Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 5): Financial Management and Viability

Programme 24: Budgeting and Reporting

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets 2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
	24.12 Monthly National Treasury returns submitted on time			100%	100%	100%	100%	100%	100%	100%	Non-compliance with legislation	Reports from treasury
	24.13 Quarterly National Treasury returns submitted on time			100%	100%	100%	100%	100%	100%	100%	Non-compliance with legislation	Reports from treasury
	24.14 DoRA returns submitted on time (FMG & DWA) monthly			100%	100%	100%	100%	100%	100%	100%	Non-compliance with legislation	Reports from treasury
	24.15 Mid-year budget assessment and budget adjustments report submitted to Mayor by 25 January each year (s72 of MFMA)			100%	100%	100%	100%	100%	100%	100%	Non-compliance with legislation	Reports from treasury

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 5): Financial Management and Viability

Programme 25: Clean Audit

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets 2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government												
Key Performance Area (KPA 5): Financial Management and Viability												
Programme 24: Budgeting and Reporting												
						Annual Targets						
Objectives	**Key Performance Indicator (KPI)**	**Lead MLM Dept**	**Other MLM Depts**	**Baseline 2013/14**	**Five Year Target 2016/17**	**2012/13**	**2013/14**	**Yr.3 2014/15**	**Yr.4 2015/16**	**Yr.5 2016/17**	**Risks identified**	**Mitigating Actions**
To ensure that the municipality received a Clean Audit Report by 2014	25.1 Annual Financial Statements submitted to the Auditor-General by the end of August	Financial Services		100%	100%	100%	100%	100%	100%	100%	Non-compliance with legislation	AFS preparation process plan to be developed with year-end procedures and timelines
	25.2 Actual improvement in annual audit outcomes received from the Auditor-General		All Depts	Disclaimer	Clean audit	Qualified	Un-qualified	Un-qualified	Clean audit	Clean audit	Action plan not implemented accordingly Lack of monitoring of the action plan	Interim audits be conducted by the AG Steering committee meetings to be held regularly
	25.3 PROPAC resolutions implemented annually affecting finance	Municipal Manager	All Depts	100%	100%	100%	100%	100%	100%	100%	Non-compliance with legislation	

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government												
Key Performance Area (KPA 5): Financial Management and Viability												
Programme 26: Asset Management												
						Annual Targets						
Objectives	**Key Performance Indicator (KPI)**	**Lead MLM Dept**	**Other MLM Depts**	**Baseline 2013/14**	**Five Year Target 2016/17**	**2012/13**	**2013/14**	**Yr.3 2014/15**	**Yr.4 2015/16**	**Yr.5 2016/17**	**Risks identified**	**Mitigating Actions**
To ensure the effective, efficient and economical management of municipal assets	26.1 Fixed Asset Register (FAR) compiled and updated annually in line with GRAP requirements	Financial Services	All Depts	100%	100%	100%	100%	100%	100%	100%	FAR updated monthly	FAR updated monthly
	26.2 Physical verification of assets done annually		All Depts		100%	100%	100%	100%	100%	100%	FAR updated monthly	FAR updated monthly

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 5): Financial Management and Viability

Programme 27: Facilities Management

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets					Risks identified	Corrective Measures
						2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17		
To ensure the effective, efficient and economical management of municipal facilities	27.1 % of fleet management policy developed and submitted to Council for approval	Corporate Services	All Depts	0%	100%	0%	100%	100%	100%	100%	Delays in finalisation and approval of policy and centralisation of function	
	27.2 % of centralised fleet management unit established			0 %	100%	0%	50%	100%	100%		90% of fleet has been provided. Management of fleet is decentralised	
	27.3 % of municipal buildings and corporate facilities managed effectively, efficiently and economically *(includes council offices, equipment, furniture, etc.)* as per allocated maintenance budget			20 %	100%	60%	100%	100%	100%	100%		

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 5): Financial Management and Viability

Programme 27: Facilities Management

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets					Risks identified	Corrective Measures
						2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17		
To ensure the effective, efficient and economical management of municipal facilities	27.4 % of ICT policy reviewed and submitted to Council for approval	Municipal Manager's Office		100%	100%	100%	100%	100%	100%	100%	Lack of ICT policy being reviewed annually	ICT policy to be reviewed annually
	27.5 % of ICT Steering committee established			0%	100%	100%	100%	100%	100%	100%	Committee members not understanding roles	Terms of reference and meeting schedule finalised; Workshop for members on their roles and functioning of the committee

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government												
Key Performance Area (KPA 5): Financial Management and Viability												
Programme 27: Facilities Management												
Objectives	**Key Performance Indicator (KPI)**	**Lead MLM Dept**	**Other MLM Depts**	**Baseline 2013/14**	**Five Year Target 2016/17**	**Annual Targets**					**Risks identified**	**Corrective Measures**
						2012/13	**2013/14**	**Yr.3 2014/15**	**Yr.4 2015/16**	**Yr.5 2016/17**		
	27.6 Downtime of critical systems reduced to less than 5% of total uptime required			5%	5%	5%	5%	5%	5%	5%	Incidents of nature i.e storms, lighting etc	Having effective backup systems

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government												
Key Performance Area (KPA 6): Institutional Development and Transformation												
Programme 28: Human Capital												
						Annual Targets						
Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
To provide sufficient and skilled human capital to enable all departments to function optimally in order to enhance institutional capacity and effective service delivery	28.1 % of funded critical posts filled by suitably qualified candidates	Corporate Services	All Depts	30%	100%	40%	50%	80%	0%	100%	Delays in recruitment processes	Finalise review of the organisational
	28.2 Turnaround time maintained on recruitment: funded vacancies (from date of advertisement)			120 working days	90 working days	90 working days	90 working days	90 working days	90 working days	90 working days		
	28.3 % of organisational structure compiled and reviewed annually			50%	100%	100%	100%	100%	100%	100%	Operational constraints	
	28.4% of job grading and evaluation completed (reviewed annually if required)				100%			100%	100%	100%		
	28.5% of workplace skills plan (WSP) and annual training report (ATR) compiled and submitted annually to the LGSETA			100%	100%	100%	100%	100%	100%	100%	WSP not effectively implemented	Quarterly implementation reports to Senior Management & MAYCO
	28.6 % of staff trained as per WSP targets on an annual basis			80%	100%	100%	100%	100%	100%	100%		
	28.7 % of employment equity (EE) plan and report compiled and submitted			100%	100%	100%	0%	0%	100%	100%	Delays in submission of plan and report	Develop schedule of key deadlines

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government												
Key Performance Area (KPA 6): Institutional Development and Transformation												
Programme 28: Human Capital												
Objectives	**Key Performance Indicator (KPI)**	**Lead MLM Dept**	**Other MLM Depts**	**Baseline 2013/14**	**Five Year Target 2016/17**	**Annual Targets 2012/13**	**2013/14**	**Yr.3 2014/15**	**Yr.4 2015/16**	**Yr.5 2016/17**	**Risks identified**	**Mitigating Actions**
	annually to the Department of Labour											
	28.8 % implementation of EE plan as per approved targets and measures			0%	100%	0%	0%	100%	100%	100%	recruitment of the disabled and other races (Coloureds and Indians)	priority and focus will be given to specified categories of people
	28.9 % of human resource-related policies compiled and reviewed annually			90%	100%	100%	100%	100%	100%	100%	21 HR policies have been approved by Council on 6 Feb. 2013	Annual Review
	28.10 Fully functional Local Labour Forum (LLF) established *(no. of meetings held per annum)*			7 meetings per annum	10	10	10	10	10	10	Unavailability o all stakeholders	Commitment from stakeholders to adhere to the schedule of meetings
	28.11 % of disputes and grievances (stage 1 to 3) handled in terms of the collective agreement *(turnaround time is within 90 days)*			90%	100%	100%	100%	100%	100%	100%	Delays caused by parties	Develop mechanisms to avoid delays
	28.12 % of service excellence awards finalised by end of November each year			0%	100%	0%	0%	0%	100%	100%	Policy constraints	Finalise PMS policy to provide framework for awards

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 6): Institutional Development and Transformation

Programme 29: Institutional Excellence

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets 2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
To create a working environment that enables good staff morale, high performance and effective functioning of council structures	29.1 Number of organisation development interventions implemented annually	Corporate Services	Speaker's Office	0	6	0	0	1	2	2	The OD exercise could not be embarked upon due to budgetary constraints	Sufficient provision for the exercise has been made in the budget for 2014/15 financial year. Secure funding
	29.2 % of annual council programme compiled and approved by end of July each year			100%	100%	100%	100%	100%	100%	100%	Delays in compilation and approval of annual programme; Lack of compliance with legislative deadlines	Timely submission of proposed programme to internal meetings; Ensure programme is aligned to MFMA calendar
	29.3 % of agendas for council, mayoral committee and portfolio committees delivered on time *(Council - 5 days and Committees - 48 hours)*			90%	100%	100%	100%	100%	100%	100%	Late receipt of agenda items from report-initiating departments	Compile schedule and ensure strict adherence
	29.4 Number of quarterly reports to Council on the monitoring implementation of council resolutions *(submitted at the end of each quarter - Sept, Dec, Mar & Apr)*			0%	4 per annum	4	4	4	4	4	Manual system in place and delays by departments in submitting information	Schedule of deadlines approved by MM and SM
	29.5 % of Auditor General queries resolved by end of April											
	29.6 % actual capital expenditure (CAPEX) as a percentage of the approved/adjusted budget											

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 6): Institutional Development and Transformation

Programme 29: Institutional Excellence

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets 2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
	29.7% actual capital expenditure (OPEX) as a percentage of the approved/adjusted budget											

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 6): Institutional Development and Transformation

Programme 29: Institutional Excellence

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets 2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
To create a working environment that enables good staff morale, high performance and effective functioning of council structures	29.8 % of All leave applications to be captured in PayDay system within 30 days of submission	Corporate Services	All Depts.	0	100%	0	0	100%	100%	100%	Delay in submitting leave taken for timeous capturing	Timeous submission of leave taken for early capturing
	29.9 % of Approval of all Bylaws(Reviewed annually)			0	100%	0	0	100%	100%	100%	Delay in approving the by laws	Ensure the approval and annual reviews
	28.10 % of Development and updating of contract register quarterly (Legal)			0	100%	0	0	100%	100%	100%	Non availability/updating of the register	Ensure register is in place and updated quarterly
	29.11 Conducting of awareness campaigns on Collective Agreements (LR) (Annually)			0	3	0	0	1	1	1	Non attendance of targeted audiance	Ensure compulsory attendance
	29.12 % of disciplinary cases Conducted and finalized within 90 days			0	100%	0	0	100%	100%	100%	Delay in finalizing cases within prescribed time	Ensure finalization of cases
	29.13 % of legal opinions provided on legal matters (Legal)			0	100%	0%	0%	100%	100%	100%	Cases finalized without opinion provided	Ensure legal opinion is provided before finalizing any legal matter that needs legal opinion

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government

Key Performance Area (KPA 6): Institutional Development and Transformation

Programme 29: Institutional Excellence

Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	Annual Targets 2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
	29.14 % of civil Matters/ cases defended against the municipality(Legal)			0	100%	0	0	100%	100%	100%	N/A	N/A
	29.15 Control and management of the usage of telephone systems (monthly deductions of private calls from salary)			0	100%	0%	0%	100%	100%	100%	Lack of effective control and management system	Ensure system is ice and regular deduction for private calls
	29.16 % of Telephone policy developed and approved (Reviewed annually)			0	100%	0%	0%	100%	100%	100%	Delay in developing and approving policy	Ensure policy is developed and reviewed annually
	29.17 % of Data Card policy developed and approved (Reviewed annually)			0	100%	0	0	100%	100%	100%	Delay in developing and approving policy	Ensure policy is developed and reviewed annually
	29.18 % of updated Declaration of Interest and Gift Register maintained			0	100%	0	0	100%	100%	100%	Non compliance to the standard	Ensure that declaration of interest and gifts is disclosed and reported into the register
	29.19 Number of Occupational Health and Safety Risk Assessment (annually)			0	3	0	0	1	1	1	N/A	N/A
	29.20 No of Occupational Health and Safety Awareness Workshops (Annually)			0	12	0	0	4	4	4	Non compliance with regard to personal protective equipment	Procurement of enough protective equipment
	29.21 % of Injuries reported and processed incident must within 7 working days to the commissioner)			0	100%	0	0	100%	100%	100%	Rejection of claims that will result in Municipality taking full liability.	Comply with required standard (submission within 7 working days)
	29.22 % of Evacuation Plan developed and implemented (Annually)			0	100%	0	0	100%	100%	100%	Lack of effective and responsive plan(siren)	Development of effective and responsive plan (i.e. installation of siren)

Strategic Priority (SP5): Ensure more effective, accountable and clean local government that works together with national and provincial government												
Key Performance Area (KPA 6): Institutional Development and Transformation												
Programme 29: Institutional Excellence												
						Annual Targets						
Objectives	Key Performance Indicator (KPI)	Lead MLM Dept	Other MLM Depts	Baseline 2013/14	Five Year Target 2016/17	2012/13	2013/14	Yr.3 2014/15	Yr.4 2015/16	Yr.5 2016/17	Risks identified	Mitigating Actions
	29.23 Number of Employee Wellness Programmes provided to employees (e.g alcohol and drug abuse, family violence)			0	3	0	0	1	1	1	Lack of funding	Avail funding to execute programmes
	29.24 Employee Wellness Day arranged annually			0	3	0	0	1	1	1	Lack of funding	Avail funding to execute programmes
	29.25 % of Review of Records Management policy (Annually)			0	100%	0	0	100%	100%	100%	Delay in reviewing the record management policy annually	Ensure the annual review
	29.25 % of Development and approval of Records Management Strategy			0	100%	0	0	100%	100%	100%	Delay in development of the strategy	Ensure the development and annual review of strategy

The 5-Year Strategic Plans form basis for the compilation of the Annual SDBIPs and Performance Agreements of the Municipal Manager and Senior Managers.

CHAPTER 4: SECTOR PLANS

This chapter will provide a high-level overview of how the sector plans relate to the status quo analysis, strategic objectives and programmes and projects. Sector plans must indicate strategic interventions that respond to the status quo assessment.

At the core of the new system of local government is the ability of municipalities to coordinate and integrate programmes of other government spheres and sectors implemented in their space. This role is very critical given that all government programmes and services are delivered in municipal spaces. In this regard, the integrated development planning process becomes a vehicle to facilitate integrated development and ensure that local government outcomes contained in the White Paper on Local Government are attained.

The approaches and plans to achieve these outcomes are contained in various national and provincial legislations and policy frameworks.

National departments, through legislation and policies, express government priorities, strategies, plans and programmes. The legislation and policies also require municipalities to develop sector-specific plans to guide the rendering of certain services.

4.1 HIERARCHY OF SECTOR PLANS

Sector plans should not be developed in isolation of one another, but there must be a sequential way of developing them. The development of these plans requires cooperation among various units in the municipality so that linkages are identified to ensure that service-specific plans contribute to the long-term vision of the municipality. In this regard, the sector plans can be arranged into five levels as indicated in the table below.

TABLE 73 : HIERARCHY OF SECTOR PLANS

Level 1	Spatial Vision	Spatial Development Framework (SDF)
Level 2	Social, Economic and Environmental Vision	Integrated Human Settlement Plan (IHSP) Local Economic Development Plan (LEDP) Environmental Management Plan (EMP)
Level 3	Service-oriented Sector Plans	Water Services Development Plan (WSDP) Integrated Waste Management Plan (IWMP) Integrated Transport Plans (ITP) Integrated Energy Plans (IEP) Sports and Recreations Plan (SRP)
Level 4	Strategy Support Plans	Disaster Management Plan (DMP) Integrated Comprehensive Infrastructure Plans (ICIP)
Level 5	Implementation Support Plans	Financial Plan/Strategy Institutional Plan

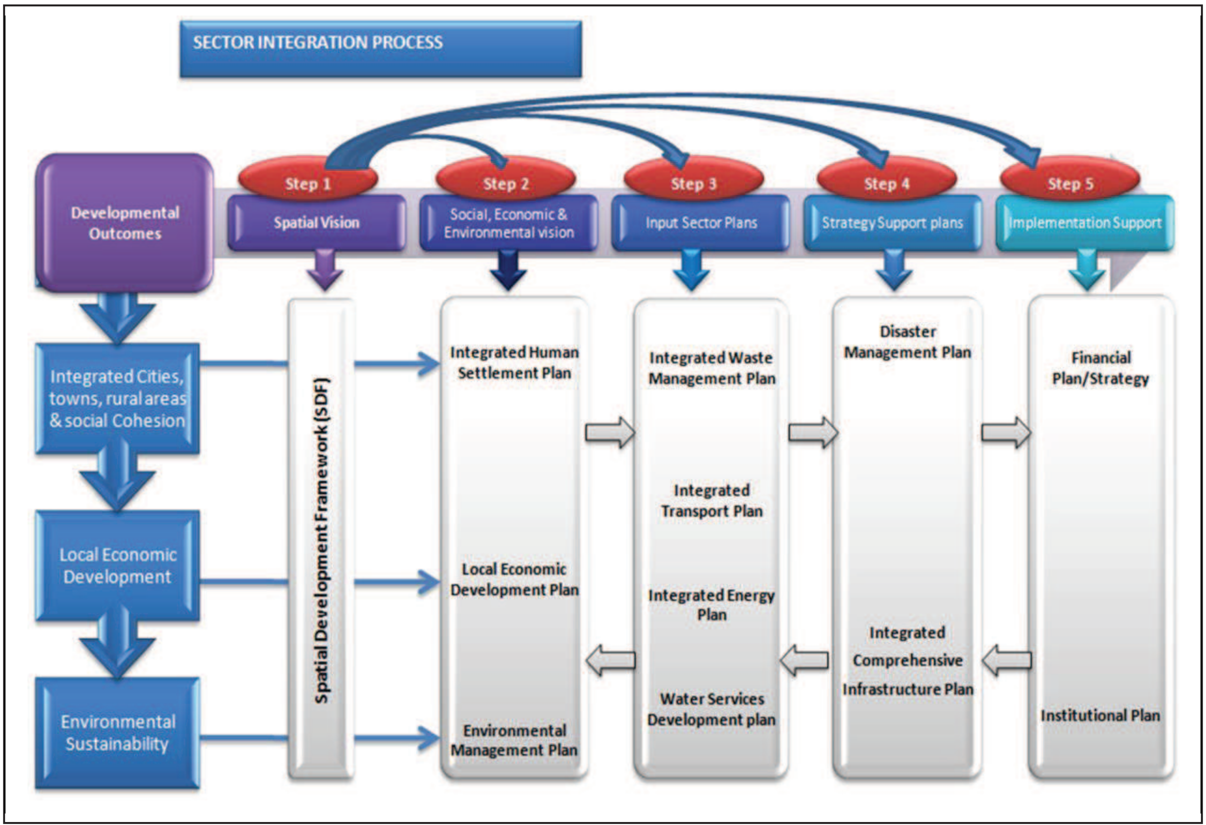


FIGURE 60: SECTOR INTEGRATION PROCESS

4.2 Status Quo of MLM Sector Plans

The Table below reflects the current status for Metsimaholo Local Municipality with regard to the Plans and Strategies:

TABLE 75 : STATUS OF SECTOR PLANS AND STRATEGIES

	Sector Plan/Strategy *(as required for the 2013/14 IDP)*	**Responsible Director**	**Current status** *(Indicate what the current status of the plan/strategy is)*	**Target date for completion** *(if the plan/ strategy is not completed or finalised indicate the target date)*	**Is document available?**	**Action steps to be taken** *(List all the actions required to finalise the plan/strategy by the specified target date)*
1	Spatial Development Framework (SDF)	DEDP	Consultation stage	June2015	**Yes**	Draft 2015/16 SDF to be submitted to Council at the end of May2015
2	Housing Sector Plan	DEDP	Plan has been Approved by Council		**Yes**	N/A
3	LED Strategy and Plan	DEDP	Draft LED Strategy is in place	March 2015	**Yes**	To be taken to Council after Public Participation by end of March 2015
4	Air Quality Management Plan	DSS	District competency	Dec 2015	**No**	Plan will be updated and resubmitted to Council for approval

	Sector Plan/Strategy *(as required for the 2013/14 IDP)*	**Responsible Director**	**Current status** *(Indicate what the current status of the plan/strategy is)*	**Target date for completion** *(if the plan/ strategy is not completed or finalised indicate the target date)*	**Is document available?**	**Action steps to be taken** *(List all the actions required to finalise the plan/strategy by the specified target date)*
5	Disaster Management Plan	DSS	District competency	Dec 2015	**Yes**	District Disaster Management plan covers issues of local municipalities
6	Integrated Waste Management Plan (IWMP)	DSS	Plan has been Approved by Council in 2014		**Yes**	N/A
7	HIV/AIDS Strategy	DODCS	Policy approved by Council	Feb 2013	**Yes**	N/A
8	Comprehensive Infrastructure Plan (CIP)/ Infrastructure Investment Plan	DTIS	No plan has been developed	Dec 2017	**No**	To Appointed service provider to finalise CIP when Funding is available.
9	Water Services Development Plan (WSDP)	DTIS	DWA appointed PSP and phase 1 was completed; Phases 2, 3 & 4 are with DWA for authorisation	July 2015	**No**	To Appointed service provider to finalise CIP when Funding is approved.

	Sector Plan/Strategy *(as required for the 2013/14 IDP)*	**Responsible Director**	**Current status** *(Indicate what the current status of the plan/strategy is)*	**Target date for completion** *(if the plan/ strategy is not completed or finalised indicate the target date)*	**Is document available?**	**Action steps to be taken** *(List all the actions required to finalise the plan/strategy by the specified target date)*
10	Operation and Maintenance Plans	DTIS	No plan has been developed/available	Dec 2015	**No**	
11	Roads and Storm Water Master Plan	DTIS	No plan has been developed/available	Dec 2015	**No**	To Appointed service provider to finalise a Plan when Funding is approved
12	Integrated Transport Plan (ITP)	DTIS	No plan has been developed/available	Dec 2017	**No**	To Appointed service provider to finalise a Plan when Funding is approved
13	Energy Master Plan	DTIS	No plan has been developed/available	Dec 2014	No	To Appointed service provider to finalise a Plan when Funding is approved
14	Human Resources Strategy	DODCS	Strategy has been approved by Council		Yes	

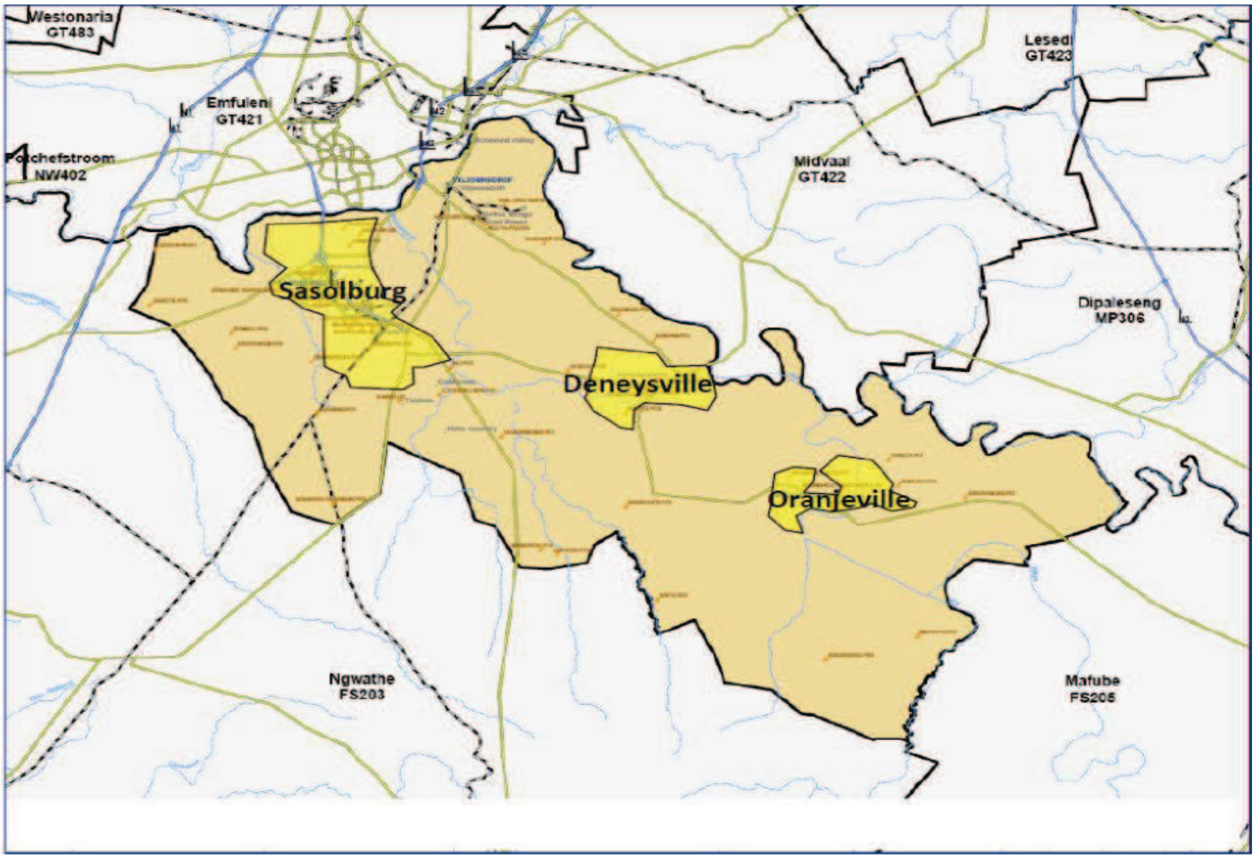
	Sector Plan/Strategy *(as required for the 2013/14 IDP)*	Responsible Director	Current status *(Indicate what the current status of the plan/strategy is)*	Target date for completion *(if the plan/ strategy is not completed or finalised indicate the target date)*	Is document available?	Action steps to be taken *(List all the actions required to finalise the plan/strategy by the specified target date)*
15	Performance Management Policy Framework	MM	Institutional Performance Management Framework approved by Council in April 2012		Yes	
16	Community Participation Strategy	MM	Approved by Council (Dec. 2010)		Yes	
17	Supply Chain Management Policy	CFO	Policy was approved by Council in February 2012		Yes	

4.3 High Level Overview of MLM Sector Plans

This section provides a high level overview of the available key sector plans as outlined under section 4.1.

METSIMAHOLO LOCAL MUNICIPALITY

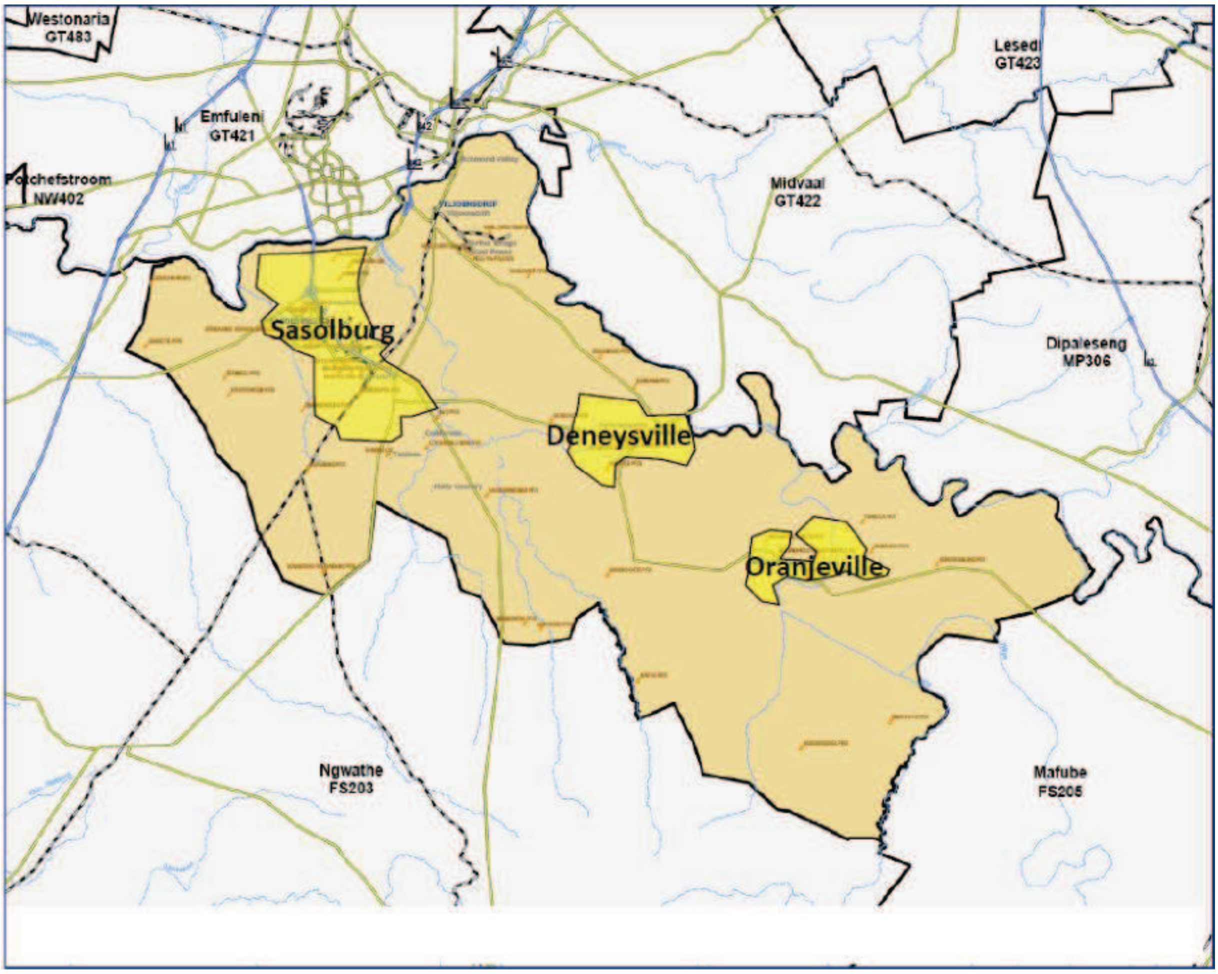
SPATIAL DEVELOPMENT FRAMEWORK (SDF)



4.3.1 Spatial Development Framework (SDF)

Urban Development: Hierarchy of Towns

- **Sasolburg** with its strong service character and prominent commercial and industrial components will remain the main town and growth point of the region.
- **Deneysville and Oranjeville** will primarily serve as satellite towns housing labour who are employed in the industries of Sasolburg and Vereeniging. These towns do, however, rely heavily on the tourism sector for economic growth.
- The tourism related nature of the two urban areas should be enhanced focusing on low density residential development on the Vaal Dam riparian areas and "recreation and tourist" attractions as identified in the Vaal River Complex Regional Structure Plan.



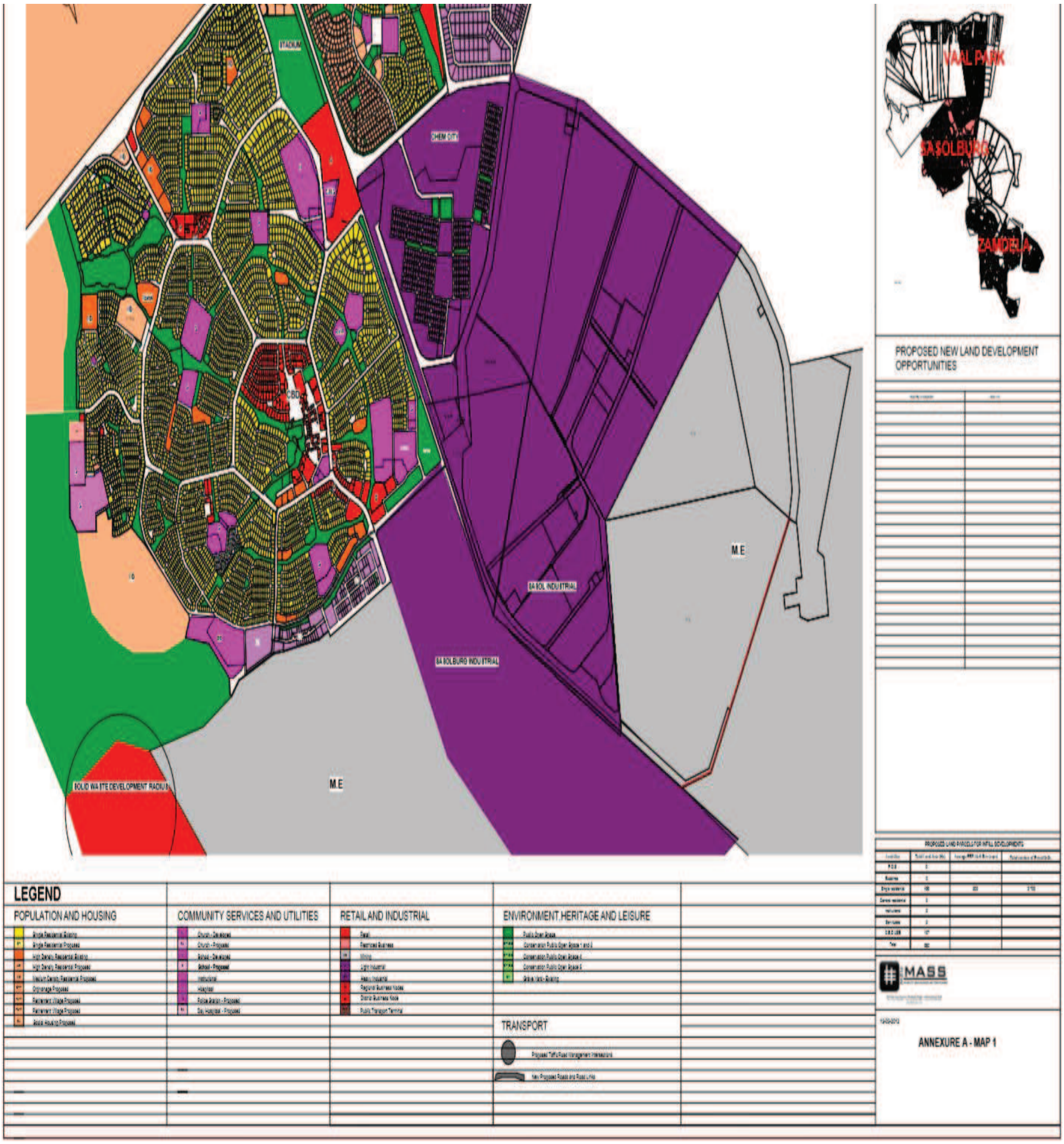


FIGURE 40 : SASOLBURG AREA MAP

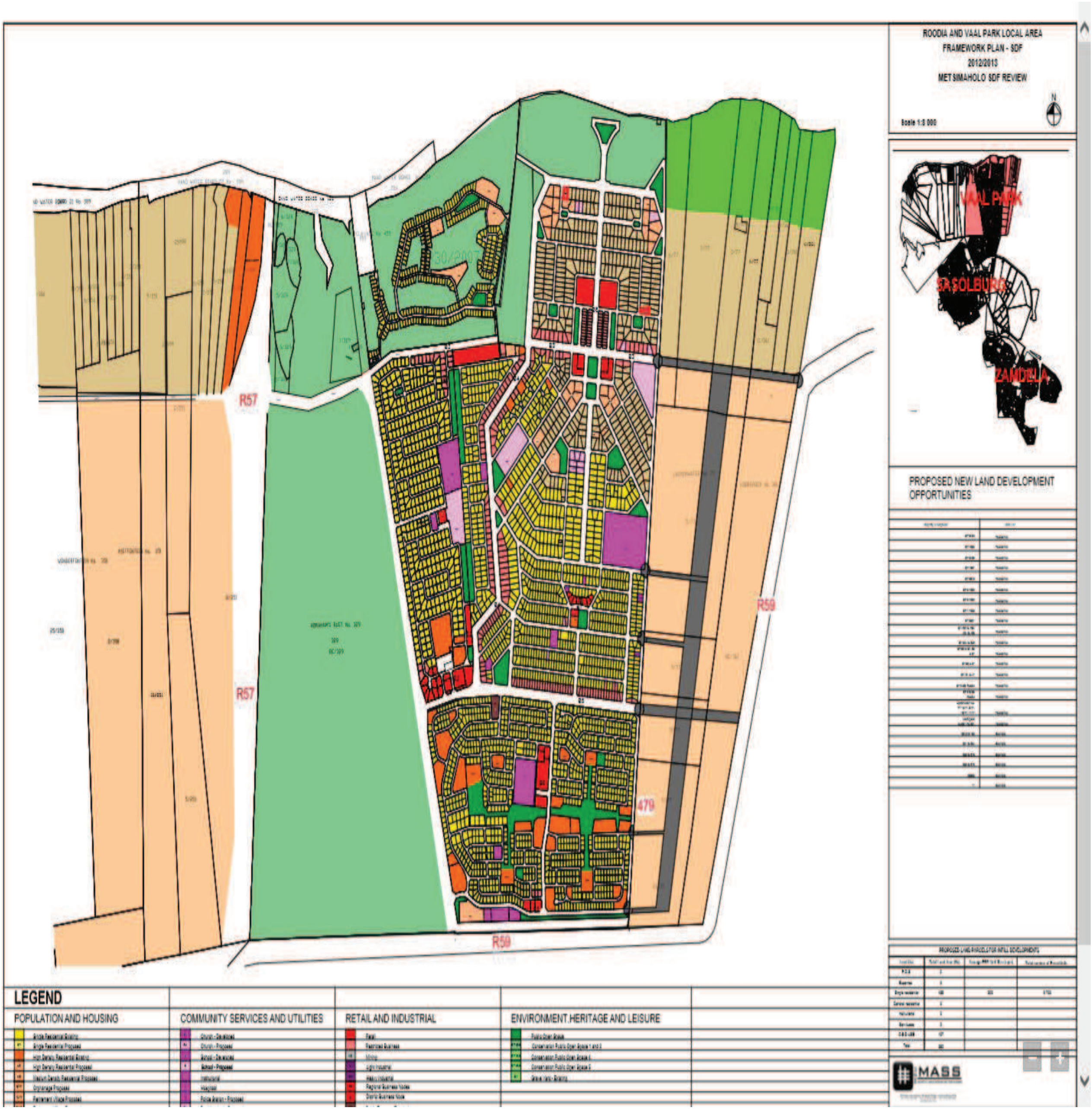


FIGURE 41 : VAAL PARK AREA MAP

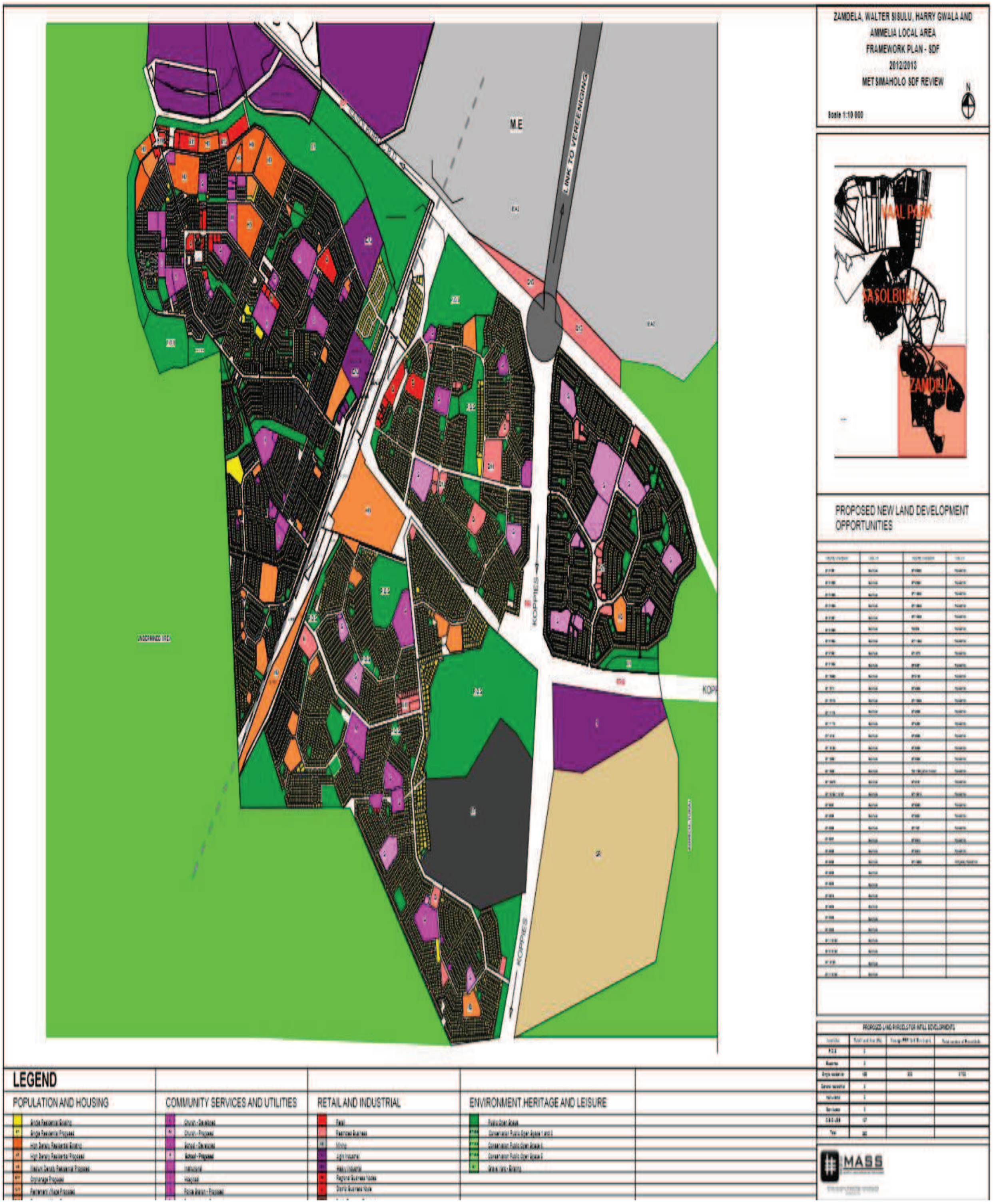


FIGURE 42 : ZAMDELA AREA MAP

FIGURE 43 : DENEYSVILLE & REFENGKGOTSO AREA MAP

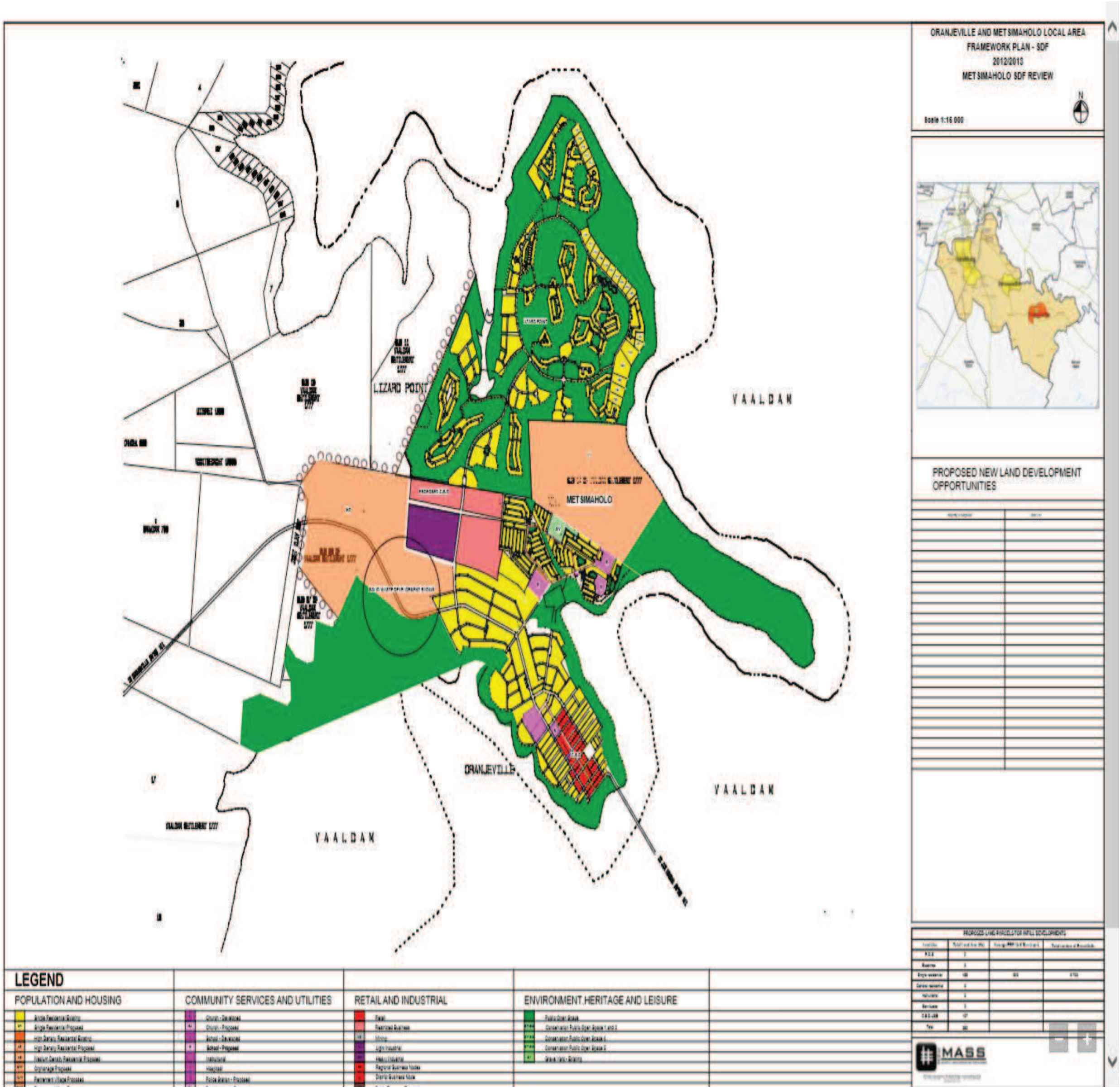


FIGURE 44 : ORANJEVILLE & METSIMAHOLO AREA MAP

URBANISATION

Future growth is attributed to the strong commercial and industrial component of the region. Growth is envisaged due to coal mining opportunities as well as the weekend related tourism potential of the area. Future urbanisation will principally be attributed to farm workers that settle in the urban areas.

- Due to the dominant regional role Sasolburg plays in terms of regional service providers and industrial and commercial development, the focus of urbanisation will probably be on this centre.
- Smaller towns such as Deneysville and Oranjeville primarily accommodate farm workers migrating to these towns.
- Future directions for residential extension, predominantly in the high density low cost residential areas, were identified for all urban areas and indicated on the Spatial Framework. These proposed directions for extension of the involved urban areas were discussed in detail and generally relates to the principles of land use development as pertained in the Development Facilitation Act and the National Environmental Management Act.

GROWTH POINTS

- Sasolburg will remain a growth point in the region as indicated above.
- Deneysville and Oranjeville will continue to serve as small towns with limited economic growth potential focussing on tourism and providing a service to the agricultural community.

INFLUENCING FACTORS

The following factors influence economic development and growth in the area:

TABLE 76 : FACTORS INFLUENCING ECONOMIC DEVELOPMENT AND GROWTH

Road Infrastructure	**An effective primary road network exists in the study area. The secondary road network provides effective access to the above primary road network.**
Strategic Location	The study area is situated strategically in close proximity to the Gauteng and North West Provinces.
Tourism Potential	The study area has a significant weekend related tourism potential that could, in future, contribute to the GGP of the district and should be further exploited.
Mining Opportunities	Existing mining activities significantly contribute to the GGP of the district.
Agricultural Sector	The agricultural sector of certain areas in the district is extremely prominent and contributes largely to the GGP of the Fezile Dabi

	District, which emphasise the agricultural significance of this district. The latter results to industrial development that is agricultural orientated.
AIDS	The impact of AIDS on economic growth patterns is still largely an unknown entity. An increase in mortality will, however, place a large burden on health services and the cost thereof that will influence future economic growth.
Competition	The impact of international trade and competition in agricultural products might result that the agricultural sector is internationally less competitive. The latter implies a negative effect on economic growth leading to a possible loss in employment.
Pollution	Impact of pollution on the Vaal River and Vaal Dam through high-density development.

LAND USE MANAGEMENT

The Local Municipality has endeavoured on a formal legislative process, in terms of the Free Sate Township Ordinance, in order to prepare an integrated land use management system. The Draft Metsimaholo Land Use Management Scheme is being prepared as a consequence of the process. The document is in the process of being finalized and will be in place and proclaimed. As a result of latter, further proposals in this respect are redundant.

CURRENT SPATIAL FRAMEWORK – RESIDENTIAL (HOUSING)[77]

Sasolburg: There are currently a total of 9 167 residential sites in Sasolburg of which 697 are unoccupied. The unoccupied erven largely refers to the medium income residential erven in Welgelegen West and a large portion of the Vaal Park residential area.

The current status of the mining villages of Coalbrook and Kragbron is that of established towns although proclamation thereof never occurred. Upgrading of the existing internal service networks of these villages will, however, be a prerequisite.

Zamdela: Zamdela has a total of 24 431 residential erven of which 3 000 newly planned erven are in the process of being formalised on the Farm Mooidraai 44. The establishment of an additional 3000 erven on the property appears to also be feasible.

[77] The Metsimaholo Local Municipality has not been accredited by the Provincial Department of Human Settlements. All housing construction projects in the municipality are therefore still being planned and managed directly by Province.

TABLE 77: SUMMARY OF CURRENT HOUSING TRENDS-SASOLBURG/ZAMDELA URBAN AREA

RESIDENTIAL AREA	ERVEN			ERF & LAND REQUIRE-MENTS
	Residential erven OCCUPIED	Residential erven UNOCCUPIED	Residential erven TOTAL	
Sasolburg	8 470[78]	697[79]	9 167	-
Herron Banks Phase 1 & 2		360	360	2 000[80]
Zamdela	7 156	-	7 156	
Harry Gwala (Leitrim)	3 147	-	3 147	
Walter Sisulu (Gortin)	5 307	-	5 307	
Amelia Extension	3 257	-	3 257	-
Mooidraai Extension		3 000	3000	
Hostel redevelopment into free hold stands	1 307[81]	-	1 307	
Sub Total	**28 644**	**4 057**	**32 701**	**3 000**
Kragbron	519	Informal Villages[82]: No cadastral data available (All erven are occupied)	519	
Clydesdale	182		182	
Coalbrook	34		34	
Viljoensdrif	185		185	
Bertha Village	117		117	
Wolwehoek	25		25	
ESCOM Vaal Village	200		200	
White City – No residents[83]			22	
Hunters Village[84]	40 (of 180)		180	
New Vaal Village	574		574	
Groenpunt Correctional Services	165		165	
Richmond	unknown			
Sub Total	**2 203**		**2 203**	
TOTAL	**30 847**	**4 057**	**34 904**	**3 000**

(Source: Local Municipality, 2009)

78 Excluding 1341 flats
79 To be redesigned to also accommodate middle income housing.
80 2000 families occupy land disorderly in the existing Zamdela. Land to accommodate this housing has been obtained.
81 Only upgraded units of hostels 1 and 2 (707). Hostels 3 and 4 still need to be upgraded (600).
82 Although most of these areas are not necessarily included within the Urban Fringe, the Council will support the formalisation of villages and, in the event, simplify administration related thereto. It follows naturally that formalisation of these areas would necessitate the following of all relevant legal procedures.
83 White City is, at present empty.
84 Only 40 of the 180 houses in Hunters Village are at present occupied and the area is becoming gradually derelict.

Deneysville: The Greater Deneysville has a total of 5 508 residential erven of which Refengkgotso has 3 231 and Deneysville 2 277.

Refengkgotso: Refengkgotso has no unoccupied erven while Deneysville has 1 783. A need for 2 500 residential erven exists in Refengkgotso, which will have to be provided urgently.

TABLE 78 : SUMMARY OF CURRENT HOUSING TRENDS - DENEYSVILLE/REFENGKGOTSO URBAN AREA

RESIDENTIAL AREA	ERVEN			ERF & LAND REQUIRE-MENTS	REMARKS
	Residential erven OCCUPIED	Residential erven UNOCCUPIED	Residential erven TOTAL		
Deneysville	494	1 783	2 277	-	Immediate need 2500 erven Long term need 1000 erven
Refengkgotso	3 231	-	3 231	2 500	
TOTAL	**3 725**	**1 783**	**5 508**	**2 500**	

(Source: Local Municipality, 2009)

Vaal Dam and Vaal Barrage Riparian: Numerous subdivisions occurred adjacent the Vaal Dam and Vaal Barrage comprising of residential areas, some of which are in close proximity of Deneysville. The tendency to subdivide farmland adjacent the Vaal Dam will in all probability continue in according with the Vaal River Complex Guide Plan since these properties are becoming exceeding popular as holiday homes.

Vaal Dam Zoning Plan: All future developments, not located within the urban area, should take cognizance of the *Vaal Dam Zoning Map* which is being used by the Department of Water Affairs and Forestry to assess development applications adjacent to the dam.

According findings in the Municipal SDF *(under review June 2014)* Zamdela and Refengkgotso, experienced dramatic growth the past 10 years and nearly 9 000 erven were provide of late.

RESIDENTIAL AREA	RESIDENTIAL ERVEN OCCUPIED	RESIDENTIAL ERVEN UNOCCUPIED
Zamdela:	-	-
Amelia Extension 16 (Formal town)	3 257	-
Mooidraai Extension (Informal town)	-	2 995
Refengkgotso:	-	-
Mooiplaats Extension (informal town)	2 526	-
TOTAL	**6053**	**2 995**

It follows that enormous pressure is placed on road networks, services and other urban amenities. Complicating the latter is the extreme scarcity in developable land for neighbourhood expansions, impacting severely on the delivery of housing in the municipality. *Influx to the area*, and the inability to timely address the human settlement needs, ultimately resulted in informal settlements and land invasion on properties not earmarked for residential purposes, gradually increasing in the Municipality.

A backlog of an estimated **7`679 human settlement households** *without* formal serviced erven and families have been identified, with the focal point on residents lacking in adequate income or means to live comfortably, who reside on un-developed or developed municipal erven or open spaces, identifiable as the most needy of households, eligible for housing and the very poorest in the local community and that policies are aimed at providing as much assistance as possible or to provide in the urgent need for land on which to settle in a less formal manner.

Directions for future urban expansion therefor need to be timeously identified. These spatial proposals are deemed essential to, amongst other:

- Ensure the timely identification of developable land,
- Prepare requests to governmental role-players to financially assist the municipality,
- Consider future provision of raw and bulk services,
- Identify suitable areas for regional and local urban amenities such as cemeteries, landfill sites and the like.

The continuous shortages experienced in land and developable hinterlands for these residential precincts, exemplifies the municipality's predicament. Moreover, the Metsimaholo Municipality is located in an area extremely rich in shallow laying coal. The latter resulted in:

- Vast areas being undermined, not suitable for the placement of housing structures; especially due to shallow underground mining activities,
- Areas of strategic importance, earmarked for similar underground mining in future (in some instances opencast mining), also not suitable for the placement of housing structures,
- Land parcels suitably located for long-term extension, but negated for urban development due to unsafe conditions.
- The recent extensions of Amelia and Mooidraai already being located on rich coal deposits but, came to pass following negotiations with mining companies.

Within this frame work ***the 2011 Census results*** **confirmed a population of 149`108 and / or 39`239 households for METSIMAHOLO**.

Important to note is that there are studies and research work confirming contrasting population data and even declining prospects for Metsimaholo`s growth. However: the Directorate Economic Development and Planning for an example preferred to utilize data based on *informal* *settlement data* and the daily *`demand for land and services which far exceeded the supply thereof`*.

This approach has been supported by research work released by Cabinet identifying METSIMAHOLO as one of the twenty (20) fastest growing municipalities in South Africa with a growth rate of 28,57% over ten (10) years and / or 3% per annum implicating an estimated **population between 163`375 to 169`077 by June 2014**.

Municipal data till June 2014 confirmed:

- 41`587 erven and /or portions of land established;
- 35`236 residential erven created;
- 5`032 high density units (flats / hostels) developed; and
- with the identified backlogs of 7`679 families it implicated at least 48`000 to 50`000 households by June 2014
- with an expected population growth to 230`000 people and / or 70`000 households by 2025

It follows that Metsimaholo is not exempted from challenges on land availability, township establishment and human settlement delivery processes.

Key to the mentioned challenge, Metsimaholo Local Municipality is constitutionally obligated to ensure economic growth by creating favourable conditions for sustainable economic activities within its locality. Owing to this factor provision of core infrastructure for day to day economic activities are primary objectives of the municipality. The core infrastructure and the payment of services will serve to provide the municipality with the needed revenue base.

The other key factor to local economic growth is strengthening of the agricultural sector paying, special attention to facilitating the entry of previously disadvantaged groups into this market in line with BEE principles through land acquisition and other methods.

The dominant position of Metsimaholo in the Northern Free State is apparent with 67% of the Provincial economic output generated therein. Approximately 95% of all manufacturing output is produced in Metsimaholo.

It follows that Metsimaholo can be regarded as a significant contributor to the output of the other sectors.

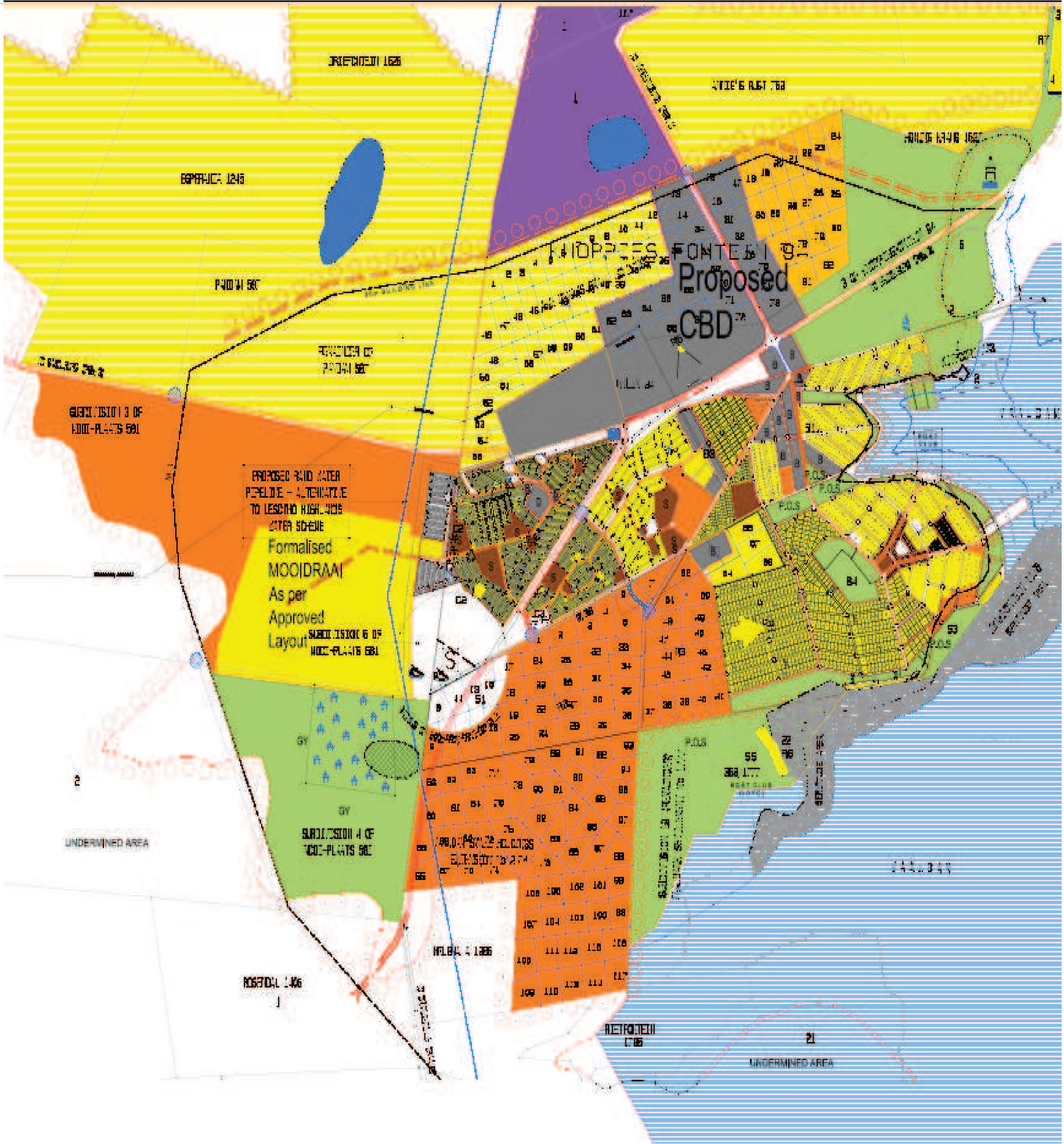


FIGURE 45 : 2013/14 SDF Proposals

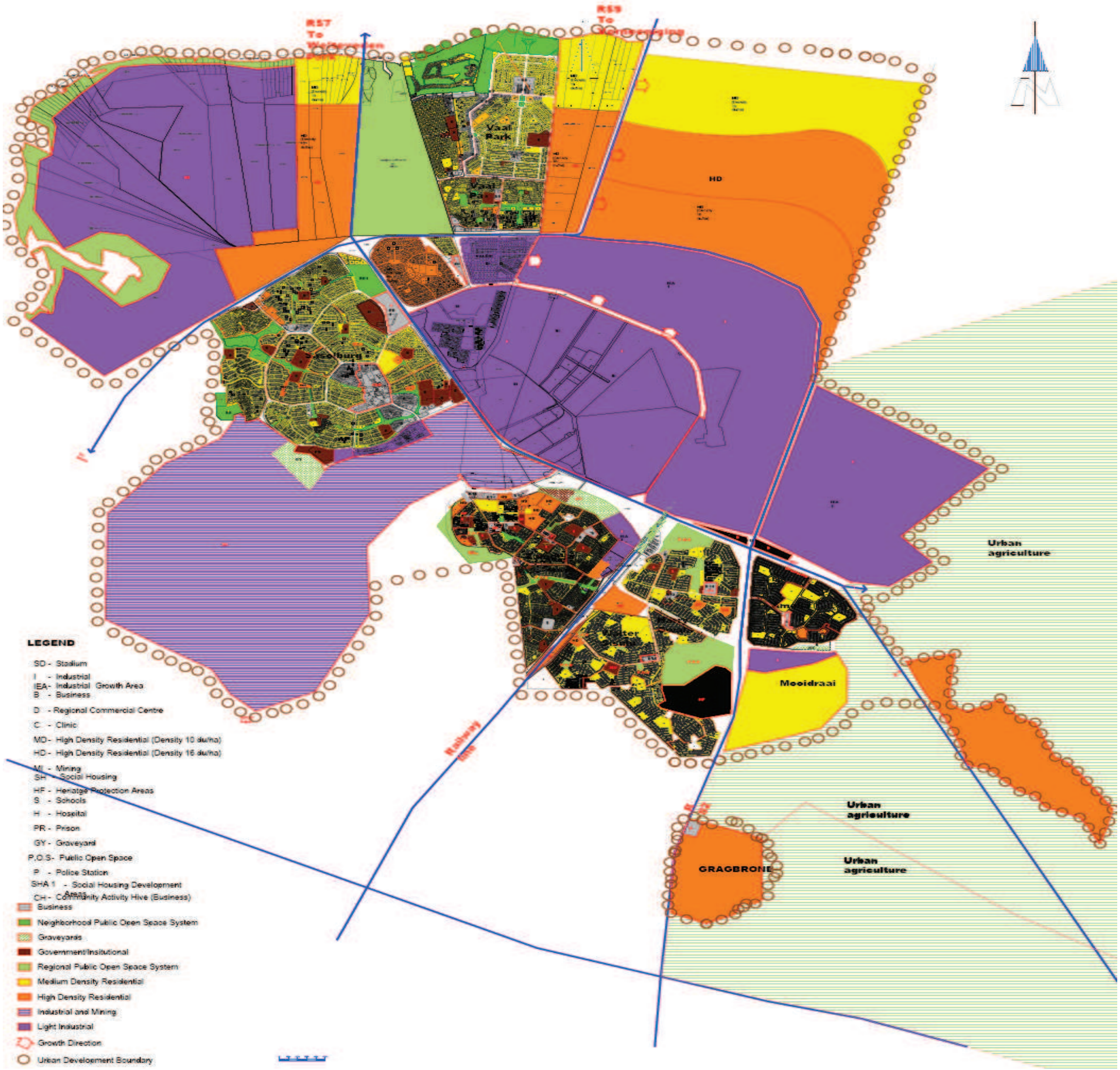


FIGURE 46 : MUNICIPAL WIDE PLANNIG

METSIMAHOLO LOCAL MUNICIPALITY

ECONOMIC DEVELOPMENT (LED) STRATEGY

4.3.2 Local Economic Development Strategy

MLM has a draft LED strategy which is waiting for public consultation and approval by Council. The purpose of the Draft MLM LED Strategy is to develop a framework for economic growth and development. Whilst the development of economic sectors and industries is the focal point, the objective is to ensure skills development, quality employment, SMME and Co-operative development becomes part of the outcome during implementation.

The economic outcomes of the strategy is not intended at measuring growth only, but the ability to respond to social needs like education, health, recreation and the general quality of life. Though the LED Strategy review study is not going to deal with social issues, its objectives is to assist the MLM to responds to social services. In essence, these outcomes should define the core of government's policy on the role and the function of a developmental government.

The **purpose** of the MLM LED Strategy includes the following:

- The development of local human capital that will provide capacity to the development of sectors
- The creation of quality employment for local people in various sectors of the local economy
- The stimulation of entrepreneurship through value chain development in sectors

The **objectives** of the MLM Strategy include the following:

- To beneficiate the existing manufacturing industry and diversify the local economy (that is, the ability to develop value chain in any industry)
- To develop and position the Metsimaholo economy as the most performing economy in the Free State Province.
- To develop and position the Metsimaholo economy as a leading leisure destination in the Free State Province
- To develop and position the Metsimaholo economy as a leading retail destination in the Fezile Dabi District.

The intended **impacts** include the following:

- The development of highly skilled people in the local economy
- The increase in employment of local people in the local economy
- The development of SMMEs and Co-operatives in various sectors of the local economy

THE METSIMAHOLO ECONOMY IN CONTEXT

According to the Global Insight Regional Explorer 2009, “the global economy is in the midst of the most severe recession since the Great Depression of the 1930s. Massive amounts of wealth have been and are being destroyed across many countries and industry sectors. The global financial sector continues to experience serious strains and many governments and monetary authorities are struggling to define the right combination of monetary and fiscal stimuli to jump start the global economy. Global growth projections continue to be adjusted downwards, with the most recent estimates pointing towards outright contractions in real gross domestic product (GDP) in the US, euro area and some other developed economies. The International Monetary Fund (IMF) downgraded its forecast for the global economy from the previous forecast of 2.2% and 3.8% for 2009 and 2010 respectively to 0.5% and 3.0% respectively. This year, the advanced economies are expected to contract by 2.0%, while the emerging markets will expand by just 3.3%. Among the major advanced economies, GDP is projected to decline by 1.6% in the US, 2.0% in the euro-zone and 2.6% in Japan. Among the major emerging markets, GDP is projected to rise by 6.7% in China, 5.1% in India and 1.8% in Brazil, but will slip 0.7% in Russia (SSGA, 2009).”

With global demand deteriorating rapidly, the prices of commodities fell sharply. For instance, the international price of crude oil declined from a peak of more than US$147 per barrel in mid-2008 to levels around US$50 per barrel at the end of December 2008, while international prices of food commodities receded by approximately 30% over the same period. Commodity prices, which have been trending higher since 2003, continued the robust rise that began in 2007 into the first half of 2008. As of mid-November, prices have fallen sharply, giving up most of their gains of the first half of the year. This contributed to significantly lower projected inflation rates (SARB, 2009). However, it seemed clear that Africa and other developing areas and countries would not be able to escape a slowing of economic growth in the wake of weaker global demand and declining prices of export commodities. The crisis in advanced economies will affect Africa via two channels. Firstly, the drop in commodity prices, combined with falling demand, will translate into weaker export earnings. Secondly, foreign direct investment will be sharply reduced; forcing businesses and governments to shelve much needed capacity expansion and infrastructure spending plans (Nedbank, 2009). Sub-Sahara Africa’s growth has been revised downwards from 5.1% and 5.7% in 2009 and 2010 respectively to 3.5% and 5.0% respectively (IMF, 2009).

Growth in the Republic of South Africa trailed growth in other African economies in 2008, slowing markedly to an estimated 3.4% from 5.1% in 2007. Power outages in 2008 plagued output growth in the mining sector, and household consumption slowed sharply, undercut by slower growth of credit, falling asset prices, and higher food and fuel prices (World Bank, 2009). The South African economy weakened considerably in the third quarter of 2008, recording the lowest quarterly growth rate in ten years. After a rebound in the second quarter of 2008, growth in real gross domestic production decelerated from a revised annualised rate of 5.1% in the second quarter of 2008 to a mere 0.2% in the third quarter. A substantial contraction in real value added was registered by the mining sector, which was directly affected by weaker international demand, falling commodity prices and interruptions due to maintenance, safety procedures and strikes. In a similar vein, the real output originating in the manufacturing sector declined significantly in the third quarter. However, the harvesting of a bumper maize crop was reflected in a brisk positive growth rate recorded by the agricultural sector. Year-on-year CPIX inflation peaked at 13.6% in August 2008, more than double the upper limit of the inflation target range of 3% to 6%, decelerating somewhat to 10.3% in December. Headline producer price inflation amounted to a year-on-year rate of 19.1% in August 2008, the highest rate of increase in almost 22 years, before decelerating to 11.0% in December (SARB, 2009)

The Provincial Context

The Free State Province (the third largest in South Africa) lies in the heart of South Africa. Its surface area is 129480 km² [approximately 10,6% of South Africa`s land area], with the Kingdom of Lesotho nestling in the hollow of its bean-like shape. It is further surrounded by the KwaZulu-Natal province to the east, the Eastern Cape to the south east, the Northern Cape to the south and west, North-West, Gauteng to the north and the further Northern Province, Mpumalanga and the Western Cape Province. In essence, the centrality of the province is perceived as an economic advantage nationally.

FIGURE 47 : MAP OF FREE STATE PROVINCE

The biggest and more important cities / towns in the Free State, include (1) Bloemfontein, (2) Welkom, the dynamic pulsing heart of the goldfields - one of the few completely pre-planned cities in the world; (3) Kroonstad, an important agricultural, administrative and educational centre founded in 1855; (4) Parys on the banks of the Vaal River; (5) Sasolburg, also known as Metsimaholo Municipality, with one of the largest "Chemical Related Industries" in South Africa, including large sections of the Vaaldam [12 228,05 ha] – the North-Eastern boundary, and (6) Bethlehem, gateway to the Eastern Highlands of the Free State.

Motheo district municipality continues to be the largest contributor to the Free State GGP, contributing 34.7% to the provincial GGP, followed by Fezile Dabi (31.4%), Lejweleputswa (18.7%), and then Thabo Mofutsanyane (12.3%). Motheo and Fezile Dabi districts' contributions have increased from 32.3% and 25.2% in 1996 to 34.7% and 31.4% in 2007 respectively. The biggest casualty has been Lejweleputswa, whose contribution fell from 25.8% in 1996 to 18.7% in 2007, mainly due to the diminishing mining sector which contributed 44.0% to the district's GGP in 2007 (Global Insight, 2009).

Usually the sectoral composition of the economy is reflected by the contribution of each sector to the Gross Domestic Product (GDP). It is clear from the table that the provincial economy has been shifting from reliance on the primary industries to being more service driven. In 1996 the primary and tertiary industries contributed 18.4% and 56.5% respectively to the provincial Gross Geographic Product (GGP), however, the primary industries' contribution declined to 11.8% in 2007, whilst the tertiary industries' contribution increased to 62.7%. The secondary industries' contribution has remained fairly constant between 1996 and 2007, averaging 16.0%.

The table below illustrates the composition of the Free State economy by sector between 1996 and 2007.

Industry	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Primary Industries	18.4%	18.0%	14.6%	15.1%	15.0%	13.2%	14.4%	14.1%	13.7%	13.4%	12.2%	11.8%
Agriculture, forestry and fishing	5.4%	5.4%	3.7%	4.7%	5.7%	4.9%	4.7%	4.1%	4.0%	4.0%	3.4%	3.3%
Mining quarrying	13.0%	12.6%	10.9%	10.4%	9.3%	8.3%	9.7%	10.0%	9.7%	9.4%	8.8%	8.4%
Secondary Industries	15.4%	15.8%	15.8%	15.3%	16.3%	16.7%	16.4%	16.1%	16.1%	16.0%	16.0%	16.2%
Manufacturing	10.1%	10.2%	10.6%	10.7%	11.4%	11.8%	11.7%	11.3%	11.3%	11.2%	11.2%	11.2%
Electricity and water	3.3%	3.5%	3.4%	3.2%	3.1%	3.1%	3.1%	3.0%	3.0%	3.0%	2.9%	2.9%
Constructio	1.9	2.0	1.8	1.9	1.7	1.8	1.6	1.7	1.7	1.9	1.9	2.1

n	%	%	%	%	%	%	%	%	%	%	%	%
Tertiary industries	56.5%	56.3%	59.8%	59.6%	59.4%	60.9%	60.3%	61.0%	61.3%	61.6%	62.5%	62.7%
Wholesale & retail trade; hotels & restaurants	11.1%	10.9%	11.5%	11.8%	12.2%	11.3%	11.3%	12.0%	12.0%	12.3%	12.6%	12.6%
Transport and communication	7.4%	7.8%	8.4%	8.3%	8.6%	9.0%	9.1%	9.1%	8.9%	8.9%	9.0%	9.1%
Finance, real estate and business services	13.8%	14.0%	14.8%	14.9%	14.2%	15.7%	15.7%	15.6%	16.2%	16.4%	16.8%	17.0%
Community, social and other personal services	9.6%	9.4%	10.4%	10.3%	10.6%	11.0%	10.8%	11.0%	10.8%	10.8%	10.9%	10.9%
General government services	14.6%	14.2%	14.9%	14.4%	13.9%	13.9%	13.4%	13.5%	13.4%	13.2%	13.2%	13.1%
All industries at basic prices	90.3%	90.0%	90.3%	90.5%	90.7%	90.8%	91.1%	91.1%	91.1%	91.1%	90.7%	90.7%
Taxes less subsidies on products	9.7%	10.0%	9.7%	9.5%	9.3%	9.2%	8.9%	8.9%	8.9%	9.0%	9.3%	9.3%

Source: Stats SA, GDP Fourth Quarter, 2008

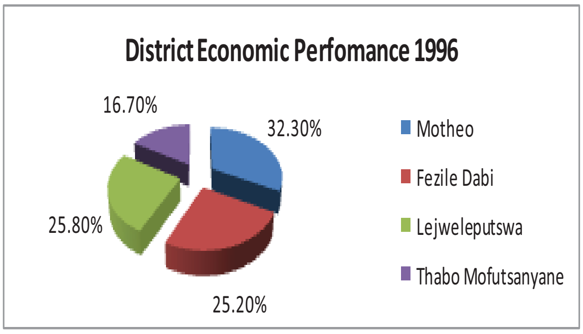
TABLE 64 : SECTORAL COMPOSITION OF FREE STATE ECONOMY : 1996- 2007

Turning to the individual sectors, the biggest sectors in 2007 were finance, real estate and business services (17.0%), general government services (13.1%), wholesale and retail trade (12.6%), and manufacturing (11.2%). The smallest sectors, on the other hand, were construction (2.1%), electricity and water (2.9%) and agriculture, forestry and fishing (3.3%). It is worth noting that the contribution of general government services, even though it is still the second highest, is on a decline. As illustrated in figure 1.2 below, the largest contribution the province makes to national output is in agriculture, fishing & forestry (9.4%), mining & quarrying (8.0%), electricity & water (6.9%) and community services (6.8%). Only manufacturing and community services have increased their contributions, from 3.5% and 6.4% in 1997 to 4.2% and 6.8% in 2007 respectively.

The Free Sate's contribution to the national economy has decreased from 5.9% in 1997 to 5.4% in 2007, mainly due to the decreasing contributions of agriculture, fishing & forestry and mining & quarrying. It is important to note that Free State is represented in the production output of all sectors, making the top five provinces in four sectors; namely mining of gold and uranium ore (1), agriculture and hunting (3), Fuel, petroleum, chemical and rubber products (4), and Electricity, gas, steam and hot water supply (5). Free State is the leading province in the mining of gold and uranium with a contribution of 36.3%, followed by North West (29.4%) and Gauteng (21.8%). With regard to agriculture and hunting, the Free State is the third largest contributor after Western Cape (23.7%) and KwaZulu-Natal (23.1%). Free State is also in the top four producers of fuel, petroleum, chemical and rubber products, namely Gauteng (31.9%), KwaZulu-Natal (17.2%), Mpumalanga (16.6%), and Free State (13.2%). The province is the least contributor to the national output of forestry and logging (0.3%), mining of metal ores (0.1%), and other non-metallic mineral products (0.6%).

The District Context

For the period 1996 to 2007, the Fezile Dabi District was the highest growing district with 4.4%, followed by Motheo (3.0%), Xhariep (2.3%) and Thabo Mofutsanyane (1.3%), while Lejweleputswa was the only district with negative growth (-0.6%).



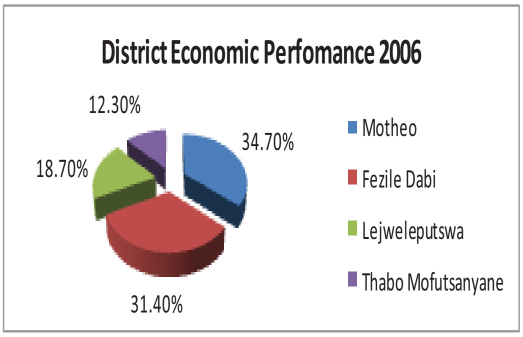


FIGURE 48: DISTRICT ECONOMIC PERFORMANCE 1996AND 2006

As shown in figure 17 below, Fezile Dabi district is expected to be the highest growing district in the Free State province, averaging 3.8% between 2008 and 2012, followed closely by Motheo (3.3%) and Thabo Mofutsanyane (3.0%). Xhariep and Lejweleputswa are forecast to be the lowest growing district with projected growth rates of 2.8% and 1.7% respectively. Fezile Dabi and Motheo districts are the drivers of the Free State economy, together contributing 66.1% to the provincial GGP in 2007, while they are expected to grow by 3.6% on average from 2008 to 2012, which is above the provincial average of 3.1% forecast for the same period. Lejweleputswa is the perennial underperformer of the province, averaging -0.6% from 1996 to 2007, and forecast to grow by a mere 1.7% for the period 2008 to 2012. The low growth of Lejweleputswa can be attributed to the diminishing mining sector which contributes 39.5% to the district's GGP.

The district economic performances of the province are presented as follows:

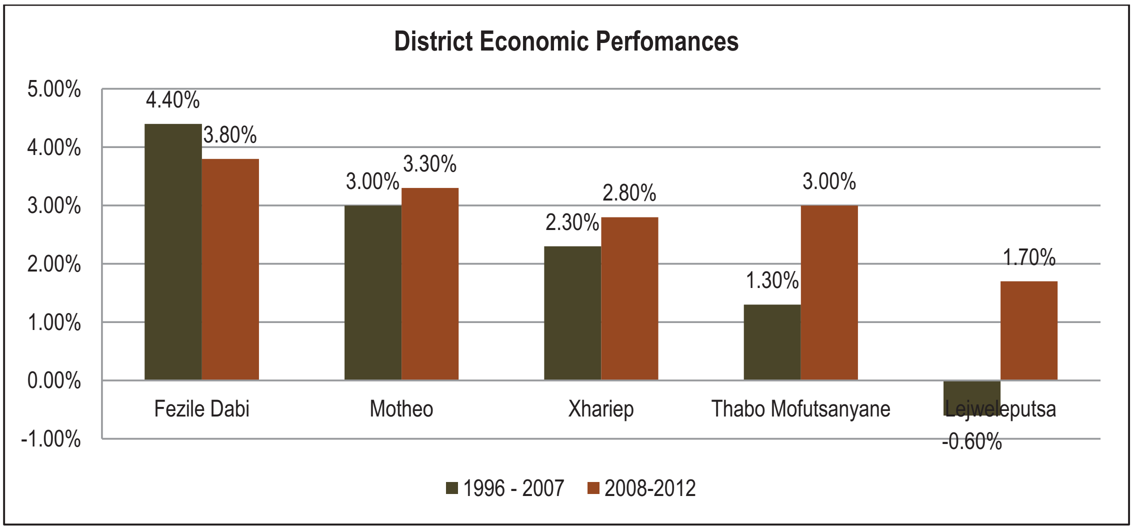


FIGURE 49: DISTRICT ECONOMIC PERFORMANCE

LOCAL COMPETITIVE ADVANTAGE (STRENGTHS & WEAKNESSES OF THE REGION)

Competitive advantage of the local relates to those aspects which compete on cost, quality, and/or availability with that which other localities can offer. Certain regions have built competitive advantage on “comparative” advantage – ie: those natural endowments which give the locality an advantage. Other localities have built competitive advantage in the absence of any obvious comparative advantage. An example of the latter is Hong Kong, which has little land and few natural resources, but has become consumer goods, banking and financial services hub. Competitive disadvantages are those aspects which increase the cost of doing business, present barriers, and result in enterprise establishing elsewhere. These can be insurmountable (for example: distance from markets) and will then influence the choice of niche markets where these barriers have a low relevance.

Advantages (comparative and competitive)	Competitive disadvantages
☑ Efficient petrochemical industry ☑ Proximity to Africa's largest economy, Gauteng ☑ Significant pool of skilled people committed to the area ☑ An alternative route to the coast from inland ☑ The Vaaldam as a water resource ☑ Leisure as a vibrant activity in the whole province ☑ High proportion of strong and healthy people in all ages ☑ Existing tourism sector	☒ Poor infrastructure ☒ Road and rail network needs upgrading, routes sub-optimal ☒ Lack of educational institutions in the area ☒ Poor tourism economic activity ☒ Brain drain ☒ Economic leakages ☒ Poor retail activity in the area ☒ Lack of provincial investment in the local economy ☒ Red tape, particularly on land and property issues

TABLE 79 : ASSESSMENT OF ADVANTAGES AND DISADVANTAGES OF THE MLM ECONOMY

COMPETITIVE POSITIONING (THREATS & OPPORTUNITIES)

The advantages provide guidance on the opportunities for the local economy, including the diversification of sectors (tourism, agriculture, mining, etc.), development of the people, and benefician of the existing industry. The disadvantages provide guidance on sectors to be avoided more importantly, "it provides guidance on areas of public sector action and investment (improved education, reduced red tape, improved functioning of institutions, and support to socio-economic adaptation)."

External threats will impact the economy of the locality over time, and may offer opportunities. Threats include

- Global competition for resources (oil, steel, cement, investment capital and skills)
- Global competition on labour costs from China, India and Eastern Europe
- Global warming which may destroy the local asset, result in water scarcity, increase human and crop disease, destroy value in low-lying commercial and residential property, increase in risk due to weather intensity and variability increase, increase immigration pressure from central African and European areas, etc.

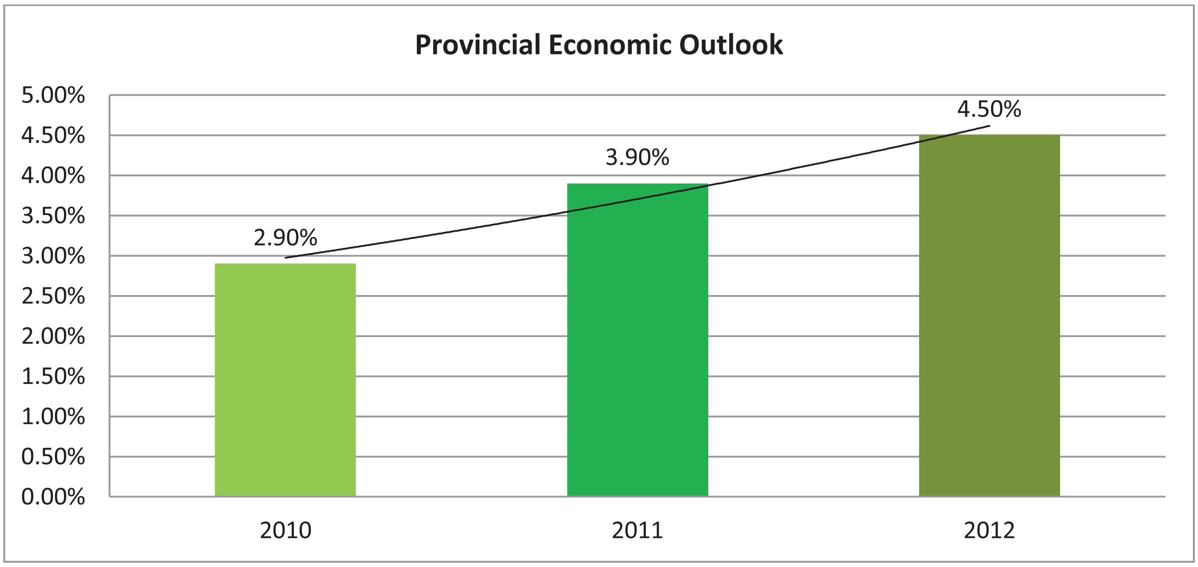
- Exponentially increasing cost of carbon-based fuels
- International and local political instability as poverty, HIV/Aids and rich-poor divide increase
- International economic practices, including mobility of global capital and manipulation of financial markets investors, the trend to increased private equity holdings, high indebtedness of major economic powers, increased occurrence of speculation and bubbles.

However, threats internal locally are more likely to be more significant than external threats in the next ten years. Apart from the threats listed above, the primary threats to Metsimaholo will be

- failure to transform and build an equitable and inclusive economy which neither penalises those with the capital to grow the economy nor those who have historically been excluded
- failure to achieve public sector institutional efficiency and effectiveness
- a national financial system / fiscal policy / perception of risk combination which reward the short term and consumptive rather than long-term productive investment.

1. CONTEXTUAL ANALYSIS

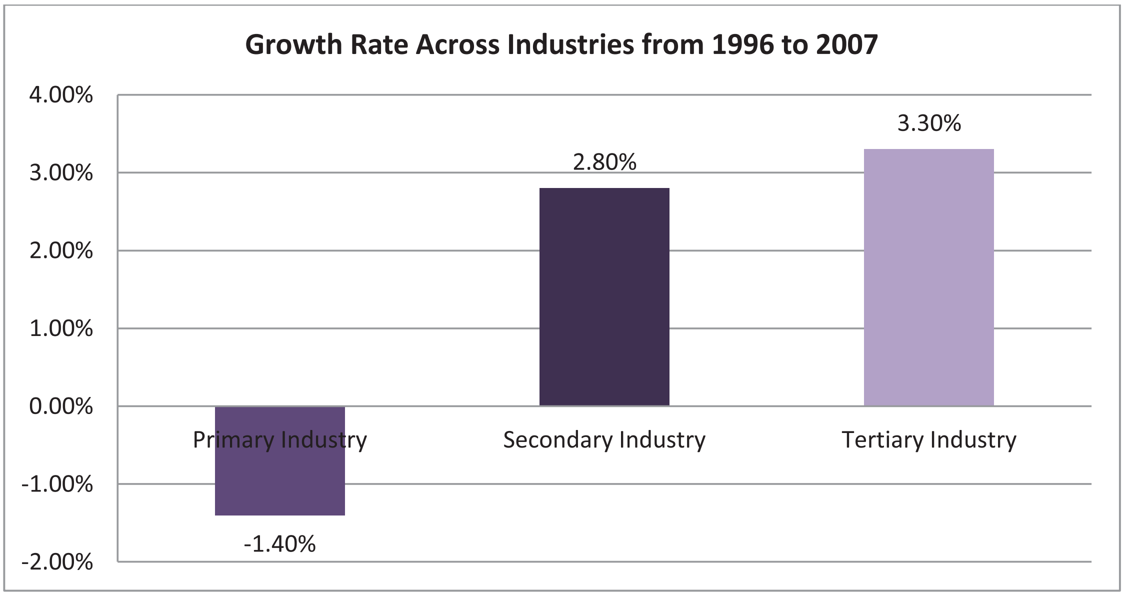
The economic outlook is encouraging in the Free State. The following projection is captured.



The change from the dominance of the primary and secondary industries to tertiary industry in South African economy is informed in a number of factors. The main structural changes in the economy of South Africa are informed in a number of factors. Primarily, "economic investment in South Africa has historically been focused on the Minerals-Energy Complex (MEC) in around Gauteng, and on the linkages between that economy and the rest of the world. Investment in the MEC has to some extent been balanced by investment in agriculture, particularly massive irrigation schemes."[85]

As the global economic structure changed, South Africa had to adapt and align its economy to global trends. "South Africa embarked on an ambitious set of tariff and trade policy reforms in themid-1990s. Multilateral liberalisation through the World Trade Organisation (WTO) was combined with efforts to modernise industry. Growth sectors like autos and tourism and cross-cutting sectors such as information and communications technology (ICT) received special attention in the form of industrial development resources, including science and technology and human resource development funds. These measures, together with global trends, contributed to structural change in the economy. A large contraction in the primary sector – mining and agriculture in particular – and a smaller one in the secondary sector went with substantial growth in the tertiary sector which contributed two thirds to GDP by 2006."

For the period 1997 to 2007, the tertiary industries were the highest growing of the three with a growth rate of 3.3%. The secondary industries grew by 2.8% during the period under review, while the primary industries had a negative growth of -1.4%. As has been the case since 2003, the primary industries were the least growing in 2007, growing by a mere 0.3%, which again was due to the continued sluggish growth in the mining and quarrying sector. Mining and quarrying was the worst performing sector in 2007 with growth of -0.7%, followed by electricity and water (3.0%), and agriculture, forestry and fishing (3.1%). The best performing sectors in 2007 were construction (14.8%), finance, real estate and business services (5.8%), transport and communication (5.2%), and manufacturing (4.1%).



Accordingly, the Free State provincial economy's contribution to the national GDP has been on a decline since 1996; from 6.0% to 5.4% in 2007. This has had a negative impact on the provincial revenue envelope as the revenue distributed from National Treasury by means of the provincial equitable share (PES) has shrunk.

[85] Towards a 15-year Review

The historic and current economic structural metamorphosis has benefitted the Metsimaholo local economy. In both epochs, the development of the tertiary industry increased economic activity and performance. The specific development of the petrochemical industry was linked to then then MEC. Metsimaholo is hosting one of the most significant petro-chemical hubs in the Southern Hemisphere.

A total number of 6901 people are employed by the major industries producing a wide variety of products from waxes, synthetic rubber, polymers, liquid fuels, solvent blends, phenol, polypropylene product, nitrogenous products etc. The main factories are Sasol (responsible for 13% of the GGP of the Free State) Natref (the only inland oil refinery in the country provides approximately 12% of the country's fuel and diesel) Karbochem, Safripol and Omnia. Two industrial parks have been developed that includes Chem. City and Naledi Industrial Park. Chem City is a Sasol owned initiative aimed at the development and establishment of small businesses in the downstream chemical industry. Naledi Industrial Park is privately owned and approximately 95 stands have been sold out.

Since 1994, the economy has become more open, more productive and more outward orientated with both exports and imports growing rapidly. The table below provides the national review of the South African economy.

	1980	**1990**	**2000**	**2006**
Primary sector	15,5	13,1	10,8	8,8
Secondary sector	27,6	26,0	24,2	23,6
Tertiary sector	56,9	61,0	64,9	67,6

Source: Rustomjee and Hanival, 2008, paper commissioned for the Fifteen Year Review, p.36

TABLE 80 : STRUCTURE OF SOUTH AFRICA'S ECONOMY

The second contributor to the growth of the tertiary sector is the increase in public sector employment in the Metsimaholo locality. However, the community service industry is not healthy and viable for economic growth and development.

The Spatial Development Framework (SDF) of the Metsimaholo Local Municipality identified a number of economic activities in its review. The development of tourism, the real estate and retail point to the increased focus on the tertiary industry in the Metsimaholo economy. The allocation of land to various locations defines the economic thinking in the SDF. The development of real estate and retail in Sasolburg, particularly around the Vaalpark area; the development of retail and tourism in and around Zamdela; the development of tourism and retail in Deneysville and Refengkgotso; and the development of real estate and tourism in Orangeville and Metsimaholo demonstrate the growth of the tertiary industry in the local economy.

Despite the emphasis on the tertiary industry, the development of the primary industry is identified in the MLM SDF. The proposed development of agriculture in Mooidraai and further areas outside Zamdela; and the development of mining around the Amelia area suggest the opportunity in promoting the primary sector in the locality. The prospect of the mining industry is further enhanced by the fact that, "although not a big contributor to the local economy approximately 50% of the land area of Metsimaholo has the potential for coal mining. There are currently two operative coal mines in the area i.e. Sigma Colliery that mainly supplies coal to Sasol for its power and steam plants and New Vaal Colliery that supplies coal to the Lethabo Power Station."

The contrast between a tertiary industry that is growing and a declining primary sector is not adequate in explaining the lack of development in the Free State. A closer focus on the employment potential of sectors assists in getting a clearer picture. As the GDP contribution of the province declined, the employment contribution also declined from 7.0% in 1996 to 5.2% in 2007, indicating that the economy is not creating as many jobs compared to other provinces. The fact that the province's contribution to the national population is higher than its GDP contribution indicates that the province is underperforming. The declining population contribution also has a negative impact on the revenue received from the PES and restricts the productive capacity of the province due to smaller, younger and inexperienced labour force.

An examination of Statistics South Africa's Labour Force Survey results reveals a shrinking pool of active labour market participants in the Free State. As indicated by figure 3.1 below, provincial participation rate seems to be on a downward turn, this is disturbing as it implies that the dependency ratio in the province is likely to increase.[86]

The slowdown in domestic economic activity alongside considerably weaker global demand contributed to a moderation in formal non-agricultural employment growth during 2008. Table 3.4 indicates that between the fourth quarter of 2008 and the first quarter of 2009, the Free State recorded job losses in most industries in the formal economy, with most of them surprisingly being in the community and social services which accounted for 21 000 of the job losses, followed by finance for 5 000 and trade for 4 000. Utilities and Transport both accounted for about 2 000 job losses collectively. On average, a total of 32 000 jobs were lost from the above-mentioned industries. The table below illustrates some of the trends over time:

Industry	**Jan – March 2008**	**Oct-Dec 2008**	**Jan-Mar 2009**	**Qrt-Qrt Change**	**Year-on-year change**	**Qrt-Qrt Change**	**Year-on-year change**
	Thousand						
	Percentage						
Total	516	527	501	-26	-15	-4.8	-2.9
Mining	23	30	33	3	11	10.9	46.5
Manufacturing	77	66	68	1	-10	2.0	-12.3
Utilities	5	6	5	-1	0	-21.4	1.2
Construction	45	49	51	2	6	5.1	12.3
Trade	129	115	111	-4	-18	-3.4	-14.0
Transport	32	28	27	-1	-5	-4.9	-15.4
Finance	55	62	58	-5	2	-7.8	4.4
Community and Social Services	150	170	149	-21	-1	-12.4	-0.6

TABLE 81 : FORMAL SECTOR EMPLOYMENT BY INDUSTRY: FREE STATE: 2008 AND 2009

[86] Free State's Labour Force Participation rates, March 2001 to March 2007

Owing to the above-mentioned, certain economic realities persist, and the following status quo abounds:

The decrease in employment is primarily attributed to the fact that the primary industry is the primary absorber of labour, while the tertiary industry remains capital intensive. This phenomenon is presented in the table below.

Industry	2002			2007		
	GDP	Employment	Emp/ GDP Ratio	GDP	Employment	Emp / GDP Ratio
Agriculture	4.7%	19.5%	4.1	3.3%	18.3%	5.5
Mining	9.7%	13.5%	1.4	8.4%	5.8%	0.7
Manufacturing	11.7%	11.2%	1.0	11.2%	10.7%	1.0
Water an electricity	3.1%	0.4%	0.1	2.9%	0.3%	0.1
Construction	1.6%	3.2%	2.0	2.1%	7.4%	3.5
Trade	11.3%	18.6%	1.6	12.6%	22.5%	1.8
Transport	9.1%	4.2%	0.5	9.1%	4.0%	0.4
Finance	15.7%	6.4%	0.4	17.0%	7.3%	0.4
Community and social services	24.2%	23.0%	0.9	24.0%	23.8%	1.0

Source: Stats SA, Labour Force Survey, September 2006 & 2008

TABLE 82 : GDP AND EMPLOYMENT CONTRIBUTION BY SECTOR : FREE STATE ECOMNOMY 2002& 2007

In summarizing the labour market in the Free Stat, the following points are made:

- The community services industry is biggest contributor of employment in the province, district and local municipal areas
- As the tertiary industry increase, there is minimal employment creation in the province, district and local municipal areas
- There is no concerted effort to build a human capital that will respond to the economic growth informed in the tertiary industry
- The absence of economic diversification limits the ability of the primary sector to growth and provides the necessary employment

Conclusion

Similarly, the economic restructuring in South Africa in the 1990s was primarily informed in the development of the tertiary industry; hence the projected increase in economic growth in Metsimaholo. However, the growth is not linked to development through skills development, job creation and SMME and Co-operative development. For instance the benefician of the petrochemical industry in Chem City creates huge opportunities to skill local people as entrepreneurs and the ultimate establishment of SMMEs.

As a means to link economic growth and development, the MLM LED strategy is informed in leveraging the projections of continued economic growth in the Metsimaholo local economy. The projections are presented:

- The provincial economic outlook suggest a GGP increase of 2,9%, 3,9% and 4,5% over 2010, 2011 and 2012 respectively
- The Fezile Dabi District is projected at an economic growth of 3,9%

The economic projects are only based on the current economic activities within existing industries in the Free State. Specifically, the outlook is predicated on the continued on the tertiary industry, particularly on the community services, as drivers on employment in the Free State.

However, the challenge is to develop a strategic fit that will firstly, maintain the status quo. Secondly, the strategic fit needs to diversify the sectors, particularly the increase in primary industries, to increase the GGP/employment ratio in the Free State.

As stated earlier "sectors that were labour intensive in 2007 were trade, agriculture and construction. A sector is labour intensive when it has an employment/GDP ratio larger than 1 and capital intensive when the ratio is less than 1. Agriculture was the most labour intensive sector in 2007 with an employment/GDP ratio of 5.5, followed by construction with an employment/GDP ratio of 3.5. The water and electricity sector was the most capital intensive sector with a ratio of 0.1. Community services sector was the biggest contributor to both GDP (24.0%) and employment (23.9%) in the province. The construction sector was the least contributor to GDP with 2.1%, whilst the water and electricity sector was the least contributor to employment with 0.3%. The mining sector was the only sector that lost its labour intensiveness since 2002; this can be attributed to the closing of mines and the increasingly massive capital required for ventilation, cooling, hoisting, underground tunnelling and surface processing plants."

In the context of Metsimaholo, the ability to increase the real estate industry and activate the construction industry will have a huge impact on job creation. Secondly, the ability to develop the retail industry, the tourism industry, the agricultural industry, and the mining industry, will have huge implications in creating jobs and promoting entrepreneurship. In essence, the success of the MLM LED strategy will be measured on its ability to diversify the local economy through labour intensive industries rather than the current status quo. It is in this regard the MLM LED strategic direction is defined and informed.

2. THE LOCAL ECONOMIC CONTEXT

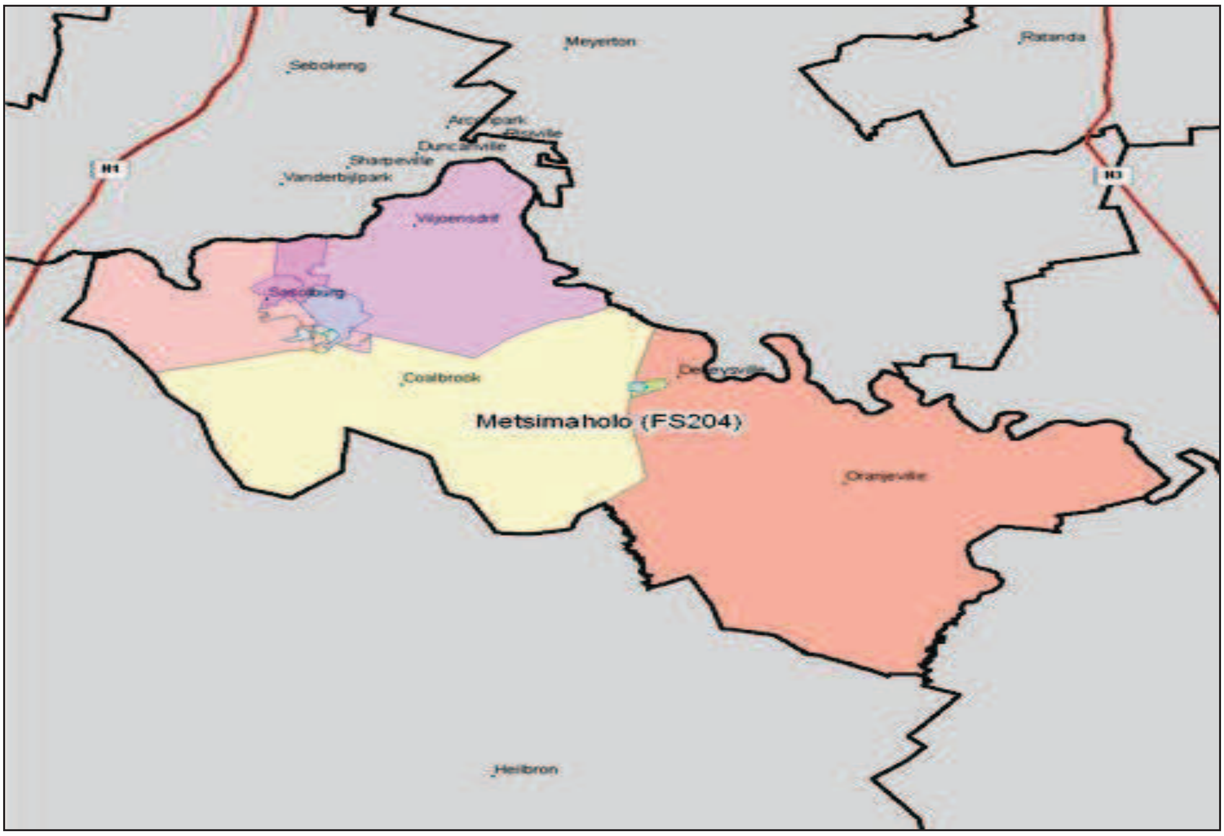
The Locality

The **Local Municipality of Metsimaholo (Sasolburg)** is located in the northernmost corner of the Free State province, which forms part of the Vaal Triangle *[Vanderbijlpark, Vereeniging and Sasolburg region(s)],* approximately latitudinally 27,8ºS and longitudinally 26,7ºE and approximately 1470 metres above sea level. The new category B local municipality FS 204, surface an area of approximately 1705,4253 km².

At sub-township level the following townships / villages are situated within the area of jurisdiction of the municipality, namely: Sasolburg, Zamdela, Deneysville, Refengkgotso, Oranjeville and Metsimaholo townships and Kragbron-, Viljoensdrift Villages, etc.

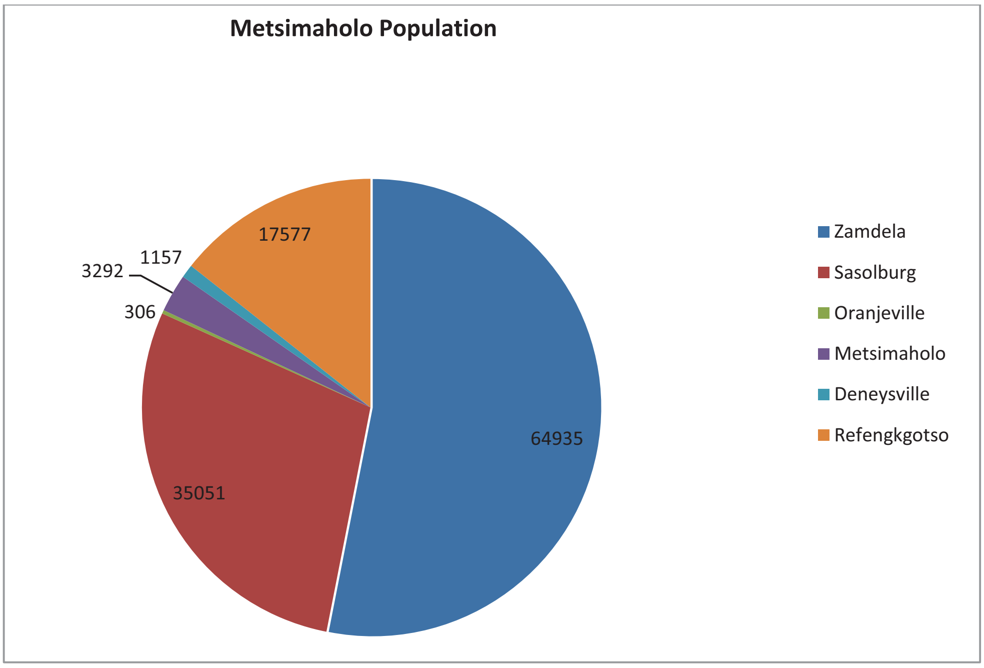
Sasolburg and Zamdela as the youngest townships (in the Free State) owe their existence directly to the petro-chemical industry, and was formally established during September 1954.

The new municipality known as the **Local Municipality of Metsimaholo**, has been established as a Category B Municipality, with effect from 8 December 2000 and in terms of Provincial Notice no 185 of 2000, published in the Free State Provincial Gazette no 113 dated 28 September 2000, as amended and as per Map 1 hereinafter;



Population

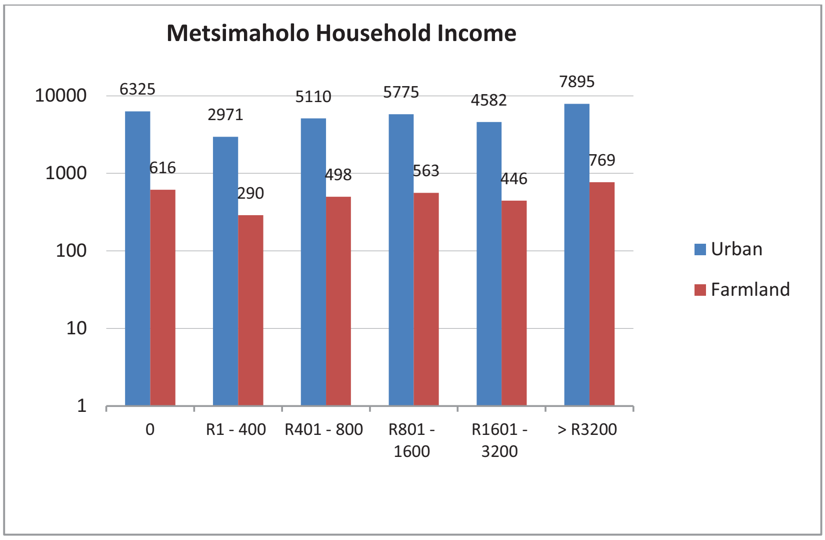
The determination of accurate data on demographics in South Africa has been a contested area. Until the Community Survey 2007, the Census 2001 has been the only source of data on demographics in South Africa. Though the Community Survey 2007 has become a more reliable source of demographic data, some of the institutions like the Demarcation Board have not yet updated its data. However, the current reliable database is sourced from the Metsimaholo IDP, indicating that the population of the Metsimaholo is estimated at 164 000, as opposed to 134 000. The chart below illustrates the distribution of the population within the Metsimaholo municipal area



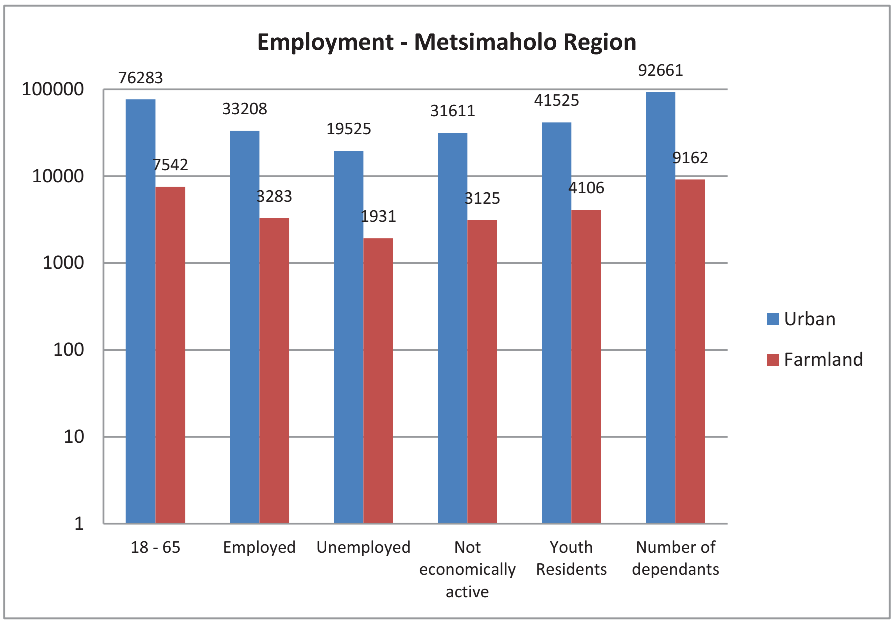
METSIMAHOLO MPOPULATION DISTRIBUTION

The gender differentiation of Metsimaholo is similar to the national and provincial character, suggested at 55% Female and 51% Male. The figure below explains the whole demographic character of the municipal area.

MONTHLY HOUSEHOLD INCOME



EMPLOYMENT



2. THE ECONOMIC CONTEXT

In understanding the economic status quo of Metsimaholo, the following realities are noted:

- According the Centre for Development Support, University of the Free State the Metsimaholo Region contributed to approximately 21,6% of the GDP in the Free State during 2004.
- Metsimaholo contributes 68,1% to the GDP in the District

"…Metsimaholo has been earmarked as the development nodal point for the following 20 years! …" General Economic Tendencies: According the Centre for Development Support, University of the Free State the Metsimaholo Region contributed to approximately 21,6% of the GDP in the Free State during 2004. The growth rate has been 2,6% per annum since 1996 – 2004, which is significant higher than the rest of the Free State. The current GDP for 2004 confirmed R13`222`440`000." However, between 2005 and 2009 there has been some economic downturn which affected the continued growth rate of the Metsimaholo Region to the provincial economy. Secondly, there has been shift in sectoral contribution to regional output, with the tertiary sector becoming more valuable than the primary and the secondary sectors.

Accordingly, the Metsimaholo economic performance has been rated highly compared to other municipal areas in the Free State Province. The following table provides some of the data in this regards.

Municipality	GDP contribution %	Population Size %	Employment Contribution Rate	Unemployment rate	Poverty rate
Mangaung (Bloemfontein)	31.35	21.5	59.6	37.8	41.0
Matjhabeng (Welkom)	15.04	18.7	52.9	39.5	48.1
Maluti-A-Phofung (Phuthaditjhaba and Bethlehem)	4.33	13.2	34.1	61.7	65.7
Metsimaholo (Sasolburg)	21.61	4.2	76.2	33.4	31.6

"According to the table Metsimaholo performs extremely well compared to the other larger municipalities. Its population is only 4.2% of the Free State but it contributes 21.6 to the GDP of the province with the highest employment rate of 77.2%, lowest unemployment rate of 33.4%, and lowest poverty rate of 31.6%. This favourable condition is mainly due to the large chemical industries in Sasolburg and large percentage of wealthy pensioners staying in the area. In addition, Metsimaholo produces almost 92% of the manufacturing, 96% of the water and electricity, and 100% of the mining and quarrying in the district." (Economic Analysis: 2009).

Driving the economic performance of Metsimaholo is primarily the petrochemical industry. Metsimaholo is hosting one of the most significant petro-chemical hubs in the Southern Hemisphere. A total number of 6901 people are employed by the major industries producing a wide variety of products from waxes, synthetic rubber, polymers, liquid fuels, solvent blends, phenol, polypropylene product, nitrogenous products etc. The main factories are Sasol (responsible for 13% of the GGP of the Free State) Natref (the only inland oil refinery in the country provides approximately 12% of the country's fuel and diesel) Karbochem, Safripol and Omnia. Two industrial parks have been developed that includes Chem. City and Naledi Industrial Park. Chem City is a Sasol owned initiative aimed at the development and establishment of small businesses in the downstream chemical industry. Naledi Industrial Park is privately owned and approximately 95 stands have been sold out.

The main components of Metsimaholo

Sasolburg is located in the heart of worldly renowned coalfields. This modern and predominantly industrial town is further located in close proximity (20km) to the nationally well-known industrial areas of Vereeniging / Vanderbijlpark. The Sasolburg / Zamdela urban area is 340km from Bloemfontein and 80km from Johannesburg. Apart from the internationally known SASOL "oil from coal refinery", a vast number of by-products including olefins, waxes, alcohols, tar products, inorganic chemicals, rubber, gases, plastics, fertilizers, etc are manufactured in the area.

The Deneysville / Refengkgotso urban area is situated in the north-eastern section of the Metsimaholo Region, approximately 36km east of Sasolburg and 350km north-east of Bloemfontein. Other larger centres such as Vereeniging and Vanderbijlpark are all within 50km from Deneysville. There are non-worth mentioning industrial activities present in the community. **Industrial activities are exclusively related to the boating industry**. The town's close proximity to the coal mining and industrial activities in Sasolburg and its nearby location to the large industrial complexes of Vereeniging and Vanderbijlpark, definitely and perhaps negatively, influence economic activities in Deneysville. **The strong recreational character of the town further enhances this phenomenon**. The largest number of the inhabitants of Refengkgotso, is employed in Sasolburg and the adjacent industrial complexes of Vereeniging and Vanderbijlpark. Refengkgotso can thus be labelled as a typical satellite residential town to the surrounding industrial areas. These factors contribute to the relatively low level of economic activity in the Deneysville area.

The Oranjeville / Metsimaholo urban area is located within the former district of Heilbron. **Oranjeville is situated on the riparian of the Vaal Dam** in close proximity to the northern boundary of the Free State Province. The area is accessible by road and within 55km from Sasolburg, Vereeniging, Frankfort, Heilbron and Villiers. Although the prominent economic sector of the area is agriculture, it is subsequently strategically situated from a recreation and **tourism point of view**. This is in view of the fact that the town is bound on three sides by the Vaal Dam and located in close proximity to the Gauteng metropolitan area. It is also linked to several other towns in the vicinity.

The Vaal River and Vaal Dam form the northern boundary of the area, which also serve as the boundary between the Free State and Gauteng Province. A significant portion of the Metsimaholo Region is included in the Vaal River Complex Regional Structure Plan, 1996 (former Vaal River Complex Guide Plan, 1982). Vaal River Regional Structure Plan is a statutory land use control document, which is applicable to amongst other land located along important water resources such as the Vaal Dam, Vaal River and Barrage. All Guide Plans compiled in terms of the Physical Planning Act (Act 88 of 1967) were declared Regional or Urban Structure Plans in terms of Section 37 of the Physical Planning Act (Act 125 of 1991). The Vaal Dam often referred to as the Highveld's Inland Sea, is the most prominent topographical feature in the region. This vast expanse of water covers some 300 square kilometers. It serves as Gauteng's principal source of potable water and is a popular water sports and water related adventure venue.

<u>Current Development Initiatives</u>

- Regional Government Department offices are relocated in Sasolburg according to Government policy.
- Additional industrial park is proposed to be developed in Metsimaholo Local Muncipality
- The Chem City industrial development and Naledi Park industrial development in the Sasolburg Industrial Area.
- Development along the river banks of the Vaal River.
- A real estate development policy, regarding holiday accommodation, is endorsed in Oranjeville to **stimulate growth of the tourism sector**.
- The Deneysville community consists of an **active tourism forum** which was recently awarded R15 000–00 to **enhance the tourism in the area**.
- Water from the Lesotho Highlands Project will ensure permanent full levels of the Vaal Dam and it is envisaged that the potential of the dam **as tourism destination** will be improved.
- Proper and strict development control adjacent the Vaal Dam and Vaal River Barrage by means of the Vaal River Complex Regional Structure Plan, 1996 (formerly known as the Vaal River Complex Guide Plan, 1982) ensure a sustainable environment and enhances the tourism potential of the area.
- The Lizard Point development could be considered as an entire new town, comprising of nearly 600 residential erven which are in the process of being developed, immediately and north of Oranjeville/Metsimaholo.

1.1. Mining

Although not a big contributor to the local economy approximately 50% of the land area of Metsimaholo has the potential for coal mining. There are currently two operative coal mines in the area i.e. Sigma Colliery that mainly supplies coal to Sasol for its power and steam plants and New Vaal Colliery that supplies coal to the Lethabo Power Station.

1.1.1. Molensteen Pan 129 (Zamdela)

"General Smuts [former Transvaal Government] made approximately £ 1,180,000 available for the construction of the Union Buildings [Presidents Offices] on Meintjieshill, Pretoria, during 1910 until 1913. Interesting to note is that some of the building material utilized in the construction of the buildings, more specific sand stone building – blocks, was inter alia exploited from an area, situated south of the existing Harry Gwala, Sasolburg. This area is better known as Molensteen Pan 129."

Considering the weight of the building blocks and the fact that these blocks were transported by means of ox – wagons, over pure sand, to the Sasolburg Railway station, the workmen constructed a road paved with sandstone. Some of the farm houses in the area can still be identified where farm owners utilized the same building material. Molensteen Pan was sold to Taaibosch Power Station during 1954.

1.2. Agriculture

Agriculture is an important character of the area although it does not provide a significant contribution to GGP of Metsimaholo. There are approximately 853 farms in the region with 693 commercial farmers that mainly produces maize, sorghum, sunflower, wheat, and dairy farming. However, a lot of identified agricultural land in owned by the Anglocoal and SASOL. According to Anglocoal's expansion initiative, most of the agricultural land will be mined in future.

There is an identified municipal land areas for agriculture, and this includes the Mooidraai area.

1.3. Tourism

Tourism currently contributes a small percentage GGP of Metsimaholo. There are not many tourism facilities and attractions available in the area although it has the potential to develop into a preferred destination area, if properly planned and marketed. The areas of real attraction include the Vaaldam at both Deneysville and Oranjeville with the Jim Fouche Holiday Resort, Abrahamsrust, Etienne Rousseau Theatre, and environmental facilities such as the Highveld Gardens, Bird Sanctuary, and Riemland Eco Park. There is only one cinema in Sasolburg with limited restaurants in the area

Because of its diverse tourism potential and attractions i.e. Sasolburg (Sport and Nature) Deneysville and Oranjeville (Vaal dam), a proper and coherent tourism strategy needs to be developed that will assist in managing the tourism potential of the area.

The following products are identified in the area:

- The History of Zamdela (the heritage initiative)
- The Vaal Dam with boating and sail sure week during September including Bird Watching opportunities
- Gallery 88 Art Gallery at Sasolburg
- The Zamdela Arts and Cultural Centre
- The Highveld Gardens in Sasolburg
- Abrahams Rust Recreational Area
- Jim Fouche Resort
- The Vredefort Dome at Vredefort
- The Viljoensdrift Police Station as one of the “oldest” developments in the Northern Free State
- The National Heritage Site in Deneysville
- Coal broock Mine Accident (1968) on the Farm Mooi Draai (Zamdela)

Three scenic routes were recently identified as having tourism potential, **although upgrading thereof is a prerequisite**. Two thereof run virtually parallel to the Vaal River in the Koepel area and comprise of extreme beauty, unique topography and landscape features. Development of the identified scenic routes should be endeavored to enhance the tourism potential of the area. In a sense, these roads should be considered as "tourism development corridors" and land use changes adjacent thereto, relating to tourism, should favourably be considered. The following roads are highlighted in this regard:

- The Koepel Scenic Route (Sections of Roads S 264, 212, 80 & 713);
- The Vaal Eden Scenic Route (Sections of Roads S 1052 & 171); and
- Road R 716 (north of the Vaal Dam) and sections of road S 159 (south of the Vaal Dam to Jim Fouché Resort) providing relatively good access to various sections of the Vaal Dam.

1.4. SMME Development

There is a surprising number of SME’s and informal businesses operative in Zamdela. There is however a general lack of support available for the emerging entrepreneurs that includes aspects such as facilities, financing, business skills, and business equipment etc.

A survey was conducted amongst these entrepreneurs and the outcome of the survey will be provided later in the sector. An exception is the recently established Kgodiso Business Center, a container city; that will accommodate 28 informal businesses. This business sector has a huge potential to grow and to make a significant contribution in reducing unemployment and contribute to the GGP of the area. Much more support will however be required to develop and sustain this sector. SEDA (Small Enterprise Development Agency) has recently established an office in Sasolburg and can make a meaningful contribution to support the emerging entrepreneurs.

1.5. Status of SMME's:

- A survey of SMME's survey was done extensively in 2005 in Zamdela and 770 businesses were surveyed. In Oranjeville and Deneysville most of the businesses were surveyed.
- According to the above table 80% of the businesses are informal and their survey is therefore much more biased towards the informal/SMME type businesses.
- 37% of the business survey exists less than 2 yrs. This means that almost 342 new entrants come into market during the past 2 yrs. For the past 5 yrs the number of businesses increased by 593. Only 3% of the businesses are longer than 20 years in business. If one considers the maturity rate of businesses to be 7 years one can expects that a large percentage of the 593 businesses will seize to exist. This reinforces the importance of providing proper mentoring support and capacity building of new businesses.
- reinforces the need for more formal planning and creation of a business area/center for Zamdela.
- The above profile reinforces the importance to ensure that SME's get the necessary support to sustain and grow.
- Registered business such as a private company and closed corporation is not the popular choice to do business and only represents 7% of all the businesses. Informal businesses represent almost 37% of all the businesses and once again reinforce the importance of providing support, advice, and assistance to informal traders
- The most popular business is general dealer (36%) fruit and Vegetables (17%) and Beauty and Hair (11%). Other products that have a high number of dealers is Clothing (7%) motor Industry (6%), public phones (5%) alcohol (4%).

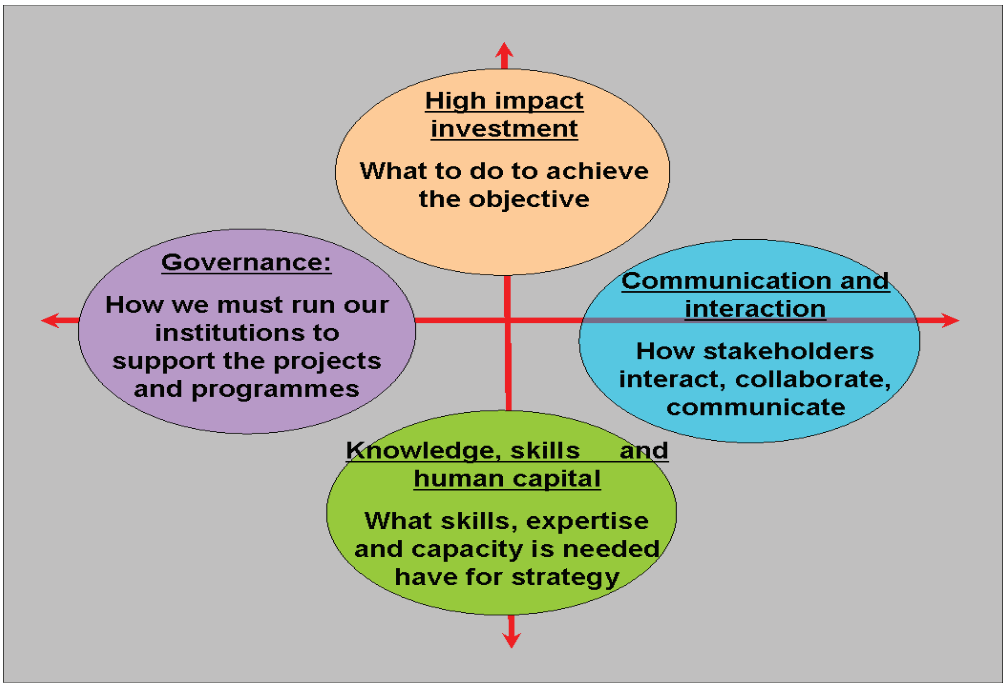
In reviewing the LED Strategy, a deeper focus will be placed on challenges, constraints as well as opportunities in maximizing individual sectoral competitiveness, and intersectoral linkages to aggregate the municipal economic competitiveness. In essence, this means the need to identify enablers to attract both public and private sector investments in the municipal area.

FOUR MAIN STRATEGY INTERVENTIONS

The ultimate strength of the strategy is defined within its ability to create the link between the objectives and intended impacts. This link is referred to as interventions. The interventions are informed in a number of factors, including the desktop research combined with growth theory, a process of interaction with the business sector, and competitiveness theory. The trends and issues from these sources should be aligned as well.

In responding to the key strategic interventions, the German Development Foundation, GTZ, has developed a tool to which such interventions can be explained. The tool, COMPASS, is utilized to define the linkages of four areas of intervention.

The four areas of interventions are defined as High Impact Investment; Governance; Knowledge, Skills, and Human Capital; and Communication and Interaction. The diagram below indicates the four areas.



FOUR AREAS OF INTERVENTION

The first intervention area is **High Impact Investment**, which is the core of the four interventions in local economic development. The result areas include the following:

- Locality development includes infrastructure, spatial development (including access and linkages), protection and development of the environmental assets, urban renewal, tourism facilities and even lifestyle facilities.
- Subsectoral development, which includes diversification of the economy, value chain development and business retention, all focused on development of the competitive advantage of the locality. For the locality, urban development and development of the district have been linked under corridor developments to strengthen the integration of the economy and support value chain development across the municipal area.
- Public good investment: this refers primarily to investment in land, the environment, economic assets, production facilities, machinery, equipment and other productive assets that are used by multiple stakeholders. An example may be the development of public buildings in the city centre to provide improved shopping environment, the development of a produce market, small business hives, agricultural showground, etc.
- Local venture capital fund: while it is not necessary that such a fund be limited to the district, or "owned" by anyone in the district, it is necessary that access to investment funds that target the locality, syndicate risk and respond to criteria that address the constraints of investors in the locality.
- Stimulate new sectors: public and private investment is required to stimulate sectors which build on the advantages (strengths) of the locality. The approach should be to stimulate a diversity of sectors to see which "take" – ie: which sectors find champions and investors. Sectors include high-technology products, innovative products, knowledge sectors, arts (visual, performance and written), experiential tourism, alternative technology, banking, business process outsourcing, education and sports development.

In the context of municipal policy imperatives, some of the responsibilities for High Impact Investment fall within the realm of either the district, provincial and national jurisdiction. This calls for cooperation and coordination. This explains the inter linkages and relationship between and among interventions. "However, it is essential to bear in mind that, while high impact investment is a necessary requirement for economic development, it is not a sufficient condition. It is dangerously easy to focus only on this aspect of the strategy, to the detriment of sustainability, equity, diversification, competitiveness and catalytic / multiplier effects. The other three areas (efficient governance, human capital development, and communication and integration) provide the "enabling environment", supporting the efficiency, effectiveness of economic activities."

The second intervention area is **Knowledge, Skills and Human Capital**. This is the strategy intervention which focuses on knowledge, learning and growth. It has five result areas, namely:

- Collaboration to improve competitiveness. This result area addresses aspects such as networking of similar companies to learn from each other and share experiences and research
- Targeted vocational training. This includes improvement of academic skills development to meet the needs of the economy, lifelong education and training, to improve skills and

education of those already in the workforce and the unemployed to allow for improved employability, and improvement programmes for management in both public and private sectors

- Targeted skills attraction and retention. This includes affordable middle-income housing, affordable quality education and health services, affordable public transport systems, good personal safety and security, and leisure and entertainment facilities and choices.
- Targeted capacity development to undertake economic development in the public sector
- Business development support, especially to new business (SMMEs)
- Development of a subsector research and innovation capacity.

Critical is the role of the all educational institutions to focus priorities to provide skills for the local economy.

The third area of intervention is **Efficient Governance**. This strategy intervention has seven main result areas, namely:

- Reduced red tape – i.e: decision-making criteria are clear and processes are efficient and effective. Legislation and bylaws are clear and are implemented equitably, effectively and efficiently
- Needs-specific operational planning and budgeting: Improved planning and budgeting at all levels to meet the identified economic development needs. This area includes effective co-ordination between public sector role players in planning, budgeting and implementation
- Effective land-use management: Land use planning and management balance economic development with social and environmental needs, have clear criteria and are efficient. Also, land claims are finalized to transfer
- Transparent and principled government. This would include availability of information on government decisions, and cost-effective recourse against inappropriate, ad-hoc or damaging decisions
- Effective public procurement and investment to stimulate economic development
- Organisational responsibility is aligned to interventions – the appropriate organizations undertake interventions, and organizations are structured, resourced, have systems and activities appropriate to their mandates
- Quality, current and accessible economic and investment data. This result area is placed under the governance intervention because it is a public good and affects decision-making within the public sector and the private sector. It does overlap somewhat with the “learning” intervention and with the monitoring and evaluation function of the “collaboration” intervention.

The last strategy intervention is **Stakeholder Communication and Interaction**. This is the intervention which provides a framework for support interactions between stakeholders, a communication service and supports a planning and monitoring function. It has six result areas, namely:

- Facilitate and support a Local Growth Coalition. The Coalition will act as an advisory "Board" and act as a structure for co-ordination and shared problem identification, planning and monitoring between public and private sectors.
- Inter-governmental relations forums promote joint planning, budgeting and aligned implementation
- Promotion of organization of private sector stakeholders across sectors and localities
- Support to policy and programme linkage: provision of analysis, advocacy and access to decision-makers to influence policy to improve the business environment in the district, and draw down support from existing programmes to support local initiatives
- Partnership programme to promote PPPs and business-business partnerships, including partnerships to optimize use of public assets
- Monitoring and evaluation of economic development.

CATALYSING SECTORAL DEVELOPMENT THROUGH KEY INTERVENTIONS: A CASE STUDY FOR AGRICULTURAL, TOURISM AND SMME DEVELOPOMENT

A. AGRICULTURE

There is a growing need to solve the host of problems faced by the Agriculture sector in a more integrated manner, within the framework of sustainable development. Agricultural sector strategies have veered between maximizing agricultural growth through promoting commercial crops and emphasizing food production / self –sufficiency and import substitution on the other. There are however various strategies to improve this sector, e.g.

- Agriculture Diversification
- Agriculture Beneficiation (Agribusiness)
- Tools & Instruments

Each of these components is synoptically discussed in the subsequent paragraphs in order to highlight the salient features which must be incorporated into the strategic framework that is developed in the subsequent section.

<u>Agriculture Diversification</u>

Farmers on a global scale have become increasingly diverse in their agricultural produce over the last few decades. This means that traditional crops such as maize and wheat less important as a source of livelihood while other farming practices such as permanent crops, hydroponics, organic farming, bio-technology etc. have become more important and profitable. Some degree of diversification has always existed in the Agriculture sector. After all, farming is grounded in the seasonality and risky nature of planted crops. Diversification is thus seen as a method to cope with risk and crop vulnerability.

In terms of Local Economic Development, Agriculture diversification is seen as a livelihood coping strategy for the farmer; increasing profits through new products such as olives, organic farming and essential oils; broadening the local export base; and the creation of additional employment opportunities. Agriculture diversification also has indirect spin-off effects on the Secondary sector. Opportunities are now created in the agro-industrial sector in terms of packaging and value adding, which creates even more employment opportunities.

Viable agricultural crops, with clearly defined markets therefore need to be identified for available agricultural land and planning programmes initiated within the municipal area. As part of these strategies, new and innovative agricultural practices need to be taken into cognisance.

It has become evident that traditional agricultural production methods will not be able to meet the demands of a growing South African population for much longer. Towards the end of the 20th century, Research and Development subsequently focused on the development of alternative food production techniques that would be able to address increasing demand in a safe and sustainable way. In this context, the biotechnology industry gained momentum towards the end of the 20th century. Biotechnology is defined as “the application of scientific and engineering principles to the processing of materials by biological agents to provide goods and services” (OECD, 1982: 18).

The application of biotechnology in value-added agricultural production in Metsimaholo is therefore an important strategy to improve the output of the sector and to contribute towards the diversification of the economy.

Agriculture Beneficiation (Agribusiness)

Agribusiness may be defined as all market and private business–oriented entities involved in the production, storage, processing and distribution of agro–based products, in the supply of production inputs, and in the provision of services. Agribusiness is an integral component of rural development, and forms part of the strategy to improve regional and local economic development and ensure food security.

Since earnings from the simple sale of raw produce may be lower and more volatile, the addition of such “downstream” activities can improve a community’s local economy, create new employment opportunities and contribute to environmental sustainability. Agricultural value-added enterprises represent excellent business development opportunities for the local community. This is mainly because the community is located near raw agricultural inputs, which can be turned into a competitive advantage.

Agribusiness enterprises are primarily labour intensive small and medium enterprises located near agricultural production sites in rural areas or in rural centres. Economic success of these agricultural enterprises is increasingly determined by the performance and capacity of upstream and down stream sectors. Agribusiness entities need to respond by improving their efficiency and market orientation. What is required in agribusiness is access to expertise, the availability of market information, and sufficient management skills.

Agribusiness support in it-self must be an integral part of the economic development concept, and must be targeted towards the creation of jobs and income in rural areas. In line with a common business concept, the guiding principle is always the market orientation of all support services. Employment promotion and poverty alleviation in rural areas are additional goals of promoting agribusiness. Agribusiness does not only focus on the primary production of products but also requires additional workers. New employment opportunities are created in the processing industry and, especially, in the service sector.

Experience shows that there are some areas that offer particularly high potential for the successful promotion of the agribusiness sector. These interventions include:

- Product quality trade
- Management of agribusiness –related support services
- Development and management of market infrastructure
- Management of food chains
- Voluntary organisations and co-operation in production and marketing

With declining employment in the South African Agricultural sector, workers leaving farms are more likely to be able transfer their skills to value-added enterprises than to non-agriculture manufacturing and service industries. Creating value-added jobs can improve the diversity of the local economy, increase local incomes, capture higher profits locally, and use the local natural resource base more efficiently and sustainably.

Tools and Instruments

Tools and instruments are defined as something that gives the ability, capacity, responsibility and accountability to achieve the desired goals and objectives. Efficient tools and instruments in key interventions are needed in the Agricultural sector, to facilitate the cost-effective delivery of agricultural services to the community. Some of the most important instruments that can be utilised for the capacitation of communities relates to the transfer of knowledge in terms of:

- *HIV/AIDS* and its influence on productivity. This instrument is best implemented and utilised if the coordination of the relevant (health) authorities with the rural development initiatives is viewed as a priority. The influence of HIV/Aids should be anticipated / viewed as a long term.
- *Knowledge management* is a relatively new instrument to agriculture LED. This instrument entrails the improvement and optimal utilisation of tacit knowledge within the communities. However this also includes the transfer of explicit knowledge to the communities within the local area. Usually this instrument is placed under the ambit of the "human resources development programme" and is also included under this heading in the strategic plan.
- The use of *appropriate agricultural technologies and techniques* is a major element that requires attention. The rational behind the utilisation of appropriate technologies and techniques will increase the agricultural yields in addition to the protection of the environmental resources. This increased productivity can be viewed as the relationship

between the input and output ratios. The following prerequisites need to be in place afore such activities can be successfully implemented:

- Better and more effective co-ordination between government agencies.
- More effective communication of agriculture policies and application procedures to front line staff.
- Practical training, education and awareness building.
- Technology demonstrations.

- The *improved communication* between all the local role-players and stakeholders are required as the primary element that influences the implementability of the agriculture expansion initiatives.

This should also be strengthened through the formalisation of collaboration between the agriculture and other sectoral activities.

These above mentioned approaches to the agriculture services are by no means exhausted, but provide a clear indication of the specifics required in order to utilise LED as a vehicle to improve the "wealth situation" of especially the rural and poor communities.

Ongoing policy developments should anticipate/consider the long-term impact of development activities and therefore strive to continuously "update" the information database of the economic situation within Metsimaholo. This should be done through ongoing research which should inform the implementation strategy of the initiatives.

It is vital that poverty reduction objectives are translated into straightforward operational guidance for programme preparation, implementation and monitoring. Therefore it must be set out how poverty reduction approaches, at all stages of sectoral programming, might be introduced into Agriculture sector approaches.

The following guidelines should be incorporated to facilitate the utilisation of agriculture development in order to reduce poverty:

- Coherent Pro–Poor Agricultural Sector Policy Framework.
    - Increase agricultural productivity; lower transport costs; increase rural, employment and food security; and integrate remote and lower potential areas into the growth strategy.
    - Use appropriate institutional structures to encourage the private sector and civil society (e.g. decentralized services).
    - Encourage the private sector and enhance market reforms (increase competition between traders).
- Public and Private sector institutions.
    - Define the roles and responsibilities of the public and private sectors, taking account of local situations.

    - Build institutional capacity to manage the programme, and to provide rural services, especially at the local level (note that once again strong linkages with the human resource development component).
    - Introduce new management practices to tackle biases against poor farmers and women.
- Improve the target resources.
    - Increase funding of agricultural activities.
    - Target a greater proportion of funds, directly at groups of poor farmers and women.
    - Increase investment in lower potential areas, and develop services for the poor and women, to integrate them into the growth process.
- Ensure the participation of the poor and women in programme preparation and services.
    - Organisations representing poor farmers and women must be consulted in programme preparation reviews.
    - Donors and governments may need to encourage the development of institutions that represent the poor and women.
    - Invest in information systems to allow effective programme design and evaluation.
    - Establish systems for evaluating the impact of measures on poverty.

Agriculture plays an important role in determining the livelihoods and standard of living of the poor in the region, particularly when the poor are asked to pay for their use of basic social services. Increasing agricultural productivity is therefore, a key area in the fight against poverty. For the poorest, whose only asset is their labour, returns are vital.

There is an urgent need to ensure that poverty objectives are better integrated into a strategy for growth promotion, and reflected in the programme design and operational guidelines.

<u>Economic Infrastructure Support</u>

Basic infrastructure has an impact on the socio-economic conditions of a community. The lack of infrastructure and basic services induces a risk adverse environment. The efficiency of a municipality in terms of infrastructure provision influences business location and investment as well as the feasibility of tourism initiatives. Infrastructure includes access to land, buildings, road networks, and services such as electricity, water, waste collection and sewerage services. Infrastructure development is regarded as one of the most prominent methods of employment creation, due to the high level of labour intensity that can be related thereto.

It is imperative that the Municipality provides sufficient basic infrastructure and services to the residents, in order to improve the living conditions as well as to create an attractive business and investment environment. Infrastructure development should be done in a labour intensive way, creating employment opportunities for the local community, including women, children and the disabled. This form of employment generation has been recommended as a successful method of government intervention for local economic development in South Africa.

Labour intensive public works start to show results relatively quickly. Urban-clean-up programmes for example, can be implemented within a year. Unlike income grants – which require immense state capacity to target their intended beneficiaries while avoiding fraud – low-wage, labour intensive public works are self-targeting. Unlike grant systems, labour intensive public works are easily stopped when they are no longer necessary. However, the most important difference between a universal income grant and a labour-intensive public works strategy is that the latter is affordable (Business Report, 10 April 2003).

The main reason these public-works programmes have stayed small in South Africa is that they lack the involvement of the private sector (and corporative state enterprises such as Telkom and Eskom). Experience has shown that government departments cannot provide large-scale delivery on their own.

If the Metsimaholo Local Municipality should implement a new expanded labour-intensive public works programme, it would have a significant impact on public morale and investor confidence. It must however take the form of a public-private partnership (PPP). Because the business conditions in Metsimaholo are still of elementary nature, organised institutions and business collaborations should first be established in the area.

The Metsimaholo Local Business Chamber should include a network of all formal organised business stakeholders (farmers, industrialists, and other businessman) in the area that could consequently start working together with the Municipality in order to implement large scale ventures such as the public-works programme. A large-scale labour-intensive public works strategy would bring together the municipality and business to build infrastructure, provide training and create jobs for the unemployed.

The unemployed would gain income, marketable skills, confidence and dignity.

Business would gain directly from contracts won in return for use of labour-intensive techniques and indirectly from improved infrastructure and a better investment climate (Business Report, 10 April 2003). In this way, the business community and residents will feel that government is doing something tangible about unemployment.

B. TOURISM DEVELOPMENT

According to Gunn (1994) tourism is defined as "the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater to their needs." The development of the Tourism industry has been identified as one of the sectors with the most significant opportunity for development, growth and job creation in the country.

Tourism is regarded as a cross-sectoral industry because it represents linkages with the retail, manufacturing, transport, electricity and financial sectors. During the LED Indaba conducted in Carletonville, tourism was identified as a sector, which must be embraced as a viable economic development option that can contribute to the municipality's economic characteristic.

Therefore, tourism must be recognised as a (potential) generator of wealth and jobs, if Metsimaholo is to reach its full potential at both local and national level. Tourism has the potential to contribute to the development of local infrastructure, creating and supporting amenities and facilities that benefit local residents and business. Tourism potential to enhance both the natural and built environment must be recognised.

CRITICAL SUCCESS FACTORS

In order to successfully implement tourism activities that will act as a driver of LED in the Study Area, a number of preliminary requirements must first be considered. These requirements determine the success and implementability of tourism and are dependant on the enhancement of the following factors:

A. Working Partnerships

This aim of these working partnerships must be to maximise the benefit that tourism generates and is based on forging stronger links between tourism and the other economic sectors such as retail and transport. The working partnerships should be forged between the following entities:

- Business with business (B2B)
- Business with support agencies
- Support agencies with each other
- Communities with business and support agencies

This is vitally important as these two sectors in particular have a major influence on the tourism" experience", and which also benefit from tourism. It is important that the needs of both residents and visitors are balanced throughout the development of appropriate policies and planning. The decision makers should be convinced in the other sectors that their interests are interdependent with tourism. It is also essential that the agencies, who are involved in protecting and restoring the built environment, and managing the natural environment, implement policies that will support the development of sustainable tourism.

B. Increased Profile Of Tourism

It must be well demonstrated that tourism is vital to the economy. It has important economic value, and benefits both rural and urban communities. It also enhances the value of culture, heritage and the natural environment. The entire community has a vitally important role to play if tourism is to become more successful, for example by welcoming and helping visitors, ensuring the maintenance of a litter-free environment, and involving visitors in local events and festivals.

Worldwide tourism is growing. There are thousands of travel options to the consumer. Therefore, any municipality or city must market itself aggressively and consistency to ensure that it remains at the forefront of the potential visitors mind as it jostles for attention with an increasing number of alternatives.

The challenge should be to develop a distinctive market position that competes with many other destinations, some of which will be offering similar experiences and packages. An understanding of how people perceive Metsimaholo as a destination, including its natural and built environment, culture, its quality of service and value for money.

Suitable markets must be identified and targeted using strong branding and a clear message about what is offered. The key should be to identify the most likely customer leads, and convert more of them into firm bookings. These markets must be developed in a manner that is suitable for the position that the area envisages itself, in relation to the strategic market position.

For a region to position itself as a tourist leader in the key market requires:

- High brand awareness-amongst target market groups.
- Increased conversion from awareness to sales in target market.
- Increased direct access opportunities from the target markets.

These requirements should be supported by the following guidelines that will ensure that the place marketing of the region keeps constant alignment with the trends within the target market as well as the industry as a whole.

- Keep marketing under consistent review, adapting it as customers change and new cost-effective techniques evolve.
- Identify key products; assess their scale of opportunity and the resource requirements needed to exploit the potential, in order to develop the product portfolio.
- Provide support to tourism business with reference to the development of marketing skills, marketing opportunities and effective use of the internet for marketing.
- Identify target markets and consumer segments that will offer best return on investment and use appropriate media to maximise return on investment.
- Lobby as a group to increase the number of direct access routes.
- Undertake joint marketing with appropriate direct access transport operations. Inform customers of their direct access options.

Additionally the success of the entire municipality is based on the following key support factors:

- Successful business leadership.
- Enhanced product and service.
- Invest in people and skills.
- Promote sustainability and activities in an environmentally friendly manner.
- Promote community based approaches and capacity building.
- Maximise geographic comparative advantage in tourism development.
- The promotion of cost sharing.

C. SMME DEVELOPMENT

Small, Medium and Micro Enterprises (SMME) are recognised worldwide for their potential to generate job opportunities, particularly when the economy is in a downward trend. In the first part of this study, which included the assessment of the local economy, it was found that the formal economy is simply not able to absorb all the newcomers to the labour market in wake of the declining gold mining sector. It is furthermore highly unlikely that this trend in the local economy will be reversed, at least not in the short to medium term. This situation suggests strongly that SMMEs provide one of the only possible ways to reduce the current high level of unemployment and poverty in Metsimaholo.

In the wake of structural adjustment (due to the withdrawal of government incentives) and comprehensive external trade liberalisation, the comprehensiveness of small and medium enterprises has deteriorated somewhat. Obvious indicators for this lack of competitiveness are for instance products of insufficient quality, low productivity, outdated plants and the productivity of the entrepreneur and his staff. Therefore, SMMEs need business development services such as information about new markets, technologies or quality standards as well as advice and training in various fields.

Efforts that entrepreneurs may undertake themselves to remedy these deficiencies on the enterprise level will be successful only within limits. In many countries there is no supportive institutional environment that will assist them in their modernisation endeavours in an efficient and competitive way. Existing services offered by private or public providers frequently do not correspond to their needs or they are too expensive. As SMMEs are underrepresented in established business associations and their own SMME associations are weakly politicised, they are lacking an efficient lobbying group. Therefore, the creation of an enabling institutional environment for SMMEs, including service providers specialised on SMMEs as well as component lobbying organisations, is an important task in SMME promotion.

This sub-section presents SMME development as a possible strategy to exploit the potential as listed in the aforementioned sub-paragraphs. A critical prerequisite for successful SMME development is entrepreneurship. Entrepreneurship in this regard does not only refer to knowledge and experience in business administration, but most importantly, to a high level of motivation, drive and work ethics.

SMME promotion interventions

Interventions need to be geared towards strengthening the performance and competitiveness of enterprises. Target groups are medium sized business and small business that have a sustainable potential for growth and typical interventions include:

- Promotion of the sector–political dialogue between SMME representatives (e.g. chambers, associates) and the government administration (e.g. ministries) through capacity building on both sides and intensifying the dialogue;
- Improvement of framework conditions and creation of an enabling environment through advise to provincial departments for industry and economic affairs and other relevant public institutions on the design of economic, legal and institutional frame conditions for private sector;
- Organisational development of SMME organisations, thus enabling them to contribute to improved SMME competitiveness through enhanced lobbying capacity and professional competence;
- Facilitating access to business development services (BDS) through the development of markets for services. Private and public providers need to offer specifically those services that SMME ask for and willing to pay for. Support for such a market includes networking, role clarification and advice to different protagonists (private service providers, SMME promotion agencies, ministries, donors etc.).
- Support of horizontal and vertical cooperation between enterprises, in particular by using cluster and value chain approaches including advice for building up linkages between several SMMEs and between SMMEs and large or international enterprises.
- Export promotion for the SMME sector through brokering of contacts to African and European importers and information about quality standards, market trends and participation in fairs.
- Management and business consulting on enterprise level through capacity building of local consultants and consulting of firms including advise in order to increase efficiency in all enterprise domains such as procurement, production, sales and financing as well as special issues such as joint ventures and privatisation.

Experiences in SMMEs promotion over the last few years have shown that an improvement in SMME competitiveness cannot be achieved solely on the level of the individual enterprise. What is needed is an approach where interventions target different levels simultaneously: the macro level (stability oriented and enabling economic policy), the meso level (capacity building of private sector organisations, development of support strategies and policies for enterprises) and the micro level (enhancing enterprise performance and their horizontal and vertical integration into a network of linkages and subcontracting relationships). As a consequence, today's SMME promotion ties together many different partners simultaneously.

Localised SMME support

The promotion, establishment and expansion of SMMEs are weighed against the establishment of larger businesses. Larger businesses are mostly multi-locational operations. They are less dependent on their geographic location than SMMEs and do not perceive the local level as a high-priority level of action. They are rarely part of local economic development initiatives and usually deal directly with national government when contributions to development are made. If a given location does not offer satisfactory conditions, it is not rare that a large firm/factory will close down its operation and move elsewhere rather than getting involved in the cumbersome effort of getting involved in a local dialog to negotiate for new incentives and/or services.

The focus of this LED strategy is on SMME development because the mobility of these businesses is much more limited. For SMMEs, the trade-off between the cost of changing location and the cost of participating in local dialog and development efforts tends to be solved in favour of the latter. SMMEs sometimes get actively involved in LED efforts, and they certainly are an important target group for LED initiatives.

SMME promotion and support includes a series of core activities to which several other activities should be added gradually. The core activities and the respective activities are as follow:

- To make the service of economic promotion more transparent and more accessible to the enterprises through enterprise visits, round tables, newsletters and intensification of public relations.
- To enforce the exchange of experiences among enterprises and to create a basis for enterprise co-operation through the organisation of focus groups working on cross-cutting or sector specific topics, initiation of workshops and regular meetings for new entrepreneurs or technical and management staff of existing enterprises, creation of an internet data base to inform on services offered and requested, on free production capacities.
- To intensify the SMME co-operation with the municipality and to strengthen its promotional capacities through the creation of a special training and capacity enhancement programme, for local officers responsible for economic promotion and the organisation of working groups.

- To make the local administration more responsive to the needs of the business community and to facilitate access to administrative services through an institutionalised exchange of experiences between enterprises and the administration.

Tools for SMME promotion

There are several types of strategies or tools that one can use as part of a home-grown strategy to support SMME development in a local economy. These range from the relative simple intervention such as setting

METSIMAHOLO LOCAL MUNICIPALITY

HOUSING SECTOR PLAN

4.3.3 HOUSING SECTOR PLAN

BACKGROUND AND INTRODUCTION

In terms of applicable legislation such as Part 4 (sec 9) of the Housing Act, 1997 (Act 107 of 1997), ***every municipality*** must as part of its integrated development- and **housing sector planning**:

- take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to **ensure** that the inhabitants of its area of jurisdiction have **access to adequate housing** on a progressive basis,
- to set housing delivery goals, to identify, expropriate and designate land for housing development, conditions not conducive to the health and safety of the inhabitants are prevented or removed (including illegal invasion of municipal land) and services in respect of water, sanitation, electricity, roads, storm-water and drainage and transport are provided which is economically efficient,
- to promote the resolution of conflicts arising in housing development or to initiate, plan, co-ordinate, facilitate and enable appropriate housing development or
- to plan and manage land use and development or to be accredited or to administer national housing programs.

The Reviewed MLM **Housing Sector Plan** was adopted by Council for adoption 29 August 2013.

Key to the Housing Sector Planning are the following **integrated processes**:

Needs Analysis for Eradication of Backlogs

HOUSING SECTOR PLAN *(Disclose community needs)*

Spatial Development Frame Work Planning

Strategic Objectives of the Council

IDP *(5year Project Planning)*

Budget *(Securing of Funds & services)*

Councils mandate / decisions / organizational structuring / capacity

Policies

By-Laws

Delegated Powers

Erf creation / township establishment& Land use regulations

Services Installations

Human Re-Settlement

Land Availability Agreements

House the Nation

It is a well known fact that within the area of jurisdiction of the Local Municipality of METSIMAHOLO, the demand for land, accommodation and services far exceeded the supply thereof. For an example, since Feb 1996 Zamdela indicated an **alarming growth rate** from 4866to 23`350erven (*representing 381% over 16 years or **23,81% p.a***) - already indicative of the huge challenges for a Grade 9 Local Municipality.

HOUSING RESEARCH (STATUS QUO)

Research confirmed:

- that the area of jurisdiction of the Local Municipality of METSIMAHOLO is in extent approximately 1705,4253 km²,
- that METSIMAHOLO consist of ten (10) main decentralized sectors of (1) Sasolburg (2) Vaalpark (3) Zamdela (4) Zamdela (5) Rental Stock (*1`389 units*) (6) Deneysville (7) Refengkgotso (8) Oranjeville (9) Metsimaholo and (10) Rural areas, each with its own historical events that need to be administered
- that an estimated **198`080 residents** are residing within the area of jurisdiction of the municipality, representing approximately **48`909 families** with an average **household size of 4.05** per residential house / unit.

Population Analysis: (Feb 2012)

GROUP	2001 CENSUS	PREFERED DATA HOUSING SECTOR PLAN - 2012	%
Black	94`004	140`637	71%
White	21`207	55`462	28%
Coloured	582	950	0.48%
Indian / Asian	185	435	0.22%
Unspecified	0	596	0.43%
	115`978	**198`080**	

- that approximately **62% percent of households** in Zamdela, Refengkgotso and Metsimaholo Townships live in inadequate housing an depressed physical environments qualifying for Government Subsidized Houses
- that**15`343 government subsidized houses** has already been delivered since 1994 to eradicate the EVER GROWING housing backlog for the region.
- that an estimated 9`790 households are residing within informal structures on stands, excluding the number of people living in informal settlements, which has mushroomed over the years, primarily due to population growth and a high rate of in-migration counted to approximately **5`745 households / singles** *(rounded to 6`000 as projected by National for Metsimaholo – 3%)*, and summarized as follows:

(a) Sasolburg	= 400
(b) Zamdela	= 3`320
(c) Deneysville	= 25
(d) Refengkgotso	= 675
(e) Oranjeville	= 25
(f) Metsimaholo Town	= 50
(g) Rural	= 800 *(Kragbron, Clydesdale, Viljoensdrift, Bertha Villages& Farms)*

- that land invasion remain a serious challenge for the municipality. A recommendation would be to create a position(s) for a **Law Enforcement Officer(s)** within the municipality:
  (a) to monitor resident movements on daily basis and to act on illegal occupation of land / municipal buildings – to discourage people to reside without consent
  (b) to monitor illegal building activities
  (c) to monitor illegal land uses / business activities
  (d) to monitor stray animals, etc.

- That it appears as if the Local Municipality of METSIMAHOLO cannot win – if it allows erven to be occupied and / or buildings to degenerate it is criticized and if it tries to evict people from erven without consent and / or to fix "bad" buildings such as Thembalethu, it is judged in court. There is even the possibility that unscrupulous "landlords" make a living out of misleading people; selling or renting them land or rooms in buildings they don`t own.

- that a recent court order / judgement highlighted challenges and tension which many municipalities and cities like Johannesburg face in balancing the duty to regenerate declining municipal / city centres and attract development to municipalities / cities against the competing duty of care to the vulnerable occupiers of the derelict and unsafe buildings that comprise the inner city. The Supreme Court Order referred to in the case of *`Blue Moonlight Properties 39 (Pty) Limited v Occupiers of Saratoga Avenue and Another"*

(2006/11442) [2010] ZAGPJHC 3 4 February 2010 (*Blue Moonlight Properties*) for **the eviction of residents have dire consequences for municipalities** and Municipalities cannot argue anymore that it had ***"no constitutional or statutory duty to provide accommodation to occupiers evicted from (a) municipal or (b) private land"*****.**

- that municipal housing programs MUST provide in its planning, budgeting and implementation processes for identification and quantification of the needs of vulnerable occupiers to be evicted from land from its emergency housing programme, to provide for alternative land and to give effect to the programme.

- that the global downfall in markets since 2009 had a direct influence in the local community and that local losses in job security accumulated;

- that pressure for increasing household income accumulated;

- that the vast majority of consumers retire without the capital to sustain even a moderate lifestyle and lower interest rates *(in the region of 6% for Sept 2010)* forced more people to access affordable housing;

- that limited land in Sasolburg / Zamdela areas and subject to accessibility of bulk services will force the Council to opt for high density planning (flats) and / or as an alternative to plan for new development areas for an example between Deneysville and Groenpunt Prison;

- that a large portion of the community within the household income category of R3`500.00 to R15`000.00 per month cannot access loans to built their own houses. For this purpose the President in his State of the Nation Address during February 2012 announced certain objectives to assist the communities to an amount of approximately R80`000.00 per beneficiary. This project will have to be refined and / or clarified by National for implementation.

- that notwithstanding the support initiatives from government on loans that there is still residents who opt for rental accommodation and that alternative opportunities such as Social Housing will have to be implemented *(such as `Community Residential Units` – CRU)*

- that an estimated **37`315 houses** *(32`020 formal and 9`790 informal)* have been **erected / built** within the area of jurisdiction of the municipality implicating that approximately **<u>26% of the community still reside in `informal structures`</u>***(a large component not qualifying for RDP houses)*
- based on tariffs approved by Council (*2011-2012 Budget Volume 3*), that the following reconciliation(s) accounted for Municipal Rental Stock:

AREA	ASSET DESCRIPTION	NUMBER OF UNITS	BASIS	*POTENTIAL* MONTHLY OPERATING INCOME
Zamdela	Hostel 1	317	R290.00	R91`930.00
	Hostel 2	330	R290.00	R95`700.00
	Hostel 3	389	R290.00	R112`810.00
	Hostel 4	112	R290.00	R32`480.00
	Phomolong	40	R290.00	R11`600.00
	Thembalethu	170	R1091.74	R153`935.00
Total		1`358	*R367.05 pm Average*	**R498`455.00 p.m.** *R5`981`460 p.a.*

- that an estimated 2`617 flats and 2`804 hostels has been built;
- that municipal rental payment at hostels are not on acceptable levels (estimated 15%) due to greed or desperation leading to four families ending up living in a flat meant for one family and this causes the buildings and infrastructure to collapse. Buildings are not maintained satisfactory. The risk is that these rental buildings will become slums and "sinkholes" which might pull surrounding property into the same state of dereliction.
- that contractors for housing delivery be monitored to built quality houses
- that provincial government be encouraged to pay contractors on time
- that as soon as the Division Housing and Property Management Services has been capacitated that an application be submitted for accreditation
- that mining activities around and between Sasolburg and Deneysville limit further expansion of townships. However, Messrs. Anglo Coal on 12 July 2004 confirmed in writing:
  1. *that re-settlement may take place on the portion of the Farms Amelia 518 and Mooidraai 44, in the area west of the Sasolburg-Heilbron Provincial Road; and*
  2. *that the area within the thick line situated west of Refengkgotso (Portions of Portion 3 and 4 of the Farm MooiPlaats 581 and Portion 1 of the Farm Rosendal 1406;*
- that an estimated **44`450 erven / land portions have been created**, since approximately 1918 (*Land Affairs Audit: 2011 (Reviewed Feb 2012)*

LAND AUDIT	Township name	Erven	Agricultural Holdings	Farms and farm portions	Rental Stock
Metsimaholo	Sasolburg	7`899			1`782
	Vaalpark	3`032			891
	Zamdela	23`350			1`829
	Deneysville	1`837			73
	Refengkgotso	5`904			6
	Oranjeville	948			6
	Metsimaholo	1`480			0
	Agricultural holdings		468		781
	Farms and farm portions			1`534	230
	TOTAL	**44`450**	**468**	**1`534**	**5`598**

As indicated above the reviewed Housing Sector Plan contains and provided for specific research areas for analysis purposes and specific planning objectives divided into fifteen (15) parts and described as *"chapters"* for easy reference purposes.

Business (Action) Plan for Housing Sector Plan

Medium Term Planning Objectives

- To **acquire suitable land** for accommodation of the general public and informal settlements and to provide for further community needs and development opportunities
- To secure **development nodal points** in the SDF for High Density Housing
- To provide **planned erven** to accommodate informal settlements and provide for future needs and to accommodate further community needs
- To ensure **basic services installations** on erven created
- To **re-locate informal settlements** (below R3`500 pm income)
- To **replace temporary structures** with permanent housing structures
- To **complete the townhouse concept houses at Hostel 2** with 60 – 70 RDP houses
- To **replace existing Hostel 3, and 4** rental units with Town House Concept Houses / CRU`s
- To built **CRU`s in Nic Ferreira** Sasolburg Extension 1
- To built **Social Housing Flats** in Sasolburg (On government owned land)
- To **dispose of erven** exceeding R3`500 pm income in line with adopted policies

MEDIUM TERM ERF CREATION AND RENTAL ACCOMMODATION OBJECTIVES

At an Informal Settlement Status Report Meeting held by National and Provincial Government in Welkom on **November 23rd, 2011**, it has been confirmed:

- That National Government planned for R12 Billion to eradicate backlogs in South Africa by 2015.
- That an estimated amount of R806 Million will be earmarked for the Free State Provincial Government representing approximately 26`000 units.
- Taking into account the population growth rate (*representing 381% over 16 years or 23,81% p.a)* the projected housing need over the next five years will be 5`745 housing units*(rounded to 6`000 as projected by National for Metsimaholo).*
- That these factors, combined with inadequate services and infrastructure, pose significant environmental and public health hazards. Strong summer winds may fuel shack fires, which due to the high densities may result in the loss of homes or in loss of life.
- The risk of waterborne diseases is exacerbated by inadequate water and sanitation services and insufficient education regarding appropriate hygiene and disposal of grey water and raw sewerage.
- Considering the above the Directorate Economic Development and Planning is in process to eradicate the mentioned backlogs as follows:

Description / Action Plan	**Backlogs**	**Erven created / *Rental Units***	**Residents placed / *To be placed***	**Balance in backlogs 2012**	**Time Frame**
Refengkgotso (MooiPlaats – Themba Khubeka)	7`700	2`500	1`700	6`000	2011
Zamdela (MooiDraai)	6`000	3`000	*1`700*	*4`300*	2013
Zamdela Hostel 4 Upgrading to 420 x CRU`s	4`300	420 ®	*308*	*3`992*	2013
Hostel 3 Upgrading to 800 x CRU`s	3`992	800 ®	*411*	*3`581*	2014
Hostel 2 Upgrading with 70 x Outstanding Rental Units	3`581	70 ®	*70*	*3511*	2014
Nic Ferreira 74 Sasolburg Ext 1 = CRU`s	3`511	74 ®	*74*	*3437*	2014
Purchase of 36 x Plots and planning for 2`000 erven Refengkgotso	3`437	2`000	*1`500*	*1`937*	2016
OUTSTANDING	**1`937**	**0**	**0**	**1`937**	

- The above implied that SUITABLE land will have to be identified, acquired and be planned for at least 2`000 further erven by 2017.

Medium Term Strategic Delivery Activities

Following are the priority focus areas and the strategic delivery activities that will be undertaken by the Municipality in order to realise the objectives. The expected output for each strategy, the responsible agency to implement the strategy, the resources required to realise the strategy including the timeframe within which the strategy is to be implemented are outlined in the main report.

HOUSING DEVELOPMENT STRATEGIES	ACTIVITIES	TIME FRAME
Housing Sector Plan Review	To update / review the Sector Plan on annual / regular basis	Reviewed Feb 2012 Annual update
	To replan according to changing community needs	
	To do capacity planning (organizing)	
	To re-plan for division of work, to establish standards for performances (command)	
	To implement control standards, to compare achievements to planned targets	
	To monitor and do research work on resident movements	
	To monitor community needs on annual basis	
	To secure projects on the IDP in time	
	To secure funds for projects in time	
Land invasion control	Discourage people from invading land	Daily
	Discourage Councillors or officials from allocating land	
	Encourage people to apply for serviced stands with the Municipality	
	Report any form of land invasion to the Municipality within 48 hours	
	To establish an Erf allocation Policy	
Spatial Development Planning	To plan for expansion of towns in time	Annual
Acquisition of suitable land	In line with SDF to acquire land in time for planning purposes	Within 12 months
Identify and develop suitably located land for housing development	Identify suitably located Municipal or Government-owned land for housing development.	Within 12 months
	In the event that the land belongs to private owners, purchase adequate land to provide stands to cover backlogs on informal settlements currently on undeveloped land and 4`000 backyard dwellers who need own stands	
	Survey and plan the land to provide for at least 2`000 stands per annum	

HOUSING DEVELOPMENT STRATEGIES	ACTIVITIES	TIME FRAME
	Service stands created	
	Allocate / re-locate stands to residents in low income categories (Below R3`500 pm income)	
Provide mass housing delivery	Apply for housing subsidies from the Provincial Department of Housing to provide 2`000 houses per annum to cover both the backlog and the new housing need over five years	Within 12 months
	Promote other housing programmes such as People's Housing Process, Institutional Housing, Middle-income Housing, rental housing, hostels redevelopment and farm worker housing	
	Allocate subsidies to programmes in terms of agreed percentages stated in the Housing Sector Plan	
	Investigate the condition of housing in the farms and develop housing policy in this regard	
Built quality houses	The Municipality to inspect the construction of houses from foundation to completion to ensure that quality houses are built	Within 12 months
	Enforce compliance with Land Availability Agreements, high standard SABS approved materials for raft foundations, bricks, frames, roofs, services and connections, relocation of electrical cables and pre-paid meters, etc.	
	Enforce compliance to building regulations, NHRBC standards and municipal by-laws	
	Project Steering Committees to be formed involving the developer, ward committee members, beneficiaries representatives and other local stakeholders to oversee the execution of the project	
	Developers should be discouraged from leaving building materials in the yards for too long as this leads to the theft of materials and the subsequent building of poor quality houses	
	Members of the Projects Steering Committee should be involved when beneficiaries sign Happy Letters to ensure that indeed beneficiaries accept quality houses	
	Building plans to be pre-approved and submitted	
Houses should be planned to acceptable standards	Prevent houses being built with toilets at street front	Within 3 months
	Prevent houses that are built to the point of encroaching into other residents' stands / over building lines and boundaries	
	Houses to be built within approved townships, in line with and within General Plan approved boundaries and to ensure that servitudes are not overlapped	
	Provide sufficient erven space to enable the extension of houses when the need arises	

HOUSING DEVELOPMENT STRATEGIES	ACTIVITIES	TIME FRAME
Prioritise South African Residents for Housing	Take stock of the people living in each ward during the compilation of the housing waiting list, considering in particular the origin of the residents *(i.e. whether SA citizen or immigrant)* including people living in the informal settlements and backyards	Within 3 months
	Identify South African citizens for housing project purposes	
	Compile a separate list of non-South African citizens indicating their country of origin and the legality of their presence within Mangaung	
	Make a submission to Council for policy decision around the housing needs of non-South African citizens	
Reduce time taken to process subsidy applications	Appoint staff to administer the processing of subsidy applications	Within 2 months
	Backlogs not to be recorded per *"Waiting Lists"*. Act on internal *"Erf allocation / Occupational Data Base"* (also regarded as a `life waiting list`) to identify resident movements, potential beneficiaries and backlogs.	
	On announcement of a project, identify and assist beneficiaries in filling application forms	
	Capture data on Provincial data system for evaluation purposes	
	Interact with the Provincial Department of Housing about the need to be accredited to process applications locally	
	Establish linkage with the Provincial Housing Subsidy System	
	Purchase computers for housing subsidy data capturers	
	Train personnel on administering the Housing Subsidy System	
Formation of Project Steering Committees to ensure the collaboration of developers, ward committees and councillors in the speedy execution of projects	Projects Steering Committees to be formed in all housing projects made up of the developer, ward committee, councillor and local stakeholders	Within 1 month
	Keep Minutes of Projects Steering Committees	
	Submit projects reports to the Housing Department	
Fair Allocation of housing subsidies to all towns	Allocate subsidies to towns according to agreed percentage allocations	Within 3 months
Promote the involvement of black companies in the housing market	Establish a Database of service providers	Within 6 months
	Implement government procurement legislation in appointing service providers in particular the preferential procurement system which prioritise black empowerment and the empowerment of women in housing development projects	
	Coordinate and involve black companies in capacity building programmes run by the Department of Public Works or other institutions	
Proper disposal / transfer of erven to rightful owners	Transfer attorneys appointed by MEC. Processes to be expedited with local attorneys and control	

HOUSING DEVELOPMENT STRATEGIES	ACTIVITIES	TIME FRAME
	Title Deeds to be released to beneficiaries as soon as possible	Within 12 months
	Formalise erven in Refengkgotso (Mooiplaats) and Zamdela (Mooidraai)	
	Compile and update occupational lists of all current occupants of erven in Zamdela, Refengkgotso and Metsimaholo	
	Assist occupants (*including orphans and widows*) who were sold stands by owners to obtain them through the lawyers	
	Upgrade Lease Hold titles to ownership	
	Encourage residents to have registered titles to their stands	
	Issue ownership certificates in Estate cases	
	Encourage residents not to dispose of houses within 8 years *(pre-emptive right period of government)*	
Future Planning Compilation of a living housing waiting list that also caters for people needing serviced stands	Appoint officials to manage the compilation of a housing waiting list	Within 12 months
	Applicants to enlist with the Municipality which will verify that indeed the applicant resides within the Municipality	
	The Municipality to use a standard form, which categorises applicants in terms of income, disability, pensioners and HIV/AIDS victims. The list should also cover residents who only need serviced stands	
	Lists should be forwarded to the Housing Department	
	Housing Official to keep the lists separate per ward	
	A Housing Committee convened by the Housing Councillor or the Portfolio Committee on Housing (served by the Housing Manager as the secretariat) should decide on the allocation of subsidies taking into account the allocation percentages	

Medium Term – Key Initiatives

The broad frame work hereinafter served as a means of addressing key initiatives for the Directorate and METSIMAHOLO as development nodal point, the eradication of backlogs and more specific in housing strategies, objectives and ultimately the vision for community elevation and growth initiatives until 2017:

NO	IDENTIFIED CAPITAL PROJECTS (5 Year Planning)	SECTOR	PLANNING RESPONSIBILITY
1	Identification of Community Needs (Housing Sector Plan Review)	Housing	Housing & Properties LED
2	Spatial Development Frame Work	Planning	Urban Planning LED
3	IDP Provisions	IDP	Manager IDP & MM
4	Longer term 5 year prioritizing and Capital Budget	Finances	LED & CFO
5	Short term 1 year prioritizing and Capital Budget	Finances	LED & CFO

6	Land acquisition	Housing	Properties LED
7	Planning for township expansion & small scale farming	Planning	Urban Planning LED
8	Surveying instructions & General Plan Approvals	Planning	Urban Planning LED
9	Opening of Township Registers	Housing	Properties LED
10	Human Re-settlement / Erf allocations to the poor (Informal Settlement / Squatter monitoring / Control)	Housing	Housing / LED
11	Services Installations	Infra Structural Services	DTIS
12	Housing Delivery – Project Linked Houses	Housing	Housing / LED
13	Hostel Upgrading / Re-development Projects (CRU)	Housing	Housing / LED
14	Infill / Re-planning of un-utilized land (parks, school stands, etc.)	Planning	Urban Planning LED
15	Disposal of Pre-Identified Assets per TENDER (Business-, Industrial-, Church-, Residential Erven)	Housing SCM	Properties / LED & Supply Chain Manager
16	Small Scale Farming Activities	LED	Economic Development / LED
17	Review of Internal Asset Registers & Update of Occupational Erf Data Deeds Registry Research	Housing	Properties / LED
18	Capacitating of Directorate and Divisions with office space, furniture, equipment transport and staff (mainly for effective administration of rental stock and municipal assets)	Housing	Housing and Properties LED
19	Development and disposal processes • Unsolicited Bids • Auctions • Tenders	LED CFO	Properties Supply Chain Management Asset Management *(Accounting / Registers)*

LONG TERM PLANNING OBJECTIVES

- To acquire adequate land to accommodate current informal settlements, cemeteries, land fill sites, future growth and Small Scale Farming activities
- For Human Re-Settlement Projects
  By promoting applications for housing subsidies in order to eradicate the current housing delivery backlog of 6`000 by 2017

  By facilitating and promoting the provision of decent housing to rural and farm communities
- Human-Resettlement Projects
- To secure Social Housing

METSIMAHOLO LOCAL MUNICIPALITY INTEGRATED WASTE MANAGEMENT PLAN

3.4 INTEGRATED WASTE MANAGEMENT PLAN

INTRODUCTION

The Fezile Dabi District Municipality appointed KV3 Engineers to assist with the compilation of an Integrated Waste Management Plan (IWMP) for the Waste Management Division of the Metsimaholo Local Municipality.

The compilation of this IWMP was done in line with the Starter Document for Guidelines for the compilation of IWMP's (DEAT, 2000). The process of compiling the IWMP consisted of two phases. During the first phase an assessment of the current status of waste collection systems and existing disposal sites, service delivery capacity and a needs analysis for each of these aspects were done and completed in April 2008.

The second phase included the compilation of the IWMP. The Objectives and Goals identified were included in this phase, with alternatives for obtaining these being considered and evaluated on a high level thereafter. Based on the preferred options selected for implementation a programme was developed and cost estimates compiled to facilitate inclusion of the plan into the IDP. The IWMP was approved by the Council in 2014.

STUDY AREA AND STATUS QUO

The status quo study assessed the municipal area with consideration to the various service categories as well as evaluated the service delivery in each of the towns in the Municipality. The Status Quo investigation of the waste management section considered each of these aspects of service delivery by the Metsimaholo Municipality as shown in the following table.

TABLE 69 : WASTE MANAGEMENT – SERVICE CATEGORIES

SERVICE CATEGORY	SERVICE ASPECTS CONSIDERED
Refuse removal	Waste generation, collection system, collection equipment, personnel, residential, commercial, garden refuse and builders' rubble, medical and hazardous waste, mining industry, obvious
Street Cleansing	Regularity of service, equipment, personnel, obvious needs
Landfill Sites, Transfer Stations and Bulk Containers	Waste generation, collection and transportation, personnel, equipment, landfill operation, transfer stations, garden refuse sites, obvious needs

In addition to this existing structure, the status quo study also considered planned developments, service extensions and any planned projects that have been identified in the IDP.

Service Area and Refuse Collection

The Municipality currently service approximately 40 000 households and 800 businesses in Metsimaholo. The information provided did not specify the difference between domestic, commercial and industrial service points.

The waste service delivery of the Metsimaholo Municipality is co-ordinated from Sasolburg. A regular waste removal service is provided to all households and businesses within the Municipal area, except to the households in rural areas. Industrial waste is collected by private contractors appointed by the industry and taken to a suitable waste disposal site (e.g. general waste to municipal general household landfill and hazardous waste to a Class H landfill site in Gauteng *viz* Holfontein). The farming areas of the Metsimaholo Municipality do not receive a waste removal service. The provision of such a service is at the moment not envisaged by the Municipality. Most of the households have a low to medium income (* Information from Census 2001).

A household breakdown of the specific areas in Metsimaholo is not known.

The Municipality provides a weekly (1 day per week) waste collection service to all the households in Sasolburg, Deneysville, Oranjeville and surrounding townships. Amelia is not receiving a waste removal service currently. The frequency of waste removal services to businesses are as follows:

TABLE 70 : BUSINESSES – WASTE REMOVAL SERVICES

AREA	FREQUENCY OF SERVICE
Sasolburg	6 days a week service
Deneysville	2 times per week service
Townships	Once a week service

Street cleaning (litter picking, sweeping and cleaning of ablution facilities) is done in the following areas of the Municipality according to the frequency provided in the following table:

TABLE 71: STREET CLEANING

AREA	FREQUENCY OF SERVICE
Sasolburg CBD	5 days a week
Vaalpark	Monday - Friday
Oranjeville	No street sweeping
Deneysville	No street sweeping

WASTE RECEPTACLES

The Metsimaholo Municipality utilises a black refuse bag system in the middle to high income residential areas and half drums or bins in the lower income areas. Residents have to supply their own black bags and receptacles. The Municipality accepts any number of bags or bins per household, so there is no specific limit. The bags and bins are placed on the curb outside the house and collected from there. Businesses use large 1.72m^3 containers that are supplied by the municipality. Recently businesses are buying these containers themselves.

NEW DEVELOPMENTS

New residential and industrial developments are planned for the Metsimaholo Municipality where refuse collection service will have to be rendered in future. The following is a detailed list of all the current or planned developments in the Metsimaholo Municipal Area.

- 2 000 erven in Refengkgotso.
- 675,9792 ha for cemetery, landfill and township establishment purposes in Refengkgotso.

- Expansion for the middle to higher income categories, situated east of Vaalpark in Lauterwater 77.
- Industrial development in Rem Driefontein 2.
- Deneysville region – expansion for the middle to higher income categories in Sub 28 Vaaldam Settlement 177.
- Zam x 11 = 648 erven, Ext 12 – 2 378 erven, Ext 13 = 1304 erven and Ext 14 = 894 erven completed and Ext 15 Molensteen Pan = 200 erven and Ext 16 Amelia = 3 350 erven.
- Urban expansion on the farm Mooidraai 44 (Zamdela expansion).
- 2 500 erven on Portion 3 of the farm MooiPlaats (Refengkgotso expansion).
- Re-planning of Sasolburg Extension 58 (as part of 2010 World Cup initiatives, hotel, sport facilities, offices, residential or alternative land uses, etc.)
- Urban expansion of Refengkgotso – estimated 2 000 erven to be created on Portions 1 to 60 Vaaldam Small Holdings.
- 3 300 informal erven at Amelia (after installation of basic water services).
- Informal Settlements to 2 500 informal erven at Mooidraai as Zamdela expansion.
- Informal Settlements to 2 500 informal erven at Vaal Dam Small Holdings/Mooiplaats.
- Building of 70 outstanding Rent Units at Hostel 2, Zamdela, Re-development project.
- Subdivision of farm Zamdela and consolidation with Erf 4870 Zamdela (Hostel 4), Re-planning development of Hostels 4 for conversion of all hostel units into 200 CRU stock rental housing.
- Building of 200 CRU Rent Units, Hostel 4 for conversion of all hostel units into stock rental housing.
- Demolishing of old Hostel 3 units – Re-development project for conversion of all hostel units into 1 000 CRU stock rental housing.
- Building of 1 000 Rent Units, Hostel 3 for conversion of all hostel units into stock rental housing.
- Housing Delivery (3 000) to residents in Zamdela Ext 11 – 15 (Gortin Molensteen Pan Areas).
- Housing Delivery (2 000) to residents in Zamdela Ext 16 (Amelia Areas).
- Housing Delivery (1 500) to the future residents in Refengkgotso.
- Housing Delivery (3 000) to the future residents in Mooidraai. The new developments still need to be incorporated into the refuse collection service.

Municipal By-Laws pertaining to Waste

The Metsimaholo Municipality has a set of by-laws that pertain specifically to the Council's responsibility for the removal of refuse, illegal activities, payment of fees and penalties. The current by-laws does not address unauthorised entry and access to and management of the disposal sites, separation of waste into different categories, aspects of waste minimisation e.g. recycling and other issues as set out in the National Environmental Management: Waste Management Act, 2007 to promote integrated waste management.. The by-laws can be expanded to include the abovementioned aspects. The by-laws are not currently enforced and should be done so.

Waste Generation

The landfill sites in the Municipal area do not have weighbridges and therefore the quantities of waste disposed of are not exactly known. The daily tonnages of waste generated were obtained by applying per capita waste generation rates to the figures for the population served. These rates vary with the socio-economic standing of the population, from 0.2 kg per capita per day in the poor areas, to 1.5 kg per capita per day in the affluent areas.

The mathematical estimation of the amount of waste generated within the municipal area is indicated in the table below:

TABLE 85 : WASTE GENERATED IN MUNICIPAL AREA

AREA	2008 POPULATION	*PER CAPITA* WASTE GENERATION	GENERATED WASTE (TONS/DAY)	GENERATED WASTE (TONS/ANNUM)
Sasolburg	26 513	0.8	21	5515
Zamdela	99 389	0.3	30	7752
Deneysville	22 948	0.6	14	3580
Oranjeville	3 703	0.5	2	481
Rural	20 895	0.2	4	1087
TOTAL	**173 448**		**71**	**18 415**

Waste Characteristics

For the composition of the waste stream the waste body was divided into 14 categories that include both recyclable and non-recyclable material. They included builders rubble, plastic bottles, plastic film, paper separated by grade such as newspaper and inserts versus higher quality office paper, glass, organic material and ash. The table below indicates the waste composition as a percentage of the sample. It should however be noted that the organic percentage is probably lower than expected due to the regular burning. The waste on all the landfill sites is not covered regularly and the waste body present represents a relatively long disposal period.

TABLE 73 : WASTE STREAM COMPOSITION

Waste Stream Composition Metsimaholo Municipality (Sasolburg landfill)	*Percentag e*
Builders Rubble	9
Plastic Bottles	15
Rigid Containers	5
Film - Retail Bags	9
Packaging Foam	3
News	9
Greyboard	6
Magazines	8
Metal Cans	8
Glass	9
Organic Material	18
Ash	1
Total	100

The waste collected in Sasolburg and Vaalpark (transfer station) is disposed off on the Sasolburg Landfill. Waste from Oranjeville and Metsimaholo Township is disposed off on the Oranjeville landfill site. Waste from Deneysville and surrounds is disposed off on the Deneysville landfill.

Waste Minimisation Strategies

There are currently no formal Municipal driven waste minimisation activities taking place in the Metsimaholo Municipality. The Municipality has appointed a private contractor to recycle waste at the people or private Sasolburg landfill site. The Municipality is also currently not offering any recycling incentives to private

Illegal Dumping

Illegal dumping of waste is common all over the Municipal area. The Municipality has to collect this waste at an unnecessary cost. The Metsimaholo Municipality has recognised the need for education of the people regarding this practice. The Municipality has placed several skips at illegal dumping hot spot areas, as well as notice boards to try and prevent illegal dumping.

The Municipality is also experiencing the dumping of waste by the public along the access roads to the landfill sites, as well as areas on the landfill sites which are not designated for the disposal of waste.

GARDEN REFUSE

Bulk garden waste can be collected on request at a specific fee or residents should take it to the disposal sites themselves. Disposal of garden waste by private persons are free of charge at the disposal sites. A garden refuse transfer station is located in Vaalpark. The transfer station has 8 skips and waste is transported from the transfer station to the Sasolburg landfill for disposal.

The amount of garden waste generated within the Municipal area is not known due to the fact that the Municipality has no control over the disposal of garden waste. Garden refuse is disposed off with general household refuse and garden waste volumes as such are therefore not recorded at the entrance to the various disposal facilities.

Specific waste records should be kept at the entrances to the waste disposal sites. With proper access control and record keeping at the various waste disposal sites, the exact volumes of garden refuse disposed off can be obtained.

It is however estimated that 15% of the total waste stream represents garden refuse e.g. 2 762 ton/annum

LANDFILL

The Metsimaholo Municipality has three landfill sites namely the Sasolburg, Deneysville and Oranjeville/Metsimaholo landfill. All the sites are managed by the Municipality. The landfills are located on municipal property.

TRANSFER STATIONS

The Metsimaholo Municipality has one transfer station for the disposal of garden refuse in **Vaalpark**.

NEEDS ANALYSIS

From the Status Quo and Needs Analysis study, certain needs pertaining to the waste disposal service in the Metsimaholo Municipality were identified that requires attention. These needs are summarised below.

- There are no waste minimisation strategies that have been developed. These need to be addressed and implemented.
- The new developments that are taking place in the Metsimaholo Municipality must be included for the provision of a waste collection and disposal service. It is essential that in conjunction with the Town Planning Department that future residential and business area expansion are catered for in terms of refuse removal. This will allow the Municipality to, at an early stage, determine the possible costs involved and therefore

will be able to adjust their budget accordingly. This will allow the Municipality to service the new areas when they are developed.

- There is illegal disposal of waste at various sites in the municipality. The illegal disposal should be addressed in order to manage and minimise the illegal activities pertaining to waste disposal.
- The Municipal By-Laws should be extended/ updated to address issues such as waste minimisation and recycling, as well as local standards and other issues as may be required in terms of the National Environmental Management: Waste Management Act, 2007. The bylaws should be enforced by the Municipality.
- The Metsimaholo Municipality has a shortage of personnel for waste collection and for the proper management of the disposal facilities.
- The operation of all the disposal facilities does not occur in accordance with the Minimum Requirements for Waste Disposal by Landfill document as published by DWAF. Access to the disposal facilities should be controlled with proper record-keeping of waste volumes disposed off. None of the disposal facilities have a proper guardhouse with ablution facilities at the entrance to the sites.
- Garden refuse are disposed of at the disposal facilities with no processing of the garden waste. The exact volumes of garden refuse need to be determined (entrance control at disposal facilities) to determine the feasibility of composting garden refuse.
- The Sasolburg, Oranjeville and Deneysville landfill sites should be authorised in terms of Section 20 (1) of the Environment Conservation Amendment Act, Act 50 of 2003).
- The Vaalpark garden refuse transfer station should be authorised in terms of Section 20 (1) of the Environment Conservation Amendment Act, Act 50 of 2003).
- The Sasolburg landfill site is running out of airspace. The Municipality should start with the identification process for a replacement disposal site for Sasolburg.
- The Metsimaholo Municipality has a few vehicles that are old and in poor condition that are due for replacement.
- Municipal waste records should be kept and maintained for informed future decision-making purposes and to comply with the Government's Waste Information System requirements.
- A mitigation strategy or some form of succession planning should be developed for the expected increase in HIV-AIDS related deaths amongst personnel.
- A medical waste stream management strategy should be formulated to deal with this component, and with the intention of ensuring compliance with SANS 0228.
- To provide a cost effective waste management service, the payment of service tariffs should be improved and the tariff structure should be investigated to be viable and be standardised. The number of domestic, commercial and industrial service points should be determined since a distinction between the tariffs for waste collection at domestic, commercial and industrial service points should be made to ensure that the generators of waste pay for the waste they generate. This can also be an incentive for businesses to minimise their waste streams.

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INDUSTRIAL AND MINING WASTE

The industrial waste (hazardous waste) from major industries is transported and disposed off at the Holfontein Class H waste disposal site in Gauteng. The Municipality does not experience problems with the disposal of hazardous waste on the municipal landfill sites.

Once access to the disposal sites is properly controlled, the disposal of any possible hazardous waste on the disposal sites would be prevented. Industries should be informed about the hazardousness of certain waste streams e.g. fluorescent tubes, empty paint containers, asbestos waste etc. The DEAT has policies to deal with these specific waste streams. Fluorescent tubes for example in large quantities must be crushed, treated and disposed of at a Class H:H disposal site. Empty paint containers should be rinsed with water; holes punched into the containers and can then be disposed of at the General landfills. DEAT is in the process of drafting tyre recycling regulations to deal with the problem of tyres on landfills.

An assessment to provide detail regarding light industrial waste streams would not be required by the WIS, but it is important to deal with these waste streams in accordance with authority policies when large volumes had to be disposed off. It is a fact that low percentages of these waste streams are disposed off with general waste on *ad hoc* occasions at the general landfills, and is impossible to control. The impact from these waste streams will be minimal unless disposed of in large quantities, which should then be prevented with proper access control at the disposal sites.

GOALS AND OBJECTIVES

Seven (7) focus areas have been identified to be addressed for the compilation of an IWMP for the Metsimaholo Local Municipality. Based on the Gaps and Needs identified, Goals and Objectives have been identified for each of the categories or focus areas.

It is important to structure Goals and Objectives in accordance with the Government's strategy of waste minimisation. The official hierarchy adopted in the Government Waste Management Strategy is as follows:

TABLE 74 : WASTE HIERACHY

Waste Hierarchy		
Cleaner Production	Prevention	
	Minimisation	
Recycling	Re-Use	
	Recovery	
	Composting	
Treatment	Physical	
	Chemical	
	Destruction	
Disposal	Landfill	

DISPOSAL INFRASTRUCTURE DEVELOPMENT

This area relates to the development, upgrading and legalisation of disposal infrastructure. This includes the identification of new infrastructure required, the permitting of existing unauthorised facilities, and the upgrading of the current infrastructure as well as the improvement of management practices at the various locations.

WASTE COLLECTION INFRASTRUCTURE

The shortcomings in the available collection infrastructure will be identified. This will involve possible fleet shortages, receptacle placement and route planning.

INSTITUTIONAL CAPACITY AND HUMAN RESOURCES

This area involves the identification of human resource shortcomings and possible alteration to employee structures.

FINANCIAL RESOURCES

This area relates to existing and required financial structures and strategies.

DISSEMINATION OF INFORMATION /COMMUNICATION

This area covers the need for effective record keeping and the development of a Waste Information System, the sharing of available information as well as co-operation of the various stakeholders within the municipality.

MANAGEMENT OF ILLEGAL ACTIVITIES

This focus area relates to illegal dumping activities within the municipal area. This involves identification of possible illegal dumping hot spots, development of clean up and anti dumping campaigns, possible revision of bylaws as well as revision of collection strategies.

WASTE MINIMISATION

This area involves the identification of specific waste minimisation strategies, whether it is separation and collection at the source, privatisation of recycling activities, and development of collection points throughout the area as well as public awareness/education strategies.

METSIMAHOLO LOCAL MUNICIPALITY

DISASTER RISK MANAGEMENT PLAN

3.4 DISASTER RISK MANAGEMENT PLAN

The Constitution of the Republic of South Africa (Act 108 of 1996) places a legal obligation on the Government of South Africa to ensure the health (personal and environment) and safety of its citizens. In terms of section 41(1)(b) of the Constitution, all spheres of Government are required to "*secure the well-being of the people of the Republic*". Section 152(1)(d) also requires that local government "*ensure a safe and healthy environment*". In the light of the above, and the established understanding of disaster risk management, the primary responsibility for disaster risk management in South Africa rests with Government.

Section 26(g) of the Municipal Systems Act 32 of 2000 as well as sections 52 and 53 of the Disaster Management Act 57 of 2002 compels each municipal entity to develop a disaster risk management plan as part of and an integrated part of their Integrated Development Plans. This plan establishes the arrangements for disaster risk management within the Metsimaholo Local Municipality (MLM) and has been prepared in accordance with the requirements of the Disaster Management Act, 57 of 2002 (the Act) and section 26(g) of the Municipal Systems Act, 2000.

The purpose of the Metsimaholo Local Municipality Disaster Risk Management Plan (DRMP) Level 1 is to document the institutional arrangements for disaster risk management planning which includes the assignment of primary and secondary responsibilities for priority disaster risks posing a threat in the Metsimaholo Local Municipality. It further provides the broad framework within which the departments will implement the disaster risk management planning requirements of the Act and other entities included in the organizational structure of the Metsimaholo Local Municipality. It establishes the operational procedures for disaster risk reduction planning as well as the emergency procedures to be implemented in the event of a disaster occurring or threatening to occur in council's area. It aims to facilitate an integrated and coordinated approach to disaster risk management in the municipality which will ensure that the Metsimaholo Local Municipality achieves its vision for disaster risk management which is to build a resilient people in the Metsimaholo Local Municipality who are alert, informed and self-reliant by establishing risk reduction and resilience building as core principles, and developing adequate capabilities for readiness; and effective and rapid, response and recovery.

This disaster risk management plan is in line with the National Disaster Management Framework and addresses disaster risks though four key performance areas (KPAs) and three Enablers:

- KPA 1: Integrated Institutional Capacity for Disaster Risk Management
- KPA 2: Disaster Risk Assessment
- KPA 3: Disaster Risk reduction
- KPA 4: Response and recovery
- Enabler 1: Information Management and Communication
- Enabler 2: Education, Training, Public Awareness and Research
- Enabler 3: Funding arrangements for Disaster Risk Management

This plan provides a brief background study of the Metsimaholo LM in line with its current Integrated Development Plan (IDP). The Metsimaholo LM disaster risk management plan contains a macro disaster risk assessment based on field research, observation, primary- and secondary data sources. The Metsimaholo LM DMP has as far as possible been imbedded in the current reality of the municipality. The macro disaster risk assessment provides the foundation towards risk reduction planning based on the identified and prioritized disaster risks and vulnerabilities of the Metsimaholo LM. This DMP for the Metsimaholo LM furthermore provides the municipality with a guiding framework for future disaster risk management planning by the municipality as a whole as required by the Disaster Management Act 57 of 2002 and the Municipal Systems Act 32 of 2000. The relationship between, and different roles and responsibilities of, the Fezile Dabi District Disaster Management Centre (DRMC) and the DRMC of the Metsimaholo LM are alluded to. This plan also gives guidance in relation to the declaration of a local state of disaster, disaster classification and the institutional arrangement necessary for the successful implementation of the Act.

Each section of this plan contains a number of Actions to be taken, which need to be considered and implemented in order for the Metsimaholo LM to obtain the outcomes envisaged by this plan.

KPA 1: INTEGRATED INSTITUTIONAL CAPACITY FOR DISASTER RISK MANAGEMENT

Establishment of Municipal Disaster Management Centre:

This is for the purpose of continuous monitoring of progress with regard to the execution of the provision of the Act. The centre within the Municipality must submit reports in an agreed format on its performance of consideration to every meeting of the PDMC.

Location of DRM Function:

The centre has been established which is with Council's administration with clear reporting lines for direction and administrative purposes i.e. MLM Council, Mayoral Committee, Executive Mayor, Portfolio Committee, Municipal Manager and MLM Disaster Management Coordinator.

Key Responsibilities of MLM DRMC with regard to KPA 1:

To establish and maintain adequate institutional capacity to enable the implementation of the requirement of the Act which will promote an integrated and coordinated approach to disaster risk management in Council's area subject to the agreement on primary responsibility with the Fezile Dabi District (DRMC)

The Internal departments and other Municipal entities within the administration of the MLM with regard to DRMC:

Each department under administration of the Municipality, including other municipal entities within the Council's administration must, in terms of the Act, assess any national legislation applicable to its function and must advice the Fezile Dabi DRMC on the provision of such legislation.

Disaster Risk Management activities must be incorporated into the routine activities of each Municipal department and of any other municipal entities and their substructures.

The MLM Interdepartmental Disaster Risk Management Committee (IDRMC):

The Municipal Manager is responsible to establish and sustain an IDRMC with an intent to:

- Promote interdepartmental relations;
- Achieve a coordinated, integrated and common approach to disaster risk management by the departments and other internal units in the administration of the Municipality
- To ensure the development and implementation of appropriate disaster risk reduction methodologies; and
- Ensure emergency preparedness and rapid and effective disaster response and recovery capabilities.

The committee is chaired by MLM Coordinator DRMC and shall meet once in a quarter, but is not precluded from meeting more frequently should circumstances so dictate.

Its Responsibilities amongst others, include:

- Disaster Risk Reduction Planning and operations;
- Contingency Planning, Disaster Response and Recovery.

Project Teams and Planning Clusters:

The IDRMC may convene project teams to address specific joint risk reduction priorities including post disaster projects. Teams so convened will act as sub committees of the IDRMC for the duration of their task and can determine their terms of reference and outcomes in consultation with the DM Coordinator and the IDRMC, will plan and manage such multi-disciplinary projects and will report back to the IDRMC.

Arrangements for stakeholder's participation and technical advice:

Communication with the Fezile Dabi District Municipality

In terms of the legislation communication must be maintained all times among Municipal Disaster Management Centre, the National Disaster Management Centre and the Provincial Disaster Management Centre in order to, amongst others:

- Develop guidelines for preparation and regular review of disaster Management plans and strategies including contingency plans and emergency procedures,
- Submit a copy of Disaster Plan and other amendments thereto and reports to the Fezile Dabi District Disaster Management Centre for further submission to NDMC and PDMC.

Municipal Disaster Management Advisory Forum (DMAF) :

The purpose or objectives of this Forum is to ensure coordination and cooperation of role players, including stakeholders, technical experts from the community and private sector to promote their participation in disaster risk management planning and operations in the Municipality.

The Composition of MLM DMAF:

It is chaired by Coordinator of Disaster Management in the Municipality and comprised of the following members:

- All members of IDRMC
- Disaster Management functionaries in the local municipality
- Head of District Management Centre
- Experts in disaster management designated by Municipal Manager
- Representatives of emergency and essential services, government departments and organised business (SAPS, SANDF, SA Weather Services, Relevant parastatals:

ESKOM/TELKOM, NGO, Media, Community representatives and Community Volunteers).

Integration with the IDP Process:

In order to facilitate the integration of disaster risk management into IDP process, the Head of the DRMC must serve on both IDP Steering Committee and IDP Representative Forum. All development projects must be referred to the MLM IDRMC for comment and inputs before their submission to Council for approval

Units of Volunteers:

The Municipality may recruit and train volunteers

The register for volunteers should be maintained.

Joint-cooperation with neighbouring authorities through the DRMF and other forums:

Neighbouring Municipalities of MLM for this purpose are: Emfuleni LM (Gauteng Province), Ngwathe LM, Mafube LM and Midvaal LM (Gauteng Province).

Key Performance Indicators:

- The IDRMC is established and is operating effectively.
- A job description and key performance indicators for the Head Office have been developed.
- The Coordinator: Disaster Risk Management Centre is appointed in terms of written contract, which includes key performance indicators.
- The MLM local Disaster Management Centre is fully established and staffed and is operating optimally.
- Provision has been made for the necessary funding to give effect to the arrangements.
- Accurate records of correspondences, proceedings, meetings and plans are maintained.
- A current register for disaster risk management volunteers is maintained.

KPA 2: DISASTER RISK ASSESSMENT:

The objective of this KPA is to establish a uniform approach to assessing and monitoring disaster risks that will inform disaster risk management planning and disaster risk reduction undertaken by organs of state and other role players.

Hazards and Risk Analysis:

The purpose of process is to:

- *Identify* what risks present the greatest threats to provincial development planning;
- *Develop* an understanding of how best to manage existing, residual and future risks and
- *Assign* levels of risks

The Key Steps are to:

- Identify and assess significant hazards
- Analyse the disaster risk(s)
- Evaluate the disaster risk(s)
- Monitor disaster risk reduction initiatives and update and disseminate disaster risk assessment information.

Hazards Identification

The following hazards have been identified:

Droughts	Floods	Hazmat transport
Extreme cold	Structural fires	Hazmat fixed facility
Heat wave	Veld Fires	Hazmat biological
Hail	Sinkholes	Hazmat radioactive
Windstorm	Human epidemic	Fire and explosion
Tornado	Animal epidemic	Major motor vehicles accident
Aircraft crash	Dam Failure	Boat accident

Hostage/hijack incidents	Reservoir break	Water contamination

TABLE 84: LIST OF IDENTIFIED HAZARDS

Risk Analysis:

Below is the List of Mayor Hazards and potential consequences thereof:

HAZARDS	POTENTIAL CONSEQUENCES
Animal Disease	Most animal diseases emergencies present little direct threat to human health, however cost in purely economic terms may be particularly significant
Fire (Veld Structural)	Loss of life, severe injury, loss of homes, loss of crops ,loss of stock of grazing land, loss of income, disruption of economy.
Flood/Severe storm, Rainfall and Landslides	Loss of life, severe injury, loss of homes, loss of crops ,loss of stock of grazing land, loss of income, increased risk of disease.
Hazardous Material	Loss of life, severe injury, evacuation of large areas, fires, explosions, ground and air pollution. Road and rail transport travelling through the province carrying dangerous chemicals poses threat of a significant dangerous accident.
Human epidemic	Loss of life, extended illness, loss of employment because of abseeintism, over-taxing of medical response capability.
Major Infrastructure Failure	Loss of electrical power, causing: lack of heating, lack of refrigeration; limited fuel supplies; loss of employment through closure of industry. Loss of communication i.e. telephone, fax, internet, automated teller machines and electronic sales.
Major Transportation	Loss of life, severe injuries, loss of income, stretching of response and medical capability. Transport could involve aircraft, trains, tour coaches, school buses, taxi or heavy

	transport vehicles.
Terrorist Activity	Loss of life, severe injury, loss of income. Combination of the consequences from all other hazards, dependent upon the type of terrorist activity employed.
Water Contamination	Increased diseases, loss of life, loss of stock, pressure on health facilities.
Heat Wave	Excessive drought, loss of crops, diseases. Loss of life.
Extreme Cold	Loss of livestock, loss of stock, disease
Hostage/Hijack incident	Loss of human life, economic loss
Snow	Economic loss, loss of human life, livestock and infrastructure

TABLE 85 : RSIK ANALYSIS

Risk Evaluation:

This is conducted with the purpose to rank the risk from the highest to lowest so that a priority for treatment can be assigned through the following steps:

- Deciding on risk acceptability utilizing the risk rating and risk evaluation criteria;
- Ranking the risks in order of priority for treatment; and
- Documenting all unacceptable risk.

Risk Levels:

Risk can be categorised in different levels, namely:

- **E:** Extreme risk : immediate action is required;
- **M:** Moderate risk : management responsibility must be specified;
- **H:** High risk : senior management attention needed; and or
- **L:** Low risk: manage by routine procedures

Key Performance Indicators:

- Provincial guidelines for the application of a uniform disaster risk assessment methodology have been developed by the PDMC;
- Disaster risk assessment have been conducted and progressively integrated into development plans of organs of state and other role players;
- Mechanisms to consolidate, document , map and make accessible information on the province's priority disaster risks have been established by the PDMC;
- Priority disaster risk of MLM's significance have been identified and mapped by the MLM;
- Sector Departments with responsibilities for reducing and managing disaster risks specific to their functional areas have been established clear and documented mechanisms for rapid accessing and updating of relevant hazard and vulnerability information and for rapidly making this information available to the FDDM.

KPA 3: DISASTER RISK REDUCTION:

The objectives for this key performance area is to ensure that all disaster risk management stakeholders develop and implement integrated disaster risk management plans and risk reduction programmes in accordance with approved frameworks.

Core Disaster Risk Reduction Principles:

All disaster risk management plans must give explicit priority to the core principles of disaster prevention and mitigation.

Disaster Prevention:

It refers to actions that provide outright avoidance of the adverse impact of hazards and related environmental, technological and biological disaster.

Disaster Mitigation:

It refers to structural and non-structural measures that are undertaken to limit the adverse of natural hazards, environmental degradation and technological hazards on vulnerable areas, communities and households.

Hazards and Risk Reduction Strategies:

MLMDRMC has compiled and identified hazards and potential risks thereof with clear strategies on how to deal with situation as it arises.

Integration of disaster reduction into development planning:

- Integration with Spatial Development Planning (SDF):
  Provincial and Municipal disaster management centres must establish mechanisms in association with spatial planners in both spheres to ensure that spatial information informs disaster risk reduction planning.
- Incorporation into the Integrated Development Planning (IDP):
  Disaster Risk Reduction efforts are medium to long-term multi-sectoral efforts focusing on vulnerability reduction and must be incorporated into ongoing IDP projects, processes, programming and structures.

Key Performance Indicators:

- Disaster related information has been incorporated into spatial development framework.
- Projects and initiatives that include a focus on disaster reduction have been included in IDPs.
- Metsimaholo Contingency Plan has been developed and integrated in to disaster risk management plan.

KPA 3: DISASTER RESPONSE AND RECOVERY:

The objective for this performance area is to ensure effective and appropriate disaster response and recovery by:
- Implementing a uniform approach to the dissemination of early warnings;
- Averting or reducing the potential impact in respect of personal injury, health, loss of life, property, infrastructure, environment and government services;
- Implementing immediate integrated and appropriate response and relief measures when significant events or disasters occur or are threatening to occur;
- Implementing all rehabilitation and reconstruction strategies following a disaster in an integrated and developmental manner.

Disaster response and Recovery follows the following path:

Dissemination of Information → Disaster Assessment → Response and Recovery →

Relief Measures → Rehabilitation and Reconstruction.

MLMDRMC also conversant with the process of the classification and declaration of the state of disaster.

Key Performance Indicators:

- Post Disaster project teams for rehabilitation and reconstruction have been established and operate effectively.
- Mechanisms for the monitoring of rehabilitation and reconstruction projects have been established and regular progress reports are submitted to the NDMC.
- The Provincial and Municipal Disaster Management Centres have been established and documented clear procedures for assessing, interpreting and disseminating early warnings of both rapid and slow onset hazards.

ENABLER 1: INFORMATION MANAGEMENT AND COMMUNICATION:

The sole purpose of this enable is to guide the development of a comprehensive information management system and establish integrated communication links with all disaster risk management role players by:

- Establishing an Information Management and Communication System
- Integrated Information Management and Communication Model
- Data Acquisition (Data collection and capturing)

Key Performance Indicators:

- Data needs have been defined by the PDMC.
- Data sources have been identified by the PDMC.
- Data collection and capturing methodologies have been developed and implemented.
- The responsibilities of the respective data custodians have been defined and assigned.
- Agreements with identified data custodians have been negotiated to ensure availability, quality and reliability of data.

ENABLER 2: EDUCATION, TRAINING, PUBLIC AWARENESS AND RESEARCH:

The purpose of this enabler is promote a culture of risk avoidance among stakeholders by capacitating role players through integrated education, training and public awareness programmes informed by scientific research.

The approach of Education and Training include the following aspects:

- School Programmes
- Dissemination and Use of Indigenous Knowledge
- Training programmes for Government officials and policy makers

- Community training programmes.

The Public awareness approach includes the following:

- Public awareness strategy
- Communication through Media (Communication unit)

Research:

The MLM, through a process of consultation, will develop a strategic disaster risk reduction research agenda to effectively inform disaster risk management planning and implementation in the Province. Research initiatives will also be linked to the IDP process of Municipality.

Key Performance Indicators:

- Training programmes have been developed and implemented.
- Approved service providers have been registered and are offering training services and products.
- Facilitators, instructors and presenters have become qualified and have been accredited,
- Widespread community- based disaster risk management training is taking place
- A strategic disaster research agenda linked between scientific research and policies, which is accessible to stakeholders, has been established

- **ENABLER 3: FUNDING ARRANGEMENTS FOR DISASTER RISK MANAGEMENT:**

The primary purpose for this enabler is to establish a mechanism for funding disaster risk management in the Province. There has been recommendations defining the manner in which disaster activities can be funded.

Key Performance Indicators:

- The cost of disaster risk assessment is included in the budgets of Provincial organs of state.
- The cost of disaster risk assessment have been estimated and are included in the budgets of MDMC's.
- The minimum requirements for Provincial and Municipal disaster management centres have been costed.
- Capital budgets for the Provincial and District Municipality clearly reflect the cost of disaster risk reduction.
- Response, recovery, rehabilitation and reconstruction efforts are funded through a combination of own budgets, reprioritization, budgeted threshold allocations and conditional grants.
- The conditions of the MSIG have been extended to cater for disaster risk management education and training programmes.

- Partners between Municipal organ of state and the Private sector, NGOs and CBOs exist for the purpose of funding public awareness programmes and projects.

MONITORING AND UPDATING OF DISASTER RISK MANAGEMENT PLAN:

Section 48.1 of Disaster Management Act (Act No.57 of 2002) stipulates that, a Municipal Disaster Management must:

- Monitor progress with the preparation and regular updating of Disaster Management Plans and strategies by Metsimaholo Local Municipality (MLM) and Municipal organs of state involved in the disaster management in the District.
- Monitor formal and informal prevention, mitigation and response initiatives by Provincial and Municipal organs of state, the Private Sector NGOs and CBOs, including the integration of these initiatives with development plans.
- Monitor compliance in the MLM with key performance indicators in respect of the various aspects of disaster management.
- Measure performance and evaluate such progress and initiatives from time to time.

CHAPTER 5: FINANCIAL STRATEGY AND PLAN[87]

5.1 INTRODUCTION

This Chapter translates the municipality's overall strategic intent into a meaningful financial strategy and plan which covers the next medium term period.

- Key budget assumptions
- Revenue and expenditure framework
- Operating revenue framework
- Operating expenditure framework
- Capital expenditure framework

The revenue and expenditure framework is a result of the municipality's analysis and strategic planning phases and reflect what is needed over the medium term to address the municipality's growth and development. The allocated capital budget is a short to medium term response to the funding needs.

5.2 FINANCIAL STRATEGY

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality will undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 64,66 and 67 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

[87] This chapter will updated with information from the 2014/15 Final Budget Document which will be submitted to Council for approval in May 2014.

- Ageing and poorly maintained water, electricity and roads infrastructure
- Prioritise projects and expenditure within existing resources
- Increased prices of goods and service above the inflation rate
- Private developments and industries receive services direct from Eskom and Rand water with no direct benefit to the municipality
- Affordability of capital projects
- Wage increases above inflation target
- Critical vacancies can only be phased in over 3-5 years based on the affordability
- Plant hire on regular basis is costly and alternatives need to be explored
- Expired tenders need to be regularised to avoid irregular expenditure and also try and control spiralling cost
- Distribution losses- water and electricity
- Illegal connections to be addressed and eliminated altogether
- Fleet management (Cost of repairs and fuel)- needs to be addressed
- Government garage costs to be evaluated against the Council owning its vehicles and reducing costs
- Overtime cost to be analysed and minimized
- Cleaning contract to be put out on tender
- Low /declining profit on water and electricity
- Tariffs are NOT cost reflective – studies to be done and strategy developed for alignment
- The need to reprioritize projects and expenditure within the existing limited resources envelope given the cash flow realities
- The increased cost of bulk water and electricity(due to tariff increases from Rand Water and Eskom),which places constant upward pressure on service tariffs to residents,
- A lack of proper maintenance master plans
- Unfunded Mandates (Libraries, EMS) to be underpinned with appropriate service level agreements.

The following budget principles and guidelines directly informed the compilation of the 2015/16MTREF:

- The 2014/15 Adjustments Budget priorities and targets,
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Water and electricity budgeted at 10% per annum respectively which includes technical and non-technical losses.

Operating Budget (OPEX)

- Zero based budgeting and incremental budgeting was used, based on historical trends, plus inflation in line with Treasury guidelines
- All increases more than the inflation rate has to be properly motivated.
- Professional fees to be unpacked
- Filling of vacancies and re-employment of dismissed employees will have a significant impact on the operating budget

Capital Budget (CAPEX)

- Commitment letters for external funding
- Outside funding not paid directly to the Municipality not to be reflected in the Budget
- Projects requiring external approvals not to be included without such.
- Shifting of funds to be restricted up to the Adjustment Budget or in line with Virement Policy
- Own funding to be in line with actual expenditure in the prior year.
- Own funding not to exceed the surplus on Operating Budget and cash backed accumulated surpluses
- Projects should support challenges identified and key priorities as adopted at the strategy planning workshop to be held
- Feasibility study must be done between the use of Government Garage for vehicles and to purchase vehicles out right.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

TABLE 86 : CONSOLIDATED OVERVIEW OF THE 2015/16 MTREF

	Adjustment Budget	Medium Term Revenue and Expenditure Framework		
	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000	R'000
Operating revenue	882 003	973 050	1 026 723	1 090 642
Operating expenditure	879 110	931 973	998 248	1 067 279
Capital expenditure	78 265	185 852	92 427	83 162

Total operating revenue

- Has grown by 10.3 per cent or R91 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget.
- For the two outer years, operational revenue will increase by 6.0 and 6.2 per cent respectively, equating to a total revenue growth of R208 639 million over the MTREF when compared to the 2014/15 financial year.
- Included in revenue are grants for operating expenditure and capital projects.

Total operating expenditure

- For the 2015/16 financial year has been appropriated at R931 973 million and translates into a budgeted surplus of R41 million.
- Compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 6 per cent in the 2015/16 budget and
- For the two outer years of the MTREF, operational expenditure has grown by 7.1% and 6.9% respectively.
- The operating surplus for the two outer years to is R28.4 million and to R23.4 million.

The capital budget

- The capital budget of R185.9 million for 2015/16 is 137.5% of the 2014/15 Adjustment Budget.
    - A portion of the capital budget will be funded by Development Bank of South Africa as front loading of DoE.
    - R17.8 will be funded from a new loan/finance lease.
    - The balance will be funded from internally generated funds.
    - Government Grants make up 45.9% of the capital expenditure.

- The capital programme decreases to R92 million in the 2016/17 financial year and then evens out in 2017/18 to R83.2 million.

- The capital budget remains relatively flat over the medium-term due to constrains on internally funded CAPEX due to cash flow considerations

Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85-90 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Tariffs to be aligned to inflation target, except where input cost for services are beyond the municipal control
- Implementation of inclining block tariff(IBT) for water

- Water and electricity loss 18% and 10% respectively (technical and non-technical)
- Historical debt collection rates taken into account in determining the collection rate.

OVERVIEW OF BUDGET ASSUMPTIONS

EXTERNAL FACTORS

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 470 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2012 was 2.5 per cent (original 2.7 per cent) rising to1.8 per cent (original3.6 per cent) by 2013 and 2.7% projected (4.2%) in 2014 and projected 3.5% by 2016.

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

The macro environment that influences the budget:

- Fuel increase exceeds 5.4% on a year basis
- Fuel cost exceeds R14 per litre
- Depreciation of the Rand above R10 to the US Dollar
- Highest unemployment rate in 10 years
- January 2014 loss of 35 000 jobs in manufacturing and construction industry
- Interest rate increased by 50 basis points in January 2014
- Further interest rate hikes expected
- Increase in fuel cost, food cost
- Growth forecast 2014 revised downward

GENERAL INFLATION OUTLOOK AND ITS IMPACT ON THE MUNICIPAL ACTIVITIES

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

(a) National Government macro-economic targets;
(b) The general inflationary outlook and the impact on Municipality's residents and businesses;
(c) The impact of municipal cost drivers;
(d) The increase in prices for bulk electricity and water; and
(e) The increase in the cost of remuneration. Employee related costs comprise 24 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on July 2012 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

INTEREST RATES FOR BORROWING AND INVESTMENT OF FUNDS

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

COLLECTION RATE FOR REVENUE SERVICES

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings.

In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

GROWTH OR DECLINE IN TAX BASE OF THE MUNICIPALITY

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015.

IMPACT OF NATIONAL, PROVINCIAL AND LOCAL POLICIES

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

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

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

ABILITY OF THE MUNICIPALITY TO SPEND AND DELIVER ON THE PROGRAMMES

It is estimated that a spending rate of between 88 and 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting

Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31July 2013. Attached as Annexure B on page___ the time table for IDP and Budget process.Key dates applicable to the process were:

- **November 2014** –Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January and February 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **February 2015** –Multi-year budget proposals are submitted to the Portfolio Committee for endorsement;
- **January 2015** - Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- **March 2015 -** Recommendations are communicated to the respective departments.
- **19 March 2015**- Recommendations are communicated to Informal Council Meeting, and on to the respective departments. The draft 2014/15 MTREF is revised accordingly;
- **27 March 2015** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2015** – Public consultation;
- **9 May 2015** - Closing date for written comments;
- **1 to 20 May2015**– finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework;
- **21 May 2015** - Informal Council meeting, and
- **30 May 2015** - Tabling of the 2015/16 MTREF before Council for consideration and approval.

IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Council of the Metsimaholo Local Municipality (MLM) adopted a five-year Integrated Development Plan (IDP) covering the period 2012/13 to 2016/17 in June 2012. The 2015/16 IDP therefore represents the second annual review of the adopted five-year IDP.

The principal legislation in so far as the development of IDP is concerned is the Municipal Systems Act 32 of 2000. Section 25 of the Act mandates each municipal council to adopt a single, inclusive and strategic plan for the development of the municipality. As a strategic plan of the municipality, the IDP should therefore provide a clear road map for the municipality that would take it from the current situation to its desired state in five years. To this effect, the IDP must:

- Link, integrate and coordinate plans and take into account proposals for the development of the municipality.
- Align the resources and capacity of the municipality with the implementation for the plan.
- Form the policy framework and general basis on which annual budgets must be based.
- Be compatible with national and provincial development plans and planning requirements that are binding on the municipality in terms of legislation.

Integrated development planning and the product of this process, the IDP is a constitutional and legal process required of municipalities. Planning in general and the IDP in particular, is a critically important management tool to help transformation, growth and development at local government level. It is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development,

The contents of the first review have been aligned to the Revised IDP Framework for Municipalities outside Metros and Secondary Cities, issued by the Department of Cooperative Governance and Traditional Affairs (CoGTA) in June 2012. It further includes the data from Census 2011 and revised service delivery targets for 2015/16, where appropriate.

FINANCIAL MODELLING AND KEY PLANNING DRIVERS

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 51, 58.64, 66.67,70 and 72 has been taken into consideration in the planning and prioritisation process.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this IDP compilation process was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- National Development Plan (Vision 2030);
- The New Growth Path (2010);
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

The municipality has through its strategic planning and public participation processes ensured that the Municipal Strategic Priorities were unpacked by developing key performance areas (KPAs), programmes, objectives, key performance indicators (KPIs) and targets for each of the KPAs and programmes.

The said objectives, indicators and targets have been aligned to the Provincial Priority Outputs, where possible and will form the basis for the development of the municipality's Service Delivery and Budget Implementation Plan (SDBIP) and Annual Performance Plans of Senior Management for the 2015/16 financial year.

PROVIDING CLEAN WATER AND MANAGING WASTE WATER

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the Municipality's bulk water needs are provided directly by Rand Water in the form of purified water. The remaining 29 per cent is generated from the Municipality's water treatment works in Deneysville and Oranjeville.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The Municipality were awarded 48.1% on the Blue Drop status in 2010/11, with the Municipality's drinking water quality being within the desired standards. The Metsimaholo Water Treatment Plant was awarded the best medium sized drinking water treatment works by the Department of Water Affairs. The municipality is awaiting the score of the latest assessment .

Of the 8 waste water treatment works, two were awarded Green Drop status in 2010/11, indicating that these two plants consistently meet waste water treatment standards of exceptional quality. The remaining 6 plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2011/12 medium term capital budget. The municipality was the best performer within the Free State, having 61.8% compliance. The municipality is awaiting the score of the latest assessment.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme and SETA programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management

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OVERVIEW OF BUDGET RELATED-POLICIES

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

Budget Policy

Virement Policy

Asset Policy

Cash Management and Investment Policy

Property Rates Policy

Credit control and debt collection Policy

Indigent Policy

All the above policies were workshop at a meeting with the Councillors on 22 May 2014.

CREDIT CONTROL AND DEBT COLLECTION PROCEDURES/POLICIES

The Credit Control Policy was approved by Council in June 2014 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The Policy is amended as follows:

“1.11.2.2; 1.11.3.2 and1.11.4.2 Payments of the balance in monthly instalments over the following maximum period:

Amount of arrears less than	**R 1 000**			**03 months**
Amount of arrears between	**R 1 001**		**R10 000**	**06 months**
Amount of arrears between	**R10 001**	**-**	**R30 000**	**12 months**
Amount of arrears more than	**R30 001**			**>12 months needs MM and CFO APPROVAL**

Council must approve the write off of debts. It happens that some accounts have debt balance after the residents have moved but the amount is too small to take legal actions, as the cost will exceed the outstanding amount. Cases occur where there is a dispute on the account and a settlement may be reached to finalise the dispute. It is recommended that the CFO receive delegation of authority to approve the write off of amounts to a maximum of R20 000 per case/account., accounts between R20 000 and R100 000 approval from Municipal Manager .All accounts/cases to be written off and that exceed R100 000 will be reported to Council to obtain approval.

The Credit Control and Debt Collection Policy is revised and to be taken for public participation.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90+ per cent on current billings.

Supply Chain Management Policy

Supply Chain Management Policy – the policy is in a process being revised.

Budget and Virement Policy

A Budget and Virement Policy that aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget policy is in place and draft Virement Policy is developed.

(a) Paragraph 5.1(a) be amended: The Zero bases method, ***combined with incremental method based on historical information***, shall be used in preparing the MTREF budget.

The Virement Policy will be submitted for approval with the MTREF in May 2015

CASH MANAGEMENT AND INVESTMENT POLICY

The Municipality's Cash Management and Investment Policy are out dated and were revised.
The draft Cash Management and Investment Policy will be submitted with MTREF in May 2015.

TARIFF POLICY

The Municipality's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has been reviewed and tariffs amended accordingly.

INDIGENT POLICY

The Indigent Policy is revised and to be taken for public participation.

Policy: Households will qualify for indigent status where the household income does not exceed two times the old age state pension, in the case of two pensioners living in that household. In the event of there only being one pensioner in the household the household income should not exceed one times the old age state pension.

REVENUE ENHANCEMENT STRATEGY/ POLICY

Revenue Enhancement Strategy has been reviewed and a campaign has been considered.
Operation Patala has started already

2013/14 AUDITOR GENERAL MANAGEMENT REPORT

TABLE 87: AUDITOR GENERAL REPORT ON MLM FINANCIAL PERFORMANCE

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE METSIMAHOLO LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Metsimaholo Local Municipality which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended, the statement of comparison of budget and actual amounts, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Unqualified opinion

5. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Metsimaholo Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of the Metsimaholo Local Municipality at, and for the year ended, 30 June 2013.

Irregular expenditure

8. As disclosed in note 52 to the financial statements, the municipality incurred irregular expenditure of R119 135 537 (2013: R17 119 322) during the year under review due to non-compliance with supply chain management (SCM) regulations. The municipality investigated the completeness of irregular expenditure for the previous three years and made adjustments accordingly.

Unauthorised expenditure

9. As disclosed in note 50 to the financial statements, the municipality incurred unauthorised expenditure of R26 541 398 (2013: R7 227 972) during the year under review, due to overspending the municipal budget.

Going concern

10. Note 46 to the financial statements indicates that the Metsimaholo Local Municipality's current liabilities exceed the current assets by R6 671 421 (2013: R9 717 322). This indicates the existence of an uncertainty that may cast doubt on the municipality's ability to operate as a going concern.

Material impairments

11. As disclosed in note 5 to the financial statements, a provision for the impairment of debtors amounting to R16 444 359 (2013: R6 410 622) had been made with regard to irrecoverable receivables from non-exchange transactions. In addition, as disclosed in note 7 to the financial statements, a provision for impairment of debtors amounting to R69 039 462 (2013: R61 992 238) has been made with regard to irrecoverable receivables from exchange transactions.

Material losses

12. As disclosed in note 34 to the financial statements, material losses to the amount of R25 008 230 (2013: R11 313 622) were incurred as a result of distribution losses on electricity purchases

Additional matters

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. The disclosure did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Unaudited supplementary information

15. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objective presented in the annual performance report of the municipality for the year ended 30 June 2014:

    - KPA 1. Service delivery and infrastructural development (on pages x to x)

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete
21. The material findings in respect of the selected development objective are as follows:

KPA 1 - Service delivery and infrastructural development

Usefulness of reported performance information

22. The FMPPI requires that the performance indicators and targets must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 47% of the indicators were not well defined. This was because management did not adhere to the requirements of the FMPPI and a lack of proper systems and processes and technical indicator descriptions.

Reliability of reported performance information

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of

actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the limitations placed on the scope of my work by the absence of information systems, the auditee not being able to provide sufficient appropriate evidence in support of the reported performance information, and the auditee's records not permitting the application of alternative audit procedures.

Additional matter

24. I draw attention to the following matter. My conclusion is not modified in respect of this matter:

Achievement of planned targets

25. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the adverse or disclaimer of opinions expressed on the usefulness and reliability of the reported performance information in paragraphs 22 to 23 of this report.

Compliance with laws and regulations

26. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key applicable laws and regulations, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

27. The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring and reporting and how it is conducted, organised and managed, including determining the roles of the different role players, as required by section 38 of the Municipal Systems Act and regulation 7 of the *Municipal planning and performance management regulations*.

Annual financial statements, performance and annual reports

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of commitments and irregular expenditure identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.
29. The annual performance report for the year under review does not include the performance of the municipality and each external service provider, a comparison of the performance with set targets, a comparison with the previous financial year and measures taken to improve performance as required by section 46 (1)(a), (b) and (c) of

the Municipal Systems Act.

30. Financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126 (1)(a) of the MFMA.

Expenditure management

31. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
32. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

33. Capital assets were permanently disposed without the approval of the council as required by section 14 (2)(a) of the MFMA.

Consequence management

34. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32 (2) (a)(ii) of the MFMA.
35. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

Procurement and contract management

36. Quotations were accepted from prospective providers who were not registered on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).
37. Contracts and quotations were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding and quotations, in contravention of SCM regulations 21(b) and 28(1)(a) and the preferential procurement regulations.
38. Awards were made to providers who were in the service of other state institutions or whose directors/ principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and effective steps were not taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).
39. Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

Human resource management and compensation

40. An acting chief financial officer was appointed for a period of more than three months without the approval of the MEC for local government, in contravention of section 56(1)(c) of the Municipal Systems Act.

Environmental waste management

41. The municipality operated their waste disposal sites without a waste management licence or permit, in contravention of subsection 20(b) of the National Environmental Management: Waste Act of South Africa, 2008 (Act No. 59 of 2008).

Internal control

42. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

43. The occurrence of material irregular expenditure during the year under review indicates that integrity and ethical values were not adequate to prevent irregular expenditure and to set the standard for sound corporate governance, as they were not prevented by management.
44. The accounting officer did not take appropriate action to address the lack of discipline at the SCM section, resulting in non-compliance with applicable legislation. This occurred due to limited capacity at the SCM unit.
45. The accounting officer did not take the appropriate steps to ensure that the legislated deadlines were met for the submission of the financial statements due to labour unrest impacting the municipality over the period of June and July when year-end procedures, closing off of the general ledger, reconciling of account balances, and preparation of the year end audit working papers should have been performed.
46. Internal policies and procedures for performance information management were not developed, approved and implemented due to a slow response by management on the recommendations in the previous audit report.

Financial and performance management

47. The financial statements were subjected to material corrections resulting from the audit process, which are attributable to weaknesses in the municipality's design and implementation of internal controls for financial management and financial reporting, and weaknesses in the information systems.
48. The action plan that was in place to address shortcomings in the performance management and compliance process was not effective due to a lack of monitoring by management.

The municipality did not have a proper system of record management to maintain information that supports the reported performance due to a lack of capacity in the

Bloemfontein

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Revenue and Expenditure Framework

A consolidated overview of the operating and capital budget proposals over the medium-term, in terms of the attached budget schedules, is provided in the table below.

TABLE 87: CONSOLIDATED REVENUE AND EXPENDITURE FRAMEWORK

	Adjustment Budget	Medium Term Revenue and Expenditure Framework		
	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000
Operating revenue	**882 003**	**973 050**	**1 026 723**	**1 090 642**
Operating expenditure(Revised)	**879 110**	**931 973**	**998 248**	**1 067 279**
Capital expenditure	**78 265**	**185 852**	**92 427**	**83 162**

Total operating revenue

- Has grown by 10.3 per cent or R91 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget.
- For the two outer years, operational revenue will increase by 6.0 and 6.2 per cent respectively, equating to a total revenue growth of R208 639 million over the MTREF when compared to the 2014/15 financial year.
- Included in revenue are grants for operating expenditure and capital projects.

Total operating expenditure

- For the 2015/16 financial year has been appropriated at R931 973 million and translates into a budgeted surplus of R41 million.
- Compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 6 per cent in the 2015/16 budget and
- For the two outer years of the MTREF, operational expenditure has grown by 7.1% and 6.9% respectively.
- The operating surplus for the two outer years to is R28.4 million and to R23.4 million.

The capital budget

- The capital budget of R185.9 million for 2015/16 is 137.5% of the 2014/15 Adjustment Budget.

  - A portion of the capital budget will be funded by Development Bank of South Africa as front loading of DoE.
  - R17.8 will be funded from a new loan/finance lease.
  - The balance will be funded from internally generated funds.
  - Government Grants make up 45.9% of the capital expenditure.

- The capital programme decreases to R92 million in the 2016/17 financial year and then evens out in 2017/18 to R83.2 million.

- The capital budget remains relatively flat over the medium-term due to constrains on internally funded CAPEX due to cash flow considerations

5.3 FINANCIAL PLAN

5.3.1 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Tariffs to be aligned to inflation target, except where input cost for services are beyond the municipal control
- Implementation of inclining block tariff(IBT) for water
- Water and electricity loss 10% (technical and non-technical)
- Historical debt collection rates taken into account in determining the collection rate.

TABLE 88 : 2015/16 MTREF – REVENUE BY SOURCE

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	86 652	92 485	105 296	102 114	111 014	111 014	–	107 319	113 222	119 223
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	137 388	164 079	179 303	219 951	219 951	219 951	–	243 223	267 546	294 300
Service charges - water revenue	2	141 717	159 701	179 907	276 185	273 185	273 185	–	307 067	324 059	341 236
Service charges - sanitation revenue	2	18 996	19 990	21 737	22 837	22 837	22 837	–	24 250	25 583	26 939
Service charges - refuse revenue	2	25 259	27 526	29 606	39 978	39 978	39 978	–	35 618	37 577	39 569
Service charges - other		5 116	6 743	11 487	9 136	8 556	8 556		8 313	8 751	8 857
Rental of facilities and equipment		4 727	4 514	4 858	5 002	5 002	5 002		5 272	5 658	6 091
Interest earned - external investments		2 357	1 543	1 694	2 400	1 300	1 300		2 000	2 000	2 000
Interest earned - outstanding debtors		19 203	13 900	17 139	18 600	15 300	15 300		18 171	18 940	19 745
Dividends received		59	–	–	–	–	–	–	–	–	–
Fines		6 308	4 194	15 855	5 023	5 023	5 023		6 024	5 575	5 576
Licences and permits		66	120	146	172	172	172		181	191	201
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		91 482	97 822	104 642	118 259	117 948	117 948		125 734	140 844	156 063
Other revenue	2	4 379	4 779	2 857	4 328	5 695	5 695	–	5 860	6 070	6 383
Gains on disposal of PPE		728	4 132	3 036	5 000	5 000	5 000		5 000	1 000	5 925
Total Revenue (excluding capital transfers and contributions)		**544 438**	**601 528**	**677 563**	**828 986**	**830 961**	**830 961**	**–**	**894 031**	**957 015**	**1 032 108**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement.

TABLE 89 : OPERATING GRANTS AND TRANSFERS

Operating Grants and Transfers	2014/2015 R 0,00	2015/2016 R 0,00	2016/2017 R 0,00	2017/2018 R 0,00	Purpose
Equitable Share	107 542	115 423	124 038	135 456	Allocated for Free Services
Financial Management Grant	1 600	1 600	1 625	1 700	Appointment of Interns and training
Water services Operating Grant	2 990	0	4 500	8 000	Salaries and materials at the purification works Deneysville
Municipal System Improvement Grant	934	930	957	1 033	Ward committee and Asset register expenditure
Municipal Infrastructure Grant	2 107	2 161	2 124	2 274	Salaries and operating expenditure at Project Management Unit
Extended Public Works Programme	1 109	1 020			Salaries for temporary staff
Refund Libraries	0	3 000	6 000	6 000	Maintenance of electricity network
Total	1 666	1 600	1 600	1 600	Payment of library function

PERCENTAGE GROWTH IN REVENUE BY MAIN REVENUE SOURCE

			Medium Term Revenue and Expenditure Framework					
	2014/2015		2015/2016		2016/2017		2017/2018	
	R'000	%	R'000	%	R'000	%	R'000	%
Property rates	111 014	**12.6**	107 386	**11,0**	113 292	**11,0**	119 296	**10,9**
Electricity	219 951	**24.9**	243 223	**25,0**	267 546	**26,1**	294 300	**27,0**
Sanitation	37 224	**4.2**	24 250	**2,5**	34 434	**3,4**	36 260	**3,3**
Water	273 185	**31.0**	307 067	**31,6**	324 059	**31,6**	341 236	**31,3**
Refuse removal	25 591	**2.9**	35 618	**3,7**	28 726	**2,8**	30 249	**2,8**
Other service charges	8 556	**1.0**	8 313	**0,9**	8 751	**0,9**	8 857	**0,8**
Govt grants – operating	117 948	**13.4**	125 831	**12,9**	141 244	**13,8**	156 463	**14,3**
Govt grants –capital transfer	51 042	**5.8**	78 855	**8,1**	69 238	**6,7**	58 060	**5,3**
Fines/Penalties	5 023	**0.6**	6 024	**0,6**	5 575	**0,5**	5 576	**0,5**
Interest Debtors	15 300	**1.7**	18 171	**1,9**	18 940	**1,8**	19 745	**1,8**
Interest	1 300	**0.1**	2 000	**0,2**	2 000	**0,2**	2 000	**0,2**
Licences and permits	172	**0.0**	181	**0,0**	191	**0,0**	201	**0,0**
Rental of facilities	5 002	**0.6**	5 271	**0,5**	5 657	**0,6**	6 091	**0,6**
Other	5 695	**0.6**	5 860	**0,6**	6 070	**0,6**	6 383	**0,6**
Profit on sale of Land	5 000	**0.6**	5 000	**0,5**	1 000	**0,1**	5 925	**0,5**
	882 003	**100**	**973 050**	**100,0**	**1 026 723**	**100,0**	**1 090 642**	**100,0**

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise nearly three quarters of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R667 million or 75.6 per cent. This increases to R717.5 million, R768 million and R821.3 million in the respective financial years of the MTREF. The trend is the increase in the total percentage revenue generated from rates and services charges stay unchanged slightly from 73.7 per cent in 2015/16 to 75.3 per cent in 2017/18.

Operating grants and transfers totals R125.8 million in the 2015/16 financial year and steadily increases to R156 million by 2017/18. Note that the year-on-year growth for the 2015/16 financial year 6.6 per cent and then increases by 12.2 and 10.8 per cent in the two outer years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

TARIFF OVERVIEW

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

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

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's expenditure and these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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

TABLE 90 : 2015/16 MTREF - AVERAGE TARIFF INCREASES

Revenue category	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2016/17 proposed tariff increase
	%	%	%
Property rates	6	5.5	5.3
Sanitation	8	5.5	5.3
Solid Waste	8	5.5	5.3
Water	10	5.5	5.3
Electricity	12.2	10.0	10.0

PROPERTY RATES

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009. The Property Rates Policy of the Municipality is in keeping with the Circular 51.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R20 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- Maximum of R50 subsidy is granted to registered indigents in terms of the Indigent Policy and free basic service as per Council resolution;
- For pensioners, physically and mentally disabled persons, *a maximum/total rebate of 30 per cent will be granted to owners of rate-able property if the total gross income does not exceed **R7 500** per month of the applicant and/or his/her spouse, if any*. In this regard the following stipulations are relevant:
    - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
    - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
    - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
    - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 6 per cent increase from 1 July 2015 is contained at table 5:

TABLE 91: 2015/16 PROPOSED PROPERTY RATES:

	2014/2015	Proposed 2015/2016
Heavy Industries	0.03475	0.03684
Light Industries	0.03475	0.03684
Businesses	0.01389	0.01473
State property	0.01389	0.01473
Churches	0	0
Domestic and other	0.00694	0.00736
Farmland:		
Residential	0.00347	0.00368
Businesses	0.00694	0.00736
Industries	0.01738	0.01845
Private owned towns, Body Corporate, Sectional Titles	0.00347	0.00368
Mining	0.01738	0.01845
Agricultural	0.00174	0.00185
Unregistered Erven	Municipal services charges equal to category of property	Municipal services charges equal to category of property

The rebate allocated to approve indigents for Assessment Rates is **a maximum of** R50.00 per month. **For budget purposes the assumption was made that there will be 10 000 approved indigents registered by the end of the 2015/16 financial year**. New proposal: additional income at 6 % tariff increase of assessment rates represents R6 129 815 per annum. The supplementary valuation roll will be implemented from 1 July 2015.

TABLE 92: HOUSEHOLD BILLS

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		324.98	378.58	414.84	439.73	439.73	439.73	6.0%	466.11	491.75	517.81
Electricity: Basic levy											
Electricity: Consumption		953.87	1 033.19	1 084.45	1 183.51	1 183.51	1 183.51	14.0%	1 349.19	1 484.11	1 632.52
Water: Basic levy											
Water: Consumption		265.20	300.72	324.78	402.00	402.00	402.00	10.0%	442.20	466.52	491.25
Sanitation		64.91	68.80	72.93	78.76	78.76	78.76	8.0%	85.06	89.74	94.50
Refuse removal		77.66	82.32	88.08	95.13	95.13	95.13	8.0%	102.74	108.39	114.13
Other											
sub-total		**1 686.62**	**1 863.61**	**1 985.08**	**2 199.13**	**2 199.13**	**2 199.13**	**11.2%**	**2 445.30**	**2 640.51**	**2 850.21**
VAT on Services		190.63	207.90	219.84	243.07	243.07	243.07		277.09	300.83	326.54
Total large household bill:		**1 877.25**	**2 071.51**	**2 204.92**	**2 442.20**	**2 442.20**	**2 442.20**	**11.5%**	**2 722.39**	**2 941.34**	**3 176.75**
% increase/-decrease			**10.3%**	**6.4%**	**10.8%**	**(0.0%)**	**–**		**11.5%**	**8.0%**	**8.0%**
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		255.00	270.42	300.21	318.22	318.22	318.22	6.0%	337.31	355.86	374.72
Electricity: Basic levy											
Electricity: Consumption		394.44	409.22	434.96	486.04	486.04	486.04	16.5%	566.60	623.26	685.59
Water: Basic levy											
Water: Consumption		209.95	234.65	254.79	307.0	307.00	307.00	10.0%	337.70	356.27	375.15

					0						
Sanitation		64.91	68.80	72.93	78.76	78.76	78.76	8.0%	85.06	89.74	94.50
Refuse removal		77.66	82.32	88.08	95.13	95.13	95.13	8.0%	102.74	108.39	114.13
Other											
sub-total		**1 001.96**	**1 065.41**	**1 150.97**	**1 285.15**	**1 285.15**	**1 285.15**	**11.2%**	**1 429.41**	**1 533.52**	**1 644.09**
VAT on Services		104.57	111.30	119.11	132.72	132.72	132.72		152.89	164.87	177.71
Total small household bill:		**1 106.53**	**1 176.71**	**1 270.08**	**1 417.87**	**1 417.87**	**1 417.87**	**11.6%**	**1 582.30**	**1 698.39**	**1 821.80**
% increase/-decrease			**6.3%**	**7.9%**	**11.6%**	**(0.0%)**	**–**		**11.6%**	**7.3%**	**7.3%**
-				0.25	0.47	-1.00	-1.00				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		–	–								
Electricity: Basic levy											
Electricity: Consumption		249.69	246.00	263.22	282.67	282.67	282.67	12.2%	317.13	348.84	383.72
Water: Basic levy											
Water: Consumption		154.70	172.90	187.74	212.00	212.00	212.00	10.0%	233.20	246.03	259.07
Sanitation											
Refuse removal											
Other											
sub-total		**404.39**	**418.90**	**450.96**	**494.67**	**494.67**	**494.67**	**11.3%**	**550.33**	**594.87**	**642.79**
VAT on Services		56.61	58.65	63.14	69.26	69.26	69.26	–	77.05	83.28	89.99
Total small household bill:		**461.00**	**477.55**	**514.10**	**563.93**	**563.93**	**563.93**	**11.3%**	**627.38**	**678.15**	**732.78**
% increase/-decrease			**3.6%**	**7.7%**	**9.7%**	**–**	**–**		**11.3%**	**8.1%**	**8.1%**
-											

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

4. Note this is for a SINGLE household.

5.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Zero based budgets and incremental method based on historical information, plus inflation in line with Treasury guidelines
- All increases more than the inflation to be properly motivated.
- Professional fees to be unpacked
- The filling of vacancies should support challenges identified and key priorities as adopted at the strategic workshop. The organisational structure is in the process to be revised.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

TABLE 93 : SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION

Operating expenditure by main type	2014/15	2015/16	2016/17	2017/18
	Adjusted Budget	MTREF	MTREF	MTREF
	R'000	R'000	R'000	R'000
Employee related costs	189 867	222 960	233 740	254 911
Remuneration of councillors	14 685	15 519	16 590	17 734
Bad debts	64 300	84 279	71 406	63 126
Repairs and maintenance	27 232	33 537	35 040	36 538
Bulk purchases-electricity	199 876	190 892	216 662	245 911
Bulk purchases-water	118 674	133 972	147 147	161 623
Contracted services	87 646	33 601	35 881	38 244
Finance charges	774	2 331	1 900	1 423
General expenses	94 078	107 053	121 056	120 918
Transfers and grants	31 757	37 745	42 226	45 141
Depreciation	50 221	70 084	76 600	81 710
	879 110	**931 973**	**998 248**	**1 067 279**

Employee Related Cost: The budgeted allocation for employee related costs for the 2015/16 financial year totals R222.96 million, which equals 23.9 per cent of the total operating expenditure. The three year collective SALGBC agreement has lapsed at 30 June 2015. Salary increases have been factored into this budget at a percentage increase of 7.0 per cent for the 2015/16 financial year. An annual increase of 6.9 and 6.6 per cent has been included in the two outer years of the MTREF. Provision is also made for the increments. Based on the proposed amended structure critical vacancies need to be determined. As a baseline, provision is made for vacancies of R10 million (R22m required) still to be filled in 2014/2015 and in 2015/2016.The vacancies based on the approved structure is R44 million. The re-employment of previous dismissed employees and placement is included as on 30 April 2015.

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

Bad Debts: The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt collection and Credit Control Policy of the Municipality. For the 2015/16 financial year this amount equates to R84 million and decreases to R63 million by 2017/18.While this expenditure is considered to be a non-cash flow item, it is the municipality's realistically anticipated revenues.

Depreciation: Provision for depreciation and asset impairment has been informed by the Accounting Standards. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard are R70 million. The budget appropriation totals R70 million for the 2014/15 financial and equates to 7.3 per cent of the total operating expenditure. It should be noted that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges: Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.3 per cent (R2.3 million) of operating expenditure excluding annual redemption for 2015/16 and decreases to R1.4 million by 2017/18.

Bulk purchases Electricity and Water: Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include technical losses and distribution losses for water and electricity.

Repairs and maintenance: Repairs and maintenance (Schedule A4 as other materials) comprises of amongst others, materials for maintenance, cleaning materials and chemicals, as well as contractors. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2015/16 the appropriation against this group of expenditure has increase by 23.2 per cent (R6 million) and then continues to grow at 4.5 and 4.3 per cent for the two outer years of which budget allocation is in excess of R38.2 million by 2017/18.

Contracted services: In the 2014/15 financial year, Contracted services totals R33.6 million and has increased. For the two outer years growth has been limited to 6.8 and 6.6 per cent. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings measures will be implemented.

General expenses: Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 13.8 per cent for 2015/16 and curbed at 13.1 and decrease by 0.1 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2015/16financial year

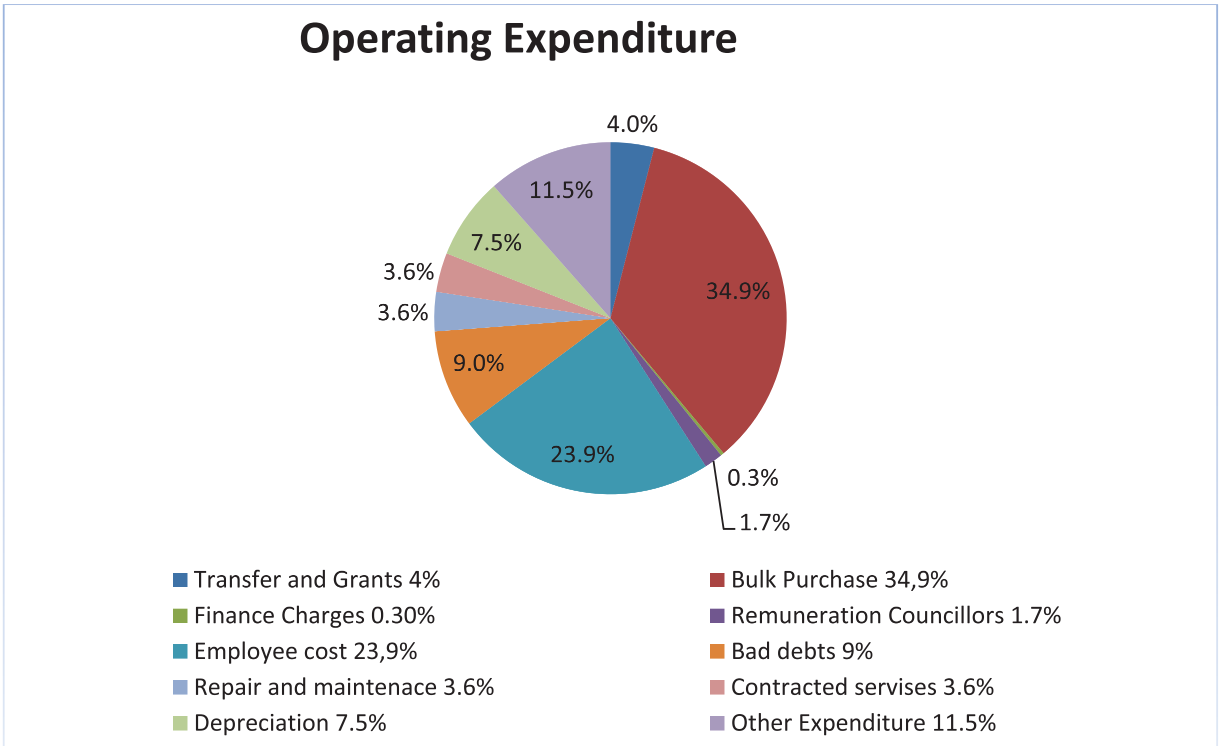

FIGURE 46 : 2015/16 - MAIN OPERATIONAL EXPENDITURE CATEGORIES

PRIORITY GIVEN TO REPAIRS AND MAINTENANCE

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Remuneration is still included in Employee cost but in the table the employees cost of Technical Services is added to reflect the repair and maintenance cost.

Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

TABLE 94 : OPERATIONAL REPAIRS AND MAINTENANCE

R thousand	2011/12 Audit Outcome	2012/13 Audit Outcome	2013/14 Audit Outcome	Current 2014/15 Original budget	Adjust Budget	Full year forecast	2014/2015MTREF Budget 2015/16	Budget 2016/17	Budget 2017/18
Employee related cost	38 647	43 030	44 385	49 048	45 137	45 137	52 135	51 018	59 457
Materials and contracted services	24 327	23 608	15 182	30 685	27 232	27 232	33 537	35 040	36 538
Total repairs and maintenance expenditure	**62 974**	**66 638**	**59 567**	**79 733**	**72 369**	**72 369**	**85 672**	**86 058**	**95 995**

During the compilation of the 2015/16 MTREF operational budget repairs and maintenance was identified as a strategic imperative owing to the ageing infrastructure and historic deferred maintenance. To this end, repairs and maintenance increases by 7.4 per cent in the 2015/16 financial year, from R79.7 million to R85.7 million. During the 2014/15 Adjustment Budget this allocation was adjusted slightly downwards to R72 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2015/16MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2015/16 equates to R85.7 million a increase of 18.4 per cent in relation to the Adjustment Budget and then continues to grow at 0.5 and 11.5 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance (excluding remuneration of staff) comprises of 23.2, 4.5 and 4.3 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

REPAIR AND MAINTANANCE PER ASSETS CLASS:

R thousand	2011/12 Audit Outcome	2012/13 Audit Outcome	2013/14 Audit Outcome	Current 2014/15 Original budget	Adjust Budget	Full year forecast	2014/2015MTREF Budget 2015/16	Budget 2016/17	Budget 2017/18
Repair and maintenance per asset class									
Infrastructure Roads	18 434	19 666	14 602	23 909	13 399	13 399	27 748	24 775	31 200
Infrastructure Electricity	11 747	14 553	13 318	16 580	16 338	16 338	16 698	17 853	18 937
Infrastructure Water	10 916	11 383	10 669	12 616	12 916	12 916	14 217	15 158	16 214
Infrastructure Sanitation	7 880	8 871	10 227	12 394	17 414	17 414	11 369	12 115	12 957
Infrastructure Other	4 981	4 873	4 948	4 307	4 520	4 520	5 695	5 953	6 153
Community	0	1 105	194	533	576	576	669	704	740
Other assets	9 016	6 187	5 609	9 394	7 206	7 206	9 276	9 500	9 794
Total Operating expenditure	**62 974**	**66 638**	**59 567**	**79 733**	**72 369**	**72 369**	**85 672**	**86 058**	**95 995**

For the 2015/16 financial year, 81.7 per cent or R70 millions of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 19.5 per cent (R16.7 million), road infrastructure at 32.4 per cent (R27.7 million), water at 16.6 per cent (R14.2 million) and sanitation at 13.3 per cent (R11.4 million).Community assets have been allocated R669 000 of total repairs and maintenance equating to 0.8 per cent.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register a total 10 000 indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement.

The threshold to qualify as indigent is two times the state old age pension plus R1 000.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

3.3 CAPITAL EXPENDITURE FRAMEWORK

The following table provides a breakdown of budgeted capital expenditure by vote:

TABLE 95 : 2015/16 MEDIUM-TERM CAPITAL BUDGET PER VOTE

Capital expenditure by vote	2014/15		2015/16		2016/17		2017/18	
	Adjusted Budget	%	MTREF	%	MTREF	%		%
	R'000		R'000		R'000		R'000	
Exec. & Council (MM, Executive Mayor, Council)	**558**	**0,71**	**4 733**	**2,55**	**6 170**	**6,68**	**5 396**	**6,49**
Corporate Services	**10**	**0,01**	**1 150**	**0,62**	**600**	**0,65**	**300**	**0,36**
Social Services	**150**	**0,19**	**40 358**	**21,72**	**50 096**	**54,20**	**3 986**	**4,79**
Refuse Removal	50	0,06	6 000	3,23	2 500	2,70		0,00
Public Safety	50	0,06	16 960	9,13	3 156	3,41	2 012	2,42
Sport and Recreation		0,00	10 854	5,84	29 375	31,78	758	0,91
Community Services	50	0,06	6 544	3,52	15 065	16,30	1 216	1,46
Technical Services	**77 547**	**99,08**	**139 371**	**74,99**	**35 561**	**38,47**	**73 480**	**88,36**
Streets and Storm water	7 000	8,94	37 560	20,21	9 033	9,77	45 320	54,50
Sewerage	40 262	51,44	35 236	18,96	342	0,37	345	0,41
Water supply	3 710	4,74	5 825	3,13	2 226	2,41	145	0,17
Electricity supply	11 175	14,28	52 860	28,44	23 830	25,78	27 390	32,94
Mechanical Workshop/Buildings	0	0,00	1 389	0,75	130	0,14		0,00
Administration	15 400	19,68	6 501	3,50	0	0,00	280	0,34
Financial Services			**240**	**0,13**		**0,00**		**0,00**
Economic Dev. and Planning								
Housing & Urban Planning								
Economic Development								
	78 265	**100**	**185 852**	**100**	**92 427**	**100**	**83 162**	**100**

The biggest single portion of capital expenditure is allocated to Technical Services which amounts to **R139** million in 2015/2016 decreasing to **R73.4 million** in 2017/2018.

It is projected that capital expenditure will decrease over the next three years. This mainly due to delays in confirmation of funding from external sources (province and district) inadequate planning by departments of their capital projects over the medium term. This issue is continuously being addressed as part of the municipality's budget reform programme. However, the two outer years will be populated with projects during the 2015/2016 budget and IDP process. Roads receive R37.5 million in 2015/16 which equates to 20 per cent, electricity at 28.4per cent, R52.8 million, water at 3.1 per cent, R5.8 million and sewer 18.9 per cent, R37.6 million.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Conditional Grants R70 million

- Gortin sewer R33.3m(2015/16)
- Construction of roads & storm water R4.9 m (2016/17),R45m(2017/18)
- Construction of sports complex Refengkgotso: R16.5 m (2016/17)
- Construction of sports complex Metsimaholo: R7.3m (2015/16);R7.7m(2016/17)
- Zamdela cemetery boundary fence: R13.4m (2016/17)
- Amelia / Gortin & Mooidraai bulk electricity supply: R29 m (2015/16); R11m (2016/17); R13m (2017/18)
- Water demand management project:R5m(2015/16)
- Refurbishment of Deneysville water treatment works: R3.5m (2015/16);R1.5m(2016/17)

Own funding

- Upgrading of electricity substation R2.5million
- Resealing of roads R14.6 million
- Office furniture R1million
- Rehabilitation of landfill site R2 million
- Cemeteries boundary fence:R4 million
- Paving of Roads: R12 million
- Water pumps: R1.5 million
- Sewer pumps: R1.5 million
- Electricity network strengthening: R2 million
- Resorts:R3m
- Zamdela swimming pool R5M (2016/17)

Loan

- Vehicles and heavy equipment R16.8 million
- Printing equipment R1 million
- DBSA front loading funding of DoE: Electricity R14million

Rejuvenation

- Roads R7.5 million.

The Housing Development Agency and Department Human Settlements initiated projects within the area of jurisdiction of the municipality to eradicate backlogs and to stimulate development through:

- Formalization of Mooidraai (Zamdela) Township
- Land purchases projects for urban expansion in Sasolburg and Refengkgotso (Deneysville)
- Secure transit area for Informal Settlements
- Consolidation Subsidized Houses in Zamdela Ext 7 to be upgraded
- Formalization of Themba Khubeka Township (Refengkgotso)
- Community Residential Rental Project
- In partnership with the Sasol Factory to build 100 FLISP houses in Zamdela for their employees
- Top structures (RDP) for qualifying beneficiaries.

Capital Funding Sources

The municipality is highly dependent on conditional grant funding for its capital expenditure. The cash flow of the municipality is under strain and there is no operating surplus on the budget which could be used for capital expenditure.

Government grants from the National Government constitute 43.7% of the total capital funding in 2015/16.

External loans constitute 18.1% of the total capital funding whilst internally generated funds make up 38.2% of the total funding package.

Capital from internally generated funds (accumulated surplus) will only be used based on the availability of cash.

Capital grants and receipts equates to 47.7per cent of the total funding source which represents R73.5 million for the 2015/16 financial year and steadily decrease to R58 million or 65 per cent by 2017/2018, Grants received from MIG,COGTA, DoE and DWA.

Loan from Development Bank of South Africa of R14 million is front loading of DoE grant.

A new loan (R15 million) over five years be considered for purchase of vehicles.

Internally generated funds consist of R42.9 million in 2015/16, R40.9 million in 2016/17 and R31.3 million in 2017/18

TABLE 96: 2015/16 MTREF - CAPITAL FUNDING SOURCES

Funding Sources	2015/16 R'000	2016/17 R'000	2017/18 R'000
Grants and subsidies:			
Department of Energy	29 000 000	11 000 000	13 000 000
(DBSA)DoE (Frontloading)	14 000 000	0	0
Municipal Infrastructure Grant	41 354 670	42 738 400	45 060 400
Rejuvenation	7 500 000		
DWA	3 500 000	1 500 000	0
DWA (Provincial)	5000 000	0	0
Sasol	10 000 000	0	0
Borrowing –Leases	1000 000	0	0
Borrowing-external Loans	16 880 000	0	0
Internally generated funds	57 616 950	37 189 030	25 101 960
Total Capital Funding	**185 851 620**	**92 427 430**	**83 162 360**

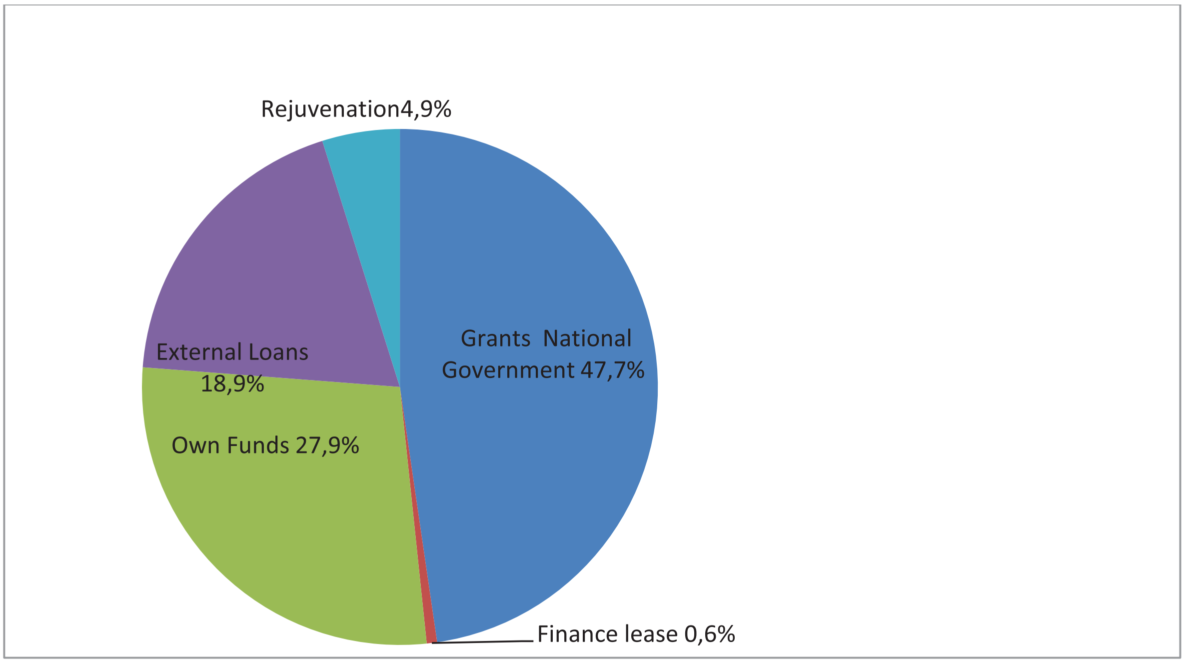

FIGURE 47: SOURCES OF CAPITAL REVENUE FOR THE 2015/16 FINANCIAL YEAR

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5.3.4 MLM CAPITAL PROJECTS

MLM in its project planning and identification has considered the guidelines as stated in Section 2 (Revised IDP Framework 2012) which deals with determining the priority services as well as project prioritisation. The Guide Pack (paragraph 2.10) on "In-depth Analysis of consolidation of Key Development priorities and Planning Guidelines" provides a useful basis of key development priorities to consider.

KEY DEVELOPMENT PRIORITIES

The Key Development Priorities identified are summarised as follows:

(1) Infrastructural Priorities

- Improvement and maintenance of:
  - Roads (tar and gravel);
  - Electricity provision;
  - Storm-water drainage systems;
  - Public transport systems;
  - Water distribution networks;
  - Sewerage/sanitation network systems;
  - Housing;
  - Sport facilities;
  - Community facilities, e.g. Libraries, community halls, etc.;
  - Cemeteries;
  - Open spaces;
  - Health care centres;
  - Recreational facilities;
  - Safety and security facilities, e.g. police stations, municipal police satellite stations, etc.

(2) Social Priorities

- The reduction of the spread of HIV/Aids;
- Community development;
- Air and water pollution;
- The provision of housing/housing support centres;
- The reduction of the crime rate;
- Proper traffic safety;
- Proper policing (municipal policing, as well as support to the SAPS);
- Proper emergency services;
- The promotion of equity, specifically regarding disadvantaged people (e.g. women, youth, disabled and aged people); and
- proper disaster management regarding:
- Train collisions;
- Air disasters;
- flood disasters; etc.

(3) Spatial Priorities

- An effective land-use management system;
- A compact urban structure;
- The implementation of a proper environmental management plan; and
- need for spatial integration.

(4) Economic Priorities

- Job creation for unskilled, semi-skilled and skilled residents;
- The promotion of human resource development and the creation of a skills register;
- The implementation of a proper policy for informal economic sectors;
- The formulation and implementation of a:
- Local Economic Development Plan; and
- Marketing Plan.
- Support to national job creation programmes and community based enterprises.

(5) Institutional

- Improvement of the level of payment for services;
- Improvement of skills levels (capacitation) of councillors and officials;
- The establishment of satellite municipal offices (e.g. customer care centres);
- Proper communication between Council and communities;
- Proper revenue base;
- Applicable rates and taxes according to the level of services provided;
- Change in culture and operations at Council level;
- Addressing of land ownership and land tenure issues;
- Eradication of corruption and nepotism;
- Participatory IDP process;
- Proper management systems;
- Proper information technology systems;
- Adhere to the principle “serving our people”;
- Productivity of staff;
- Proper equipment;
- Effective decision-making process;
- Proper billing system; and
- adequately trained and skilled staff.

MLM List of IDP Capital projects have been identified and aligned with the above-mentioned Key Development Priorities as follows

SUMMARY OF MLM CAPITAL PROJECTS:

	Budget 2015/2016	Budget 2016/2017	Budget 2017/2018	Proposed Financing	2015/2016 Amount	2016/2017 Amount	2017/2018 Amount
EXPENDITURE							
Council	0	0	0	Internal Financing	57 616 090	37 189	25 101 960
Municipal Manager	4 732 500	6 170 400	5 396 390	Internal Financing carried over	0	0	0
Corporate Services	1 150 000	600 000	300 000	External Financing	16 880 000	0	0
Social Services	40 357 980	50 899 120	3 985 570	Lease	1 000 000	0	0
TECHNICAL SERVICES				DBSA (advance DoE)	14 000 000		
Streets and Storm water	37 559 550	9 033 070	45 320 400		0	0	0
Sewerage	35 235 920	341 500	345 000		0	0	0
Water supply	5 824 850	2 226 100	145 000	Grants and Subsidies:	0	0	0
Electricity supply	52 860 000	23 830 000	27 390 000	District Municipality	0	0	0
Administration (Director)	302 320	0	0	Dept. Energy(DoE)	29 000 000	11 000 000	13 000 000
Mechanical Workshop	558 500	0	0	MIG	41 054 350	42 738 400	45 060 400
Buildings	830 000	130 000	130 000	Human Settlement	0	0	0
Administration	6 200 000	0	150 000	Land Affairs	0	0	0
				DWA	3 500 000	1 500 000	0
Financial Services	240 000	0	0	Rejuvenation	7 500 000	0	0
				DWS(Prov.)	5000 000	0	0
				Sasol	10 000 000		
Economic Planning and Development	0	0	0		0	0	0
Sub Total	**185 851 620**	**92 427 430**	**83 162 360**		**185 851 620**	**92 427 430**	**83 162 360**

SUMMMARY OF CAPITAL PROJECTS 2015/16 TABLE: 97

LIST OF MLM CAPITAL PROJECTS

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

PROGRAMME / CORE FUNCTION: PROVISION OF WATER

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognising the trade-offs in the use of water. **(NDP).** Improve water quantity and quality management **(NDP)** Provide new basic infrastructure at local level (water, sanitation and electricity). **(MTSF)** Improve water quantity and quality management. **(FSGDS)**	A comprehensive management strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2019, with reviews every five years Ensure compliance of water treatment works and water storage, including bulk in towns with blue drop standards for new development areas.	Water pump replacements	ALL	Internal	1 500 000	0	0
		Water Tower- sump pump and controls	ALL	Internal	20 000	0	0
		Water Tower - Ultrasonic level control+wiring	ALL	Internal	150 000	0	0
		17 bulk meter chambers - WDM	ALL	Internal	350 000	500 000	0
		3 x LDV (2-do/vil) - Vehicles	ALL	Loan	130 000	130 000	130 000
		Equipment	ALL	Internal	129 850	96 100	15 000
		Sub-total			**2 194 850**	**726 100**	**145 000**

PROGRAMME / CORE FUNCTION: PROVISION OF ELECTRICITY

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
			SASOLBURG		2015/16	2016/17	2017/18
		Sasolburg					
• The proportion of people with access to the electricity grid should rise to at least 90 percent by 2030, with non-grid options available for the rest.(**NDP** pg.155) • Members of society have sustainable and reliable access to basic services. (**MTSF**) • Maintain and upgrade basic infrastructure at local level. • Provide and upgrade Bulk Services. **(FSGDS)**	• Develop electricity master plans for municipalities • Address electricity bulk infrastructure backlog. • Electricity network connection and Bulk supply	Network strengthening Phase 3 (LM) (CO)		Internal	2 000 000	3 000 000	4 000 000
		Bulk supply to Amelia, Gortin and Mooidraai (CO) (DOE Funds)		DoE	29 000 000	11 000 000	13 000 000
		Bulk supply to Amelia, Gortin and Mooidraai (CO) (DOE Funds)		DBSA	14 000 000	0	0
		Upgrading of Main Substation for Sasolburg (LM)(N)		Internal	2 500 000	6 500 000	7 500 000
		Deneysville					
		Upgrading of network Phase 2 (LM Funds)(CO)		Internal	0	0	0
		Oranjeville					
		Upgrading of Streetlight network (LM Funds) (CO)		Internal	500 000	450 000	350 000
		Fencing of electrical substations (CO)		Internal	500 000	500 000	300 000
		Replace redundant streetlight fittings (CO)		Internal	500 000	500 000	400 000
		Replace distribution pillars (CO)		Internal	350 000	350 000	250 000
		Replace substation doors in Zamdela		Internal	80 000	50 000	50 000
		Replace of transformers (CO)		Internal	450 000	480 000	510 000
		1 x Crane Truck (Vehicle)		Loan	1 700 000	0	0
		Equipment		Internal			
		Sub-total		**Internal** **External**	**7 840 000** **45 020 000** **52 860 000**	**12 830 000** **11 000 000** **23 830 000**	**14 390 000** **13 000 000** **27 390 000**

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

PROGRAMME / CORE FUNCTION: STREET AND STORM WATER

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
• Maintain and upgrade basic infrastructure at local level. **FSGDS (pg.27)**	• Address infrastructure backlog.	Resealing of roads	ALL	Rejuvenation	5 000 000	7 500 000	0
		Vaal Park taxi rank	14&18	Internal Carried over	1 500 000	2 000 000	0
		Zamdela paved roads	ALL	MIG	7000 000	4 989 070	45 060 400
		Refengkgotso paved roads		MIG	3000 000	0	0
		Metsimaholo paved roads		MIG	2000 000	0	0
		5 x LDV- Vehicle	ALL	Loan	130 000	260 000	260 000
		2 x Tipper trucks	ALL	Loan	1 700 000	1 700 000	
		Equipment	ALL	Internal	92 850	84 000	0
					27 922 850	9 033 070	45 320 400

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

PROGRAMME / CORUNCTION: MECHANICAL WORKSHOP

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	**2016/17**	**2017/18**
• Members of society have sustainable and reliable access to basic services. (**MTSF)** • Maintain and upgrade basic infrastructure at local level. **(FSGDS)**	•	Extension of shelters for heavy vehicles phase 1(CO)(N)	ALL	Internal	250 000	0	0
		Replace roof on existing shelters (N)	ALL	Internal	250 000	0	0
		Equipment	ALL	Internal	58 500		
		Sub-total			**558 500**	**0**	**0**

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

PROGRAMME / CORE FUNCTION: CIVIL ENGINEERING & ADMINISTRATION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
• Members of society have sustainable and reliable access to basic services. (**MTSF)** • Maintain and upgrade basic infrastructure at local level. **FSGDS**	• Develop master plans for municipalities	Water demand and Management Project	ALL	DWA	5000 000	0	0
		Water Services Development Plan/Sector plan	ALL	Internal	1 200 000	0	150 000
		Sub-total			**6 200 000**	**0**	**150 000**

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

PROGRAMME / CORE FUNCTION: SEWER/SANITATION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	**2016/17**	**2017/18**
Maintain and upgrade basic infrastructure at local level. **(NDP)** Provide and upgrade Bulk Services. **(NDP)** Members of society have sustainable and reliable access to basic services. **(MTSF)**	Address infrastructure backlog. Ensure compliance of waste water treatment (new and upgraded) with the Green Drop standards in all towns and new developments.	Sewer pumps replacement	ALL	Internal	1 500 000	0	0
		Gortin Sanitation Phase 4	1	MIG& Internal	33 348 720	0	0
		4x LDV (Vehicle)	ALL	Loan	130 000	130 000	130 000
		Back-up pump T3A3S-B (Vehicle)	ALL	Internal	120 000	0	0
		1x LDV canopy - D/vil (Vehicle)	ALL	Internal	15 000	0	0
		Equipment	ALL	Internal	134 200	211 500	215 000
					33 632 920	**341 500**	**345 000**

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
• As Above	• As Above	Repair basement roof	ALL	Internal	700 000	0	0
		Vehicles: 3x LDV	ALL	Loan	130 000	130 000	130 000
					830 000	**130 000**	**130 000**

PROGRAMME / CORE FUNCTION: BUILDINGS

KPA1: SERVI DELIVERY AND INFRASTRUCTURE DEVELOPMENT

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Upgrade all informal settlements on suitable, well located land by 2030. More people living closer to their places of work. (**NDP**) Provide individual subsidies and housing opportunities to beneficiaries in accordance with various housing programmes. **(FSGDS)** Adequate housing and improved quality living environments. **(MTSF)**	Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements. Improve the functionality of the rental housing environment. Put emphasis on densification of new developments, to improve overall settlement efficiency and resource utilization. Fast track release of well-located land for housing and human settlements targeting poor households.	Office accomodation (based on 2% of the capital budget for 2015/2016)		Human Settlement	0	0	0
		Vehicles (based on 2% of capital budget for 2015/2016)		Human Settlement	0	0	0
		Human Re-settlement (74 RDP Houses Nic Ferrerira Sasolburg × 1		Human Settlement	0	0	0
		CRU's (Ph 1 92 Complete -Phase II 300 Units Hostel 4 Zamdela)		Human Settlement	0	0	0
		CRU's expansion (4 cluster) Hostel 4 Zamdela		Human Settlement	0	0	0
		CRU's (100 Units in Refengkgotso)		Human Settlement	0	0	0
		CRU's Hostel 3 (Town House / Old Age Complex Concept		Human Settlement	0	0	0

PROGRAMME / CORE FUNCTION: HUMAN SETTLEMENT

KPA 2: LOCAL ECONOMIC DEVELOPMENT

PROGRAMME / CORE FUNCTION: ECONOMIC DEVELOPMENT

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Maintain a positive trade balance for primary and processed agricultural products. **(NDPpg.16)** Accelerate post settlement support programmes for emerging farmers. **(FSGDS)** Expand and diversify sustainable agriculture production and food security. (**FSGDS. Pg.22)** Facilitate land reform, redistribution and agricultural reform. (**FSGDS)**	Expand the agrarian reform programme focusing on the systematic promotion of agricultural co-operatives. Rural economies will be activated through improved infrastructure and service delivery and review of land tenure. Protect agricultural land for agricultural land use in line with SDF	Purchase of Farmland for Agricultural Land Uses / Small Farm		Land Affairs	0	0	0
		Creche in Refengkgotso (Themba Khubeka)	20	Internal	0	0	0
		Sub Total			**0**	**0**	**0**

KPA 2: LOCAL ECONOMIC DEVELOPMENT

PROGRAMME/CORE FUNCTION: URBAN PLANNING/HUMAN SETTLEMENT

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Adequate housing and improved quality living environments.**(MTSF)** Accelerate and streamline township establishment processes and procedures to ensure sustainable settlement.**(FSGDS)**	Fast track release of well-located land for housing and human settlements targeting poor households. Improve access to the Integrated, Residential Development Programme for basic infrastructure. Put emphasis on densification of new developments, to improve overall settlement efficiency and resource utilization.	Township Establishment Mooidraai Phase I (Surveying 1000 erven)		Human Settlement	0	0	0
		Township Establishment Mooidraai Phase II (Surveying 1500 erven)		Human Settlement	0	0	0
		Township Establishment 300 × Erven Amelia South		Human Settlement	0	0	0
		Re-planning / Infill of School Erven Earmmarked for Residential Uses		Human Settlement	0	0	
		Re-planning of Light Industrial Erven Refengkgotso for CRU's		Human Settlement	0	0	0
		Re-planning of Hostel 4 Site (CRU Expansion to the south west)		Human Settlement	0	0	0
		Sub Total			**0**	**0**	**0**

KPA 2: LOCAL ECONOMIC DEVELOPMENT

PROGRAMME / CORE FUNCTION: ECONOMY AND EMLOYMENT/JOB CREATION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION[88]		
					2015/16	2016/17	2017/18
The unemployment rate should fall from 24.9 percent in June 2012 to 14 percent by 2020 and to 6 percent by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million.**(NDP)** Public employment schemes provide short-term relief for the unemployed and build community solidarity and agency.**(MTSF)**	Broaden the expanded public works programme (EPWPs) to cover 2 million fulltime equivalent jobs by 2020. EPWP Phase 3 (including CWP) implemented, monitored and evaluated.	Creating Job opportunities through Community Work Programme (CWP)	ALL	CoGTA	10 000 000 **(to create 1100 job opportunities)**	11 000 000 **(to create 1100 job opportunities)**	12 000 000 **(to create 1100 job opportunities)**
		Creating Job opportunities through Expanded Public Works Programme(EPWPs)	ALL	CoGTA	1 300 000 **(to create 411 job opportunities**)	1 400 000 **(to create 450 job opportunities)**	1 500 000 **(to create 500 job opportunities)**
		Sub Total					

[88] Budget Allocation to be determined by CoGTA for programme and project implementation.

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: PARKS AND PLAY GROUNDS

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Building of Oranjeville store and change room	**ALL**	Internal	0	0	100 000
Promote effective and efficient sport and recreation development. **(FSGDS)** Using sport and recreation to promote social cohesion.**(MTSF)**	Expand mass participation in sports and recreation Provide adequate sport and recreation facilities and ensure that these are maintained Greening of public spaces. Cleaning of cities/towns.	Upgrading of parking area	**ALL**	Internal	0	140 000	0
		6 x LDV with Canopy (Vehicle)	**ALL**	Loan	320 000	320 000	0
		8 x Tractors with rotary machine (Vehicle)	**ALL**	Loan	480 000	0	480 000
		4 x Ride on machine (Metsimaholo) (Vehicle)	**ALL**	Loan	140 000	70 000	140 000
		1 x Truck mounted with grap (Refengkgotso) (Vehicle)	**ALL**	Loan	400 000	0	70 000
		1 x Sedan (Vehicle)	**ALL**	Internal	0	120 000	0
		1 x Back Acter (Vehicle)	**ALL**	Loan	600 000	0	0
		Equipment	ALL	Internal	140 990	1 272 980	874 990
		Sub Total			**2 160 990**	**1 922 980**	**1 664 990**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: ABRAHMSTRUST

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Implement a government support programme for tourism development and growth. **(FSGDS)**	Support and maintain local tourism infrastructure.	3 x Upgrading chalets	ALL	Internal	300 000	0	400 000
		Upgrading of conference hall (A/rust)	ALL	Internal	200 000	0	0
		Upgrading of roof for 2 Lapas	ALL	Internal	150 000	0	0
		Furniture	ALL	Internal	151 660	0	104 380
		Sub Total			**802 760**	**0**	**504 380**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Implement a government support programme for tourism development and growth.(**FSGDS)**	Support and maintain local tourism infrastructure.	Revamp reception office and toilets	3,4&20	Internal	80 000	0	42 100
		Lapa shelter	3,4&20	Internal	0	105 000	205 000
		Fence (Deneysville/Oranjeville)	3,4&20	Internal	52 500	0	0
		Install Electricity	3,4&20	Internal	80 000	0	0
		Upgrade Visit areas	3,4&20	Internal	1 600 000	0	0
		Sub Total			**1 812 500**	**105 000**	**247 100**

PROGRAMME / CORE FUNCTION: DAY VISIT AREAS (DENEYSVILLE/ORANJEVILLE)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: ETIENNE ROUSSEAU THEATRE

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Promote the full diversity of arts (visual and performing), culture and heritage services in the province with the aim of developing skills, creating jobs, alleviating poverty and supporting education and recreation. **(FSGDS)**	Establish collaborative relationships between major provincial theatres and the Drama Department at the University of the Free State.		15,16&17		0	0	0
					0	0	0
					0	0	0
					0	0	0
		Sub Total			**0**	**0**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		200 x Chairs	3,4&20	Internal	10 500	0	0
		17 x Tables	3,4&20	Internal	6 000		
		Sub Total			**16 500**	**0**	**0**

PROGRAMME / CORE FUNCTION: COMMUNITY HALL (REFENGKGOTSO)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		100 x Chairs	5	Internal	10 500	0	0
		17 x Tables	5	Internal	6 000	0	0
		Sub Total			**16 500**	**0**	**0**

PROGRAMME / CORE FUNCTION: COMMUNITY HALL (METSIMAHOLO)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: COMMUNITY HALL (ZAMDELA)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		100 x Chairs	11	Internal	21 000	0	0
		17 x Tables	11	Internal	6 800	0	0
		Sub Total			**27 800**	**0**	**0**

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Furnisher	11		0	11 000	7000
		Sub Total			**0**	**11 000**	**7000**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: STADUMS (D P DE VILLIERS)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: STADIUMS (MOSES KOTANE)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		5 x Double lockers	11	Internal	0	0	0
		4 x Hand dryers	11	Internal	0	0	7 000
		First Aid box and equipment	11	Internal	0	0	
		Sub Total			**0**	**0**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: STADUMS (REFENGKGOTSO)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Building of Multi - purpose Sports centre –Refengkgotso	3,4&20	MIG	0	16 584 800	0
		Sub Total			**0**	**16 584 800**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CRE FUNCTION: STADIUMS (METSIMAHOLO)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Building of Multi - purpose Sports centre-Metsimaholo		MIG	7 703 630	7 674 060	0
		Sub Total			**7 703 630**	**7 674 060**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: SWIMMING POOL (PENNY HEYNS)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Upgrade storm water channel (backwash)	17	Internal	50 000	0	0
		2 x Chlorinators : Equipment	17	Internal	24 000	0	0
		Sub Total			**74 000**	**0**	**0**

					2015/16	2016/17	2017/18
		Boundary fence and extension of cemetery	**ALL**	Internal	**1 000 000**		
		1 x 1420 - ID electronic maker	**ALL**	Internal	**70 000**		**14 000**
		2 x Brush cutters	**ALL**	Internal	0		
		Erection of niches wall	**ALL**	Internal	0	50 000	
		Sub Total			**1070 00**	**50 000**	**14 000**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: CEMETRY (SASOLBURG)

PRO KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: SWIMMING POOL (ZAMDELA)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Upgrading of Zamdela swimming pool	11		0	5 000 000	0
		Sub Total			**0**	**5 000 000**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: CEMETRY (REFENGKGOTSO)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: CEMETRY (SASOLBURG)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
•	•	Boundary fence	ALL	MIG	1 500 000	0	0
		Building toilets and upgrade			200 000	100 000	80 000
		Equipment	ALL	Internal	16 000	64 000	80 000
		Sub Total			**1 716 000**	**164 000**	**160 000**

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Equipment: 1x Brush cutters	ALL	Internal	8 000	0	0
		Sub Total			**8 000**	**0**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: CEMETRY (ZAMDELA)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
•	•	Boundary fence & extension of cemetery	ALL	Internal &**MIG**	1 500 000	0	**13 490 470**
		Building toilets and upgrade			200 000	100 000	80 000
		Equipment	ALL	Internal	16 000	64 000	14 000
		Sub Total			**1 716 000**	**164 000**	**13 650 470**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: CEMETRY (METSIMAHOLO)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Building toilets	5	Internal	100 000	50 000	0
		Paving	5	Internal	0	0	150 000
		Fence	5	Internal	1 500 000	0	0
		Equipment	5	Internal	8 000	0	0
		Sub Total			**1 608 000**	**50 000**	**150 000**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: LIBRARY (SASOLBURG)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Provide free, equitable and accessible library and information services to make provision for the learning, information, cultural and recreational needs of the Municipality. **(FSGDS**	Improve the safeguarding of library buildings and equipment.	Equipment	15,16 &17	Internal	30 010	18 000	10 000
		Sub Total			**30 010**	**18 000**	**10 000**

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
As Above	**As Above**	Equipment	11	Internal	14 050	6 100	0
		Sub Total			**14 050**	**6 100**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: LIBRARY (ZAMDELA)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
As Above	**As Above**	Equipment	5	Internal	7 440	4 850	6 100
		Sub Total			**7 440**	**4 850**	**6 100**

PROGRAMME / CORE FUNCTION: LIBRARY (DENYSVILLE)

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
As Above	**As Above**	Equipment		Internal	4 850	0	0
		Sub Total			**4 850**	**0**	**0**

PROGRAMME / CORE FUNCTION: LIBRARY (ORANJEVILLE)

Metsimaholo Library: None.

PROGRAMME / CORE FUNCTION: LIBRARY (REFENGKGOTSO)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Equipment	3 & 4	Internal	4 850	9 100	0
		Sub Total			**4 850**	**0**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: SAFE COMMUNITIES (FIRE PROTECTION SERVICES)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
In 2030 people living in South Africa feel safe and have no fear of crime. (**NDP**)		1 × Fire Engine fully equipped	ALL	Internal	5 000 000	0	0
		1 × Unimog (Spec Fire Engine)	ALL	Internal	0	3 000 000	0
		1 x Rescue Vehicle fully equipped (Land Cruiser type)	ALL	Internal	0	0	1 500 000
		Equipment	ALL	Internal	106 000	156 000	112 000
		Sub Total			**5 106 000**	**3 156 000**	**1 612 000**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: SAFE COMMUNITIES (TRAFFIC)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
In 2030 people living in South Africa feel safe and have no fear of crime. (**NDP**)		3 × Scrambler M/C Patrol Vehicle	ALL	Loan	300 000	0	400 000
		Traffic Calming Measures	ALL	Internal	400 000	0	400 000
		5 x Sedans	ALL	Loan	100 000	0	0
		2 x LDV	ALL	Loan	400 000	0	0
		Equipment	ALL	Internal	152 400	0	0
		Sub Total			**552 400**	**0**	**800 000**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: SAFE COMMUNITIES (CLEANSING)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Sustainable built environment.**(FSGDS)**		Wright front-end loader truck	ALL	Loan	3 500 000	0	0
		New 1x1 refuse compact truck	ALL	Internal	0	2 500 000	0
		New1x1 tipper for the removal of illegal dumping	ALL	Loan	500 000	0	0
		Purchase of land for landfill site	ALL	Internal	2 000 000	0	0
		Sub Total			**6 000 000**	**2 500 000**	**0**

KPA 3: COMMUNITY DEVELOPMENT AND SOCIAL COHESION

PROGRAMME / CORE FUNCTION: SAFE COMMUNITIES (DISASTER MANAGEMENT)

OBJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
Sustainable built environment.**(FSGDS**)		Emergency Management Centre	ALL	Sasol	10 000 000	0	0
		Equipment			1 700	0	0
		Sub Total			**10 001 700**	**0**	**0**

KPA 4: PUBLIC PARTICIPATION AND GOOD GOVERNANCE

PROGRAMME / CORE FUNCTION: FACILITY MANAGEMENT (INFORMATION TECHNOLOGY)

OBJECTIVES	STRATEGIES	PROJECTS		LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
						2015/16	2016/17	2017/18
		ICT Strategy	Internal	ALL		0	1 054 000	1 110 920
		Disaster Recovery/Business continuity Plan	Internal	ALL		0	2 000 000	2 108 000
		Equipment	Internal	ALL		4 732 500	5 420 400	2 033 470
		Total				**4 732 500**	**6 170 400**	**5 396 390**

KPA 4: PUBLIC PARTICIPATION AND GOOD GOVERNANCE

PROGRAMME / CORE FUNCTION: RISK MANAGEMENT

BJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Risk Management software(Barn owl)	ALL	Internal	500 000	0	0
			ALL	Internal		0	0
					500 000	**0**	**0**

BJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Human Resources					
		Siren	ALL	Internal	150 000	0	0
		Administration					
		1 x Portable translation Equipment	ALL	Internal	0	0	0
		Auxiliary & Records Services					

PROGRAMME / CORE FUNCTION: PUBLIC PARTICIPATION AND GOOD GOVERNANCE

KPA 5: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION: HR, ADMIN &LEGAL SERVICES

		Furnisher	ALL	Internal	1000 000	600 000	300 000
		Legal Services					
			ALL		0	0	0
					1050 000	**600 000**	**300 000**

PROGRAMME / CORE FUNCTION: PUBLIC PARTICIPATION AND GOOD GOVERNANCE

KPA 5: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION: SECURITY SERVICES

BJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Security Camera	ALL	Internal	750 000	750 000	0
							0
					750 000	**750 000**	**0**

KPA 5: FINANCIAL VIABILITY AND MANAGEMENT

PROGRAMME / CORE FUNCTION: FINANCIAL VIABILITY AND MANAGEMENT

BJECTIVES	STRATEGIES	PROJECTS	LOCATION/ WARD	SOURCE OF FUNDING	MTRF ALLOCATION		
					2015/16	2016/17	2017/18
		Shelves (SCM)	ALL	Internal	150 000	0	0
		Equipment	ALL	Internal	90 000	0	0
					210 000	**0**	**0**

5.3.5 FS PROVINCE - CAPITAL PROJECTS:

The following projects will be implemented, within the jurisdiction of the MLM, by the different Sector Departments of Free State Province and Fezile Dabi District Municipality. It should be noted that some projects are undertaken in the multi- years.

TABLE 98 : BACK TO BASIC INTERVENTION PROJECT BY FEZILE DABI – CAPITAL PROJECTS

LOCAL MUNICIPALITY	LNTERVENTION	IMPACT	PROGRAMME
Metsimaholo LM	Water Conservation Demand Management	Reduce water loss and comply with NO Drop criteria.	ACIP(2015/16
	Upgrading of Deneysville/Refengkgotso WTW	Improve water quality, water supply and Blue Drop Status.	MWIG

TABLE 99 : FS PROVINCE – CAPITAL PROJECTS

Provincial Department	Project name	Source of funding	Type of infrastructure	Project duration		Total project cost
				Date start	Date finish	
Energy	Electrification	DoE	Electrification Projects	July 2014	June 2015	R7 000 000
Human Settlement	Sasolburg 22	Human Settlement	Rectified RDP Stock	July 2014	June 2015	R2 000 000
Human Settlement	Amelia toilet connections	Human Settlement	Amelia Sanitation RDP Phase1	July 2014	June 2015	R4 500 000
Human Settlement	Deneysville/Oranjeville & Zamdela (150)	Human Settlement	Sanitation RDP Phase 4	July 2014	June 2015	R743,418,00
Human Settlement	Sasol (400)	Human Settlement		July 2014	June 2015	R150 0000
Human Settlement	Sasol(500), Koena	Human Settlement		July 2014	June 2015	R8 700 000
Human Settlement	Zamdela Hostel 4	Human Settlement	CRU (New Project)	July 2014	June 2015	R51 000
Dept. of Water and Sanitation	Water Conservation and Demand Management	Dept. of Water and Sanitation				R5 000 000
Dept. of Health	Amelia Clinic	Dept. of Health	Health Centre/Clinic			R20 000 000

5.3.6 MUNICIPAL BACK TO BASICS PROJETS:

The planning, implementation and maintenance of basic infrastructure is critical for sustaining basic standards of living and economic activity in our Municipal towns or area. In order to enhance the delivery of services within the Municipal area, the following projects *(quick wins)* were identified and to be implemented within the certain timeframes with costs thereof, as specified in the project plan below:

PROJECT DESCRIPTION	PROJECT COST	START DATE	END DATE	DIRECTORATE RESPONSIBLE
Fencing of Cemeteries Zamdela Orangeville	R1.5M R300K	October 2015	December 2015	DSS
Erection of new ablution facilities(Zamdela Cemetery)	R200K	October 2015	December 2015	DSS
Cleaning Campaign (grass cutting and clearing of illegal dumping)	OPEX	Quarterly	Reviewed June 2016	DSS
Street Lights – retrofitting energy efficiency (3 year project) DOE	R3M (15/16 FY) R6M (16/17 FY) R6M (17/18 FY)	July 2015	June 2018	DTIS
Electrification of Amelia DOE	R43M	July 2015	December 2016	DTIS
Resealing of	R14.6M	July 2015	December	DTIS

roads Own funding Sasolburg Vaalpark (Own Funding and Sasol Mining) Welgelegen	(R7.5M SASOL Mining)		2015	
Paving of Roads in Zamdela Refenkgotso Metsimaholo (Own funding)	R7M R3M R2M	September 2015	March 2016	DTIS
Metsimaholo Sports Complex (MIG)	R16.9M	February 2016	December 2016	DTIS
Gortin Sanitation phase 4 (Ongoing project) MIG funding	R25M	Ongoing	September 2015	DTIS
Issuing of title deeds		August 2015	Ongoing	DEDP

5.3.7 PROGRESS REPORT ON IDP PROJECTS FOR THE PERIOD 2010 TO 2015:

SUMMARY OF ACHIEVEMENTS ON TECHNICAL AND INFRASTRUCTURAL SERVICES PROJECTS FROM 2010-2015:

FUNDING AGENT	PROJECT DESCRIPTION	STATUS	PROJECT COST	START DATE	END DATE
MIG	Metsimaholo: Installation of 25 high mast lights	Completed	R 6,289,123.00	15/02/2011	30/08/2011
MIG	Refengkgotso: Construction of Concrete palisade Fence and 6km internal road at the cemetery	Completed	R 6,253,675.00	04/03/2010	04/01/2012
MIG	Gorton: Sanitation for 11800 stands - phase 3	Completed	R 31,924,032.00	09/10/2008	22/03/2012
MIG	Refengkgotso: (Amelia/Moodraai) - Bulk water supply for low cost housing	Completed	R 10,146,000.00	24/02/2010	30/04/2011
MIG	**Gortin**: Construction of 7.4km new interlocking paved roads and storm water drainage.	Construction	R 41,864,123.00	26/07/2010	29/08/2013
MIG	**Amelia:** Sewer Network for 3257 stands and pump Station	Retention	R 40,165,226,00	17/02/2012	30/05/2015
MIG/DWA	**Refengkgotso**: Augmentation of Bulk water supply	Completed	R 41,295,476.00	04/03/2010	06/11/2014
DWA	**Refengkgotso** : Upgrading the waste water treatment	Construction	R 6,000,000.00	28/10/2014	29/05/2015

COGTA	Metsimaholo Ext 6: Construction of sewer network, House connection Outside toilet structure.	Completed	R 5,431,000.00	28/01/2013	04/02/2015
FUNDING AGENT	**PROJECT DESCRIPTION**	**STATUS**	**PROJECT COST**	**START DATE**	**END DATE**
DOE	**Amelia:** Construction of Bulk Supply substation.	Completed	R 55,000,000.00	17/05/2011	30/12/2016
MIG	**Gortin** Sanitation Phase 4	Construction	R 102,000,000.00	28/02/2014	30/11/2015
SASOL MINING	Refurbishment of the **Refengkgotso Sewer Pump Station**	Planning	R 1,200,000.00	06/06/2015	11/08/2015
MIG	**Gortin** Sanitation Phase 4	Construction	R 102,000,000.00	28/02/2014	30/11/2015
DOE	**Amelia: Construction** of Bulk Supply substation, Network reticulation and house connections with prepaid metres.	Construction	R 43,000,000.00	July 2015	Nov 2017

TECHNICAL AND INFRASTRUCTURAL SERVICES PROJECTS TO BE IMPLEMENTED DURING 2015/16 FINANCIAL YEAR:

FUNDING AGENT	PROJECT DESCRIPTION	STATUS	PROJECT COST	START DATE	END DATE
MIG	**Gortin** Sanitation Phase 4	Construction	R 102,000,000.00	28/02/2014	**30/11/2015**
DOE	**Amelia: Construction** of Bulk Supply substation, Network reticulation and house connections with prepaid metres.	Construction	R 43,000,000.00	July 2015	Nov 2017
MIG	**Metsimaholo/Oranjeville**: Construction of new sports facility.	Design stage	R16,904,014,00	30/12/2014	15/11/2016
DOE	Energy Efficiency Demand Management Side	Planning	R 3,000,000.00	01/07/2015	02/12/2015
DWS	Water Conservation, Demand Management	Planning	R 5,000,000.00	01/07/2015	30/06/2016
MLM	Resealing of Tarred Roads in Sasolburg,Welgelegen and Vaal Park	Planning	R 14,636,700.00	TBC	
MLM	Paving of gravel roads in Zamdela	Planning	R 7,000,000.00	TBC	
MLM	Refengkgotso paved roads	Planning	R 3,000,000.00	TBC	
MLM	Metsimaholo paved roads	Planning	R 2,000,000.00	TBC	
SASOL MINING	Resealing of Tarred Roads in Vaal Park	Planning	R 7,500,000.00	10/06/2015	30/09/2015
MLM	Electrical network strengthening phase 3	Planning	R 2,000,000.00	TBC	
MLM	Electrical upgrading for main substation in Sasol and Deneysville	Planning	R 2,000,000.00	TBC	

TECHNICAL AND INFRASTRUCTURAL SERVICES PROJECTS TO BE IMPLEMENTED OVER PERIOD OF 2-3 YEARS (2016/17 – 2017/18): These project are awaiting or subject to MIG Frontloading approval.

FUNDING AGENT	PROJECT DESCRIPTION	STATUS	PROJECT COST	START DATE	END DATE
MIG	**Zamdela Cemetery :Fencing, Entrance and ablution block**	Planning	R 6 MIL	July 2016	**March 2017**
MIG	12 High mast light in Amelia	Planning	R 7 MIL	July 2016	February 2017
MIG	Land fill site	Planning	R 5 MIL	July 2016	June 2017
MIG	Construction of Roads and Storm water channel in Metsimaholo local municipality's jurisdiction different wards	Planning	R 39 MIL	July 2016	June 2017
MIG	Metsimaholo/Oranjeville :Construction of sports facility	Planning	R 20 MIL	July 2016	February 2017
MIG	Rehabilitation of Waste water treatment works Oranjeville	Planning	R 10 MIL	July 2016	February 2017
		TOTAL	**R 87 MIL**		

SUMMARY OF ACHIEVEMENTS ON LOCAL ECONOMIC DEVELOPMENT PROJECTS FROM 2010-2015

Achievements for the five years

The Appointment of the Director LED and Manager

The Development of the LED Strategy

The Development of a comprehensive incentive Policy

The development of all related Bylaws

FUNDING AGENT	PROJECT DESCRIPTION	STATUS
Sasol Mining	Construction of new clinic ()	Completed
Sasol Mining	Upgrade of Harry Gwala and Chris Hani Clinics	Completed
Copper Sunset	Harry Gwala Crèche	Completed
Bothma & Sons and Mission	Deneysville Crèche	Completed
Copper Sunset)	Waterless Sewerage system	Completed
Sasol Mining	Construction of new clinic	Completed
Incentive Scheme	Naledi Industrial Park	Completed
Incentive Scheme	Chemcity/Sasol Incubator	Completed
Incentive Scheme	Holly Country Industrial Park	Completed
Incentive Scheme	Wonderfontein (Residential Township)	Completed
Incentive Scheme	Naledi Industrial Park	Completed
Incentive Scheme	Chemcity/Sasol Incubator	Completed
Incentive Scheme	Holly Country Industrial Park	Completed
Incentive Scheme	Wonderfontein (Residential Township)	Completed
Financial and Training Support	Cooperatives training	Ongoing
Financial and Training Support	SMME training	Ongoing
Financial and Training Support	Informal traders training	Ongoing
Financial and Training Support	Cooperatives assisted	Ongoing
Financial and Training Support	Cooperatives training	Ongoing
Financial and Training Support	SMME training	Ongoing
Financial and Training Support	Informal traders training	Ongoing

Achievements through other support

Establishment of CBD informal trading area as part of the overall development in the CBD

Establishment of partnerships with Big business and International investors (Sasol and Wuxi Municipality in China)

Land availability for business

Envisaged LED Projects over the next Five years:

Establishment of Commonage kraals for emerging Farmers

Land availability of two Shopping Complex in Zamdela

Business Summit

Job Summit (with mining houses)

Establish Partnerships between Big and Small businesses.

SUMMARY OF ACHIEVEMENTS ON HOUSING AND PROPERTIES SERVICES PROJECTS FROM 2010-2015

PROJECT DESCRIPTION	IMPACT
Spatial Development & Human Settlement	49 696 of total erven created
	41 223 residential erven created
	8 473 business erven created
Community Rental Units (CRUs)	492 Unit built
Nick Ferreira Housing Project	74 Houses
Conducting Backlog Assessment(HDA)	
Land Acquisition	Mooidraai Farm 2 500 erven
Land Acquisition	Mooiplaats Farm (Refengkgotso) 3 200 erven
Land Acquisition	
Sasolburg Extension 1&9	
Rietfontein Farm	X 4 farms
Vaal Dam small holdings	X 33 plots

Envisaged Housing Projects over the next Five years

- Implementation of Accreditation levels 1 and 2 Review Integrated Human Settlement Plan and Policy
- Municipal land Audit
- Development and Implementation of Human Settlement eradication Plan
- Establishment of the Informal settlement Transit Area as required by law

SUMMARY OF ACHIEVEMENTS ON MARKETING AND TOURISM AND HERITAGE PROJECTS FROM 2010-2015

PROJECT DESCRIPTION	IMPACT
Establishment of the division and appointment of a manager	To promote marketing and tourism and heritage within the Municipality.
Hosting successful events such as the international Powerboat events and tourism events	Tourism attraction and local economic development.
Hosting successfully a Workshop for all hospitality outlets in the area.	Promoting and supporting tourism, local economic development and SMMEs.
Revitalization of Abrahams rust Resort (Sasol)	Infrastructure development and tourism attraction.

Envisaged Marketing, Tourism and Heritage Projects over the next Five Years:

- Revitalisation of all Municipal resorts
- Revitalisation of Municipal possible Heritage site(Gawie De Beer Nature Reserve)
- Establishment of the Tourism information office (New development in Rietfontein)
- Erection of Information and tourism signs in Metsimaholo LM area
- Promoting Kasi Tourism (identifying attractions)
- Training for tour guides and other players
- Development of Tour packages including Kasi Tourism
- Branding Municipal Buildings and facilities
- Tourism road show
- Conducting two events annually(Tourism Month and any water sport events

SUMMARY OF ACHIEVEMENTS ON URBAN AND REGIONAL PLANNING PROJECTS FROM 2010-2015:

PROJECT DESCRIPTION	IMPACT
Township Establishments	-Themba Khubeka (Mooi-plaats) appx. 2500 erven) -Raymond Mohlaba (Mooidraai) 3200 -Rietfontein township appx. 494, 5035ha.
Private Industrial Developments	-Naledi Industrial Park Extension appx. 1000. -Chemcity (Sasol Business Incubator -Holly Country Industrial Park. -Upgrade of Sasolburg Mall.
Human Settlement Projects	-CRU (Community Residential Units). -Nic Ferreira development (74 houses.
Spatial Development Framework(SDF)	-Development of the SDF(under review) -Land Use Management Scheme(as per SPLUMA)

Envisaged Urban and Regional Planning Projects over the next Five Years:

- Develop Master Plan of the 36 plots Vaal Dam small Holdings
- Develop Master Plan of the Rietfontein development

SUMMARY OF ACHIEVEMENTS ON COMMUNITY DEVELOPMENT AND SOCIAL SERVICES PROJECTS FROM 2010-2015

FUNDING AGENT	PROJECT DESCRIPTION	PROJECT COSTS	STATUS
Anglo Coal	Multi-Purpose Sports Centre	R24 m	Completed
Rand Water	Development of Family Parks (Ward 2,10,11,1,14 & 15)	R1,5m each Park	Completed
Sasol Company	Upgrading of D.P de Villiers	R6m	Completed
Sasol Company	Upgrading of Penny Heyns swimming pool	R3m	Completed
Sasol Company	Upgrading of public libraries(Sasolburg & Zamdela	R10m	Completed
Sasol Company	Upgrading of Etienne Rousseau Theatre	R10	Completed

SUMMARY OF LED PROJECTS FROM NEW VAAL COLLIERY (2015 -2019) (SCCIAL LABOUR PLANS)

Project	2015	2016	2017	2018	2019	TOTAL
Learner Development Programme Maths and Science	R1 100 000	R1 200 000	R1 200 000	R1 200 000	-	**R4 700 000**
Business Development Programme	R834 000	R1 036 000	R1 100 000	R1 200 000	-	**R4 170 000**
Technical Skills Programme	R520 000	R520 000	R52 000	R520 000	R520 000	**R2 600 000**
Community Bursary Scheme	R700 000	R700 000	R700 000	R700 000	R700 000	**R3 500 000**
Refengkgotso Clinic Extension	-	R3000 000	R2000 000	-	-	**R5 000 000**
TOTAL (R's)	**R3 154 000**	**R6 456 000**	**R6 720 000**	**R3 620 000**	**R1 120 000**	**R19 970 000**

CHAPTER 6: PERFORMANCE MANAGEMENT SYSTEM

6.1 INTRODUCTION

Performance Management refers to the application of activities to ensure that goals in the IDP are consistently being met in an effective and efficient manner. The overall aim of the Metsimaholo Local Municipality's (MLM) performance management system is to ensure that the organisation and all its subsystems are working together in an optimum fashion to achieve desired results. Achieving overall goals require several continuous activities, including identification and prioritisation of desired results, establishing means to measure progress towards those results, setting standards for assessing the achievements of results, tracing and measuring progress towards results, exchange feedback and in doing so continuously monitor and evaluate progress.

The MLM's Performance Management Framework, which was approved by Council in April 2012, is centrally informed by legislation, policy and regulations relevant to performance management in local government. The contents of relevant documentation provide a framework that local governments should comply with so as to ensure continuous development that will culminate in the improvement of quality of lives of local communities.

The purpose of this Chapter is to reflect on the implementation, monitoring and reporting of the IDP and SDBIP through the MLM's Performance Management System.

6.2 BACKGROUND

To comprehend the relationship between IDP review and performance management, the following quotation from the Performance Management Guide for Municipalities, DPLG, 2001 (draft2, page 16) becomes relevant:

> *"The IDP process and the performance management process should appear to be seamlessly integrated. Integrated development planning fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process".*

Although the IDP is a five-year plan, Section 34 of the Municipal Systems Act (2000) states that it has to be renewed annually. The IDP has to be handled at the highest level, hence the allocation of the responsibility to the executive mayor to manage. The executive mayor may assign responsibilities related to the development and management of the IDP to the municipal manager.

As head of the administration, the municipal manager in turn is responsible and accountable for the formation of an efficient and accountable administration to give effect to the IDP.

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and other Section 57 managers, whose performance can then be monitored through Section 71 monthly reports, and evaluated through the annual report process.

Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, published in 2006 seek to set out how the performance of municipal managers will be uniformly directed, monitored and improved. The regulations address both the employment contract of a municipal manager and the managers directly accountable to the municipal manager (Section 57 managers). The setting of targets is under investigation to comply with the suggested DPLG calculator, to present specific scores per target achievement that can advance strategic decision-making, and to evaluate MLM's successes against strategic intent.

Good corporate citizenship is therefore seen as the method that municipalities uses to set their priorities through the performance management system as per the IDP, conduct their business as per the SDBIP and relate to the community they serve through community input and public participation. The purpose of the IDP is to ensure that the resources available to the municipality are directed at the delivery of programmes, projects and processes that meet agreed municipal priority areas.

Once a municipality starts to implement its IDP it is important to monitor that:

- The delivery is happening in the planned manner;
- The municipality is using its resources most efficiently; and
- It is producing the quality of delivery envisaged.

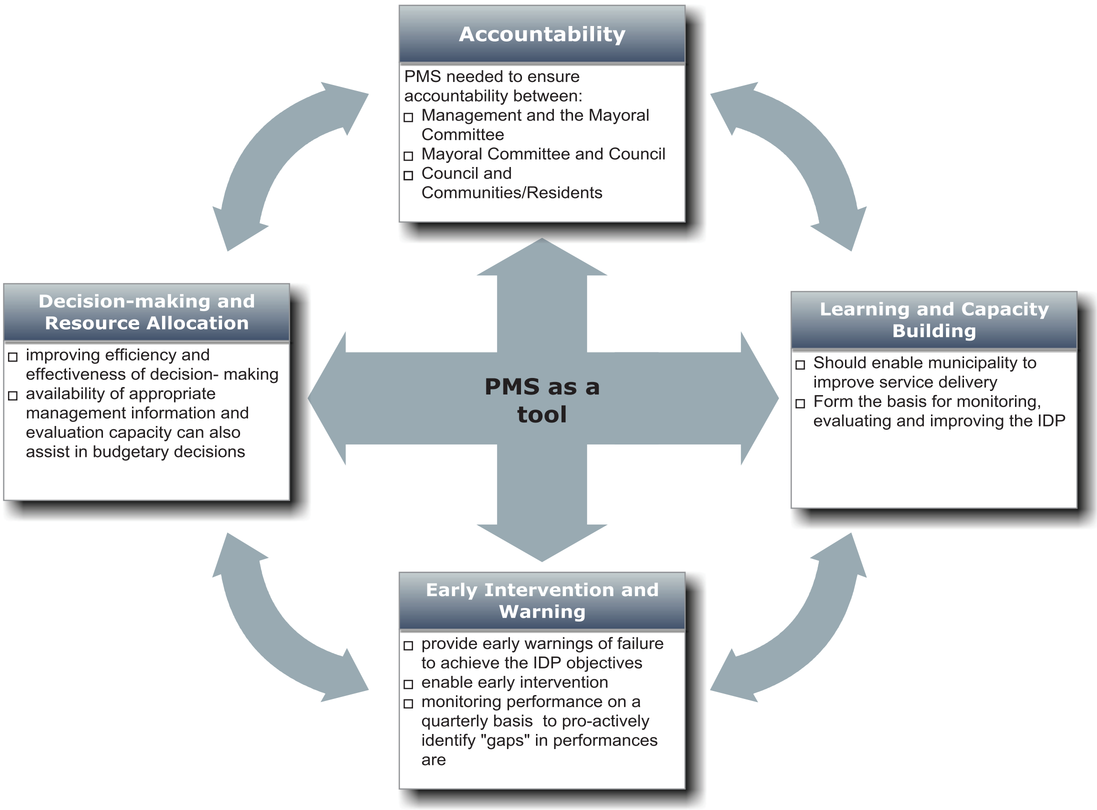
6.3 OVERVIEW OF PERFORMANCE MANAGEMENT IN THE MUNICIPALITY

6.3.1 POLICY FRAMEWORK

In April 2012 the Council adopted a Revised Performance Management Framework regulating the performance management system in the municipality. The framework provides guidelines on the development and implementation of the organisational performance management system.

The objectives of institutionalising a Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfill the following functions:

- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes
- Creating a culture for best practice, shared-learning within the municipality
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of the Local Government System



Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton. Harvard Business School Press. 1996.

FIGURE 51 : FUNCTIONS OF A PERFORMANCE MANAGEMENT SYSTEM

6.3.2 APPROACH TO PERFORMANCE MANAGEMENT

A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organisation to manage and analyse its performance. As such a model provides a common framework by which the performance of an organisation and individuals can be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

The widely used performance model is the Balanced Scorecard.The Balanced Scorecard ensures that there is balance in the set of indicators being compiled. It was developed as a means to measure performance by combining both financial and non-financial indicators to create a balance between financial and other critical functional areas in organizations.By combining financial indicators and non-financial indicators in a single report, the Balanced Scorecard aims to provide managers with richer and more relevant information about the activities that they are managing than is provided by financial indicators alone.

The Balanced Scorecard performance model required the use of scorecards as a systematic approach to assessing internal results while probing the external environment. This Model groups its indicators into four perspectives: financial perspectives, customer perspective, internal perspective and learning and growth perspective.

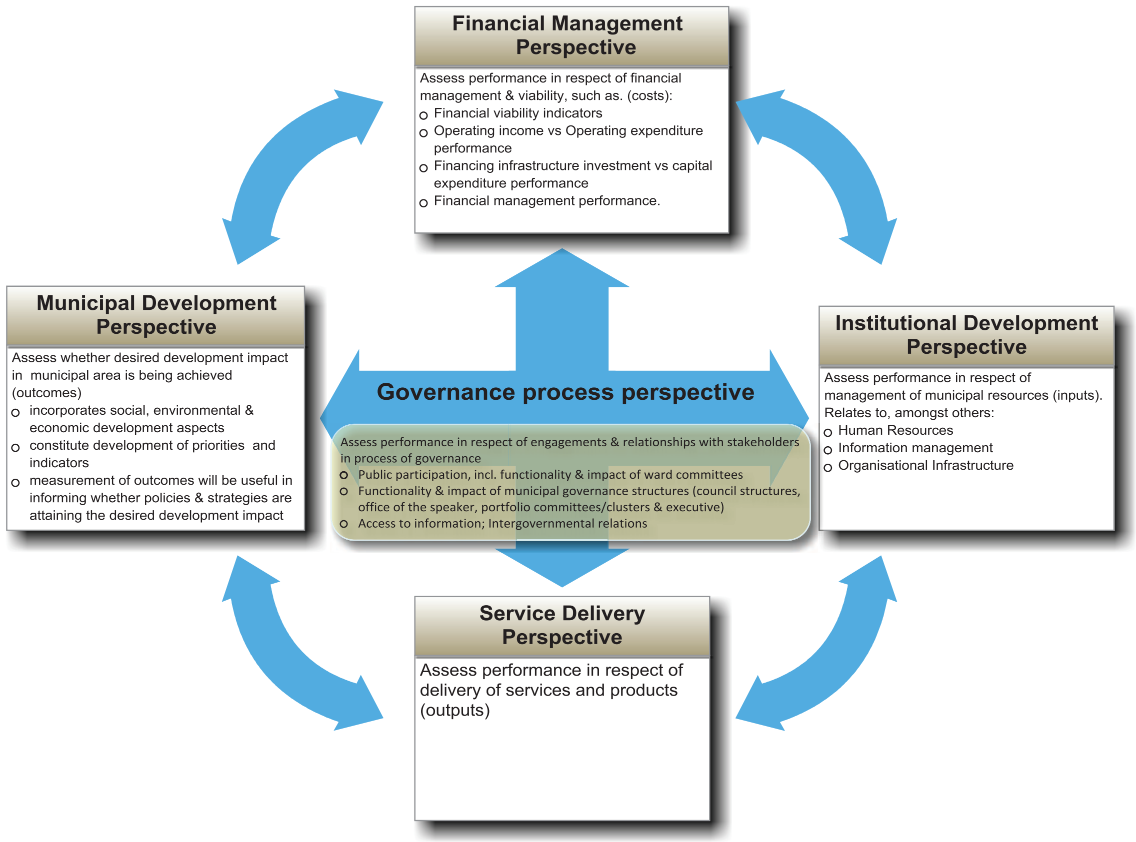
The Municipal Scorecard

A number of performance models are available and any of them could be applied by the Metsimaholo Local Municipality. Some of the available models include the Municipal Scorecard, Balanced Scorecard and the Key Performance Area Model. However, the Municipality has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into four perspectives as depicted in the figure below e.g. inputs, process, outputs and outcomes.

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Govt Strategic Agenda Key Performance Areas (KPA's). There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality.

The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

I. The Municipal Development Perspective
II. The Service Delivery Perspective
III. The Institutional Development Perspective
IV. The Financial Management Perspective
V. Governance Process Perspective



Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton. Harvard Business School Press. 1996.

FIGURE 52 : MUNICIPAL SCORECARD

The Municipal Development Perspective

In this perspective, the municipality will assess whether the desired development impact in the municipal area is being achieved. It incorporates social, environmental and economic development aspects. This perspective will constitute the development of priorities for the municipal area and indicators that tell us whether the desired development outcomes are being achieved. It is expected that the development priorities and indicators, will often lie within the shared accountability of the municipality, other spheres of government and civil society. The measurement of developmental outcomes in the municipal area will be useful in informing whether policies and strategies are attaining the desired development impact.

The Service Delivery Perspective

This perspective will assess performance with respect to the delivery of services and products. This relates to the output of the municipality.

The Institutional Development Perspective

This perspective will assess performance with respect to the management of municipal resources:

- Human Resources
- Information
- Organisational Infrastructure
- Asset management

This relates to the inputs of the municipality

The Financial Management Perspective

The perspective will assess performance with respect to financial management and viability, including:

- Financial viability indicators
- Operating income vs Operating expenditure performance
- Financing infrastructure investment vs capital expenditure performance
- Financial management performance.

Governance Process Perspective

This perspective will assess performance with respect to engagements and relationships with its stakeholders in the process of governance. This perspective will include, amongst others:

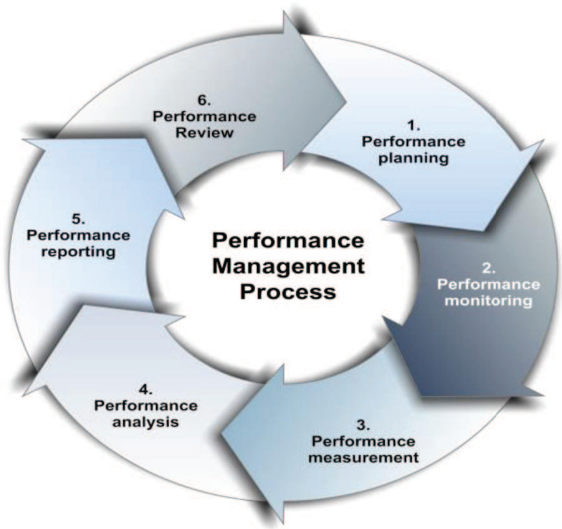
- Public participation, including the functionality and impact of ward committees
- Functionality and impact of municipal governance structure (council structures including the offices of the speaker, and portfolio committees/clusters and executive)
- Access to information
- Intergovernmental relations

FIGURE 53 : PERFORMANCE MANAGEMENT CYCLE

6.3.3 Planning, Monitoring, Reporting and Review of Performance Management

The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below PERFORMANCE PLANNING

The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for



performance. It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality has under-performed.

The IDP process constitutes the process of planning for performance. It is crucial that for all the priorities in the IDP, objectives, indicators and targets are developed.

PERFORMANCE MONITORING

Performance monitoring is an ongoing process by which a Director accountable for a specific indicator as set out in the institutional scorecard (or a service delivery target contained in an annual SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

In the instance of Metsimaholo Local it is recommended that the institutional scorecard of the Municipality be reported on a quarterly basis to the Mayoral Committee. Performance monitoring requires that in between the relevant formal cycle of performance measurement appropriate action be taken, should it become evident that a specific performance target is not going to be met. It is therefore proposed that at least on a weekly/bi-weekly basis Directors track performance trends against targets for those indicators that fall within the area of accountability of their respective Departments as a means to early identify performance related problems and take appropriate remedial action.

PERFORMANCE MEASUREMENT

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. Given the fact that initially at least the Municipality will have to rely on a manual process to manage its performance provision has been made in the institutional scorecard for the name of an official responsible for reporting on each indicator (please note that this might not necessarily be the same official accountable for performance on an indicator).

This will require that the Municipality sets in place a proper information management system (electronically or otherwise) so that the internal audit section is able to access information regularly and to verify its correctness.

PERFORMANCE ANALYSIS

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

PERFORMANCE REPORTING AND REVIEW

Reporting requires that the municipality takes the priorities of the organization, its performance objectives, indicators, targets, measurements and analysis, and presents this information in a simple and accessible format, relevant and useful to the specific target group, for review. The Service Delivery and Budget Implementation Plan (SDBIP) is the basis to meet Cot our reporting requirements. Generally four reports are submitted per annum to Council. 12 Monthly reports are generated for the top executive management and Mayco meetings.

The following is an overview of the different kinds of reports required

TABLE 100: PMS - PERFORMANCE REPORTING REQUIREMENTS

Report type	Description
Monthly / Quarterly IDP and SDBIP reporting	The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through section 71 monthly reports, and evaluated through the annual report process. The SDBIP information on revenue will be monitored and reported monthly by the municipal manager in terms of Section 71(1)(a) and (e). For example, if there is lower than anticipated revenue and an overall cash shortage in a particular month the municipality may have to revise its spending downwards to ensure that it does not borrow more than anticipated. More importantly, such information requires the municipality to take urgent remedial steps to ensure it improves on its revenue- collection capacity if the municipality wants to maintain its levels of service delivery and expenditure. Section 1 of the MFMA, Act 56 of 2003 states that the SDBIP as a detailed plan approved by the mayor of a municipality in terms of service delivery should make projections for each month of the revenue to be collected, by source, as well as the operational and capital expenditure, by vote. The service delivery targets and performance indicators need to be reported on quarterly (MFMA, 2003).
Mid-year budget and report	Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.
Performance report	Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following: • The performance of the municipality and of each external service provided during that financial year; • A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and • Measures to be taken to improve on the performance The performance report must be submitted at the end of the financial year and will be made public as part of the annual report in terms of chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.

<table>
<tr><th>Report type</th><th>Description</th></tr>
<tr><td>Annual report</td><td>Every municipality and every municipal entity under the municipality’s control is required by Section 121 to prepare an annual report for each financial year, which must include:

• the annual financial statements of the municipality or municipal entity as submitted to the Auditor-General for audit (and, if applicable, consolidated annual financial statements);
• the Auditor-General’s audit report on the financial statements;
• an assessment by the accounting officer of any arrears on municipal taxes and service charges;
• particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;
• any explanations that may be necessary to clarify issues in connection with the financial statements;
• any information as determined by the municipality, or, in the case of a municipal entity, the entity or its parent municipality;
• any recommendations of the municipality’s audit committee, or, in the case of a municipal entity, the audit committee of the entity or of its parent municipality;
• an assessment by the accounting officer of the municipality’s performance against the measurable performance objectives for revenue collection and for each vote in the municipality’s approved budget for the relevant financial year;
• an assessment by the accounting officer of the municipality’s performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality;
• the annual performance report prepared by a municipality; and
• any other information as may be prescribed.

Section 127 prescribes the submission and tabling of annual reports. In terms of this section:

1) The accounting officer of a municipal entity must, within six months after the end of a financial year, submit the entity’s annual report for that financial year to the municipal manager of its parent municipality.
2) The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.
3) If the mayor, for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality’s sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must:
(a) submit to the council a written explanation setting out the reasons for the delay, together with any components of the annual report that are ready; and
(b) Submit to the council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.</td></tr>
</table>

Report type	Description
Oversight report	The council of a municipality must consider the municipality's annual report (and that of any municipal entity under the municipality's control), and in terms of Section 129, within two months from the date of tabling of the annual report, must adopt an oversight report containing the council's comments, which must include a statement whether the council: (a) has approved the annual report with or without reservations; (b) has rejected the annual report; or (c) has referred the annual report back for revision of those components that can be revised. In terms of Section 132, the following documents must be submitted by the accounting officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report: (a) the annual report (or any components thereof) of each municipality and each municipal entity in the province; and (b) All oversight reports adopted on those annual reports. It is important to note that the oversight committee working with these reports should be chaired by the opposition party.

6.4 CONCLUSION

Performance management is a process which permeates right through the organisation, from its vision and mission statement, to its objectives and eventually its staff. It applies to the performance of an organisation as well as to all persons related to it.

Within the South African Municipal environment this also includes the political figures who are responsible for that organisation. As indicated earlier, the *White Paper on Local Government* (1997) states that key mechanisms to ensuring service excellence in municipalities include integrated development planning, performance management and community participation. As a start there are certain measures that a municipality simply must implement.

It must:

- Establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with its targets, priorities and objectives contained in its IDP.
- Promote a culture of performance management among its political structures, political office-bearers, councillors and administration.
- Administer its affairs in an economical, effective, efficient and accountable manner (Municipal Systems Act, 2000).

Appropriate Key Performance Indicators must be established to serve as a yardstick for measuring individual and organisational performance. These key performance indicators should include outcomes and the impact of a performance area with regards to a municipality's development priorities and objectives as set out in its IDP.

In light of the above, the MLM is well underway to following the intent and requirements of legislation and will soon conclude a comprehensive approach on how the system can fulfill obligations to the fullest extent intended by law. During the next phase of implementation narrower attention will be given to IDP and budget alignment, public view on measurement and achievement, the plot of business processes to effectively start to measure the organisational performance into operational expenditure.

CHAPTER 7: ANNUAL OPERATIONAL PLAN (SDBIP)

To be included after the approval of 2015/16 Annual Budget

ANNEXURES:

ANNEXURE A: METSIMAHOLO MUNICIPAL LEVEL *BACK –TO- BASICS* TEMPLATE……………………………….

ANNEXURE B: IDP ASSESSMENT OUTCOME…

(EVALUATION FRAMEWORK FOR REVISED IDP)

ANNEXURE A: METSIMAHOLO MUNICIPAL LEVEL BACK TO BASICS TEMPLATE

METSIMAHOLO LOCAL MUNICIPALITY: BACK TO BASICS

ECONOMIC POWERBASE AND MUNICIPALITY OF EXCELLENCE

REPORT OUTLINE

This Report has utilised the Five (5) Pillars of *Back to Basic approach* to provide the current status of Metsimaholo Local Municipality, namely :

- **Build Institutional and Administrative capabilities;**
- **Sound Financial management and Accounting**
- **Good Governance and Administration**
- **Deliver Municipal Services to the right Quality and Standards**
- **Put People and their concerns first**

PILLAR 1: BUILD INSTITUTIONAL AND ADMINISTRATIVE CAPABILITIES

Municipal Transformation and Organisational Development

- **Capacity Building**:

- MFMP for Middle Management to promote and strengthen accountability by Managers;
- Performance and Monitoring to capacitate PMS Practitioners with skills to develop and implement Institutional PMS system and capacity to cascade to all levels of personnel.
- Framework of delegations is lacking.

- **Functionality of LLF**

- Dysfunctional- Municipality is characterised by Labour disputes which led to Industrial strikes, as a results 320 employees were dismissed. However, Municipality is working tirelessly with the affected parties in trying to normalise the situation and hopefully solution will be realized.
- LLF Meetings are not sitting as per meeting schedule

PILLAR 1: BUILD INSTITUTIONAL AND ADMINISTRATIVE CAPABILITIES.

Municipal Transformation and Organisational Development

- **Filling of Critical Posts**:

- Municipal Manager: **Filled**
- Chief Financial Officer: **Filled**
- Director: Organisational Development & Corporate Services: **Filled**
- Director: Community & Social Services: **Filled**
- Director: Local Economic Development, Urban Planning & Housing**: Filled**
- Director: Technical & Infrastructural Development**: Filled**

- **Sharing Best Practices and Knowledge:**

- Municipality is always benchmarking good practices with its counterparts on local government management processes. District Municipality and Centlec have been critical partners in this regard.

- **Status quo on Job Evaluation**

- Appointment of Service Provide Development Organisational Structure is about to be finalized
- After finalization of Organisational Structure, SALGA will be notified for Job Evaluation process

- **Support Needed:**
- Funding for Skills and Human Resource Capacity

PILLAR 2: SOUND FINANCIAL MANAGEMENT AND ACCOUNTING.

Municipal Financial Viability and Management

- **Status of the Municipal Audit Outcomes**

- 2010/11 : DISCLAIMER WITH FINDINGS
- 2011/12 : QUALIFIED
- 2012/13 : QUALIFIED
- 2013/14: UNQUALIFIED

- The following Units and Committees are established and Functional :
- Internal Audit: Established
- Audit Committee: Established and meet as per schedule
- Risk Unit: Risk Officer and Risk Coordinator appointed.
- Risk Committee: Established and meet as per schedule.
- MPAC : Established and Chairperson attended National MPAC training workshop
- Action Plan to address issues raised by AG has been developed and implementation is underway
- **Municipal Systems in place:**

- Municipal Anti-Corruption Strategy: Approved by Council
- Municipal Anti-Corruption Hotline : 0800 701 701
- E –Venus Billing System for Municipal Services
- Credit Control Policy: Approved by Council and Implemented
- Debt Collection Policy: Approved by Council and Implemented
- Revenue Collection: Operation Patala has been launched

PILLAR 3: GOOD GOVERNANCE AND SOUND ADMINISTRATION.

Good Governance:

- **Municipal Experiences and Challenges with regard to:**

- Functionality of the Executive Mayor: **Efficient and Functional**
- Functionality of Councils and Committees: **Efficient and Functional**
- Functionality of Speaker**: Efficient and Functional**
- Functionality of Council's Whip**: Efficient and Functional**
- Functionality of Ward Committees and impact of Community Development Workers**:** Ward Committee are meeting despite the fact of inconsistency, reports are submitted. 16 Wards out of 21 have CDWs. Ward 6,11,18,20 &21 Wards do not have CDWs and report has been sent to CoGTA on the status and awaiting for posts to be advertised.
- Participation of Traditional Leaders is not represented in MLM Council.
- Speaker is participating in the District Speakers Forum
- Executive Mayor is participating the District Coordinating Forum

- **Status of the Municipality with regard to Policy Implementation/Compliance and Challenges:**

- MFMA, MSA, and Property Rates & Structures Act: **Satisfactory Compliance except few non-**compliance in certain areas and Municipality is working hard to address the situation. Compliance Officer has been interviewed and post to be filled soon.
- Municipal Gender Policy and Implementation: **No Policy developed yet**
- Municipal Youth Development Policy: **No Policy developed yet**

PILLAR 4: DELIVER MUNICIPAL SERVICES TO THE RIGHT QUALITY AND STANDARDS.

BASIC SERVICES:

STATUS DELIVERY OF WATER:
No. of Households: 47 411
Municipal % on Access to Water: 100%

Breakdown on Type of Access:

Total no of Stands.	Water inside Dwelling	Communal taps	No Access
41 327	38 770	2 557	0

Blue Drop Status:

Blue Drop Status:[i]
The Metsimaholo Local Municipality consists of the three towns: Sasolburg, Deneysville and Oranjeville. Water is distributed to almost 200 000 consumers. Sasolburg receives water in bulk from Rand Water via the Vereeniging treatment plant. Deneysville as well as Oranjeville Water Treatment plant, abstract water directly from the Vaal Dam. The WSA showed significant improvement since 2011 and have continued the trend with a further reduction in the Blue Drop Risk Rating from 58.65% in 2012 to 28.14% in 2013. The Local Municipality, however, should be commended for its management of water services and its commitment to supply safe drinking water.

[ii] Department of Water Affairs Blue Drop certification 2013 report

PILLAR 4: DELIVER MUNICIPAL SERVICES TO THE RIGHT QUALITY AND STANDARDS.

BASIC SERVICES:

STATUS DELIVERY OF SANITATION:
No. of Households: 47 411
Municipal % on Access to Sanitation: 99%

Breakdown on Type of Access:

Flush/Chemical toilets	VIP Toilets	Pit Latrine
26 882	2 785	11 660

Green Drop Status:

Blue Drop Status:
Metsimaholo Local Municipality has achieved a municipal Green Drop score of 68.6% is commended for the vast improvement shown across all systems during this year's Green Drop audits. The municipality has made significant strides in improving overall wastewater quality monitoring, however compliance of the final effluent remains a concern in the Deneysville and Oranjeville systems. Another gap that needs to be urgently addressed is the lack of flow data for these systems, in terms of consistent monitoring of dry flows, wet weather flows and night flow, as this is essential for effective treatment and planning. The municipality has done well in implementing its wastewater risk abatement plan. This improvement is evident by the markable decrease in risk from high risk positions in 2012 to low- and moderate risk positions in 2013.

PILLAR 4: DELIVER MUNICIPAL SERVICES TO THE RIGHT QUALITY AND STANDARDS.

BASIC SERVICES:

STATUS DELIVERY OF ELECTRICITY:
No. of Households: 47 411
Municipal % on Access to Sanitation: 86 %

Breakdown on Type of Access:

No. of HHs with Access	No. of HHs with no Access
40 654 HH.	6 757

Areas with no Access

- **3333 stands in Amelia,**
- **2537 stands in Themba Kubheka and**
- **887 informal settlements in Amelia, Gortin and Kahobotjha Green Church**

PILLAR 4: DELIVER MUNICIPAL SERVICES TO THE RIGHT QUALITY AND STANDARDS.

BASIC SERVICES:

STATUS DELIVERY ON REFUSE REMOVAL:
No. of Households: 47 411
Municipal % on Access to Sanitation: 78,9%

Breakdown on Type of Access:

No. of HHs with Access	No. of HHs with no Access
46 250 HH.	1 161

Comment on Status of Delivery:

In respect of access of refuse removal services 78.9% of households in 2011 had their refuse removed at least once a week showing an 18.7% increase compared to 2001. Households utilising communal refuse dumps, their own refuse dumps and with no access to refuse removal services show a comparative decline over the same period.

PILLAR 4: DELIVER MUNICIPAL SERVICES TO THE RIGHT QUALITY AND STANDARDS.

BASIC SERVICES:
Total no. of Indigents registered:

Basic Services provided to Indigents:
Free Water = 60 *Kl*
Free Electricity = 50 *KW*
Free Sanitation =

LOCAL ECONOMIC DEVELOPMENT

- Status of LED Strategy: Draft is in place waiting to be submitted to Council for approval after Public consultation.
- Draft LED Strategy has been taken to public for consultation during March 2015.
- LED Unit established and LED staff (Manager) has been appointed.
- Bi-Laws are waiting for Public Participation.

PILLAR 5: PUT PEOPLE AND THEIR CONCERNS FIRST.

Status on Community Outreach Programme:

- **IDP Process:**
  - Community Consultation meetings were disrupted by dismissed Municipal Employees. However, in certain wards meetings materialised as per schedule. The intention of meetings was to Review IDP for 2015/16 Financial Year.
- **Mayoral Imbizos:**
  - These meetings were postponed due to unrests and disruptions in the Municipal area.
- **Budgeting Process and Communication of Priorities and Service Delivery:**
  - Draft IDP & Budget Community consultation meetings were successfully held and during approval community was informed. Public Notices, Local Media & press and website are mode of communication on the matters of planning and approval of IDP & Budget processes.
- **Handling of Petitions and Service Delivery enquires:**
  - Petitions are handled through the Office of the Speaker
- **Disaster Risk Management**
  - Municipality is depending on the support from the District Municipality

- **Crime Prevention and Community Forums**
  - Municipality is part of CPF but the challenge is the coordination of programmes where Municipality can play active role.
- **Special Programmes/Projects(HIV/ADS, Women, Youth ,Children, Elderly ,Disability and Gender mainstreaming)**
  - The Office of the Executive Mayor through Special Programmes Unit is working endlessly with Business and Community Based Organisations in supporting programmes in this regard.
- **Update on Library Services**

INSTITUTIONAL CHALLENGES:
▪ ACCESS TO BASIC SERVICES CHALLENGES; ▪ AGING AND NON EXISTENT INFRASTRUCTURE; ▪ LOW REVENUE COLLECTION; ▪ CHALLENGES WITH REGARD TO LAND USE AND MANAGEMENT; ▪ INSTITUTIONAL CAPACITY CHALLENGES; ▪ LABOUR TENSIONS AND UNRESTS

The below template reflects a feedback on Assessment done on the 2014/15 IDP. However the Assessment outcome for 2015/16 IDP will be included after Provincial Annual IDP Assessment process that will take place during April 2015.It is therefore expected out from the Municipality to address raised issues in order to achieve credible IDPs.

ANNEXURE B: IDP ASSESSMENT OUTCOME

cooperative governance
Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

Metsimaholo Local Municipality Summary of CoGTA Provincial IDP Assessment Outcome/Ratings as per Assessment done during 2014.

Key Performance Areas	Number of Yes	Number of NOs	Comments for NOs (Not limited to the mentioned)
1. SDF	1	9	Indicated in the IDP with unreadable maps. The municipality did appoint a service provider (LMV) to formulate a new SDF
2. Infrastructure • Water	8	10	Municipality has to develop the WSDP and reflect it in the IDP and indicate the status of the existing infrastructure based on the population per town.
• Sanitation	4	23	The municipality should develop the master plans and the WSDP has to be developed with regards to population per town.
• Energy and Electricity	0	19	The municipality do not have Energy plans
• Roads	22	6	PRT will assist with the status of the Integrated Transport Plan
• Waste Management	16	1	Municipality must provide the Status of the Trade Effluent Policy in the IDP
3. LED	12	3	Information is outdated.
4. Good Governance	24	0	
5. Financial Viability	14	0	
6. Institutional Arrangements	16	1	
7. Social Services	12	9	Municipality must provide SDF
8. Disaster Management	0	9	Disaster management plan is not attached.
9. Tourism	0	15	No capacity to plan for tourism projects and implement the National Tourism Sector Strategy

Contact Details: IDP/PMS Staff

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