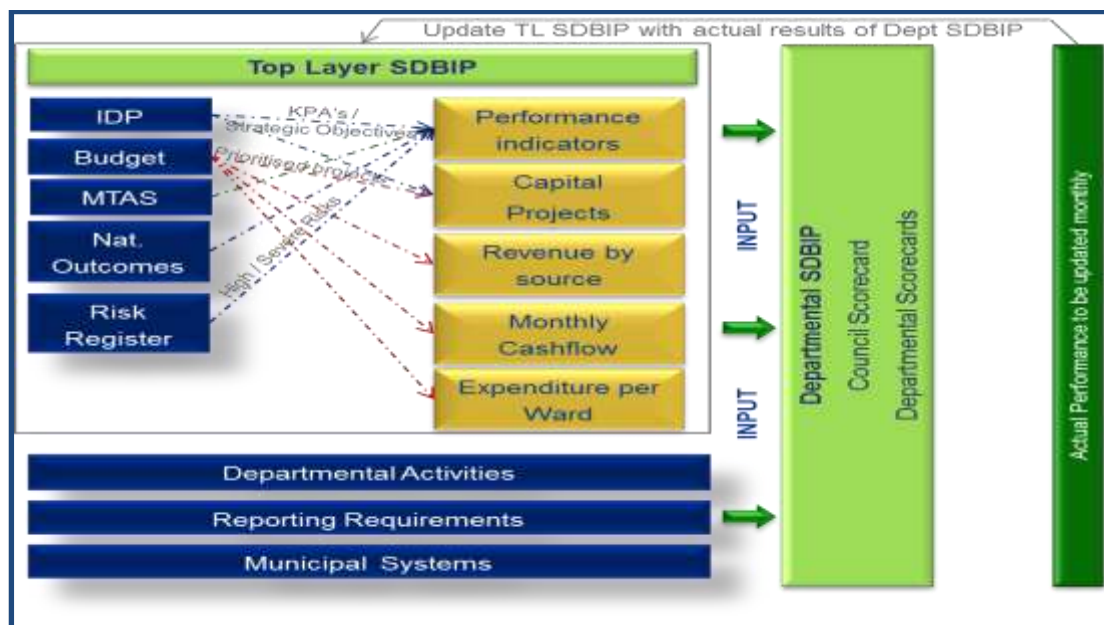


Figure 11: Organisational Performance

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

8.3 Individual Level

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

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

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

8.4 Key Performance Indicators (KPIs)

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

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

8.5 Performance Reporting

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

8.5.1 Quarterly Reports

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

8.5.2 Mid-Year Assessment

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

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