

8. SECTOR PLANS AND PROGRAMMES

8.1. Introduction

The Plans/Programmes presented in this phase should be read in conjunction with the projects as presented in the projects phase. They should also be read in line with the objectives as outlined in the objectives phase. They are presented as summaries and detailed documents are available on request. The Plans that are to be found in this document are:

- Financial Viability and Sustainability Plan
- Spatial Development Framework
- Local Economic Development
- Tackling HIV/AIDS and TB
- Integrated Environmental Management
- Integrated Transport Plan
- Integrated Waste Management Strategy
- Contingency Plan (Disaster Management)
- Performance Management System

8.2. FINANCIAL VIABILITY AND STRATEGY FRAMEWORK

8.2.1 Introduction and Background

The Finance Department aims to fully comply with prevailing municipal financial legislation to ensure sound financial governance. It is important that the financial affairs of the municipality are managed in such a manner that financial resources are generated and utilised optimally to ensure sustainable service delivery.

The Finance Department is managed by the Executive Manager Finance, who is also the Chief Financial Officer, with the assistance of the Senior Manager Finance, followed by three divisions, each with a divisional manager, namely the Budget Office, Treasury Office and Supply Chain Unit.

Therefore, the financial department strives to maximize the available financial resources to ensure long term financial viability through the following actions:

- Ensure transparency and accountability;
- Manage revenue, expenditure, assets and liabilities in a responsible manner;
- Good budgetary and financial planning processes in line with Budget and Reporting Regulation;
- Set affordable limits for borrowing;
- Effective supply chain management;
- Effective cash flow management;

- Institute full credit control measures within the borders of legislation and fairness to prevent an escalation in non recoverable outstanding debt.
- Ensure public information on the budget and enable public inputs;
- Set a comprehensive, fair and uniform basis for the levying of assessment rates;
- Ensure compliance with prescribed accounting standards and legislation; and
- Achieve levels of compliance according to the regulation on minimum competency levels.

The multi-year annual budget is based on the priorities, programmes and projects of the IDP and implemented according to the Service Delivery and Budget Implementation Plan (SDBIP) to ensure delivery on the IDP key performance indicators.

8.2.2 Financial Strategy Framework

The Steve Tshwete Local Municipality is a developing and growing municipality striving for service delivery excellence. Therefore many challenges are faced with regards to financial planning and are ever changing due to the dynamic setting of local government.

As mentioned above the priority from the financial perspective is the viability and sustainability of the municipality. The financial plan and related strategies will need to address a number of key areas in order to achieve this goal. These strategies are detailed below:

8.2.2.1. Revenue Enhancement Strategy

The following actions are considered:

- To seek alternative sources of funding.
- Expand income base through implementation of new valuation roll.
- The ability of the community to pay for services.
- Identification and pursuance of government grants.
- Tightening credit control measures and debt collection targets.
- Improve customer relations and promote a culture of payment.
- Realistic revenue estimates.
- The impact of inflation, the municipal cost index and other cost increases.
- Create an environment which enhances growth, development and service delivery.

8.2.2.2 Asset Management Strategies

The managing of the assets must address the following:

- The implementation of a GRAP compliant asset management system.
- Adequate budget provision for asset maintenance over their economic lifespan.
- Maintenance of assets according to an infrastructural asset maintenance plan.
- Maintain a system of internal control of assets to safeguard assets.
- Ensure all assets owned and/or controlled except specific exclusions are covered by insurance.

8.2.2.3 Financial Management Strategies

The strategies are:

- To maintain an effective system of expenditure control including procedures for the approval authorisation, withdrawal and payment of funds.
- Prepare risk register and apply risk control.
- Implement controls, procedures, policies and by-laws to regulate fair, just and transparent transactions.
- Training and development of senior financial staff to comply with prescribed competency levels.
- Implement new GRAP standards as gazetted by National Treasury.
- Prepare annual financial statements timeously and review performance and achievements for past financial year.

8.2.2.4 Operational Financing Strategies

The strategies are:

- Effective cash flow management to ensure continuously a sufficient and sustainable cash position.
- Enhance budgetary controls and financial reporting.
- Direct available financial resources towards meeting the projects as identified in the IDP.
- To improve supply chain management processes in line with regulations.

8.2.2.5 Capital Financing Strategies

The strategies are:

- Ensure service delivery needs are in line with long term financial plan.
- Careful consideration/prioritisation on utilising available resources in line with IDP.
- Analyze feasibility and impact on operating budget before capital projects are approved.
- Determine affordable limits for borrowing.
- Source external funding in accordance with affordability.
- Improve capital budget spending.
- Maximising of infrastructural development through the utilisation of all available resources.

8.2.2.6 Cost-Effective Strategy

To ensure an effective, efficient municipality rendering affordable, accessible and quality services. The cost-effectiveness strategy is very important. This provides guidance on how to structure the annual multi-year budget within affordable levels. The strategies are:

- Invest surplus cash not immediately required at the best available rates.
- Restrict capital and operating expenditure increases in relation to the inflation rate taking into consideration the macro economic growth limit guideline and municipal cost increases.
- To remain as far as possible within the following selected key budget assumptions:
 - Provision for bad debts of 2%.
 - Overall cost escalations to be linked to the average inflation rate.
 - Tariff increases to be in line with inflation plus municipal growth except when regulated.
 - Maintenance of assets of at least 6% of total operating expenditure.
 - Capital cost to be in line with the acceptable norm of 18%.
 - Outstanding external debt not to be more than 50% of total operating revenue less government grants.

- Utilisation of equitable share for indigent support through free basic services.

8.2.2.7 Measurable Performance Objectives for Revenue

The key performance indicators for the Finance Department are:

- To maintain the debtors to revenue ratio below 10%.
- To maintain a debtors payment rate of above 98%.
- To ensure that the debtors return remain under 40 days.
- To keep the capital cost on the operating budget less than 18%.

8.2.3 Financial Management Policies

8.2.3.1 The purpose of financial policies is to provide a sound environment to manage the financial affairs of the municipality. The following are key budget relating policies:

8.2.3.2 Tariff Policy – the policy prescribes the procedures for calculating tariffs. This policy is required in terms of Section 74 of the Local Government Municipal Systems Act, Act 32 of 2000.

8.2.3.3 Rates Policy – a policy required by the Municipal Property Rates Act, Act 6 of 2004. This policy provides the framework for the determining of rates.

8.2.3.4 Free Basic Services and Indigent Support Policy – to provide access to and regulate free basic services to all indigent households.

8.2.3.5 Credit Control and Debt Collection Policy – to provide for credit and debt collection procedures and mechanisms to ensure that all consumers pay for the services that are supplied.

8.2.3.6 Writing Off of Bad Debts Policy – to ensure that all long outstanding debt is evaluated and debtors are not overstated in the year-end statements. The policy aims to set down principles for the writing off of bad debts.

8.2.3.7 Budget Policy – this policy set out the principles which must be followed in preparing a Medium Term Revenue and Expenditure Framework Budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.

8.2.3.8 Investment Policy – this policy was compiled in accordance with the Municipal Investment Regulation R308 and ensures that cash resources are managed in the most efficient and effective manner possible.

8.2.3.9 Asset Management Policy – the objective of the policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment (assets).

8.2.3.10 Accounting Policy – the policy prescribes the basis of presentation of the annual financial statements in accordance with the General Recognised Accounting Practices and Accounting Standards.

8.2.3.11 Supply Chain Management Policy – this policy is developed in terms of Section 111 of the Municipal Finance Management Act, Act 56 of 2003. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost-effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services.

8.2.3.12 Transport and Subsistence Policy – this policy regulates the reimbursement of travelling and subsistence cost to officials and councillors attending official visits.

8.2.3.13 Short Term Insurance and Known Risks and Liabilities Policy – the objective of the policy is to ensure the safeguarding of Council's assets and to protect Council against public liabilities.

8.2.4. **Revenue and Medium Term Expenditure Framework Forecast**

The outcome of the required Integrated Development Plan is the alignment of the planning process and resources to the strategic direction. The result is the compilation and approval of the annual multi-year budget.

The annual multi-year budget contains the priorities and strategies as identified through the IDP process. Proposed capital programmes over the medium term framework are only considered once the full projected and future operational costs have been determined and the sources of funding are available.

8.2.4.1 Revenue Framework by Source

The projected revenue for the municipality is reflected in the table below. It is important that anticipated revenue levels are realistic for each revenue source and consistent with expenditure and collection experience.

Municipalities must table a balanced and credible budget. The needs of the communities have to be met within the financial capacity and resource constraints of the municipality.

The South African economy is slowly recovering from the economic downturn and it will still take some time for municipal revenues to increase through local economic growth. A further concern is that the revenue base does not grow in line with the demand for services.

Consequently cash flows are expected to remain under pressure for 2011/2012 and a conservative approach is followed to project expected revenues and cash receipts.

The revenue forecast for the 2011/2012 financial year reflects an increase of 15,8% from the 2010/2011 financial year.

The revenue forecast over the medium term reflects an increase from R783,1-million in 2010/2011 to R1,510,6-million in the 2015/2016 financial year.

In average service charges jointly comprise 56% of the total revenue, property rates 21% and government grants 13%, whilst other revenues constitute 10%. Other revenues mainly consist out of sale of erven, surface rentals, interest earned and so forth.

National and provincial allocations are contained in the Division of Revenue Act which are recognised under government grants and consist of the following allocations over the medium term:

	2011/2012	2012/2013	2013/2014
<u>Operating Grants</u>			
• Finance Management Grant	1 250 000	1 500 000	1 500 000
• Municipal Systems Improvement Grant	790 000	1 000 000	850 000
• Equitable Share	77 312 000	85 857 000	91 509 000
<u>Capital Grants</u>			
• Municipal Infrastructure Grant	30 957 000	37 640 000	39 711 000
• Integrated National Electricity Programme	1 440 000	10 000 000	10 000 000
• Neighbourhood Development Partnership Grant	15 000 000	10 000 000	20 000 000

8.2.4.2 Tariff setting

Tariff setting plays a major role in ensuring certain levels of revenue according to affordability and to accommodate the consideration of basic services in the IDP strategic plan.

The affordability of tariffs is already hindered by the sharp electricity increases from the 2009/2010 financial year, with a projected increase of 20,3% for the 2011/2012 financial year. The sale of electricity is the largest source of revenue and contributes 35% to total revenue. This is a clear indication of the effect high electricity increases have on the municipal account.

In addition, the water tariffs for 2011/2012 are also under pressure due to the implementation of the mine water project to purchase purified water for the Hendrina township to ensure sustainable water provision over the long term. Water tariffs must be fully cost-reflective and includes the cost of maintenance, renewal of purification plants, new water networks and cost of new infrastructure etc.

This resulted in an additional amount of R4,8-million that had to be sought from tariffs to purchase purified bulk water for Hendrina. This, on its own, contributed to an increase of approximately 13% in the water tariffs. Once fully implemented it is expected that the water tariffs will slightly normalize until the increase in the water demand for Middelburg is addressed which is

currently under investigation. Despite these anticipated increases the water tariffs for the municipality remain low in comparison with other municipalities.

Another contributing factor is the envisaged upgrade of the Boskrans sewerage purification plant. The planned capital outlay is in the vicinity of R130-million and will be constructed in phases over a period of 5 years. A new external loan will have to be sought for this capital expenditure resulting in projected capital cost of approximately R11-million per annum when fully constructed. This resulted that the sewerage tariff will remain under pressure and for the next three years tariff increases of between 15% – 18% are projected.

The new valuation roll has successfully been implemented from 1 July 2009 which provides for a uniform basis of taxation. From the 2010/2011 financial year all newly rated properties will be phased in and will expand the revenue base of the municipality. Increased revenue from these properties with the annual supplementary valuation roll will slightly relieve the pressure on the property tax tariff. The new mall will also largely contribute to expand the revenue base of the municipality from 1 July 2012.

8.2.4.3 Credit Control and Debt Collection

The implementation of the credit control policy and continuous strict actions taken in terms of the policy resulted in a collection rate of above 99%. It is however envisaged that with the pressure on tariff increases to fund the medium term budget, the payment rate will become under pressure and special attention must be paid on managing all revenue and cash streams especially debtors.

8.2.4.4 Indigents and Free Basic Services

The equitable share allocation is mainly used to provide free basic services to approximately 15 500 indigents. Indigent support provided is as follows:

	<u>Per Household</u>	<u>Amount</u>
Free basic electricity per month	50 kWh	R 31,00
Free basic water per month	10 kl	R 38,00
Free refuse and sewerage per month	Free	R 105,00
Free assessment rates per month	Free	R 30,00
	Total	R 204,00

The municipality continuously strives to ensure that national economic, tax and fiscal policy objectives are not undermined through excessive municipal charges and that growth parameters not be misinterpreted in the expansion of municipal services and infrastructure capacity pressurized.

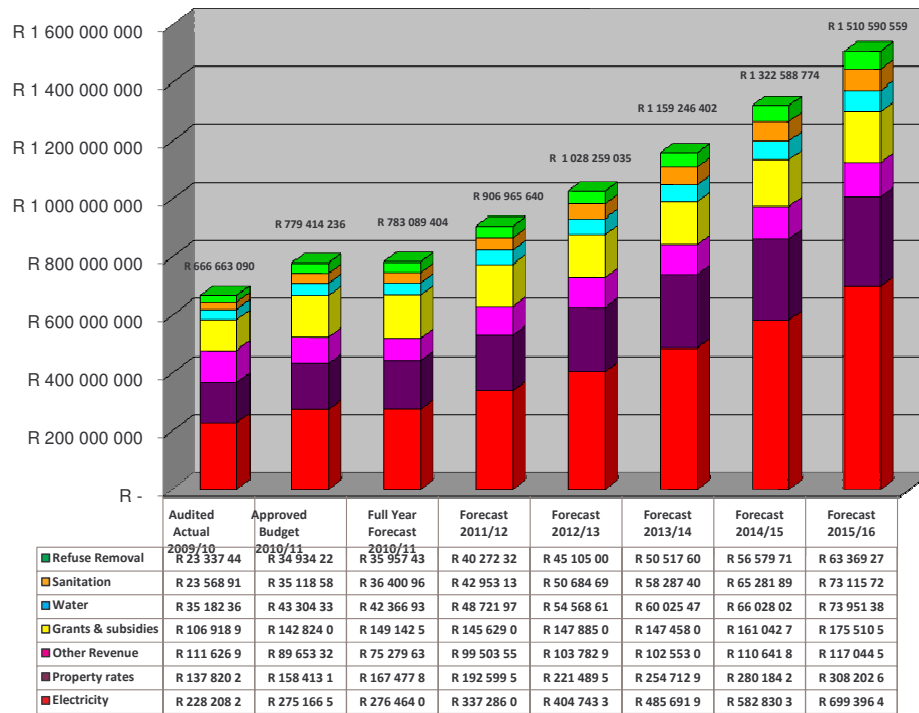
8.2.4.5 Investments

The inclining investment in infrastructure together with planned related expenditure resulted in a decline in the available cash as a large portion of internal funds were used to finance capital expenditure to minimize the effect on tariffs.

It is projected that investments will decline to R80-million by 30 June 2011 should the budgeted capital expenditure realise. Considering the medium term impact it is envisaged that investments will slightly improve to approximately R150-million by 2012/2013.

TABLE 14 REVENUE BY SOURCE	Preceding Year		Current Year Performance		Medium Term Financial Plan				
	Audited	Actual	Approved	Full Year	Forecast	Forecast	Forecast	Forecast	Forecast
	2009/2010		Budget	Forecast	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	A	B	C	D	E	F	G	H	
Property rates	137 820 239	158 413 177	167 477 884	192 599 567	221 489 502	254 712 927	280 184 220	308 202 641	
Service charges:									
Electricity revenue from tariff billings	228 208 216	275 166 589	276 464 003	337 286 084	404 743 300	485 691 960	582 830 353	699 396 423	
Water revenue from tariff billings	35 182 368	43 304 336	42 366 936	48 721 976	54 568 614	60 025 475	66 028 022	73 951 385	
Sanitation revenue from tariff billings	23 568 918	35 118 589	36 400 962	42 953 135	50 684 699	58 287 404	65 281 893	73 115 720	
Refuse removal from tariff billings	23 337 449	34 934 222	35 957 430	40 272 322	45 105 000	50 517 600	56 579 712	63 369 278	
Rental of facilities and equipment	5 625 426	11 610 060	11 955 501	12 732 609	13 560 228	14 441 643	15 380 350	16 380 072	
Interest earned – external investments	38 623 784	32 250 000	24 403 800	18 950 000	21 850 000	22 380 000	22 100 000	25 400 000	
Interest earned – outstanding debtors	1 925 436	1 666 870	1 690 920	2 300 000	2 300 000	2 300 000	2 300 000	2 300 000	
Fines	3 465 656	4 120 000	5 172 000	5 327 160	5 486 975	5 651 584	5 821 132	5 995 766	
Licenses and permits	5 035 571	5 117 500	5 146 500	5 300 895	5 459 922	5 623 720	5 792 431	5 966 204	
Income from Agency Services	7 376 385	7 550 000	7 550 000	7 776 500	8 009 795	8 250 089	8 497 592	8 752 519	
Government grants and subsidies – Operating	62 632 312	75 081 000	75 737 640	79 352 000	88 357 000	93 859 000	103 959 835	114 717 224	
Government grants and subsidies – Capital	44 286 630	67 743 000	73 404 913	66 277 000	59 528 000	53 599 000	57 082 935	60 793 326	
Other revenue	49 574 700	26 866 393	19 360 915	46 866 393	46 866 000	43 656 000	50 500 300	52 000 000	
Gain on disposal of property, plant and equipment	0	472 500	0	250 000	250 000	250 000	250 000	250 000	
Total Revenue by Source	666 663 090	779 414 236	783 089 404	906 965 640	1 028 259 035	1 159 246 402	1 322 588 774	1 510 590 559	

REVENUE BY SOURCE



8.2.5. Expenditure by Vote

The table below indicates the Medium Term Expenditure Plan until 2015/2016 financial year based on departmental budget forecasts aligned to the IDP. The medium term projections reflected an average growth of 12% over the next five years.

The operating expenditure has increased by 11% against the adjusted budget in the 2010/2011 financial year. The operating expenditure forecast equates to R1,926,4-million in the 2011/2012 financial year and escalates to R1,502-million in the 2015/2016 financial year.

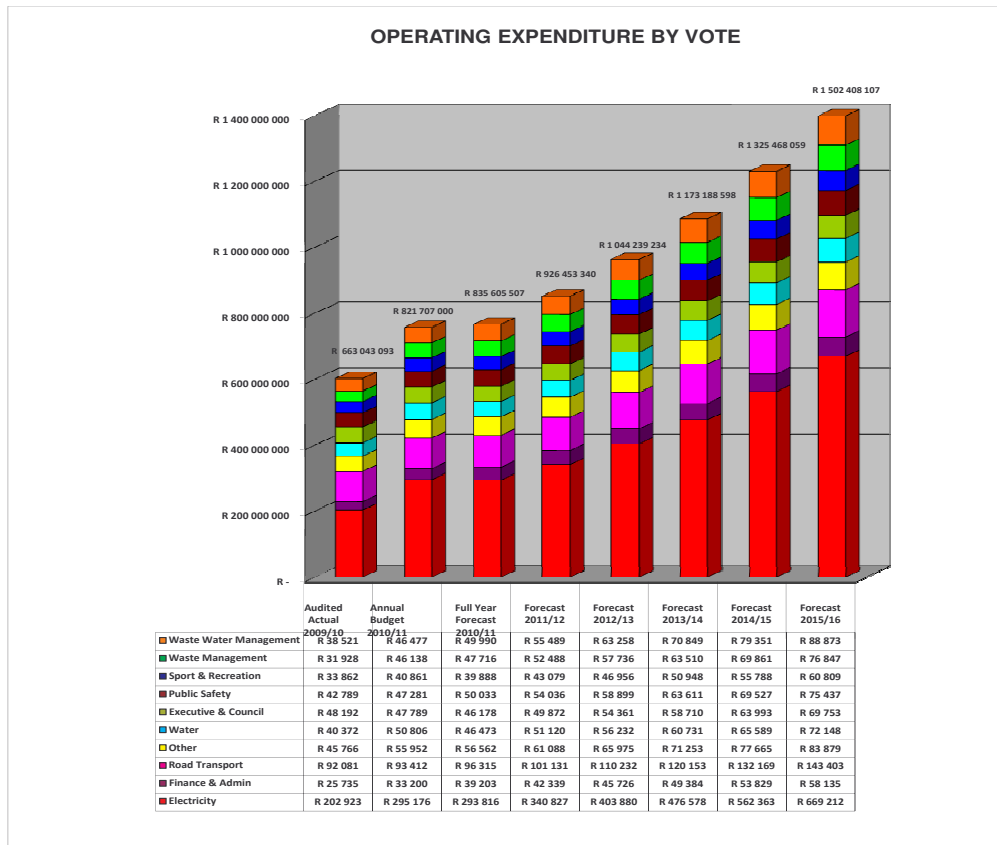
Revenue raising services constitute 60% of total operating expenditure whilst community and rates services constitute 40%.

Capital charges increase from R45,8-million in the 2010/2011 financial year to R64,9-million in the 2013/2014 financial year and constitute 5,5% of operating expenditure.

The other main contributing factor is employee related costs which remain between 28%-32% of total operating expenditure.

General expenses reflect a growth of 8% and constitute 10% of the forecasted operating expenditure.

TABLE 15 OPERATING EXPENDITURE BY VOTE	Preceding Year	Current Year Performance		Medium Term Financial Plan				
	Audited Actual 2009/2010	Approved Budget 2010/2011	Full Year Forecast 2010/2011	Forecast 2011/2012	Forecast 2012/2013	Forecast 2013/2014	Forecast 2014/2015	Forecast 2015/2016
	A	B	C	D	E	F	G	H
Executive and Council	48 192 998	47 789 425	46 178 381	49 872 651	54 361 190	58 710 085	63 993 993	69 753 452
Budget and Treasury Office	25 735 905	33 200 409	39 203 379	42 339 649	45 726 821	49 384 967	53 829 614	58 135 983
Corporate Services	60 867 558	64 611 062	69 426 065	74 980 150	80 978 562	87 456 847	95 327 963	103 907 480
Planning & Development	7 943 918	8 990 779	8 696 865	9 392 614	10 144 023	10 955 545	11 941 544	12 896 868
Health	17 404 664	20 512 899	20 452 653	22 088 865	23 855 974	25 764 452	28 083 253	30 329 913
Community and Social Services	17 197 681	19 487 231	19 738 107	21 317 156	23 022 528	24 864 330	27 102 120	29 270 290
Housing	3 220 398	6 962 026	7 675 352	8 289 380	8 952 531	9 668 733	10 538 919	11 382 033
Public Safety	42 789 108	47 281 363	50 033 645	54 036 337	58 899 607	63 611 575	69 527 452	75 437 285
Sport and Recreation	33 862 896	40 861 455	39 888 626	43 079 716	46 956 891	50 948 226	55 788 308	60 809 255
Waste Management	31 928 722	46 138 311	47 716 452	52 488 097	57 736 907	63 510 598	69 861 657	76 847 823
Waste Water Management	38 521 817	46 477 158	49 990 730	55 489 710	63 258 270	70 849 262	79 351 174	88 873 314
Road Transport	92 081 094	93 412 272	96 315 314	101 131 080	110 232 877	120 153 836	132 169 219	143 403 603
Water	40 372 706	50 806 266	46 473 242	51 120 566	56 232 623	60 731 233	65 589 731	72 148 704
Electricity	202 923 628	295 176 344	293 816 696	340 827 367	403 880 430	476 578 908	562 363 111	669 212 102
Total Operating Expenditure by Vote	663 043 093	821 707 000	835 605 507	926 453 340	1 044 239 234	1 173 188 598	1 325 468 059	1 502 408 107
OPERATING SURPLUS/(DEFICIT)	3 619 997	(42 292 764)	(52 516 103)	(19 487 700)	(15 980 199)	(13 942 196)	(2 879 286)	8 182 452
Other adjustments and transfers (changes in net assets)								
Capital Replacement Reserve	(70 439 814)	(51 337 500)	(37 485 125)	(47 035 808)	(58 754 865)	(68 330 038)	(78 972 611)	(89 323 939)
Capitalisation Reserve (depreciation)	162 318	122 602 565	122 533 726	124 662 420	125 092 654	126 263 087	129 085 100	131 957 653
Government Grant Reserve (depreciation)	0	4 728 151	6 878 308	8 396 262	9 449 774	10 015 384	10 365 922	10 728 730
Self Insurance Reserve	(3 596 255)	(360 827)	(210 000)	(223 650)	(238 187)	(253 669)	(276 500)	(294 472)
Change to unappropriated surplus/(deficit)	(70 253 754)	33 339 625	39 200 806	66 311 524	59 569 177	53 752 568	57 322 626	61 250 423



8.2.6. Capital Requirements and Sources of Funding

The capital requirements are reflected in the table below for the next five years. These figures are based on the projects identified through the IDP process project phase and reflect estimated amounts based on the availability of funding.

As reflected in Table 3 below it can be seen that the IDP needs for the next five years are equivalent to R1,775-million whilst the forecasted capital expenditure based on the availability of funding sources equates to only R1,124- million.

The projected sources of funding over the medium term have been carefully considered and can be summarised as follows:

	2011/2012	2012/2013	2013/2014
Government grants	47 397 000	57 640 000	69 711 000
Other grants and public contributions	2 550 000	1 750 000	1 750 000
District Municipality	22 170 000	23 420 000	24 600 000
External loans	85 000 000	90 000 000	80 000 000
Cash backed internal reserves	50 000 000	55 000 000	60 000 000
Total	207 117 000	227 781 000	236 061 000

According to the above table capital expenditure financed through government grants constitutes 26%, the District Municipality 10%, cash backed internal reserves 25% and external loans 39% respectively.

As forecasted in the previous financial year the Council's internal reserves are rapidly being depleted resulting in more external funding needed to be obtained to supplement the capital budget and address the huge demands in the IDP and to allow for essential expanding and upgrading of bulk infrastructure. For the next three years a new external loan of R165-million must be secured. It is forecasted that the capital charges will approximately amount to R64-million per annum once fully taken up. It is projected that the outstanding external loans will amount to R447-million by 30 June 2014 which constitutes 45% of total projected operating revenue. This is a clear indication that the municipality will be at maximum external loan capacity by 30 June 2013 which will place enormous pressure on future capital budgets.

It therefore imperative that capital budgets are prioritized to reflect consistent efforts to address backlogs in basic services and the refurbishment and expanding of existing infrastructure.

Cognizance should also be given that National Government has prioritized the quality of drinking water and failures in the management of waste water through the blue and green drop performance ratings.

Measures have to be taken over the MTREF to implement these strategies to ensure that existing water supply and waste water comply with these requirements.

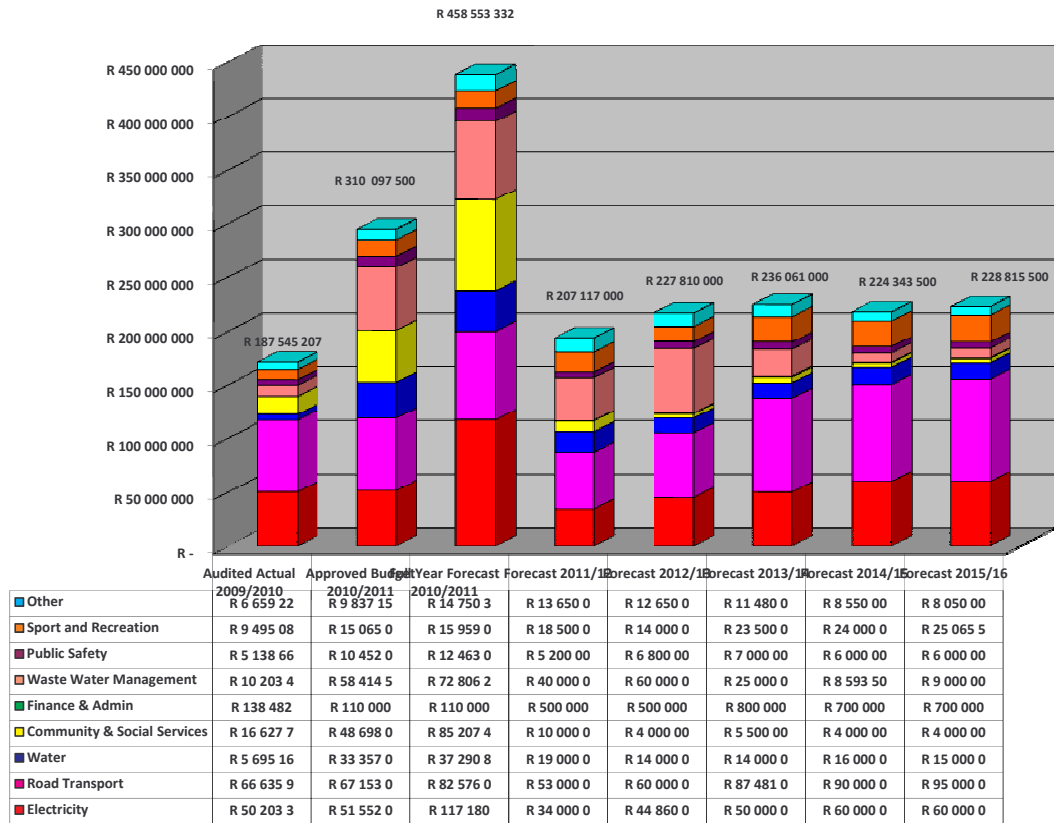
From the above it is clear that for the next five years many challenges lie ahead to appropriate capital expenditure towards available sources of funding and to obtain alternative funding sources to address the needs as identified in the IDP. Table 4 provides more details on the proposed sources of funding.

Table 3 indicates forecasted capital expenditure by vote. It is important to realise that these figures are only indicative of the different services and may vary as priorities change. In terms of infrastructure development and to reach the government service delivery targets. 87% of the capital programme has been allocated for this purpose. It can further be noted that 16% of the capital expenditure is allocated to the electricity services, 9% for water, 26% for roads and storm water and approximately 21% for waste and sewerage services whilst the balance of 28% is for community and institutional requirements.

TABLE 16 CAPITAL EXPENDITURE BY VOTE	Preceding Year	Current Year Performance		Medium Term Financial Plan					
	Audited Actual 2009/2010 A	Approved Budget 2010/2011 B	Full Year Forecast 2010/2011 C	IDP Requests 2011/2012 2015/2016 D	Forecast 2011/2012 E	Forecast 2012/2013 F	Forecast 2013/2014 G	Forecast 2014/2015 H	Forecast 2015/2016 I
Executive and Council	2 131 696	680 650	1 376 200	5 342 850	750 000	750 000	750 000	900 000	500 000
Budget and Treasury Office	138 482	110 000	110 000	16 026 000	500 000	500 000	800 000	700 000	700 000
Corporate Services	16 748 079	15 458 850	20 209 435	121 947 500	13 267 000	11 000 000	11 300 000	6 500 000	6 000 000
Planning and Development	319 555	2 700 000	5 404 688	35 900 000	8 000 000	6 500 000	6 500 000	3 100 000	3 000 000
Health	1 663 340	1 503 000	1 935 450	10 340 456	700 000	1 000 000	1 030 000	750 000	750 000
Community and Social Services	16 627 719	48 698 000	85 207 409	58 146 000	10 000 000	4 000 000	5 500 000	4 000 000	4 000 000
Housing	46 683	23 500	23 000	1 310 000	200 000	200 000	200 000	200 000	200 000
Public Safety	5 138 660	10 452 000	12 463 011	67 391 000	5 200 000	6 800 000	7 000 000	6 000 000	6 000 000
Sport and Recreation	9 495 083	15 065 000	15 959 060	139 055 000	18 500 000	14 000 000	23 500 000	24 000 000	25 065 500
Waste Management	2 497 950	4 930 000	6 011 020	34 934 000	4 000 000	4 200 000	3 000 000	3 600 000	3 600 000
Waste Water Management	10 203 436	58 414 500	72 806 200	196 961 000	40 000 000	60 000 000	25 000 000	8 593 500	9 000 000
Road Transport	66 635 971	67 153 000	82 576 095	624 253 600	53 000 000	60 000 000	87 481 000	90 000 000	95 000 000
Water	5 695 169	33 357 000	37 290 800	158 146 500	19 000 000	14 000 000	14 000 000	16 000 000	15 000 000
Electricity	50 203 384	51 552 000	117 180 964	306 084 000	34 000 000	44 860 000	50 000 000	60 000 000	60 000 000
Total Capital Expenditure by Vote	187 545 207	310 097 500	458 553 332	1 775 837 906	207 117 000	227 810 000	236 061 000	224 343 500	228 815 500
Total Capital Expenditure Forecast									1 124 147 000

TABLE 17 CAPITAL FUNDING BY SOURCE	Preceding Year		Current Year Performance		Medium Term Financial Plan				
	Audited	Actual	Approved	Full Year	Forecast	Forecast	Forecast	Forecast	Forecast
	2009/2010		Budget	Forecast	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	A	B	C	D	E	F	G	H	
National Government									
Municipal Infrastructure Grant (MIG)	21 692 932	24 453 000	27 432 716	30 957 000	37 640 000	39 711 000	42 093 500	45 065 500	
Integrated National Electricity Programme (INEP)	7 701 087	10 000 000	10 000 000	1 440 000	10 000 000	10 000 000	5 000 000	5 000 000	
Neighbourhood Development Grant		10 000 000	10 000 000	15 000 000	10 000 000	20 000 000	10 000 000	10 000 000	
Sub-Total: Grants – National Government	29 394 019	44 453 000	47 432 716	47 397 000	57 640 000	69 711 000	57 093 500	60 065 500	
Provincial Government									
Other	711 120	750 000	2 364 397	750 000	750 000	750 000	750 000	750 000	
Sub-Total: Grants – Provincial Government	711 120	750 000	2 364 397	750 000	750 000	750 000	750 000	750 000	
District Municipality									
Amounts allocated for that year	13 483 671	21 670 000	21 000 000	22 170 000	23 420 000	24 600 000	25 500 000	27 000 000	
Sub-Total: Grants – District Municipalities	13 483 671	21 670 000	21 000 000	22 170 000	23 420 000	24 600 000	25 500 000	27 000 000	
Total Government Grants and Subsidies	43 588 810	66 873 000	70 797 113	70 317 000	81 810 000	95 061 000	83 343 500	87 815 500	
Public Contributions and Donations									
Other	111 918	870 000	1 937 800	1 800 000	1 000 000	1 000 000	1 000 000	1 000 000	
Cash Backed Internal Reserves									
Capital Replacement Reserve	118 031 724	121 813 500	230 656 369	50 000 000	55 000 000	60 000 000	90 000 000	100 000 000	
External Loans	25 812 755	120 541 000	155 162 050	85 000 000	90 000 000	80 000 000	50 000 000	40 000 000	
Total Funding of Capital Expenditure	187 545 207	310 097 500	458 553 332	207 117 000	227 810 000	236 061 000	224 343 500	228 815 500	

CAPITAL EXPENDITURE BY VOTE



8.2.7. Conclusion

From the above it can be determined that the Medium Term Revenue and Expenditure Framework is under pressure to remain within affordable levels with realistic and credible revenue and expenditure without resulting in higher levels of non-payment and increased bad debts.

Therefore new imaginative ways needs to be explored on the structuring of tariffs for the utility services to encourage more efficient use of these services and to generate the required resources to maintain, renew and expand infrastructure.

Maintaining affordable tariffs will contribute to the economic development of the municipality. Therefore policies must adequately address free basic services to support indigent households.

It is imperative that the municipality continues with sound and sustainable management of its fiscal and financial affairs and to build on the unqualified audit reports issued by the Auditor-General from the 2002/2003 financial year onwards. Corrective steps for matters raised are dealt with immediately and are contained in the oversight report to Council.

Good financial governance is marked by many important aspects from a higher expectation by the public of fair delivery of service, more effective community consultation and greater levels of transparency and accountability in all interactions.

By approving three-year budgets linked to long term IDP's, more futuristic and better-informed approaches can be adopted and better judgments about future priorities for capital development and service delivery to the communities can be made.

The IDP and annual budget with their expected outcomes ensure that the Council is in the right direction to become the best local municipality rendering affordable, accessible, efficient and available services whilst at the same time maximising infrastructural development through the utilisation of all available resources.

8.3. SPATIAL DEVELOPMENT FRAMEWORK

The Spatial Development Framework for the Steve Tshwete Local Municipality forms part of the Steve Tshwete Integrated Development Plan. The SDF as one of the operational strategies of the IDP, is closely linked and is intended to function with the other operational strategies, i.e. Water Services Plan, LED Programme, Environmental Programme, Disaster Management Plan, etc.

This framework further gives effect to Council's vision for development and Council's objectives and strategies with respect to Land Development and Land Use Management.

The preparation of the Steve Tshwete SDF is guided mainly by the MSA and its regulations; the IDP which identifies the relevant concerns, problems, issues and opportunities through a multi-sectoral approach; and new policies documents such as the NSDP, MPGDS, and the MRDP. Hence, the process is aimed at identifying the opportunities inherent to the area, and to make recommendations as to how these can be utilised and expanded to address the areas' weaknesses.

In order to achieve an effective implementation of the planning process, it is critical that the planning approach ensures that the product, policies and plans are:

- Focussed on strategic issues;
- Action orientated;
- Integrated with other aspects of administration and environment management;
- Capable of implementation;
- Reflects the need and opinions of stakeholders;
- Uphold the interest of the community as a whole;
- Sustainable;
- Integrated with other operational strategies;
- Equitable and transparent; and
- Reflects the needs and context of the study area.

The spatial form, strategic approach and objectives that give effect to the desired spatial form are guided by a number of policy directions, and national legislative initiatives. The most important with respect to the desired spatial form are the Nkangala District Municipality Spatial Development Plan and the General principles as contained in Chapter 1 of the Development Facilitation Act.

The general policy direction for the spatial form should include the principles of:

- Sustainable land use;
- Improved environmental management;
- Integrated development; and
- Efficient land development.

Towards this end, the desired spatial form for STLM is based on the following principles:

- The need to conceptualise the hierarchy, importance and sustainability of settlements in the region;
- The need to focus on what is achievable in development terms and how this relates to spatial development proposals;
- The need to direct investment towards areas of highest impact and return and to distinguish between different levels of investment;
- To accept the need for cost effective investment on all levels;
- To accommodate urban development and population growth in the most cost effective and sustainable way possible;
- To adequately prioritise investment of scarce resources;
- Stimulate and focus on developing nodes and corridors where economic opportunities and resources exist;
- Link, integrate and co-ordinate investment to maximise benefit and achieve a co-ordinate effort; and
- To link spatial expenditure (basic infrastructure) with spin-offs from economic development wherever possible.

8.3.1. Development Objectives

The following broad development objectives for spatial development and land use management in the municipal area are outlined in the SDF.

8.3.1.1. Efficient and Integrated Land Development

Policy, administrative practice and town planning regulations should promote efficient and integrated land development by:

- Promoting the integration of the social, economic, institutional and physical aspects of land development;
- Promoting integrated land development in rural and urban areas in support of each other;

- Promoting the availability of residential and employment opportunities in close proximity to or integrated with each other;
- Optimising the use of existing resources including such resources relating to agriculture, land, minerals, bulk infrastructure, roads, transportation and social facilities;
- Promoting a diverse combination of land uses, also at the level of individual erven or sub-divisions of land;
- Discouraging the phenomenon of “urban sprawl” in urban areas and contribute to the development of more compact towns and cities;
- Contributing to the correction of the historically distorted spatial patterns of settlement in the Republic, and to the optimum use of existing infrastructure in excess of current needs,
- Encourage environmentally sustainable land development practices and processes.

8.3.1.2. Sustainable Development

The municipality should ensure that development or land use plans meet the needs of the current population. Planning should ensure that development does not cause irretrievable loss to significant natural, historical, cultural and archaeological resources or other important environmental assets.

The municipality should further ensure that it’s planning does not prejudice the ability of future generations to meet their needs or enjoy a quality of life at least equivalent to that available to people today.

Where the demand for development will breach the principles of sustainable development it should not be approved. Where there is uncertainty about the impacts of a development the precautionary principle should be applied. The precautionary principle means that if there is uncertainty about potential environmental constraints, a more cautious position is adopted.

This may result in more onerous conditions being placed on the development. Where knowledge gaps exist, these are noted and where appropriate, recommendations made for further studies. The precautionary approach means avoiding risk through a cautious approach to development and environmental management.

In implementing this guideline the municipality should ensure that policy, administrative practice and town planning regulations promote sustainable development at the required scale in that they should:

- Promote land development which is within the fiscal, institutional and administrative means of the Municipality;
- Promote the establishment of viable communities;
- Promote sustained protection of the environment;
- Meet the basic needs of all citizens in an affordable way; and
- Ensure the safe utilization of land by taking into consideration factors such as geological formations, mining land and areas susceptible to flooding.

8.3.1.3. Discourage Illegal Land Use

The Steve Tshwete Local Municipality should discourage the illegal use of land. Illegal land use results in a fragmented land use pattern, creates conflict and infringe on land use rights.

As people are protected from being illegally evicted, the Municipality should focus on ways to prevent illegal land use practices. Sound planning guidelines and speedy land developments are key mechanisms to prevent illegal land use practices.

8.3.1.4. Efficient Public Participation and Capacity Building

The objective requires that the Municipality should introduce mechanisms to ensure that the public, and in particular communities affected by land development, have opportunities to influence planning decisions.

The objective furthermore suggests that there are opportunities for the development of skills among community members of disadvantaged groups. These opportunities should be exploited.

8.3.1.5. Facilitating Developer Interaction with the Municipality

This objective is to ensure that the full resources of the region are utilized in facilitating land development. The underlying idea is a public-private sector partnership because neither sector on its own has the skills or capacity to do the job on their own.

8.3.1.6. Clear Guidance, Procedures and Administrative Practice

Guidelines, procedures and administrative practice relating to land development should:

- Be clear and generally available to those likely to be affected thereby;
- In addition to serving as regulatory measures, also provide guidance and information to those affected thereby;
- Be calculated to promote trust and acceptance on the part of those likely to be affected thereby; and
- Give further content to the fundamental rights set out in the Constitution.

The purpose of this objective is to encourage a positive and constructive relationship between the public authority and those outside of government who are involved in land development. Rather than public authorities just acting as regulators, the objective requires them to prepare legislation and procedures and adopt administrative approaches in a way that helps others who are involved in land development.

This requires user-friendly information that facilitates development, not sets of rules that indicate all the things that cannot be done. Also, the reasons for decisions should be made available to the public in a way that is easy to understand.

8.3.1.7. Speedy Land Development

All policies, administrative practices and regulations for land development written by the Municipality should focus on ways of making planning and development processes quick. The slow processes of the past discouraged the private and non-government sectors from participating in land development. Slow processes make the costs of development projects much higher.

8.3.1.8. No one land use is more important than any others

Each proposed land development area should be judged on its own merits and no particular use of land, such as residential, commercial, conservational, industrial, community facility, mining, agricultural or public use, should in advance or in general be regarded as being less important, or desirable than any other use of land.

This guideline states that no one land use is more important than any other, so no land use should be favored above any others. Decisions about land uses must be based on sound planning where a number of different factors, such as population projections, economic growth strategies, the environment and other factors are taken into account. The reason for this guideline is that in the past it was assumed that mining, conservation or agricultural land uses were the most important for the country. This resulted in enormous constraints to developing land for other uses. This guideline recognizes that not all necessary activities are protected by the mechanism of the land market. It therefore requires the Municipality to consider a full range of possible activities and the suitability of the land when they draw up plans.

8.3.1.9. Security of Tenure

This objective requires that the tenure that is provided through the land development process must meet certain criteria. Firstly, it should be secure. This means it must be possible to register the title to the land. Secondly, there should be a range of choices about the type of tenure to include options for communal or group tenure. Sometimes the upgrading of informal settlements might mean that people who have settled informally may have to move. The third criterion says that in informal settlement upgrading schemes where people are deprived of the land on which they have settled, they should be offered an alternative such as other accommodation or financial compensation.

8.3.1.10. Co-ordination of Land Development

The objective is to clarify that it is the Municipality's responsibility to co-ordinate the interests of different sectors, interest groups and stakeholders in land development. The Municipality must also ensure that the outcomes of land development processes benefit the public at large, rather than one particular sector or interest group. In doing so they must also make sure that any public resources that are committed benefit the public at large. For example, the decision to build a new road may not just benefit a few people. More than anything else, it calls for the Municipality to engage in strategic planning.

The Municipality must take a lead in resolving or conflicts that arise between the different sectors and interest groups around land development projects.

8.3.1.11. Promotion of Open Markets and Competition

This objective recognizes that to encourage and facilitate the Municipality's involvement in land development, it should not interfere in the normal operations of the market. For example, it would not be appropriate to make laws about prices for developed land. So any regulations, policy positions and frameworks prepared by the Municipality should recognize market principles.

However, unless there is true competition, the market will be dominated by a small number of businesses which will be able to set high prices. The policies and development frameworks which are formulated by municipal officials must try to prevent price-fixing and other forms of monopolistic control of the market and always encourage competition,

Council should also not interfere with the free market by subsidizing the development of land thereby competing unfairly with private developers. Therefore, serviced stands should e.g. be sold at market related prices so as to ensure that Council will be in a position to replace the stands sold. Furthermore, Council should rather focus on Public Private Partnerships, thereby optimizing the inputs from the private sector developing the spatial environment jointly.

8.4. Housing Development Plan (Housing Chapter)

Context and Objectives

The Municipal Housing Chapter is a summary of the housing planning undertaken by the municipality. Like the IDP, the Housing Chapter is a 5-year plan which needs to be reviewed annually and this should be done with the review of the IDP. The Housing Chapter is done as part of the IDP process and is a chapter in the IDP of a municipality.

The Steve Tshwete Municipal Housing Chapter is therefore a strategic management tool to assist the Municipality in focusing its energy to ensure that all activities are working towards same goals, of providing quality housing for all and creation opportunities for accessing housing benefits to all its citizens. The Housing Chapter is a necessary tool which will assist the Municipality to focus its attention towards all components of Housing delivery in pursuit of integrated development. The main objective of the development of the Housing Chapter is to assist this Municipality to plan and provide quality housing to its citizens as well as promoting the development of sustainable human settlements in its area of jurisdiction as prescribed by the Millennium Development Goals.

8.4.1. Purpose of the Municipal Housing Chapter

The main purpose of the Municipal Housing Chapter is as follows:

- To ensure effective allocation of limited resources, financial and human, to a wide variety of potential development initiatives;
- To provide guidance in prioritising housing projects in order to obtain consensus for the timing and order of their implementation;
- To ensure more integrated development through co-ordinating cross-sector role players to aligning their development interventions in one plan;
- To provide effective linkages between the spatial development framework and the project locations of physical implementation of a range of social, economic, environmental and infrastructure investments;
- To ensure that there is a definite housing focus in the IDP and SDF with clear direction for the future housing delivery across all social and economic categories and locations in

the municipality. The scope of the Housing Chapter is not just for those people and developments related to government's subsidised housing programmes;

- To provide the IDP process with adequate information about the housing plan, its choices, priorities, benefits, parameters as well as strategic and operational requirements;
- Ensuring that the contents and process requirements of planning for housing are adequately catered for in the IDP process; and
- To ensure that there is indicative subsidy budgeting and cash flow planning at both the municipal and provincial levels.

8.4.2. The Methodology in the Compilation of the Housing Chapter of the Steve Tshwete Local Municipality

The method used in compiling the Housing Chapter was adopted from the Sustainable Human Settlement Planning, A Resource Book on Housing Chapters, which prescribes the 5 broad phases namely;

Phase 1: Status Quo Analysis which required that information about the status of Housing delivery within the Municipality be sought and be analysed from the IDP, SDF and other relevant sources.

Phase 2: Strategy which required that strategies be devised to address the set objectives as reflected in the IDP.

Phase 3: Project planning which required that project proposals be formulated and negotiations be undertaken with relevant stakeholders to reach agreement on project proposals.

Phase 4: Integration which required that confirmed housing delivery projects be integrated with other affected sectors within the municipality.

Phase 5: Approval which requires that the draft Housing Chapter be approved by the Municipality

The identified Housing Voice which constitutes the IDP Technical Committees of the Municipality and the officials in the Housing Unit of the Municipality were extensively consulted to obtain relevant information and data regarding housing in the municipal area.

8.5. LOCAL ECONOMIC DEVELOPMENT STRATEGY

8.5.1 REVISED LOCAL ECONOMIC DEVELOPMENT STRATEGY

EXECUTIVE SUMMARY

The objective of an LED Strategy is to provide a framework for the formulation of local SMME development, social restructuring, pilot project initiation and capacity building.

The strategy is also aimed at creating an enabling environment for economic growth which in turn will assist in eradicating poverty while promoting the redistribution of wealth.

The Local Economic Development Strategy of the Steve Tshwete Local Municipality was developed in line with that of the Nkangala District Municipality. The strategy is intended to be revised in the coming financial year.

VISION

The objective is to facilitate the creation and utilization of opportunities which in turn will promote sound, sustainable economic growth & development while alleviating poverty and unemployment in the Steve Tshwete Municipal area.

8.5.2 KEY ECONOMIC SECTORS

The active presence of the following sectors allow for the diversifications of the local economy of Steve Tshwete Local Municipality for which committees that report to the LED Forum have been established:

- Public sector
- Private sector
- Agriculture
- Tourism
- Non-Governmental sector
- Primary and Secondary Industries.

8.5.3 PUBLIC PARTICIPATION

The council recognizes the importance of public participation in promoting Local Economic Development and for such purpose a Local Economic Development Forum is created consisting of the following representatives:

- Three representatives from Busmid
- Two representatives from organised labour
- Two representatives from the Hendrina business community
- Three representatives from the Farming (Agriculture) Community

- Two representatives from the Trade Unions.
- Four representatives from Religious Organisations.

Which is compiled as follows:

One from the Jewish Religious group.
One from the Christian Religious group.
One from the Islam Religious group.
One from Hindu Religious group

Two representatives from the Transport Organisations which is compiled as follows:

- One from the Taxi Association
- One from the Bus Companies
- One representative from the Department of Education.
- Representatives from any other organizations as recognized by the forum.

8.5.4 KEY ISSUES

It should be noted that Council itself cannot implement strategies that roster economic growth and development, but it should rather focus on providing an enabling environment within which economic growth and development occurs.

The following are however key issues to economic development/expansion which also must get the rural poor, women, youth and NGO etc.

- Investment promotion
- Spatial Development initiatives
- Provision and maintenance of municipal/infrastructure

8.5.5 SUPPORT BY THE COUNCIL FOR LOCAL ECONOMIC DEVELOPMENT

The Council recognizes that Local Economic Development will only be successful if it receives tangible support from the Council as the local authority.

■ Administrative Support

The following administrative support is provided by the office of the Manager: Corporate Services:

The Secretarial Services to the Local Economic Development forum

- To receive proposals for projects

- To ensure that projects are evaluated and the applications for funding are processed
- To market the councils Local Economic Development efforts

■ **Financial Support**

Direct financial support to Local Economic Development initiatives will be provided by Council to the extent that such support can be afforded

- As in direct financial support land for projects will be made available by Council wherever possible
- As further indirect financial support bookkeeping services for the establishment of projects is to be provided where necessary.

■ **Procurement**

In order to stimulate Local Economic Development the Council's Procurement Policy which makes provision for preference to local entrepreneurs is diligently applied.

The Council's tender documents are to include a requirement that only local labour may be used by successful tenderers.

Incentives for the sale and Development of Land

Incentives for the purchasing of industrial erven and certain business erven can be negotiated with the council.

Municipal Tariffs:

It is a basic principle of the Steve Tshwete Local Council that tariffs for municipal services shall at all times be more favorable than those of competing municipalities.

8.6 HIV/AIDS AND TB

8.6.1 BACKGROUND

- The HIV/AIDS epidemic does not have colour, age and sex and it is not a health problem alone. The monster has a massive impact on the socio-economic status of the country.
- Later the said breadwinners who are supposed to maintain the families and pay the rates in Municipality fail to do so in the long run. Many families are now headed by children due the impact of HIV/AIDS.
- The poverty existing in the community has increased leading to the mushrooming of commercial sex workers.
- People die in silence due to the stigma attached to HIV/AIDS sufferers.
- The sexually transmitted infections lead to HIV/AIDS if not treated in time.
- Due to the low resistance of the body to infection TB becomes a partner to HIV/AIDS.

8.6.2 POLICY PRINCIPLES TO RESPOND TO HIV/AIDS

Prevention

- To conduct awareness campaigns with the community structures and private sectors.
- To ensure safe and clean environment to prevent breeding places for rapes and proper disposal of sharp and fluid/blood contaminated materials.
- To make provision of barrier method for both sexes e.g. male and female condoms.
- To draw and implement the plan.

Stigmatisation and openness

- To ensure the culture of creation of openness.
- To ensure protection of human rights regarding confidentiality.

Testing and Counselling

- To provide facilities for voluntary counselling and testing.

Management of the infected and affected

- To ensure availability of treatment for sexually transmitted diseases, TB opportunistic infections and anti-retroviral drugs.
- Making provision for victims unable to pay rates especially the child headed families.
- Provision of sites for poverty alleviation projects at an affordable rate.

- To support the home base care and peer educators groups.
- To allocate adequate budget to implement the health programmes.
- Interaction with the community to fight the epidemic by utilizing all available strategies and approaches for support and care.
- Interaction with the other governmental and non governmental structures in the battle of HIV/AIDS, STI & TB.

8.6.3. SERVICES AVAILABLE TO HANDLE INFECTED AND AFFECTED

- Voluntary counselling and testing in the clinics of pregnant and non-pregnant clients.
- Availability of drugs to manage TB, STI and opportunistic infections and ARV drugs.
- Training of staff to be competent to manage the conditions effectively and efficiently.
- Provision of barrier method to prevent sexually transmitted infections e.g. condoms.
- Capacity building in the community to prevent infection and spread of HIV/AIDS, STI & TB.
- Provision of Dot Support in the community.
- Provision of prevention – mother-to-child transmission programme.
- Implementation of National Health Programme to fight HIV/AIDS, STI & TB.
- Food supplement programme.
- Referrals to Social Services for social grants.

8.6.4 WAYFORWARD

- Continuity of community and staff awareness formal and informal.
- Continuity in the capacity building in the service providers.
- Interaction with governmental & non-governmental structures through HIV/AIDS Local Council.
- Implementation of National Health Programmes to fight HIV/AIDS, STI & TB.
- Monitoring of health programmes with support of the National, Provincial Department of Health.
- Participation of clinics in the rolling out of ARV drugs.

8.7 INTEGRATED ENVIRONMENTAL MANAGEMENT PLAN

8.7.1 BACKGROUND

In the past the environment issue/problems were managed by different Departments in silos. In order to address this gap the Department of Environmental Affairs and Tourism decided to draw the National Environmental Management Act which is currently the dominant framework for the implementation of environmental management.

Again the environment was treated in isolation from socio-economic aspects and people, forgetting that people and socio-economic aspects impact on environment negatively and positively. Therefore it is important to have plans in place to control development taking place in our area e.g. Spatial Development Plan and Integrated Development Plan.

8.7.2. ESTABLISHMENT OF INTEGRATED ENVIRONMENTAL MANAGEMENT COMMITTEE & FORUM

This was one prescription decided by the new Act NEMA that all the municipalities must establish the Integrated Environmental Management Committee and Forums where the stakeholders and communities can have input regarding the environmental issues. There was no prescription of composition of the committee.

On the 03/06/2004 after consultation with the Provincial Department of Agriculture and Land Administration the committee was formulated in our municipality comprised of:-

- Health Services
- Solid Waste Disposal Services
- Parks & Recreation Services
- Fire & Rescue Services
- Traffic Services
- Library Services
- Municipal Building Services
- Town Planning Services
- Housing and Squatter Control Services
- Local Economic Development Services
- Public Relation Services
- Occupational Health & Safety
- Town Engineer

8.7.3 OBJECTIVES OF THE ENVIRONMENTAL MANAGEMENT

- To promote sustainable municipal service delivery.
- To protect the environment and its species.
- To promote sustainable development.
- To support the National, Provincial Environmental Strategy.

- To implement National & Provincial Acts, Regulations and Policies.
- To encourage community participation.
- To ensure that the community needs inform the Integrated Development Plan.
- To monitor and report our activities regarding Environmental Impact.
- To ensure safe and non-harmful environment for the community.
- To draw and implement the by-laws and Interim Environmental Management Plan addressing the environmental impact.
- Participating in the Nkangala District Council Project on State of Environmental Report as municipalities.

8.7.4 ACHIEVEMENTS IN INTEGRATED ENVIRONMENTAL MANAGEMENT

- Integrated Environmental management Committee and Forum formulated.
- Report on Interim Integrated Environmental Management Committee and Forum Initiated and to be served before the Council.
- The following documents are in place:
 - Interim Integrated Environmental Management Plan/Programme.
 - Interim Integrated Environmental Management policy.
 - Guidelines for Air Pollution Implementation.
 - National Environmental Management Act.
 - Air Quality Management Act.
- The Chief Health Services attend the course on Environmental Management comprised of modules.
- The Environmental Management issues on the IDP document.
- The Air Quality Officer nominated to monitor and coordinate air quality in our area.
- The budget of R5000 was put aside for community awareness and education.
- Air Pollution monitoring station at the cost of ±R3444 986.80 with additional of R320 935 were purchased. Dust analyser of R9952.77 was also purchased.
- The Environmental Management Meetings are held including the other departments like Department of Agriculture and Land Administration, Department of Health, Private companies like Samancor and Columbus Community structures.
- Collated information on hotspots of illegal dumping and Environmental Education house-to-house was done where were visited.
- Information on dumping site operation was collated.
- Survey on causes of illegal dumping was done and report was written. Some issues were addressed through the survey e.g. community education on Radio GMFM.
- Sustainable prevention of illegal dumping programme was drawn with DALA.
- The Arbor Day was celebrated with Ekwazini Secondary School where trees were planted.

- Presenting formal community education on different aspect on environment.
- The regional Health Inspector attended the course on Measuring Techniques and other Health Inspector will also get an opportunity to attend.
- Attending Project Management Meeting where different departments are participating.
- Currently participating in (State of the Environment Report) SoER by the Nkangala District Municipality.

WAYFORWARD

- Ongoing community education and awareness on Radio GMFM.
- Formal community education and awareness.
- Continue with sustainable prevention illegal dumping programme.
- Initiating a recycling project of “collect-a-can” for schools.
- Re-enforcing law by doing overtime to monitor illegal dumping and Roaming around of livestock.
- Involvement of community members in the Integrated Environmental Management Forum Meetings.
- Participating in the Cleanest Town Competition.
- Budgeted for the second air monitoring station.
- Re-enforcing law by doing overtime to monitor illegal dumping and roaming around of livestock.

8.8 INTEGRATED TRANSPORT PLAN

8.8.1 DRAFT REPORT ON STUDY

The Steve Tshwete Local Municipality does not have a unit or Department that is dedicated to transport management matters. This function is currently allocated to the Public Service Section. As of now, the Municipality has not as yet formulated an Integrated Transport Management Plan of its own. A study was, however, undertaken in 2003 with the support of the Nkangala District Municipality to focus on the Middelburg Central Business District taxi rank Development Strategy. The report released subsequent to the study states that:

Generally speaking local government institutions are responsible to develop and maintain sufficient transfer and ranking facilities for public transport vehicles to ensure an effective and well-controlled public transport system for the entire operational area of any particular municipality.

This responsibility is entrenched as a statutory obligation by the national constitution and specifies in more detail through specific provisions contained in various local government & transport related legislation, referring particularly to the National Land Transport Transition Act.

To fulfill this responsibility there should be a development framework contained in an approved Integrated Transport Plan of the District Municipality that includes a process of consultation with the industry. Accordingly an investment and development program can be implemented without the risk of exclusivity and fruitless capital expenditures.

The need to respond to this responsibility is emphasized by a long history of disagreement and, in some instances, more serious conflict between the taxi industry and local government, business and other institutions about matters such as:

- The position where Municipalities provide ranking facilities
- Positions where Taxi operators choose and occupy land to serve as a base for services and ranking, with some negative impacts on surrounding neighbours
- The routes that are followed by operators
- The control over the ranks and accessibility for all operators
- Over supply and under capacity problems

8.8.2 TERMS OF REFERENCE

Regarding this aspect, the report indicates that with the broader national and local situation presented above as background, an investigation was initiated to address the issue in the Greater Middelburg area(now Steve Tshwete Local Municipality), with emphasis on the CBD. Accordingly Mawn Projects, with the assistance of Econ e Pele Consultants, was appointed for a study to determine the long Taxi rank development framework for the Greater Middelburg Municipality.

The focus of the study was to evaluate the current profiles of minibus Taxi operations and infrastructure in the CBD of Middelburg specifically and, taking into account the expected requirements for operations (passenger volumes, routes, destinations, ranking needs etc.) to provide for a long-term Taxi rank development framework.

The purpose of the study was to advise the Steve Tshwete Local Municipality on the following:

■ **Taxi Facilities**

- The capacity and conditions of existing taxi facilities
- The need for new or upgraded and amended facilities
- The use of and accessibility to facilities by local and long distance operators
- Compliance of the facilities to requirements and standards
- The location of the facilities relative the demand requirements
- The potential for expansion in the future
- Impact of the facilities on adjacent land uses
- Which routes and destinations will be served best by which ranks

■ **Taxi Operations and Routes**

- The routes followed by local and long distance operators
- The extent of operations relative to the demand for ranking, referring to passenger numbers and vehicle trips per destination
- The on-route facilities for pick-up and drop purposes
- The ranking requirements per route on a rank

■ **General Taxi Matters**

- The control over Taxi ranking at the facilities by various Taxi Associations
- The role of the Municipality in this respect
- Law enforcement matters
- Priorities
- Competition and rivalry amongst Taxi operators
- How to deal with current “illegal” Taxi ranks or loading areas

The draft report on the Integrated Transport Plan was compiled so as to be in line with national, provincial and District guidelines for an Integrated Transport Plan. Full details on the Integrated Transport Plan are available at the Municipality on request.

There are also various bus companies operating in the area. The focus of this program/plan has been on the Taxi industry. It is hoped that a fully fledged Integrated Transport Management Plan will include all modes of transport that are found in the Steve Tshwete Local Municipality.

8.9 INTEGRATED WASTE MANAGEMENT PLAN

8.9.1 Introduction

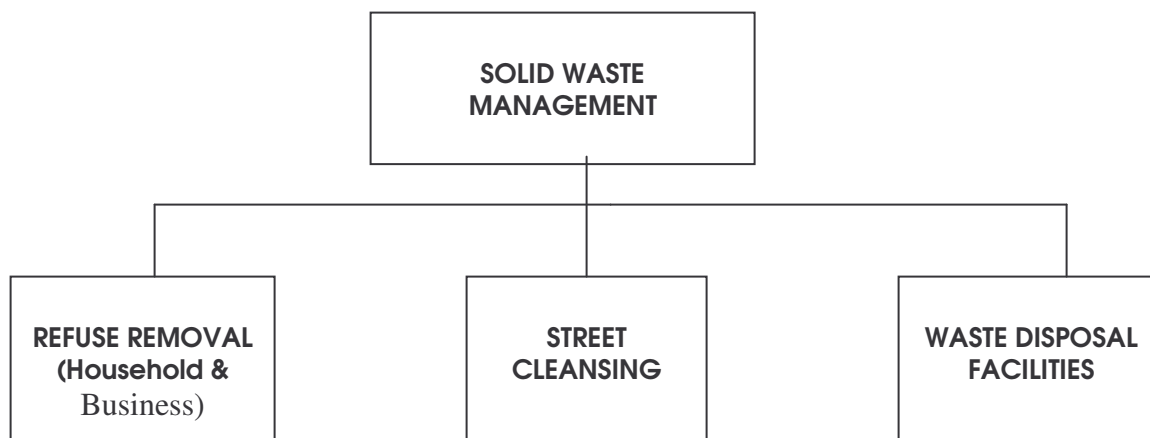
The Steve Tshwete Local Municipality comprises *inter alia* the settlements of Middelburg, Mhluzi, Pullenshope, Hendrina, Kwazamokuhle, Rietkuil, Komati and Presidentsrus. The Municipal area also includes numerous rural villages, mines and mining towns.

All services with respect to waste are coordinated from Middelburg. Middelburg and Hendrina are the two main service centres for waste disposal services. The current strategy of the Steve Tshwete Local Municipality is to establish transfer stations to serve the areas on the outskirts of the Municipal area to assist with the waste transfer, compaction and transport to the Middelburg Landfill.

The Integrated Waste Management Plan (IWMP) for Steve Tshwete Local Municipality explains in detail the future long and short term plans of the Department in order to cater for future development. The document also provides guidance in terms of which section of the Department needs urgent attention and the helps the municipality to be on the alert with regard to future changes or needs.

The Solid Waste Management Division has been structured into three departments as shown in the diagram below with the actual projects presented under Refuse Removal and Waste Management on page 82 of this document:

The structure of the Department: Solid Waste Management of the Steve Tshwete Local Municipality



8.9.2 MEDICAL WASTE

The Municipality has identified the disposal of Bio-hazardous Medical Waste as an area of great concern. Medical practitioners and all those who generate medical waste are required by law to sign an agreement with the Municipality for the removal of their waste except in the case where proof can be provided of an alternative arrangement with a recognized hazardous or medical waste removal company. A contract has been entered into between SanuMed and the Municipality regarding the supply, collection and removal of medical waste containers to and from a central point that is regulated by the Municipality. The Municipality issues and collects the containers to and from all registered users and monitors the exact location and usage of these containers.

8.9.3 INDUSTRIAL AND MINING WASTE

The Middelburg area has numerous mines and power stations which generate volumes of waste. The Steve Tshwete Local Municipality does not, however, provide a waste removal service to any of these mines and power stations. Some of them do make use of the Middelburg landfill for the disposal of general waste. It is envisaged that in future the mining and power station towns will be proclaimed whereupon service delivery including waste disposal would be extended to include them.

8.9.4 OBSERVATIONS

From the Integrated Waste Management Plan it can be observed that the Municipality:

- has a comprehensive waste management strategy and solid waste management service in place;
- currently has sufficient capacity to provide in the service requirements of the area;
- has under its jurisdiction a landfill which is generally in a good condition and licensed;
- has refuse removal vehicles that are in good condition and suitable for collection purposes and general waste services;
- has already identified all concerns, risks and future needs and planned for them;
- Improving regarding waste minimization and recycling strategies.

Details on the Integrated Waste Management Plan can be obtained from the Municipality on request.

8.10. DISASTER CONTINGENCY PLAN

8.10.1. AIM

The different roles and responsibilities of stakeholders during a disaster needs to be effected in a coordinated manner to minimize duplication of resources and ensure optimal effectiveness.

Consultation between the relevant role players and the Disaster Management Office will enhance the decision making in the declaration of a disaster.

8.10.2 PHASES

There are 3 phases how the implementation of the Disaster plan can be set in motion

- Initial phase
- Deterioration phase
- Disaster phase

a) INTIAL PHASE

Information received indicates that a situation can deteriorate into a situation of emergency.

b) DETERIORATION PHASE

Indicates the deterioration of the existing situation and incase a drastic improvement does not set in an emergency situation will develop.

c) DISASTER PHASE

It indicates that an emergency situation exists and that actions should be taken as ordered.

8.10.3. PROCEDURAL PLAN

The following procedural plan will therefore guide the process of implementation from the onslaught of a disaster until the termination of the disaster.

a) INITIAL PHASE

The DMO (Disaster Management Officer), after being notified will man the DOC (Disaster Operation Centre) and bring it into operational readiness. He/She will notify the MM (Municipal Manager) who will issue the instruction to assemble the DOC. (See attached Annexure A). Executive Managers will immediately take the following steps:

- Notify HOD's (Head of Departments) that all officials must be ready and see that their equipment are in order;

- Arrangements must be made for the care of their families for an indefinite period;
- The DMO will bring about channels for the necessary communications.

b) DETERIORATION PHASE

By the implementation of the deterioration phase, the Head of DM (Disaster Management) / MM will give all Executive Managers instructions per radio or other means to report as soon as possible. Executive Managers will at the same time give all their officials instructions to report at their respective work stations. Medical staff must report to the clinic. Care must be taken that all officials can be identified to enable them to obtain access to the Forward Command Post (FCP), Mobile Command Centre or disaster area. Control room personnel will immediately report to the DOC.

The deputy coordinator, Executive Manager Public Services (EMPS) and the Chief Fire Services (CFS) will on instruction of the Head of DM/ MM depart to the disaster scene to observe and to notify the DOC of the exact situation and to indicate what precautions must be taken temporarily. The DMO will immediately man the radio room. The head of DM / MM will liaise with the Nkangala District Municipality Disaster Management Centre (NDMDMC) and the Provincial Disaster Management Centre (PDMC) in order to declare a local disaster. If necessary the Head of DM / MM communicate with other role players.

c) DISASTER PHASE

With the implementation of the Disaster phase the emergency plan will be brought into operation and the entire organization will go into action on the instruction of the Head of DM/MM.

8.10.4. COMMAND AND CONTROL

Command and Control during actions will be as contained in the Hazard specific mobilization chart. (Annexure B)

- After declaring the disaster the EMPS and the CFS will raise a FCP and take charge of control and command. If the disaster is of a criminal nature, the command and control will be handed to the responsible person of the SAPS as soon as they arrive on scene.
- All Executive Managers will command and control their respective departments, equipment and supplies from the DOC except EMPS. All requests for assistance will be issued from the FCP at the scene to the DOC and directly attended to, through Executive Managers, for actions taken by relevant departments.
- The EMPS will send a detailed situation report of the disaster scene to the DOC as soon as possible and there after on a regular basis. The reports of the disaster scene will be kept at and updated by both the DOC and FCP.

- d) The Head of DM/MM will monitor all radio reports and requests and issue the necessary commands from the DOC.
- e) All radio reports must be recorded and instructions and requests must be logged by the DOC. Outstanding reports must be attended to.
- f) If any disaster leads to injuries or casualties, the Head Medical Services must notify the Superintendent of Hospitals. The Chief Ambulance Services must immediately effect a line of communication to the DOC. The Disaster Medical Practitioner must immediately report to the FCP at the disaster scene and take control of medical services.
- g) The Executive Manager Finances will establish a supply chain for the provision of resources.
- h) The Executive Manager Corporate Services will be responsible for provision of personnel, transport of affected persons to safe havens, accommodation and food supply. Record must be kept of transported affected persons.

All information relating to the disaster and affected persons must be compiled by the Manager Corporate Services and approved by the Head of Disaster Management/ Municipal Manager before communicated to the media or families.

8.11. PERFORMANCE MANAGEMENT SYSTEM

8.11.1 Introduction

The Performance Management System within the Steve Tshwete Local Municipality is intended to provide a comprehensive, step by step planning design that will help the municipality manage the process of performance planning and measurement effectively.

The municipality requires a PMS that will be constituted as the primary mechanism to monitor, review and improve the implementation of the municipality's IDP. This system should therefore fulfill the following:

- facilitate increased accountability;
- facilitate learning and improvement;
- provide early warning signals, and;
- facilitate decision making.

The citizens of the Steve Tshwete Local Municipality like all other citizens in South Africa, have high expectations with regard to service delivery by the Municipality. Elected representatives and the Administration are continuously challenged to demonstrate that all levels of government are capable and committed to manage and utilize public resources in a way that will benefit all the citizens. The Municipality, which is where the tyre hits the tar of service delivery, is challenged to show its ability to execute both basic as well as enabling services crucial for social and economic growth and development. This challenge is best illustrated by the requirement that the Municipality is expected to report on its performance and that of its employees.

The Performance Management System in the Steve Tshwete Local Municipality was adopted by Council as early as 2002 in terms of Section 39(c) of the Local Government: Municipal Systems Act, 2002. Refer to resolution: M08/10/2002.

8.11.2 Defining Performance Management

Performance Management is the setting and measurement of desired outcomes and activities of the Municipality, its individual components and its staff that contribute to the achievement of the strategic vision of the Municipality. It starts with an overall strategy and cascades to individual performance appraisal. It also encompasses the monitoring, measurement and reporting on performance.

Legal and regulatory

The following are the building blocks of the Steve Tshwete Local Municipality's approach to performance management:

- Development and formal adoption of a system that complies with the Municipal Systems Act and the Municipal Performance Management Regulations of 2001. The system represents the municipal's cycle and processes of performance planning, monitoring, measurement, review and reporting and improvement.
- Development of key performance indicators including input, output, baseline and outcomes indicators and targets. These indicators are reviewed, refined and changed annually when there is a need to do so.
- Establishment of formal mechanisms to monitor, measure and review performance.

8.11.3 Reviewing Performance Management

According to Section 41 of the Systems Act Municipalities are required to review and measure performance at least once a year. During the 2002/2003 financial year the Steve Tshwete Local Municipality introduced the balanced scorecard model to planning and performance management. This led to the development of the Scorecards for all top level managers. A review of the process has highlighted the following:

- That the development of performance indicators and targets and the understanding thereof should be given more attention
- That a need exists for a common understanding on how the system works and how it links up with the IDP and the budget.
- Regular and timeous monitoring of progress on performance and IDP implementation
- The performance measurement tool for monitoring and evaluating performance which came as part of the adopted performance management system be utilized consistently

8.11.4 Status of the Performance Management System in the Municipality

In 2002 the Municipal Council approved a performance management system which provided for performance implementation, monitoring and evaluation at organizational as well as individual level.

The municipal Performance Management Framework needs to be revised and adopted by council.

Organizational Level

It is a legislative requirement to revise the municipal key performance indicators at organizational level; hence, the 2007/2008 key performance indicators were revised and aligned to the 2008/2009 financial budget, objectives and strategies.

Regular monitoring and evaluation at this level still needs to be conducted as required. This process is expected to culminate in drawing up of a performance report of the organization.

Individual Level

Over the past three financial years the Municipality has been implementing a performance management system for all its senior managers. This has led to a specific focus on service delivery and means that:

- Each manager has to develop a scorecard which is based on the balanced scorecard model.
- At the beginning of each financial year all the senior managers (Section 57 employees) sign Performance Agreements
- Evaluation of each manager's performance has taken place at the end of each quarter.

The Municipality has planned to bring on board other levels on the performance management system beginning with that of the heads of department. Moves are already afoot to begin to cascade the system to this level.

8.11.5 Key Performance Indicators (KPIs)

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

Every year, as required by Section 12 (1) of the Regulations to the Systems Act, the Municipality also set performance targets for each of the key performance indicators.