

# Executive Summary



# SECTION A



# 1.1 Challenges & Opportunities

The Phumelela Municipality offers its communities, potential investors and other stakeholders several dynamic opportunities. The town is situated close to the important N3 main road between two of the country’s primary economic centers, namely those of Durban / Pietermaritzburg and the Gauteng economic hinterland, Johannesburg / Tshwane. The Council’s development focus is especially on the following **opportunities**:

**Table / Figure 1.1:** *Phumelela: Opportunities*

<b>Development Opportunity</b>	<b>Focus Initiatives</b>
<i>Economic growth</i>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Tourism is the main focus area for expanded economic growth.</li> <li><input type="checkbox"/> Job creation is a central theme in the Municipality’s local economic development initiatives.</li> <li><input type="checkbox"/> The Council supports national government’s focus on SMME and BBBEE development. There is also an understanding of the importance of promoting local industries, but due to the rural nature of the area, it is not always possible to obtain the required skills and resources required by the Municipality from local sources.</li> </ul>
<i>Improved Service Delivery</i>	<ul style="list-style-type: none"> <li><input type="checkbox"/> It is the Municipality’s primary role to ensure basic services to its citizens in an equal and balanced manner. These include services such as water, sanitation, refuse removal, waste disposal and the maintenance of roads, streets and pavements.</li> <li><input type="checkbox"/> The maintenance of infrastructure and replacement of ageing infrastructure is a high priority for the Council. Lack of resources severely limits Council’s capacity to achieve this.</li> </ul>
<i>Good Governance</i>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The Council continuously strives improve the efficiency of its political and administrative systems, structures and processes.</li> <li><input type="checkbox"/> It is a high priority for Council to involve its citizens in decisions affecting them.</li> <li><input type="checkbox"/> Improved financial viability and consistent efforts to improve the efficiency of the municipality’s administration and management systems and processes are high priorities.</li> </ul>
<i>Integrated Human Settlements</i>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The Municipality has managed to increase access to housing by 9,3% over the period 2001-2007.</li> <li><input type="checkbox"/> The Municipality currently prioritizes the review of its Spatial Development Framework and the design of an appropriate land use management system.</li> </ul>
<i>Social and Community Development</i>	<ul style="list-style-type: none"> <li><input type="checkbox"/> It is important for the Council to ensure good quality and well-maintained sport facilities, parks and community halls for its communities.</li> </ul>



However, the Municipality also faces several important **challenges** in service rendering. Most of these relates back to limited municipal capacity. Some of the most noticeable of these are:

- Refurbish the old infrastructure to reduce water losses
- Replacing of asbestos pipes
- Continuously training the community to safe water
- Lack of funding remains a serious challenge
- Fencing of sport facility: soccer field, volley ball, tennis court and basketball (R590,000) EDWIN Construction.
- Job creation must enjoy priority.
- The municipality will re-prioritise to ensure that the LED function is better resourced; including the appointment of skilled people
- Fill critical budgeted vacant positions on the Finance Department staff establishment
  
- Reduce grant dependency. Revenue collection must improve and operating expenditure must be reduced
- Managing overtime on a monthly basis
- Water and electricity losses to be strictly controlled (specifically the pre-paid part)
- Increase number of indigents (Income)
- Retaining trained finance personnel
- Change the financial management system
- Better and bigger office space
- Capacity-building: As soon as critical vacancies are filled, Provincial Treasury will train new employees.
- Compile financial statements internally – software already available

## **1.2 What are we doing to improve ourselves?**

---

### **Alignment of municipal activities towards the IDP and Council resolutions**

The municipality has conducted a comprehensive review of its IDP according to our IDP Process Plan. This, together with the resolutions of Council during the year, provided us with the governance and management framework according to which we have planned, organised and implemented our activities during the year. In this regard, the following issues are worth mentioning:

- Council's emphasis on improving access of our communities to basic services, with specific reference to water, sanitation, electricity and refuse removal. We have managed to improve the quality of our drinking water through our participation in the blue drop assessment process, and the quality of waste water management through our participation in the green drop assessment process. Currently our blue drop assessment score is 62%. Considering current efforts aimed at formalising our water management framework and plans, this will doubtlessly improve in future.
- 2x People are currently managing dumping sites. This needs to be increased. People from community will be trained to man landfill sites on behalf of the Municipality
- Cemeteries maintenance plan must still be developed (no. of maintenance programmes)
- Global warming. Municipality must start prioritizing the matter of environmental protection.
- Our community engagement and participation processes and structures need to be improved. In this regard, our emphasis in the coming financial year will be on actively partnering with our communities in our efforts to develop our local area.



- Our commitment to work towards a clean audit opinion by 2014, in support of the aims of Operation Clean Audit 2014 is non-negotiable.

### **Service Delivery performance**

We are reasonably satisfied that we, as managers, have contributed positively towards Council's service delivery successes in 2010/11. However, there were also several challenges that need to be addressed. In this regard, the following could be highlighted:

- We are serving 9,780 households in formal residential areas with water (yard connections). These households also all have access to full waterborne systems of sanitation.
- We have reviewed and finalised the Water Services Development Plan for our Municipality.
- Schools and households in rural areas without access to basic services, with specific reference to water and sanitation.
- Variety of awareness campaigns, including water, sanitation, HIV and Aids, environmental awareness and waste disposal campaigns.
- The finalisation of the process of re-location the landfill sites and making sure that they are properly registered.
- A proper cemetery management and maintenance system.
- Establishment of a local Sports Council.
- Inadequate capacity to address the urgent need for local economic development initiatives, and therefore to implement the LED Strategy.

### **Financial Viability and Management**

We are striving to ensure a sustainable improvement in the operational cash flow situation of the municipality. Although our cash flows were under severe pressure for a number of consecutive financial years, we have managed to close the 2010/11 financial year with a positive bank balance. This was mostly thanks to the efforts of our newly appointed CFO. In this regard, specific reference could be made of the following:

- Updating of financial record-keeping system
- Paid more creditors electronically in comparison with cheques
- Overspent on capital projects funded through own funding (operating revenue)
- Irregular, wasteful and unauthorized expenditure reduced
- Processing of VAT done electronically through e-filing – money recovered within a month
- All reconciliations to be submitted on a monthly basis
- Recovery of fees from Human Settlement (R1,6 million) and District (R321,000)

### **Policies and related administrative matters**

The municipality has maintained registers of the required administrative and financial policies throughout the 2010/11 financial year. The employment equity plan was reviewed and progress reports about its implementation submitted to the Department of Labour. The following important plans and policies were also reviewed and/or implemented:

- The Property Rates Act
- The Human Resource Strategy.
- The Indigent Register
- The Supply Chain Management and Procurement Policy
- A credit card policy was approved



- A debt policy has been submitted to Council
- A risk management plan has been finalised

**Shared Services**

The municipality entered into an agreement with the district municipality for the utilisation of the services of a single, shared Audit Committee.

## 1.3 What could be expected from us over the next five years?

The municipality will work towards the following strategic objectives over the next five years:

**Table / Figure 1.2: Phumelela: Strategic Objectives, 2012-2016**

Priority	Objectives	Outcomes
1: Water	To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of water by 2014	<ul style="list-style-type: none"> <li>• 100% of households in formal settlements have access to basic level of water</li> <li>• Water infrastructure required to enable achievement of the strategic objective as measured in terms of the performance targets in this 5-year IDP.</li> <li>• The percentage of households earning less than R1,100 per month with access to free basic services</li> </ul>
2: Sanitation	To ensure that 100% of households in formal settlements in the Phumelela municipal area have access to basic level of sanitation by 2014	<ul style="list-style-type: none"> <li>• 100% of households in formal settlements have access to basic level of sanitation</li> <li>• Sanitation infrastructure required to enable achievement of the strategic objective as measured in terms of the performance targets in this 5-year IDP.</li> </ul>
3: Municipal Roads and Stormwater	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	Repair and paving of roads according to the targets and projects indicated in the 5-year IDP
4: Local and Rural Economic Development	To create employment opportunities in the Phumelela municipal area; resulting from programmes and projects of this IDP	<ul style="list-style-type: none"> <li>• (Number of) employment opportunities created through targeted IDP projects</li> <li>• (Number of) employment opportunities created through EPWP initiatives</li> </ul>
5: Institution Building	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	<ul style="list-style-type: none"> <li>• The percentage of a municipality’s capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality’s integrated development plan;</li> <li>• the percentage of a municipality’s budget actually spent on implementing its workplace skills plan; and</li> <li>• financial viability as expressed by the following ratios</li> </ul>
	To facilitate institutional transformation and development in the Phumelela local	<ul style="list-style-type: none"> <li>• The number of people from employment equity target groups employed in the three</li> </ul>



Priority	Objectives	Outcomes
	municipality	<p>highest levels of management in compliance with a municipality's approved employment equity plan;</p> <ul style="list-style-type: none"> <li>• Targets in the organizational redesign and change management strategy; and</li> <li>• Skills development targets in the municipal Skills Development Plan</li> </ul>
	To ensure good governance in the Phumelela local municipality	<ul style="list-style-type: none"> <li>• Monthly ward committee meetings with duly recorded minutes that are submitted to Council at regular intervals for consideration</li> <li>• An organizational and individual Performance Management and Monitoring and Evaluation Systems that facilitate quarterly, mid-year and annual performance and financial reports.</li> <li>• Audit arrangements (including an operational internal audit unit and audit committee) to manage risks facing the municipality and ensure adequate internal controls to prevent fraud and irregularities.</li> <li>• By-laws and policies to enable the effective governance of the municipality</li> </ul>
6: Refuse Removal	To ensure good waste management in the Phumelela municipal area	<ul style="list-style-type: none"> <li>• Three licensed and registered landfill sites.</li> <li>• 100% of households in formal areas with access to refuse removal services at basic acceptable national standards</li> </ul>
7: Electricity Reticulation	To ensure good that 100% of households in the Phumelela municipal area have access to electricity by 2014	100% of households in formal areas with access to electricity
8: Cemeteries and Parks	To ensure effective management of graveyards and cemeteries in the Phumelela municipal area	Adequate provision for, safe and well maintained graveyards and cemeteries
9: Sport and Recreational facilities	To ensure access to quality sport and recreational in the Phumelela municipal area	Adequate provision for, safe and well maintained sport and recreational facilities, as measured in terms of the targets set for the programmes and projects in the 5-year IDP
10: Traffic and Parking	To ensure effective traffic management and parking in the Phumelela municipal area	Adequate provision for traffic management and parking, as measured in terms of the targets set for programmes and project in the IDP
11: Firefighting	To ensure effective firefighting in the Phumelela municipal area	Ten trained firefighters





## 1.4 Our Vision

---

We, as a municipality is driven by a set of key objectives that determine our overall agenda. These objectives are as follows:

- To work with other spheres of government to ensure that all our communities enjoy equal, non-prohibited access to basic services; including water, sanitation, electricity and refuse removal; first and foremost on the level of basic access, but then (where and when basic levels have been achieved) higher levels of development.
- To improve the capacity of our political and administrative structures and resources in order to continuously improve its response ability. This include improving the professionalism of our staff, building responsible and accountable management systems, ensuring effective political oversight and improving value-for-money by the way in which we organise ourselves for service delivery.
- To improves our audit opinion. We have recently appointed a new CFO, and are building progressively towards a position where our finances are properly controlled and managed to enable to us to achieve government's aims of clean audits for all public institutions by 2014.
- To strengthen our partnerships with other spheres of government, through active utilisation of the available IGR forums and opportunities, with our community and with civil society. In working towards these aims, we are committed to keep our communities informed, and allow them the opportunity to participate in decision-making regarding those services and issues that we have entrusted to us, and that we are handling on their behalf.
- To improve the political oversight, and management control over the activities of municipal managers and employees. We are aware of the fact that our community has entrusted us with their money and that we have a responsibility to give feedback to them about what we have done with those funds, and what we have achieved in the process. In order to be able to achieve this, we need strong en well-functioning political oversight structures and process, and effective management controls.
- To maintain and improve sports and recreational facilities to allow our communities access to good quality relaxation, sporting, recreational, educational and cultural opportunities for expression and sound recreation.
- To address the needs of transversal groups in our communities, including the youth, women, the elderly and persons with disabilities.

## 1.5 Demographic Profile

---

The Phumelela Local Municipality forms party of the **Mofutsanyane District**. It consists of 7 wards and covers an area of **7,550.4910 km<sup>2</sup>**. The terrain morphology indicates that the most eastern part of Phumelela, including Memel and a stretch of ground towards the northwest, consists of low mountains. The Warden and Vrede areas are strongly undulating irregular land. The whole Phumelela local municipality grounds falls in the Vaal River catchment's drainage region.

According to Census 2001, there were 50 907 persons living in the Phumelela area of jurisdiction, translating into 12 041 households; 93,18% of the population belongs to the African population group, 6,57% to the White population group, 0,19% to the Coloured population group and 0,05% to the Asian group.





**Table / Figure 1.3: Age groups in the Phumelela Municipality**  
(Source: Census 2001)

<b>Table 1.1: Census 2001 by municipalities and age group</b>		
Age 0 – 4	5,546	10.89%
Age 5-9	5,847	11.49%
Age 10-14	6,458	12.69%
Age 15 – 19	5,881	11.55%
Age 20 – 24	4,529	8.90%
Age 25 – 29	3,729	7.33%
Age 30 – 34	3,217	6.32%
Age 35 – 39	3,058	6.01%
Age 40 – 44	2,712	5.33%
Age 45 – 49	2,280	4.48%
Age 50 – 54	1,915	3.76%
Age 55 – 59	1,444	2.84%
Age 60 – 64	1,402	2.75%
Age 65 – 69	1,048	2.06%
Age 70 – 74	843	1.66%
Age 75 – 79	440	0.86%
Age 80 – 84	363	0.71%
Age 85+	195	0.38%
	<b>50,907</b>	

What is worth noting is the apparent decline in population of the area, if the result of Census 2001 is compared with that of the Community Survey, 2007. According to the latter, the population was 35 090.

## 1.6 Municipal Powers & Functions

**Table / Figure 1.4: Municipal Powers and Functions**

<b>Function</b>	<b>Authorisations</b>	<b>Definition</b>
<b>Schedule 4</b>		
Air pollution	Yes	Any change in the quality of the air that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future.
Building regulations	YES	The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of jurisdiction of a municipality, which must at least provide for: Approval of building plans, Building inspections, and
Child care facilities	Yes	Facilities for early childhood care and development which fall outside the competence of national and provincial government
Electricity reticulation	Yes	Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity, and also the regulation, control and maintenance of the electricity reticulation network, ta





Function	Authorisations	Definition
Fire Fighting	Yes	In relation to District Municipality “Firefighting” means:•Planning, co-ordination and regulation of fire services;•specialised fire fighting services such as mountain, veld and chemical fire services;•co-ordination of the standardisation of infrastructu
Local tourism	No	The promotion, marketing and, if applicable, the development, of any tourist attraction within the area of the municipality with a view to attract tourists; to ensure access, and municipal services to such attractions, and to regulate, structure and cont
Municipal airport	Yes	A demarcated area on land or water or a building which is used or intended to be used, either wholly or in part, for the arrival or departure of aircraft which includes the establishment and maintenance of such facility including all infrastructure and se
Municipal Planning	Yes	The compilation and implementation of and integrated development plan in terms of the Systems Act.
Municipal Health Services	No	Subject to an arrangement with MECs to do the necessary authorizations, or alternatively, subject to amendments to the Structures Act, Municipal Health Service means environmental health services performed by a district municipality and includes:•Air poll
Municipal public transport	Yes	The regulation and control, and where applicable, the provision of:•Services for the carriage of passengers, whether scheduled or unscheduled, operated on demand along a specific route or routes or, where applicable, within a particular area•Scheduled ser
Pontoons and ferries	Yes	Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matter related thereto, and matters falling within the competence of national and provincial governments
Storm water	Yes	The management of systems to deal with storm water in built-up areas
Trading regulations	Yes	The regulation of any area facility and/or activity related to the trading of goods and services within the municipal area not already being regulated by national and provincial legislation
Water (Potable)	Yes	The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply
Sanitation	Yes	The establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure, for the collection, removal, disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of servic
<b>Schedule 5</b>		
Amusement facilities /Beaches	Yes	A public place for entertainment. The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competence of the national and provincial government.



Function	Authorisations	Definition
Billboards and the display of advertisements in public places	Yes	The display of written or visual descriptive material, any sign or symbol or light that is not intended solely for illumination or as a warning against danger which:lpromotes the sale and / or encourages the use of goods and services found in:–streets–ro
Cemeteries, funeral parlours and crematoria	Yes, including DM function	The establishment, conduct and control of facilities for the purpose of disposing of human and animal remains.
Cleansing	Yes	The cleaning of public streets, roads and other public spaces either manually or mechanically
Control of public nuisance	Yes	The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community
Control of undertakings that sell liquor to the public	Yes	The control of undertakings that sell liquor to the public that is permitted to do so in terms of provincial legislation, regulation and licenses , and includes an inspection service to monitor liquor outlets for compliance to license requirements in as f
Facilities for the accommodation, care and burial of animals	Yes	The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration require
Fencing and fences	Yes	The provision and maintenance and/or regulation of any boundary or deterrents to animals and pedestrians along streets or roads
Licensing of dogs	Yes	The control over the number and health status of dogs through a licensing mechanism.
Licensing and control of undertakings that sell food to the public	Yes	Ensuring the quality and the maintenance of environmental health standards through regulation, a licensing mechanism and monitoring of any place that renders in the course of any commercial transaction, the supply of refreshments or meals for consumption
Local amenities	Yes	The provision, manage, preserve and maintenance of any municipal place, land, and building reserved for the protection of places or objects of scenic, natural, historical and cultural value or interest and the provision and control of any such or other fa
Local sport facilities	Yes	The provision, management and/or control of any sport facility within the municipal area.
Markets	Yes	The establishment, operation, management, conduct, regulation and/or control of markets other than fresh produce markets including market permits, location, times, conduct etc.
Municipal abattoirs	Yes	The establishment, conduct and/or control of facilities for the slaughtering of livestock.
Municipal parks and recreation	Yes	The provision, management, control and maintenance of any land, gardens or facility set aside for recreation, sightseeing and/or tourism and includes playgrounds but excludes sport facilities.
Municipal roads	Yes, including DM function	The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with,



Function	Authorisations	Definition
Noise pollution	Yes	The control and monitoring of any noise that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future.
Pounds	Yes	The provision, management, maintenance and control of any area or facility set aside by the municipality for the securing of any animal or object confiscated by the municipality in terms of its by laws.
Public places	Yes	The management, maintenance and control of any land or facility owned by the municipality for public use
Refuse removal, refuse dumps and solid waste disposal	Yes	the removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment
Street trading	Yes	The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve
Street lighting	Yes	The provision and maintenance of lighting for the illuminating of streets
Traffic and parking	Yes	The management and regulation of traffic and parking within the area of the municipality including but not limited to, the control over operating speed of vehicles on municipal roads.
Municipal public works		Any supporting infrastructure or services to empower a municipality to perform its functions

*(Municipal Demarcation Board, 2008)*

**The Municipality –**

- Has been classified as a category B3 municipality in terms of the Local Government Turnaround Strategy
- Is a Water Service’s Authority
- Has been classified as a vulnerable municipality that has to compile its IDP in terms of the Framework for simplified IDPs

## **1.7 Process Followed to Compile this IDP**

The following were milestones in the process that was followed to compile this 5-year IDP:

- (1) An IDP / Budget Process Plan were approved by Council in August 2011.
- (2) A meeting of the IDP Representative Council was conducted on 29 November 2011.
- (3) A meeting of the IDP Steering Committee was conducted on 26 January 2012.
- (4) An IDP Workshop was conducted with Councillors and senior managers on 23 February 2012.

**Milestones still to be achieved before the finalization of the IDP compilation process:**

- (5) Alignment of the IDP with the budget.



- (6) A meeting of the IDP Steering Committee to sign off the 1<sup>st</sup> draft IDP (which must be submitted for credibility assessment)
- (7) A final meeting of the IDP Representative Forum after consideration of the draft IDP.
- (8) Community engagements: IDP and budget

The Municipality's IDP processes are directed by the IDP Process Plan adopted by Council in August 2011 and the IDP Action Plan to guide operational activities directed at the finalization of the IDP

