

MASILONYANA LOCAL MUNICIPALITY



INTEGRATED DEVELOPMENT PLAN (IDP) (2009-2010)

CHAPTER	TABLE OF CONTENTS	PAGES
1	INTRODUCTION (VISION AND MISSION)	
2	LEGISLATIVE REQUIREMENTS	
3	INTEGRATED DEVELOPMENT PLANNING METHODOLOGY 3.1 IDP DISTRICT FRAMEWORK 3.2 IDP PROCESS PLAN 3.3 BRIEF OVERVIEW ON FIVE IDP METHODOLOGY	
4	ANALYSIS PHASE	
5	STRATEGY AND PROJECT PHASE	
6	INTERGRATION PHASE	
7	APPROVAL, MONITORING, EVALUATION AND REVIEWING PHASES	
8	MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR FINANCIAL YEARS /2009; 2009/2010 ; 2010/2011 & 2011/2012	

CHAPTER 1

1. INTRODUCTION

1.1. VISION

- To be an integrated, developmental and viable municipality

MISSION

The municipality is committed in delivering this mission through:

- Integrating its systems and resources
- Providing services in a sustainable manner
- Attracting investors and facilitating Local Economic Development
- Creating a safe and harmonious environment

Masilonyana Local Municipality (FS181) has been established in term of the Municipal Structure Act and the Municipal Demarcation Act. The municipality forms part of Lejweleputswa District Municipality (FS184). The municipality head office, Theunissen is situated 102 kilometres from Bloemfontein and 60 kilometres from Welkom.

The municipality comprises of former five Transitional Local Councils, that is, Theunissen, Brandfort, Winburg, Verkeerdevelei and Soutpan. The administration head office of the municipality is at the town of Theunissen.

1.1 Brief Overview on the origins of Masilonyana Towns

Theunissen: The town is situated 11 kilometre from north of the Vet River and 102 kilometre north–east of Bloemfontein, Free State Province South Africa. It was laid out in 1907 on the farms Smaldeel and a portion of Poortjie and attained municipal status in 1912. At first the town was known as **Smaldeel, later was renamed after Commandant Helgaart Theunissen who obtained permission for its establishment.** The town has a wine estate, the Theunissen Wine Farm.

Brandfort Town: The town is situated 56 km north-east of Bloemfontein and 115 km south-west of Winburg. It was established on the farm Keerom on the 30 October 1866 by Jacobus van Zijl and after he established a church, he invited President J.H. Brand, the fourth President of The Republic to visit the community, shortly afterwards the town was named in his honour. The town was proclaimed in 1874 and municipal status was achieved in 1884. It is sometime claimed that the town was so called because a fort on the nearby Keeromkoppie was burnt down by San or Bakhothu. The British built a concentration camp here during the Boer War to house women and children.

Winburg Town: The town is situated 116 km north-east of Bloemfontein and 51 km south-west of Ventersburg, it again situated along N1 Highway which links Cape Town to

Johannesburg and it is in the centre between the Orange and Vaal rivers. It was established on the farm Waaifontein in 1841 and it was proclaimed town in 1837 and became a municipality in 1872. The name Winburg, originally spelt Wenburg, means “town of winning”; it may refer to a military victory over the Matebele a Mosega on 17 January 1837, or to the triumph of the protagonists of Waaifontein as site of the town.

When the Voortrekker reached the area of Winburg, there were other tribes or inhabitants. The nearest community was that of a Tswana tribe under Chief Makwana at Thaba Nchu, 60 km south-east of the town and the Basotho tribes in the mountains of the current Lesotho, 100 km east of the town.

The trade of cattle for land between the Vaal and Vet Rivers, undertaken by Andries Pretorius and the Bataung Chief Makwana in 1836, led to the settlement of a dispute between the black tribes. Winburg acted as settlement and religious centre and it was originally selected for the main Voortrekker Monument but Pretoria won favour and a five tiered secondary Voortrekker(settler) monument was built on the outskirts of Winburg instead, in the 1950's, it carries the names of the Voortrekker (settler) leaders: Uys, Potgieter, Pretorius, Retief and Maritz.

Verkeerdevlei Town: The town is situated 39 km south-east of Brandfort, the name Verkeerdevlei , the name Verkeerdevlei originates from Afrikaans word which means “**wrong marsh**”, the name probably refers to an east-west flow of water in an area where the direction is normally west-east.

Soutpan Town: The town is situated 45 km west of Brandfort; Soutpan is an Afrikaans word meaning “salt pan” or “depression” in English. The name is derived from a large geographical feature of that type, on the slopes of which the Florisbad archaeological site is situated.

1.2. POLITICAL LEADERSHIP AND EXECUTIVE MANAGEMENT

Masilonyana Local Municipality was established by Notice 6766 of 2000, in terms of Section 12(1) of the MSA. In accordance with this notice, existing municipalities were disestablished, and the new Masilonyana LM came into being. The MLM was established as Category C municipality.

The Mayor and the Executive Committee, the Council, the Speaker and the Council Chief Whip perform key roles in the municipality's system of governance, through the exercise of the executive and/or legislative power, facilitation of political interaction and oversight. The structure of governance is shown below

MUNICIPAL COUNCIL

The Council is the legislative arm of the MLM, which means that it is empowered to approve municipal by-laws, the Budget and the IDP. It also has executive powers to deal with those matters that have not been delegated to the Mayor.

In terms of the Municipal Structures Act, meeting of the Council are open to the public. The schedule of meetings is advertised in local newspapers to encourage attendance

SPEAKER OF COUNCIL

The role of the Speaker is a Councillor, elected as the Chairperson of the Council in terms of Section 36 of the Municipal Structures Act and Section 160(1) (b) of the Constitution, and Councillor Ms M. Lekaota is the Speaker of Masilonyana LM Council.

The role of the Speaker in term of legislation is to:

- Presiding at meeting of the Council
- Perform the duties and exercise the powers delegated to the Speaker in terms of Section 59 of the Municipal Structures Act.
- Ensure that the Council meets at least quarterly
- Maintain order during meetings
- Ensure compliance in the Council and Council committee with the Code of Conduct set out in Schedule 1 to the Municipal Structures Act

- Ensure that Council meetings are conducted in accordance with the rules and orders of the Council.

The role of the Speaker has evolved to incorporate additional functions. Speaker plays a central role in promoting good conduct amongst elected Councillors through the application of the Code of Conduct. Speaker is also tasked to assess Councillors' needs and to arrange suitable training in order to develop the MLM' political governance capacity and improve the skills of individual councillors.

The role of Speaker also includes the management of community participation, in the ward committees in particular. It is important to ensure that they function effectively on an ongoing basis. The Speaker has a key function to ensure public consultation, involvement and participation.

COUNCIL COMMITTEES

The Council is supported by a committee system; Section 33 of the Municipal Structures Act makes provision for the establishment of two types of committees, known respectively as Section 79 and Section 80 committees. Section 80 committee is chaired by members of the Executive Committee and they reflect the political portfolios of the Executive Committee.

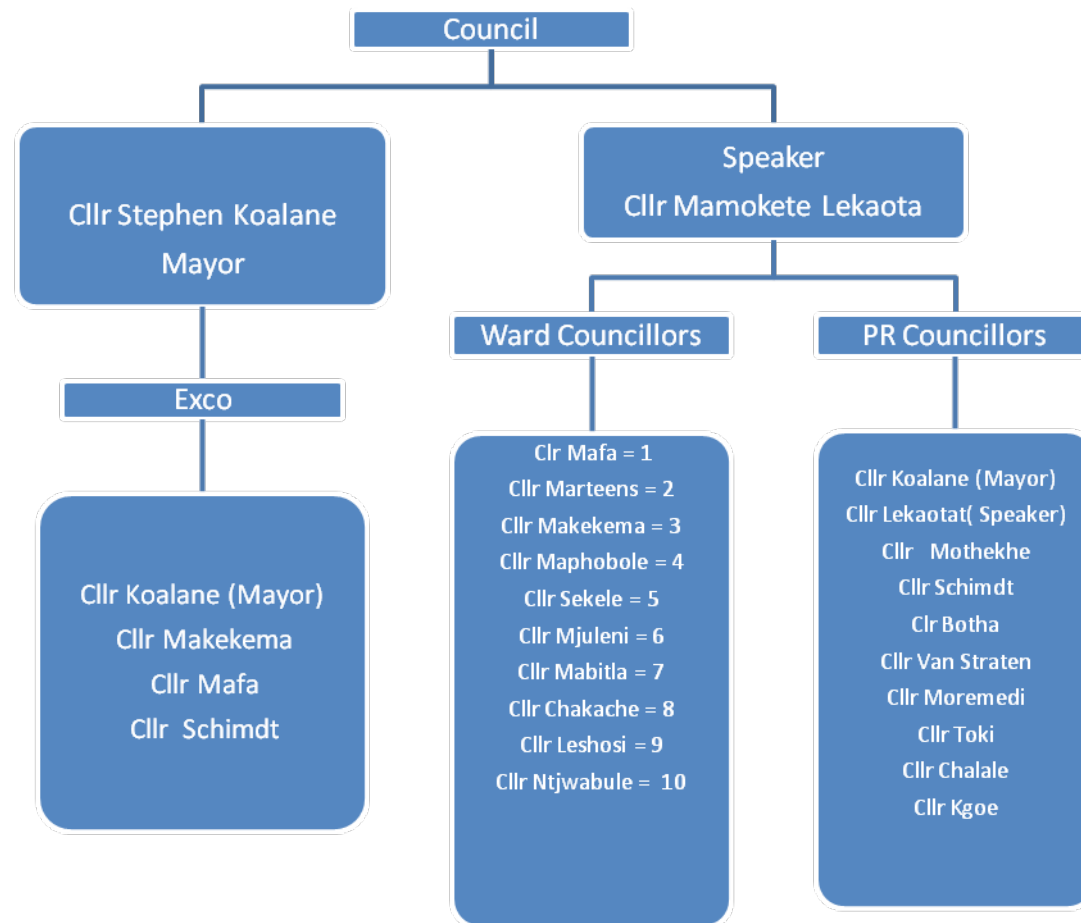
These Committees play a key role in the development of policy, as well as the monitoring of service delivery and the oversight of strategic programmes and projects. These multi-party committees normally meet on a monthly basis and they are an important interface between the executive, the administration and political representatives.

MAYOR AND EXECUTIVE COMMITTEE

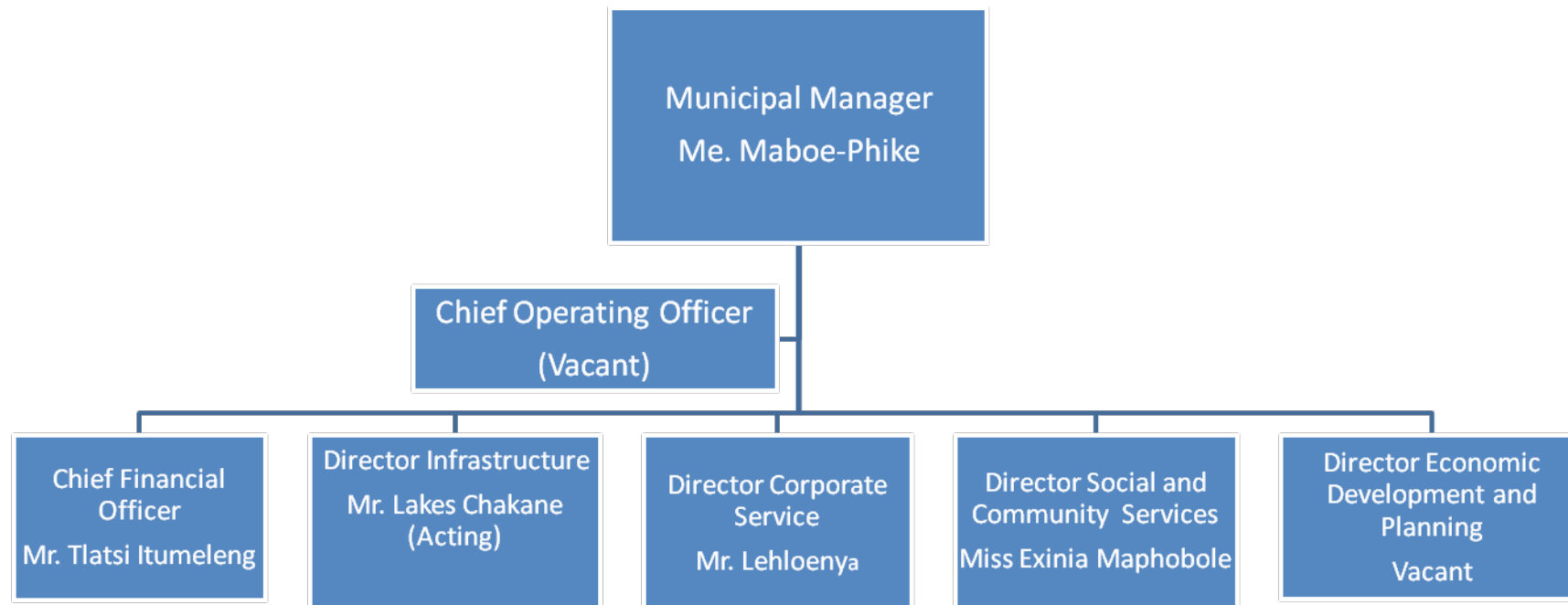
The Mayor of Masilonyana LM, Cllr K.S. Koalane, assisted by the Executive Committee, constitutes the executive arm of the MLM. The Mayor is at the centre of the MLM system of governance, since some powers are vested in him to manage the affairs of MLM and others are delegated to Executive Committee by Council.

This means that there has been an overarching strategic and political responsibility and every member of the executive committee chaired a portfolio committee, consisting of all councillors from all the different political parties.

Political Structures of Masilonyana Local Municipality



MUNICIPAL CORE ADMINISTRATION STRUCTURE



MUNICIPAL ADMINISTRATION

Municipal administration describes the institutional structure of the MLM and its unique, designed and reflects the goals of growth with sustainability, affordable structures, enhanced accountability, increased efficiency and the elimination of duplication and fragmentation.

The Municipal Manager, Me Maboe-Phike heads the MLM core administration and he is assisted by Chief Finance Officer and Heads of the Department from the following business units, that is, Social and Community Development, Corporate Service, and Technical Services.

The municipal manager and her senior management were appointed on a five year employment and performance contracts, in order to provide the link between the political and administrative arms of the MLM government.

CHAPTER 2

2. LEGISLATIVE REQUIREMENTS

2.1 Constitution of the Republic of South Africa

In terms of the Constitution, the White Paper and the legislation flowing from it, municipalities are required to structure, manage their administration, budget and plan to give priority to the basic needs of the community, to promote the social and economic development of the community and to participate in national and provincial development programmes.

Section 152 of the Constitution mandates local government to:

- Provide democratic and accountable government for local communities.
- Ensure the provision of services to communities in a sustainable manner
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matter of local government.

2.2 Service Delivery (Batho Pele) Principles

- Batho Pele principle affirms the imperative of implementing a performance management system as enunciated by Section 152 of the Constitution.
- The White Paper on Transformation of Service Delivery articulates that public sector, including the local government sphere, should be governed by the following ethos: consultation, quality service standards, accessibility, courtesy, openness and transparency, redress and value for money.

2.3 Municipal Systems Act, 2000 (Act No. 32 of 2000)

The Municipal System Act (Act No. 32 of 2000) regulates & integrates development planning. The following sections are of specific importance:

Section 25 (1): The municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan;
- © Forms the policy framework and general basis on which annual budgets must be based;
- (d) Complies with the provisions of Chapter 5; and
- (e) It is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.

Section 26: An integrated development plan must reflect:

- (a) The municipal council's vision for long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- (b) An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- © The Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- (d) The Council's development strategies which must be aligned with any national or provincial sector plans and planning requirements binding on the municipality in terms of legislation;
- (e) A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- (f) The Council's operational strategies;
- (g) A financial plan, which must include a budget projection for at least the next three years;
- (h) The key performance indicators and performance targets determined in terms of Section 41.

Section 27 (1): Each District Municipality, with a prescribe period after the start of its elected term and after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning in the area as a whole.

Section 28: The municipal council within a prescribed period after the start of its elected term, adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan

Section 35 (1): An integrated development adopted by the Council of a municipality;

- (a) It is the principal strategic planning instrument that guides and informs all planning and development and all decisions with regard to planning, management and development, in the municipality.
- (b) Binds the municipality in the exercise of its executive authority, except to the extent of any inconsistency between a municipality's integrated development plan national or provincial legislation, in which case such legislation prevails; and
- © Binds all other persons to the extent that those parts of the integrated development plan that impose duties or affect the rights of those persons have been passed as a by-law.

Section 36: A municipality must give effect to its integrated development plan and conduct its affairs in a manner that is consistent with its integrated development plan. The role of the Mayor, in terms of Section 30 of the Municipal Systems Act, the Executive Committee must:

- (a) Manage the drafting of the municipality's integrated development plan;
- (b) Assign responsibilities in this regard to the municipal manager; and
- © Submit the draft plan to the municipal council for adoption by the Council.

2.3 Municipal Finance Management Act (Act No. 56 of 2003)

Municipal Finance Management Act (Act No. 56 of 2003) provides far-reaching mandatory provisions that relate to financial management and performance management. The Act has a primary focus on the statutory linkages between the IDP, budget planning, and financial performance.

Section 2 of the Act stipulates the objective is to secure sound and sustainable management of the financial affairs of the local government institutions to which this act applies by establishing norms and standards for:-

- Ensuring transparency, accountability and appropriate lines of responsibility in the financial affairs of those institutions.
- The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings,
- Budgetary and financial planning processes and the coordination of those with those of the other spheres of government.
- Borrowing
- The handling of financial problems in municipalities
- Other financial matters.

Masilonyana Local Municipality is involved in the budget reform processes; the intention is to ensure compliance to the provisions of the Municipal Finance Management Act. It is imperative that the IDP Review and Budget process are integrated. The municipality instituted a budget reform process that will ensure that the resource allocations are the outcome of a policy driven process rather than a technical discretion de-linked from the need to accelerate service delivery.

The main strategic outcomes of the budget are to ensure:

- Modernizing financial management and improving accountability.
- The introduction of three year budgets.
- Deepening and improving the budget preparation process, by involving the political leadership and community.
- Ensuring that the IDP and Budget are linked, and that the IDP takes account of budgetary resources, and contain proper capital and operational plans.

- Improving the in-year implementation of the budget.
- Improving the audit and performance reporting after the financial year has ended.

CHAPTER 3

3. INTEGRATED DEVELOPMENT PLANNING (IDP) METHODOLOGY (THE PLANNING PROCESS)

3.1 THE FRAMEWORK FOR INTEGRATED DEVELOPMENT PLANNING

- The Municipal Structures Act states in Section 84(1) (a) that each District Council, as part of the preparation stage, in consultation with its local municipalities must adopt a district framework for integrated development planning.
- The framework determines procedures for coordination, consultation and alignment between the district and the local municipalities and therefore binds them both.
- The framework guide each local municipality in preparing its process plan
- The IDP produced for the district must conform to this framework and the IDPs produced by Local Municipalities must be taken into account when the former is drafted.
- The framework must also be used as the basis for drafting all Local Municipality IDPs.

3.2 IDP PROCESS PLAN

Roles and Responsibilities of the various stakeholders

- The IDP Process Plan is the preparatory work that needs to be done prior to the commencement of the planning process. The programme is necessary to ensure proper management of the planning process.
- The IDP process involves both internal and external stakeholders.
- A breakdown is given in the following tables of the different roles and responsibilities associated with the IDP process. Mention is also made of the mechanisms in place or those that need to be put into place to ensure participation of these stakeholders in the IDP Process.

STAKEHOLDER	INSTITUTIONAL MECHANISM	ROLES AND RESPONSIBILITIES
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Political Leaders and Decision-makers	Local Council	<p>As the ultimate political decision-making body of the municipality, the Council will:</p> <ul style="list-style-type: none"> • Decide on the Process Plan as recommended by the IDP Steering Committee; • Consider and adopt the Process Plan; • Consider, adopt and approve the IDP • Take responsibility for overseeing the overall management, co-ordination and monitoring of the process and the drafting of the IDP. Although this responsibility will be delegated to the IDP Steering Committee and Municipal Manager / IDP Manager, the Council will oversee the work of the IDP Steering Committee and Municipal Manager; • Agree on the MEC's recommendation to the IDP; • Approve the appointment of persons to be in charge of the different roles, activities and responsibilities of the process and drafting of the IDP; and • Implement the IDP upon approval.
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INTERNAL STAKEHOLDERS

Roles and Responsibilities of the various stakeholders

STAKEHOLDERS	INSTITUTIONAL MECHANISM	ROLES AND RESPONSIBILITIES
Political Representatives of Municipality	Members of Council	<ul style="list-style-type: none"> The Mayor or Municipal Manager or the Councillor Responsible for IDP will chair public meetings.
Political Leaders representing Masilonyana Local Municipality	Councillors	<ul style="list-style-type: none"> Councillors are the major link between the municipal government and the residents. <p>As such, their roles are to:</p> <ul style="list-style-type: none"> Liaise through a Ward Committee with the community; Be responsible for organizing public consultation and participation; Bring the needs of communities to the table together with any suggestions made by them; Link the planning process to their constituencies and / or wards; Meet with their respective local municipalities on issues pertaining to their wards; Give feedback to the communities in terms of the IDP process; Monitor the IDP Process; Serve on the IDP Representative Forum; and Ensure that the annual business plans and municipal budget are linked to and based on the IDP.
Political, Administrative and Technical Advisors	IDP Steering Committee	<p>The IDP Steering Committee is responsible for the overall management and Co-ordination of the process and needs to report to Council. As such their roles are to:</p> <ul style="list-style-type: none"> Drive the IDP process; Formulate the Process Plan; Arrange workshops with different participants; Manage the process; Report to Council on the IDP Process; and Make recommendations to Council in terms of the IDP Process.

STAKEHOLDERS	INSTITUTIONAL MECHANISM	ROLES AND RESPONSIBILITIES
Administrative Manager of the IDP process	IDP Manager	<ul style="list-style-type: none"> • Responsible for the overall administrative Management of IDP Process; • Delegates responsibilities to the IDP Manager; • Ensures proper documentation on events and of the IDP Process; • Responsible for the distribution of information; • Makes the necessary arrangements for meetings and workshops of the IDP Process; • Conducts the training on IDP for councillors, officials and the public where necessary; • Delegates responsibilities and liaises with the Transport official in terms of transport arrangements; and • Reports to Municipal Manager
Heads of the Departments (Directors) and Other Senior Officials	IDP Steering Committee & IDP Project Task Teams	<p>As the persons in charge of implementation of IDPs, the technical/sectoral officers have to be fully involved in the planning process. The HOD's and officials will:</p> <ul style="list-style-type: none"> • Provide relevant technical, sectoral and financial information for analysis to determine priority issues; • Contribute technical expertise in the consideration and finalisation of strategies and identification of projects; • Provide departmental operational and capital budgetary information; • Be responsible for the preparation of project proposals, the integration of projects and sector programmes; • Be responsible for preparing amendments to the draft IDP for submission to the Council for approval and the MEC for Local Government for alignment; and • Be responsible for the implementation of the IDP Process.

INTERNAL STAKEHOLDERS (Continue.....)

STAKEHOLDERS	INSTITUTIONAL MECHANISM	ROLES AND RESPONSIBILITIES
Focused political, administrative and technical advice	IDP Project Task Teams	<p>The IDP Project Task Teams will:</p> <ul style="list-style-type: none"> • Define projects and purpose budgets; • Prepare more detailed project proposals with cost estimates; • Ensure the integration of projects with sector programmes and other requirements; • Be involved with the implementation phase of the projects to identify potential sources of funding; • Involve funders in the project planning process when required.

EXTERNAL STAKEHOLDERS

STAKEHOLDERS	INSTITUTIONAL MECHANISM	ROLES AND RESPONSIBILITIES
Residents, communities, stakeholders	IDP Representative Forum	<p>The IDP Representative Forum consists of representatives from the community and interest groups within the local municipalities' areas. The IDP representatives from the community and interest groups within the local municipal areas. The IDP Representative Forum's roles and responsibilities are as follows:</p> <ul style="list-style-type: none"> • Represents the interest of the community or specific vulnerable groups; • Gives feedback to the community on each stage of the process thus informing interest groups, communities and organizations on relevant planning activities and their outcomes; follows up on relevant planning activities; • Analyses issues, determines priorities, negotiates and reaches consensus; • Participates in the designing of project proposals and / assesses them; • Discusses and comments on the draft IDP; and • Monitors performance in implementation of the IDP.

3.3 BRIEF OVERVIEW ON FIVE (5) IDP METHODOLOGY

(a) Analysis Phase

The analysis deals with the assessment of the current situation. Information pertaining to the existing situation to be collected and assessed in order to arrive at the priority issues that need to be dealt with by the Local Municipality.

The following is an outline of the process to be followed:

- Collect and analyses existing information relation to, demographics; Economic situation; Social profile; Infrastructure and service delivery; the natural environment; institutional profile of the local municipality; and policy requirements;
- Participatory analysis with constituencies that differentiate gender, location, socio-economic situation and focuses on:
 - Identifying the needs of communities
 - Identifying community initiatives and strengths to address these needs.
- Municipal wide analysis of issues relating to:
 - (i) Trends, dynamics and problems that affect the municipal area
 - (ii) Identification of competitive advantages and initiatives within the municipal area;
 - (iii) Vulnerabilities
 - (iv) Economic situation highlighting unemployment levels, poverty, economic trends, potentials, constraints, Tec.

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|--------|--|------------------|
| (v) | Environmental situation focusing on environmental issues experienced within the municipal area, sensitive areas, etc. | potential risks, |
| (vi) | Spatial information identifying major spatial patterns, trends, problems, opportunities, land reform restructuring opportunities; and | and spatial |
| (vii) | Poverty | |
| (viii) | Institutional analysis that highlights the following: <ul style="list-style-type: none"> • Organograms of the Municipal Administration • Strengths and weaknesses relating to the new requirements of developmental local government; • Institutional constraints that may be causal factors of other priority issues; • List of service providers active in the area • Financial resources available and source of funding • Review information collected through desktop survey and participatory sessions and represent the aggregated current situation in a summary to the IDP Representative Forum; • Analyse the sector requirements and assess the relationship between the priority issue and sector requirements; • Conduct an in-depth of the priority issues identifying causal factors, opportunities, existing initiatives in place to deal with the issue, etc, where appropriate, incorporate sector specific requirements within the in-depth analysis studies and consolidates the analysis results in a profile. | |

(b) Strategies

The strategies phase sets forth the destination of the municipality and the most appropriate ways to arrive there. The Municipal Systems Act No 32 of 2000 requires that each municipality must formulate a vision. These constitute the development framework and will inform the way council will deliver in future. The following activities are involved in this process:

- Formulation of a Vision;
- Formulation of objectives for each priority issue identified in Phase 1;
- Formulation of localized strategic principles or guidelines that will guide development in future. Making use of the policies and legislative requirements binding on development in future. These following aspects need to be reflected:
 - (i) Spatial aspects;
 - (ii) Poverty / gender aspects;
 - (iii) Environment aspects;
 - (iv) Local economic aspects;
 - (v) Institutional aspects; and
 - (vi) Infrastructural and transport aspects.
- Defining resource frames within which strategies can be developed. These resource frames need to incorporate both financial and human capacity within the local municipality, availability of natural resources and other sources of income etc.;
- Creating strategic alternatives and inviting public debate on the proposed alternatives. This activity should also incorporate district level integration; and
- Choosing the correct alternatives and aligning them with sector requirements.

© Projects

This phase deals with the “nuts and bolts” as concrete project proposals need to be formulated. It is during this phase that specialists’ inputs will be required and therefore the need for the IDP Project Task Teams. The following steps need to be undertaken as part of this phase of the IDP process:

Establishment of projects task teams;

- Defining a preliminary budget for each project, including operational budget and spending on non-routine programmes;
- Developing a project matrix that defines the outputs, activities, responsible agents, targets, timeframe, budget and sources of funding; and
- Consultation with interested and affected parties around the project proposals.

(d) Integration

This phase constitutes the elaboration of the Integrated Development Plan. The major output of this phase is an operational strategy including:

- Strategic Plan- Vision, Mission, Development Objectives, Strategies and Projects;
- Institutional plan- institutional reform and organizational arrangements for implementation of the IDP;
- Financial plan- 5 year Medium Term Expenditure Framework (MTEF) and Capital investment programme;
- Integrated Monitoring and Performance Management System;
- Integrated Spatial Development Framework;
- Integrated Poverty alleviation and Gender equity programme;

- Integrated Environmental Management Programme;
- Integrated Local Economic Development Programme;
- Disaster Management Plan;
- HIV/AIDS programme;
- Water Services Development Plans;
- Integrated Transport Plans;
- Integrated Waste Management Plans.

(e) Approval

This phase deals with the feedback of the draft and the adoption and approval of the IDP by the Masilonyana Local Municipality. This phase consists of the following activities:

- Invitation of comments on the draft IDP;
- Incorporating and responding to comments;
- Production of the Final IDP;
- Adoption and approval of IDP by the Masilonyana Local Municipality;
- Submission to the MEC for alignment.

CHAPTER 4

4. ANALYSIS PHASE



Masilonyana Local Municipality is described in terms of the following assessment criteria:

- Population growth; Population distribution; Age profile;
- Population density; Urban population; Migration patterns;
- Gender breakdown; Disabled population;
- Dwelling types; Education levels; Infrastructure;
- Natural features; Cultivation patterns; and Poverty gap.

4.1 Economic Analysis

The objective of this section is to describe the economy of the MLM in order to understand the current economic situation in the Local Municipality.

The economic analysis comprises of the socioeconomic profile of the local municipal area, the economic trends of the local economy and the enabling environment of Masilonyana. These aspects have an influence on the current and future development of the local municipal area.

4.2 Socio-Economic Profile

4.2.1 Demographic Profile

The total population of Masilonyana LM which includes both male and female for all towns, that is, Theunissen/ Masilo, Brandfort/Majwemasweu, Winburg/ Makeleketla, Soutpan/Ikgomotseng, Verkeerdevlei/Tshepong, Rural, Star Diamond Mine, Beatrix Mine and Joel Mine is estimated at 63 870. This population includes Blacks, Coloureds, Indians and Whites.

The following population groups constitutes the following percentages out of the total population group of the entire municipality, that is, Blacks (91,2%), Coloureds(1,28%), Indians (0,03%), Whites (7,49%) respectively. **(Source: Census Community survey 2007).**

Tables below shows the total population, gender, age distribution of the local municipal

Population

Description	2007
Black African	59251
Coloured	820
Indian or Asian	19
White	4317

Household Income

Description	2007
No income	4599
R1 - R4 800	2729
R4 801 - R 9 600	4057
R9 601 - R 19 200	4499
R19 201 - R 38 400	3006
R38 401 - R 76 800	883
R76 801 - R153 600	431
R153601-R307200	172
R307201-R614400	60
R614401-R1228800	30
R1228801-R2457600	15
R2 457 601 , more	5
Not Applicable	22

Gender (NB: Please note that the high number of males is influenced by males employed by the mining industry)

Description	2007	2010
Female	35439	
Male	44651	

Employment Status

Description	2007
Employed	14936
Unemployed	10866
Not Economically Active	16239

Industry

Description	2007
Agric relate work	3503
Mining, Quarrying	4064
Manufacturing	401
Elec,gas,water	52
Construction	632
Wholesale,Retail	960
Transport, Comm	210
Business Services	469
Community Services	2969
Private Household	
Undetermined	49177
Extra Territ Orgs	
Rep Foreign Gov	0

Age Distribution

Description	2007
0-4	6099
5-9	6262
10-14	6816
15-19	6916
20-24	5870
25-29	5703
30-34	5195
35-39	4923
40-44	4085
45-49	3306
50-54	2441
55-59	1796
60-64	1537
65-69	1278
70-74	877
75-79	560
80 and over	735

The percentages change shows an increase in the economical active people and the labour force. This places a huge responsibility on the municipality, as these people will have to be provided with a variety of social, recreational and educational facilities.

INFRASTRUCTURE BACKLOGS AND CHALLENGES

The main challenges in terms of the **infrastructure and services development** for the municipality lies in addressing the imbalances which exist amongst the various communities, eradicating the backlog that exist and maintaining the current infrastructure.

Equitable development is essential to ensure that all towns that fall within MLM are developed, rural areas such as Verkeerdevlei and Soutpan who are particularly poor are developed because they lag far behind the urban centre, especially in terms of levels of sanitation.

The Infrastructure analysis will show the latest municipal statistics surrounding the provision of services. In this overview the census data will be used to give a broad overview and determine possible trends.

Housing

The municipality has a large **shortage of housing** and it is important that it play a leading role in prioritizing, planning and coordinating funding applications.

Road Networking

The **road networking** in the municipality is well developed but the road conditions are deteriorating at rapid rate, very little maintenance is taking place. The maintenance of all **primary roads** is an urgent priority for the next five years. It will be important to maintain and upgrade all main routes to facilitate the flow of traffic through the municipality and to support the local economic development thrusts. Similarly, there is a need to maintain the **tertiary road system** as it forms a lifeline for rural communities in terms of health, education and emergency services.

Water Infrastructure

Bulk Water Infrastructure consists mostly of boreholes, reservoirs and pipelines of the Municipality.

Description	2007
No Access to Pipe	534
Pipe water(dwell)	3949
Pipe water(yrd)	12318
Pipe water<200m	1838
Pipe water>200m	1872
Regional Local Sch	16510
Borehole	2271
Spring	17
Rain-water tank	347
Dam/pool/stagnant	255
River/stream	356
Water vendor	650
Other	107
Not Applicable Src	0
Not Applicable Pip	0

The **water infrastructure** comprises the reservoir and pipelines of Sedibeng Water and these supply the municipal area and the mines with water from the Vaal River and to lesser extent with water from the Sand River.

All towns in the municipality are dependent on the ground water extraction and most of the rural areas have been provided with water (an estimated 80% of farm communities have clean, running water).

Provision of Sanitation

The **provision of sanitation** services in the municipality fall well below RDP standards, as far as the urban areas are concern, 50,2% of residential stands are without waterborne sanitation facilities and services.

Description	2007
Flush toilet sewer	6905
Flsh toil tank	287
Chemical toilet	39
Pit latrine W/vent	243
Pit lat WO/vent	1360
Bucket latrine	9631
None	2046
Not Applicable	0

Waste Disposal

Most towns in the municipality are experiencing difficulties in the management of their **waste disposal** sites and struggle to meet the requirements for such sites as set out by the Department of Water Affairs (DWAF).

There is a requirement for a wide strategy and framework for effective waste disposal including the possibility of **dumping site** and the disposal of **toxic waste**.

The official figures based on the 2001 Census for Masilonyana Local Municipality is as follows:

Refuse Removal

Description	2007
Removed once week	8839
Removed less often	2510
Communal dump	1071
Own refuse dump	6275
No Disposal	1817
Not Applicable	0

Electrical Network

The **bulk electrical network** is well established, Eskom provides services to all mines and towns in the municipality and there is sufficient infrastructure to service the whole area.

Description	2007
Electricity	15575
Gas	34
Paraffin	1295
Candles	3519
Solar	40
Other	48
Not Applicable	0

Cemeteries

The general management of **cemeteries** is a problem and in most cases there is a lack of care and maintenance, the issue of capacity planning for the future is a concern, especially in light of the municipality's high incidence of HIV/AIDS infection.

Railway

The main national north-south **railway** crosses the municipality between Hennenman, Virginia, and Brandfort. From this main route branches have been established between Theunissen, Winburg and Welkom, past Bothaville to the Bultfontein via Klerksdorp line and private lines some link the gold mines.

HIV/AIDS Infection (Health)

The rate of **HIV/AIDS infection (Health)** in the area is very high due to migrant labour from the mines and high employment rate, mobile clinics are operating in the rural areas and in some instance communities are experiencing problems with accessibility because of the distances they have to travel and also because of the low frequency of visits. Clinic and hospitals are overcrowded and emergency services are not readily available and their turnaround responses to emergency calls are slow.

Availability of medicines at clinics is a further problem caused by lack of control and poor distribution systems and the chief environmental factors impacting on the demand for primary health care in the municipality are poor sanitation, health risks from waste dumps, pollution and lack of safe water.

Welfare Issues

With regard to **welfare issues**, there is a lack of resources and facilities for counselling in the municipality to deal with problems like alcohol and substance abuse, family violence, child abuse, mental disorders, teenage pregnancy, etc. The Aged (Senior Citizens) are experiencing difficulty in accessing pension payments due to the shortage and inaccessibility of pay points.

Sporting and Recreational Facilities

There is a general lack of **sporting and recreational facilities** in the municipality and this is contributing to the social problems experienced in most communities. A high level of illiteracy exists in the municipality especially in the rural areas; efforts to address this situation are hampered by lack of facilities and other resources.

Education Provision

Lack of **education provision** in the rural areas is leading to the migration of such families to urban centre, increasing the existing pressures on the urban centres. The municipality lacks technical and agricultural training facilities, the Central University of Technology and Welkom College are the only tertiary education institutions that are at least closer to MLM, but they not easily accessed from remoter rural areas.

Description	2007
None	7835
Pre - school	603
School	17189
College	118
Technikon	49
University	83
Adult education	214
Other	22

Telecommunications.

According Stats SA, it is estimated that 15% of households in the municipality area have no access to **telephones or telecommunications**.

Description	2007
Tel/cell(dwell)	1120
Tel(dwell only)	1887
Cell-phone only	2483
Near neighbour	1626
Near Public Tele	8969
Nearby	1472
Far	699
No Tele access	2234
Not Applicable	22

Crime Prevention

The current levels of **crime** in the municipality are high and are not limited to specific geographical areas of population groups and there has been an increase in violence against women and children. Some of the contributing factors were the high rate of unemployment, the migration of people from rural to urban areas, ineffective neighbourhood watch schemes and community policing for a, lack of visible policing, lack of access to telecommunications, lack of accessibility for communities to police stations.

Facilities are needed such as mobile police stations, extra police vehicle and accessible communication systems to bring about an improvement in crime prevention and an increase in the response to emergency events.

Public Transport and Community Facilities

Public facilities such as libraries and clinics vary in their availability and functionality in serving the communities needs. Libraries are especially important as it forms a vital link in the new Curriculum to serve as centres of knowledge and support for school children and students.

Description	2007
Not applicable	31016
On foot	27434
Bicycle	233
Motorcycle	106
Car as a driver	1072
Car passenger	1200
Minibus/taxi	689
Bus	2460
Train	68
Other	127

CHAPTER 5

5. STRATEGY AND PROJECT PHASE

5.1 MUNICIPAL VISION

The vision represents a clear view or image of the future, that towards which the municipality strive.

“TO BE AN INTEGRATED, DEVELOPMENTAL AND VIABLE LOCAL MUNICIPALITY BY 2026”

5.2 MUNICIPAL MISSION

Masilonyana Local Municipality is still committed to delivering this mission through:

- The integration of its systems and resources
- Providing services in a sustainable manner
- Attract investors and facilitate economic development
- Creation of a safe and harmonious living environment

5.3 CORE VALUES

- **TRANSPARENCY:** We practice good corporate governance, openness and strive to understand the needs of our community at all times.
- **COMMITMENT:** We are dedicated to the services we render to the community. We are committed to realise the objective of local government in South Africa.
- **ACCOUNTABILITY:** We respect and value our people and ensure that we are accountable and responsible on all aspects of our work.

- **INTEGRITY:** We perform our work diligently with integrity and courage to ensure that our communities are able to trust and believe in us.
- **DEMOCRACY:** We encourage the adherence to the constitution of the country, by allowing everybody to exercise their rights.

5.4 MUNICIPAL POWERS AND FUNCTIONS

- The municipality has all the powers and functions conferred or assigned to it in terms of the Constitution (Act of 1996), Municipal Systems Act (Act 32 of 2000), Municipal Structures Act (Act 117 of 1998) and the Municipal Finance Management Act (Act 56 of 2003) and any amendments thereof, as well as any national and/or provincial legislation.
- The municipality has the right to do anything reasonably necessary for or incidental to the effective performance of its function and/or the exercise of its powers.
- The legislative and executive authority of the municipality vest in its municipal council, which it must exercise reasonably and responsibly, within its area of jurisdiction and by agreement with another municipality within the jurisdiction of that municipality as well.
- In terms of Powers and Functions, the Free State Province MEC for Local Government and Housing in consultation with the Minister of Provincial and Local Government have gazetted authorizations to the Municipality to perform certain powers and functions.
- The process is informed by the constitutional mandate of local government to perform certain functions and such process is important for the preparation of municipal IDPs as it outlines the core powers, functions and expected performance of local government. In terms of the government notice which was issued during June 2003, Masilonyana LM is expected to perform the following powers and functions:
 - (i) Electricity and gas reticulation
 - (ii) Fire-Fighting services
 - (iii) Local Tourism
 - (iv) Municipal Airports
 - (v) Municipal Planning

- (vi) Municipal Public Works
- (vii) Water and Sanitation ((Potable water supply, systems, Domestic waste water and Sewerage disposal systems)
- (viii) Cemeteries, funeral parlours and crematoria
- (ix) Markets
- (x) Municipal abattoirs
- (xi) Municipal Roads and Refuse Removal, Refuse Dumps and Solid Waste Disposal

5.5 STRATEGIC KEY PRIORITIES

The following **key strategic priorities** were identified during the planning process, that is;

- **Infrastructure Development**
- **Land Development and Housing,**
- **Local governance**
- **Economic growth and job creation and**
- **Safety and Security**
- **People development**

5.5 Objectives and Strategies

- The Act further says, that the municipality is supposed to determine **development objectives** for the elected term of the council (including its local economic development aims and its internal transformation needs);
- And develop **strategies** which are to be aligned with national or provincial sector plans and planning requirements.
- The objectives and strategies were formulated or framed in such a way that they reflect cross-cutting development issues such as spatial restructuring, gender equity, poverty alleviation, local economic development and ecological sustainability, these has enabled the District to developed projects and programmes that have an impact on the lives ordinary people.

MUNICIPAL STRATEGIC OBJECTIVES (EXECUTIVE SUMMARY)

Municipality has adopted the following key strategic priorities to guide them in order to fast track the implementation of service delivery and eradication of poverty and these priorities were raised by the communities during the IDP consultative process, that is,

Infrastructure Development

(Water, Bulk Sanitation, Roads & Stormwater and Streets, Electricity, Waste Management and Cemeteries)

The municipality has committed itself to ensure that the infrastructural backlog is addressed and communities are provided with clean water, on of bucket system is eradicated, Streets and Stormwater drainage are upgraded, all houses are electrified, disposal waste is managed effectively to avoid health hazards, cemeteries are provided, cleaned and fenced”.

Land Development and Housing,

Municipality has committed itself to coordinate the process of housing delivery and development, through provision of land for economic activities, commercial, residential development and ensure that land reform is sustainable.

Local governance,

The municipality will ensure effective functioning of all municipal offices and the make sure that all personnel is integrated in the system with one conditions of employment and will integrate all municipal assets to great one asset register and operational systems, policies, procedures and By-Laws and implement any legislation affecting local governance”.

Economic growth and job creation and

The municipality will strive to promote economic development through reducing the unemployment rate through employing the following factors of production effectively, that is land, labour, entrepreneurship, promotion of tourism, local economic development, smmes, involvement of youth, women, disable people, promoting of small scale farming, and facilitation of business centres, industries and partner with mining houses.

Safety and Security

Municipality will ensure that its property, asset and community are protected through working hand in hand with the South African Police Services, making sure that all public places there is security encourage satellite police stations and corruption is eliminated.

People development

The municipality committed itself to comply with regulations in terms of the Environment Conversation Act and making its environment pleasant and healthy for its community and the future residents area, provide and facilitate sufficient care for the aged, frail and disabled, pay points pensions, provision of adequate health care, education facilities, promotion of arts and culture, youth women and children and prepared them to be

MUNICIPAL KEY IDP PRIORITIES VERSUS STRATEGIC OBJECTIVES

No.	MUNICIPAL KEY PRIORITIES	STRATEGIC OBJECTIVES
1	BASIC SERVICE DELIVERY (INFRASTRUCTURAL DEVELOPMENT)	<ul style="list-style-type: none"> • Develop an integrated service delivery plan and upgrade existing infrastructure
2	SOCIAL AND COMMUNITY DEVELOPMENT	<ul style="list-style-type: none"> • To facilitate the improvement of social services in the municipality • To improve housing development in the municipality by 2012 • To facilitate the improvement of Primary Health Care in the municipality by 2008
3	ECONOMIC DEVELOPMENT, EMPLOYMENT CREATION AND INVESTMENT	<ul style="list-style-type: none"> • To create conducive economic environment by 2014
4	GOOD GOVERNANCE	<ul style="list-style-type: none"> • To have an effective restructured municipal administration by 2010 • To improve capacity of all municipal officials including Councillors
5	JUSTICE, CRIME PREVENTION AND SECURITY	<ul style="list-style-type: none"> • To reduce levels of prevalent crime in the municipality by 70% by 2010

NATIONAL KEY PERFORMANCE AREAS VERSUS KEY PRIORITIES FOR THE MUNICIPALITY FOR 2007-2012

	National Key Performance Areas	Key Priorities for the Municipality for 2007-2012
1.	1.1. Good Governance and Democracy (Municipal Transformation and Organizational Development)	1.1.1. Equity plan 1.1.2. Review of departmental plans 1.1.3. Review of the structure 1.1.4. Filling of posts(requests intervention from the district or province in areas of higher need) 1.1.5. Development of retention strategy 1.1.6. Development of Policies, Plans, Programmes and Systems, Implementation and Annual Reports.
	1.2. Economic Development, Employment Creation and Investment	1.2.1. Improving LED 1.2.2. Development of LED strategy and Review it annually 1.2.3. SMME development and support
	1.3. Basic Service Delivery (Infrastructural Development)	1.3.1. Bucket eradication 1.3.2. Sanitation 1.3.3. Housing service delivery 1.3.4. Roads infrastructure 1.3.5. Storm water and drainage 1.3.6. Electricity 1.3.7. Public telephones
	1.4. Social and Community Services	1.4.1. Primary Health Care 1.4.2. Safety and security 1.4.3. Restructuring Municipal Administration 1.4.4. Targeted awareness programme 1.4.5. Communication strategy development 1.4.6. Ward Committee participation
	1.5. Financial viability and Management	1.5.1. Audit reports 1.5.2. Annual Financial statements 1.5.3. Financial Management Reforms 1.5.4. Budget 1.5.5. Audit risk assessment and intervention
	1.6 Justice, Crime Prevention and Security	1.6.1 Crime Prevention, Support Centres, Community Policing Forums

5.6 PROGRESS ON IMPLEMENTATION OF IDP PROJECTS FOR THE FINANCIAL YEAR 2008 / 2009 CORPORATE SERVICES

PROJECT	IMPLEMENTED (Starting date & finishing date)	STATUS on Going or Not	COMMENTS
Medical check-ups and re-filling of the fire extinguishes	Each financial year	Completed	The check-up process must be conducted annually and in line with relevant pieces of legislation and budget allocation is required
Purchasing of the Protective Clothes for the Municipal workers	Each financial year	Completed	The purchase must be done annually and budget allocation is required
Implementation of the Work Skills plans' projects	Each financial year	Not yet implemented	Still waiting for the approval from LGSETA
Finalisation and implementation organogram (Establishment of the Economic Development and Planning Department)	At the beginning of the financial year	The process has started	The implementation of the new organogram and the placement will warrant budget allocation
Review and development of the job descriptions in line with the new organogram	At the beginning of the financial year	Not yet implemented	The review and development of the job descriptions will be determined by the finalization of the organogram
Training of HR and Admin support on various functions	Each financial year	Not yet implemented	Still waiting approval of budget from LGSETA
Development of business plan for learnerships (Community based	Each financial year	Not yet implemented	Still waiting for the response from HRWSETA

projects)			
Training of personnel in Finance department around debt collection policy and implementation plan	Each financial year	Not yet implemented	To develop a training programme
Development and implementation of employees assistance programme	Each financial year	Not yet implemented	To develop a programme
Branding of the Municipality	Each financial year	On going	This activity must be allocated a budget vote annually
Finalisation of the fleet management project with finance department	Each financial year	On going	This activity must be allocated budget vote annually
Implementation of the outcomes of the Audit reports PROPAC resolutions	Each financial year	On going	To ensure that the departments respond accordingly
Improvement of the external communications channel through the relevant office	Each financial year	On going	This activity must be allocated budget vote annually
Implementation of the institutional PMS	Each financial year	Not yet implemented	To ensure that the PMS complies with the legislative requirements and be allocated budget vote annually for review and development
Implementation of clock card system	2008/09 financial year	On going	To improve the personnel control and salary processes are improved
Assist the MM's office with the compliance with SCM	Each financial year	On going	To ensure that the Municipality policy comply with the legislative requirements
Development of the property rates policy and by-law	At the beginning of the financial year	Draft policy and by-law have completed and published	To ensure that the policy and by-law comply with the MPRA and community participation is exercised
Compilation of the valuation roll	At the beginning of the financial year	Draft roll has been completed and published	To ensure the compilation comply with the MPRA
Permanent Municipal Offices (Planning stage)	At the beginning of the financial year	Not yet implemented	This activity will require the allocation of the budget vote
Updating of the Council resolutions register	Each financial year	On going	To ensure that the decisions of Council are implemented
Review of the adopted/existing policies	Each financial year	On going	To ensure that the policies are in line with the pieces of legislation

Improve the Municipal telephone system	Each financial year	On going	To ensure that there smooth communication both internally and externally and to reduce telephone bills
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SOCIAL AND COMMUNITY SERVICES

PROJECT	IMPLEMENTED (Starting date & finishing date)	STATUS on Going or Not	COMMENTS
1.Waste management			
<ul style="list-style-type: none"> Refuse removal 	01 July 08 to date	Ongoing	Shortage of fleet and personnel is hampering negatively on the service delivery
Dumping sites	The Municipality has only one registered dumping area in Theunissen, The dumping areas should be fenced, regulated and maintained	Ongoing	The fencing and regulation of dumping areas to be prioritized in the new financial year especially the one in Brandfort DEEAT to be engaged as well for financial assistance.
Intergrated Waste Management Plan	The Municipality does not have IWMP which should be addressing waste management.	On going	Financial assistance to be requested from the District and DEEAT
2.PARKS AND CEMETERIES			
Fencing of cemeteries	This project was not implemented because of the financial constraints	On going	Financial assistance to be requested from the District
Establishment of new cemeteries	One new cemetery was established in Majwemasweu	On going	There is a need for new cemeteries in Makeleketla and Masilo
Grave register	Grave register is ongoing and the graves are numbered	On going	
3.UPGRADING OF HALL AND RECREATIONAL FACILITIES	The sports facilities are maintained on regular basis	On going	Vandalism on the facilities should be condoned
4. LAW ENFORCEMENT	The road signs were painted in Winburg and Brandfort	Ongoing	
	Electronic security system was installed in Municipal offices and stores	Ongoing	
5.PLANNING AND SURVEYING OF ERVEN	New township was establishment in Majwemasweu with two hundred and eighty one sites	Ongoing (Allocation is ongoing)	The municipality has to budget for this project

6.Commonages	Audit has be conducted for all the commonage land and the process of allocating land will be concluded before the new financial year	On going	
7.HOUSING 800 allocation Theunissen-300 Winburg-200 Soutpan-100 Verkeerdevlei-100 Brandfort-100	Three hundred and nineteen houses are completed to date	On going	The projects were delayed due to the shortage of building material
8.MASILO OLD AGE HOSTEL (COMMUNITY RESIDENTIAL UNITS)	Consultants have been appointed for the feasibility study	Ongoing	
9.WINNIE MANDELA MUSEUM		Ongoing	

FINANCIAL MANAGEMENT

PROJECT	IMPLEMENTED (Starting date & finishing date)	STATUS on Going or Not	COMMENTS
Sound financial management practices implemented in terms of the MFMA priorities	Each financial year	On going	Legislative requirements that have to be complied with each financial in relation to sound financial management and reporting
Budget aligned to SDBIP	Before the beginning of each financial year	Completed	Completed
Budget and treasury office establish	Not implemented	Not applicable	Funding or secondments required
Budget and revenue management is effective	At the beginning of each financial year	On going	Continuously striving to improve processes with regard to having an effective budget and revenue management
Financial reporting and auditing	Each financial year	On going	On going
Financial management policies and by-laws	Existing policies and by-laws need to be reviewed	Not implemented	Funds required
Integrated financial systems	Not implemented	Not applicable	Funding required

Consumer debt exceeding 90 days recovered	Each financial year	On going	Assisted by the District and appointed lawyers to recover outstanding monies
Turnaround time for creditor payment improved	Each financial year	On going	Dependent of sound financial status of the municipality
% reduction in grant dependency rate	On going	On going	Monthly operational fixed costs exceeds levies and monies recovered hence the municipality still highly dependent on grants
Personnel costs over total operating budget	On going	On going	On going
Financial legislation is implemented and complied with, including the Property Rates Act and Division of Revenue	Each financial year	On going	Draft valuation roll submitted and publicized for inspection and to be implemented by 1 st July 2009

SOCIAL AND COMMUNITY SERVICES ACTION PLANS

SERVICE DELIVERY

DESCRIPTION	ACTIVITY	POTENTIAL REMEDIAL	FINANCIAL IMPLICATIONS	RISK	TIME FRAME	RESPONSIBILITY
WASTE MANAGEMENT	Refuse removal	Fleet and filling of vacant posts will ensure effective service delivery in this regard	R2 230 000 .00 (fleet) R378 000.00 (Vacant posts)	Health risk to the communities	2009/ 10	Assistant Director :Parks and Recreation
	Dumping sites	Fencing,regulation, construction of urns and maintainance of dumping sites,and levelling	R222 000.00 per year	Health risk to the communities	2009/ 10	Assistant Director :Parks and Recreation
	Intergrated Waste Management Plan	To have a tool to regulate the entire waste management	R1,5million	Health risk to the communities	2009/ 10	Assistant Director :Parks and Recreation
PARKS AND CEMETERIES	Fencing of cemeteries	Fenced and maintained cemeteries that will be in the good state,to ensure social upliftment	R1,5million	Vandalism	2009/ 10	Assistant Director :Parks and Recreation
	Establishment of new cemeteries	Appointment of consultants to start the process	R130 000.00 for each cemetery	Non Compliance with the National Environmental Management Act	2009/ 10	Assistant Director :Parks and Recreation
RECREATIONAL FACILITIES	Halls and offices	Upgrading and maintainance of halls,	R500 000.00	Social upliftment	2009/ 10	Assistant Director :Housing and Properties
		Intergrated municipal offices especially in Head Quarters				MM
SPORTS FACILITIES	Sports facilities	Upgrading of sports facilities	R300 000.00	No proper sports facilities and social upliftment that might result in all sorts of criminal activities	2009/ 10	Assistant Director:Parks and Recreation
HOUSING AND MUNICIPAL PROPERTIES	Rental Stock	Maintance and revenue collection of rental	R150 000.00	The Municipality loses revenue if rental is not collected and properties maintained	2009/ 10	Assistant Director :Housing and Properties
	Commonages	Fencing,water supply(bore holes) and fire prevention	R2million	The Municipality loses revenue because there is no lease agreements on commonages	2009/ 10	Assistant Director :Housing and Properties
	Planning and surveying of erven	Appointment of consultants to start the long term land use scheme,to cap the backlog on sites and housing	R1,5million	Illegal land use and loss of income	2009/ 10	Assistant Director :Housing and Properties
	Security	Theft and vandalism will be minimal if there is effective security system in place	R300 000.00	Theft and vandalism	2009/ 10	Assistant Director :Housing and Properties
LAW ENFORCEMENT	Traffic	Maintanace of road signs and painting and replacement of road signs	R88 000.00	Accidents	2009/ 10	Law Enforcement officers

Fire fighting

There is a need for two more fire stations
Masibong Local Municipality IDP 2009-2010
 We not in the position to combat disaster

Law Enforcement officers

GENERAL Personnel

There is a personnel shortage in this
 15 more personnel

Organizational and Human Development Action Plan

ACTIVITY	CHALLENGE	PROPOSED SOLUTIONS	FINANCIAL IMPLICATION	TIME	RISK	RESPONSIBLE OFFICIAL/S
1. Compliance with legislative requirements e.g. MFMA	- Non compliance e.g. SCM, submission of AFS.	Development of an audit study to determine the level of compliance and non-compliance in line with A-G reports.	R350 000,00	15 March 2009	- Non compliance will result Audit Queries.	- All Heads of Departments
2. Organisational structure review and development and review by job descriptions and development of skills development strategy.	- The current organogram and job descriptions address the needs of the Municipality. No skills development strategy.	- Review and develop new organogram and job descriptions and skills development strategy.	R450 000,00	30 April 2009	- Non reviewable and development of the new organogram and job descriptions service delivery.	Director: Corporate Services and HR Section.
3. Legal cases that have financial implications.	- Non payment of Service providers in time.	- Proper system be put in place to insure that such issues are attended in time and the legal firms appointed be utilized accordingly.	- Undetermined based on the nature of the case/s.	Continuous	- The Municipality	Director: Corporate Services, Municipal Manager, CFO and appointed legal firms.
4. Business plan for the Municipality (10 Point Plan)	- Non implementation of the strategic plan	- Review and development of the comprehensive of the strategic plan for the Municipality	R450 000,00	31 March 2009	- Non existence of the strategic plan result the Municipality not realizing its objectives	- Municipal Manager, Director: Corporate Services and CFO
5. Implementation of PMS and performance contracts for Section 57 Managers.	- Non implementation of PMS Contravenes the legislative requirements and doesn't inform the performance contracts of the section 57 Managers.	- Urgent implementation of the PMS which will inform the performance contracts of the section 57 Managers.	R400 000,00	With immediate effect.	Non compliance with the legislative requirements.	Municipal Manager and Director Corporate Services.

6. Vacancies	- The filling of posts will increase financial burden to the Municipality	- Moratorium be put in place for the filling of vacant posts.		With immediate effect.	The filling of posts will increase financial burden of the Municipality.	Municipal Manager and Director Corporate Services.
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FINANCIAL MANAGEMENT: ACTION PLAN

Description	Challenge	Financial Implication	Proposed solution	Time frame	Risk	Responsibility
1. Meter Readings	Incorrect billing. Overstatement of debtors in the books of Municipality. Unhappy community due to incorrect levies on accounts.	Payment to meter readers' +/- R 41 000 per month. Non-payment of accounts could have an effect of up to R1 Mil per month.	Review of the contract and possible termination of the contract.	31 March 2009	Non Payment by consumers	CFO, Corporate MM
2. Bank reconciliations	Non-reliable information on FMS. Inaccurate reporting to stakeholders. Income understated with unidentified deposits. Consumer accounts not reflecting payments timeously.	No costs involved	The District is assisting the Municipality in the compilation of recons. The backlog was seven months. Will be updated by the end of May 2009	30 June 2009	Cashbook not reflecting correct income and expenditure	Officials of the District Municipality. L von Plaster
3. Salary reconciliations:	Non-reliable information on FMS. Inaccurate reporting to stakeholders. Possible overstatement or understatement of salary expenses on AFS.	No costs involved	DBSA deployee will assist the salary section in the compilation of a recon that will reconcile the two systems.	30 June 2009	Salary expenditure over or under stated in AFS	S Myburgh DBSA Deployee and YP to assist
4. Debtors reconciliations	Non-reliable information on FMS. Inaccurate reporting to stakeholders. Possible overstatement or understatement of debtors on AFS. Currently there are substantial differences between the two systems.	No costs involved	The DBSA deployee and the officials of DATA-M are currently looking into this matter. Reports needs to be generated that include payments, levies and journals passed on the debtor system and must be compared to the General ledger. All differences must be corrected.	30 June 2009	Debtors over or understated	S Myburgh DBSA Deployee and YP to assist
5. Direct deposit receipting	This have an effect on the compilation of the bank recons	Difficult to determine the cost involved, but	Controls to be implemented by DBSA	30 March 2009	Non-payment of	S Myburgh DBSA Deployee

	as not all deposits is receipted. Consumer accounts not timeously updated with the payment. Unhappy consumers as their accounts are not credited with the payments they made. This will also have an effect of non-payment for services.	it will be safe to say that this definitely influence people to pay.	deployee and officials of the District Municipality.		consumer accounts.	and YP to assist District Municipality L von Plaster
6. Creditors reconciliations	Due to this recon not performed, there is a possibility that invoices can be paid more than once. Creditors over or understated in the AFS.	Difficult to determine the cost involved, but it will be safe to say that there is a risk of double payment.	Official of DATA-M will train relevant officials in this regard.	03 March 2009	Possible double payment of invoices	DATA-M Nico Venter
7. Journals:	If this journals are passed the sub ledgers and the general ledger is not in balance.	No costs involved	Train officials in the correct processing of journals. DBSA deployee will assist in this matter.	30 June 2009	Over or under statement of accounts on Ledger and AFS	S Myburgh DBSA deployee and YP.
8. Daily cashier balancing	Make the compilation of the bank recon complex. Possible short and over banking can occur. No proof that all monies received where deposited in the bank account.	Difficult to determine the cost involved, but it will be safe to say that there is a risk of under or over banking.	Officials of the District Municipality will assist in this manner. Processes will be documented that needs to be adhered to.	30 April 2009	All monies recorded not necessarily deposit in bank account	District Municipality L von Plaster
9. Reporting:	Inaccurate reporting to stakeholders. Delaying of processes that are followed by the stakeholders to which the officials report.	Difficult to determine the cost involved, but it can be say that reporting in time can save substantial amounts of penalties paid.	Needs assistance from other stakeholders in this regard due to a lack of capacity within the Municipality. Possibly DLGH and PT	30 June 2009	Non-compliance to various legislation.	Assistance needed from stakeholders
10. Revenue enhancement:	Cash flow problems. Creditors not been paid. MIG funds used for operational expenditure.	The cost can be estimated at R 27 Mil per year.	Officials of the District Municipality are currently assisting in this manner. Red letters send to all consumers who are in arrears. Still the processes need to be implemented. The officials of the District municipality will also do this.	30 April 2009	Going concern matters.	District Municipality L von Plaster
11. VAT recons:	The validity of the returns cannot be verified. Vat claim	Difficult to determine the cost involved, but	Needs assistance from other stakeholders in	30 June 2009	Incorrect Vat claim or paid	Assistance needed from

	can be over or understated. Vat payable can be over or understated.	it can be say that claims or payables not completely substantiated.	this regard due to a lack of capacity within the Municipality. Possibly DLGH and PT			stakeholders
12. Data Purification / Account normalization	Accounts issued to consumers not liable for the payment of these accounts. Possible overstatement of debtors on AFS	Difficult to determine the cost involved, but it can be said that there is some debtor accounts issued to consumers not liable for the payment thereof.	Needs assistance from other stakeholders in this regard due to a lack of capacity within the Municipality. Possibly DLGH and PT	30 June 2009	Over statement of debtors in AFS	Assistance needed from stakeholders
13. Unidentified deposits:	Overstatement of creditors and understatement of debtors on the AFS accounts. Debtor accounts not updated.	These deposits need to be investigated before the cost thereof can be determined. This will have a substantial effect on the AFS of the Municipality	Needs assistance from other stakeholders in this regard due to a lack of capacity within the Municipality. Possibly DLGH and PT	30 June 2009	Non-payment of consumer accounts. Debtors and creditors incorrectly disclosed on AFS.	Assistance needed from stakeholders
14. Suspense accounts:	Over and under statement of various accounts on G/L and AFS	No costs involved	Needs assistance from other stakeholders in this regard due to a lack of capacity within the Municipality. Possibly DLGH and PT	30 June 2009	Over and under statement of various accounts on G/L and AFS	Assistance needed from stakeholders
15. Outstanding Creditors	Non-payment of services providers	Possible financial injection: Inter-governmental relations	As disclosed in the outstanding creditors list	Immediate	Legal suites and discontinue of services	Possible financial injection from other stakeholders

SUSTAINABILITY PROJECTS: ACTION PLAN

Activity	Challenge	Solution	Financial Implication	Time Frame	Risk	Responsibility
Integrated Financial Management System	An inadequate financial management system resulting in inadequate management information and consequently lost revenue.	Prepare a detailed specification, establish a tendering process, selected appropriate software, procure and implement.	R5M	Mar, Apr = Functional Specification; Jul - Sep = Tendering process; Oct, Nov = Procurement.	Delays may lead to an unnecessary extension of the current contract; Completeness of the specification; Tender process management.	CFO supported by IQ.
Revenue Management Capability	Unacceptable and incomplete levels of billing, customer payments and debt recovery.	Develop detailed Policy and SOPS and associated Performance Support Tools; Align skills and staffing levels; Training and Support; Alignment with the current and future system; Performance management and Reporting.	R2M	Mar - Jun 2009	The current chaotic situation not enabling a focus on the future and sustainability.	CFO supported by IQ.
Supply Chain Management Capability	To enable and support procurement, contracting and expenditure control practices that are compliant and in support of the efficiency and effectiveness targets set by the Municipality.	Develop detailed Policy and SOPS and associated Performance Support Tools; Align skills and staffing levels; Training and Support; Alignment with the current and future system; Performance management and Reporting.	R2M	Mar - Jun 2009	The current chaotic situation not enabling a focus on the future and sustainability.	CFO supported by IQ.
ICT infrastructure	To ensure that the ICT infrastructure is improved to the levels required for an operationally efficient and effective municipal operation.	Establish a full set of ICT requirements; Prepare and approve a comprehensive ICT master plan;	R1M	Mar - Jun 2009		MM supported by IQ
Project Management Office	Many different projects to be coordinated across geographic locations, buildings, towns and functional areas. A lack of a consolidated, central view of progress made and issues/risks preventing progress.	Establish and operate a Project Portfolio Management Office	TBD	Ongoing		MM supported by IQ

INFRASTRUCTURE ACTION PLAN

ACTIVITY	CHALLENGE	PROPOSED SOLUTIONS	FINANCIAL IMPLICATION	TIME	RISK	RESPONSIBLE OFFICIAL/S
ELECTRICITY SERVICES	<p>A flat rate approach to supply electricity in the township areas to accommodate the free basic services that the municipality should render to the indigents.</p> <p>High cost of meter readers.</p> <p>Hiring of personnel to put electricity accounts into envelopes</p>	<p>Introduction of block tariffs.</p> <p>Investigate the termination of the current contract of the meter.</p> <p>The manual labour of putting accounts in envelopes be done internally</p>	<p>The additional income at the moment is not clearly calculate-able due to the fact that it depends on usage of electricity by the consumers.</p> <p>R960 000.00 per annum.</p> <p>R300 000.00 per annum.</p>	2009/10	Loss of revenue	<p>Directorates of Infrastructure & Finance</p> <p>Legal Services</p>
MECHANICAL SERVICES	The usage of different service providers for providing mechanical services such as fixing pumps and repairing cars	Appointment of one service provider for all five towns	Savings of around R 1.5m	2009/10	High costs in repairs and maintenance	Infrastructure Directorate
WATER AND SANITATION SERVICES	<p>Lack of water meters in the township areas within all the five towns 13.530 meters (cost R550 per house)</p> <p>Implementation of meter reading and removal of the flat rate approach.</p> <p>The cost of chemicals for water purification are currently R3.2 m per annum at all the five towns</p>	<p>Installation of water meters (+/- 13500)</p> <p>Introduction of block tariffs</p> <p>Put the chemicals on tender to try and solicit a reasonable price of discount with a long term contract</p>	<p>Installation of meters will enable the municipality to measure the amount of water the consumers are using. The block tariff will discourage the consumers to waste water.</p> <p>R600 000.00 per annum on a minimum</p>	From April 2009 (3 months projects)	Loss of revenue due to unmetered water consumption	MLM Infrastructure Molprocon appointed 7 days – business plan be submitted to LG&H
ROADS AND STORMWATER	Poor conditions of the existing gravel and surface roads and fleet	Obtain fleet in a proper working condition	If the municipality obtain these on lease agreement it will cost	This needs an immediate intervention as	Excessive expenditure	Directorates of Infrastructure & Finance and the

	for maintenance of roads.		approximately R 1.5m per annum which will be far less than the +/- R 5m in relation to repairs & hiring of heavy duty vehicles	the current situation is a heavy burden on the municipality		possibility of obtaining heavy duty vehicles from Department of Public Works should be explored
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5.7 Alignment of the Municipal IDP with Free State Provincial Growth and Development Strategies and NSDP.

- 5.7.1** One of the major challenges that has dogged government in its quest to improve the quality of life and life chances of all South Africans and eradicate the dualistic nature of the South African economy, has been the effective integration, coordination and alignment of the actions of its three constituting spheres.

It is a key priority of government to make as a whole work together in achieving common objectives and outcomes particularly with respect to economic growth and job creation and addressing the needs of the poor. Improving the performance of focused implementation and better integration and alignment across all spheres is crucial to putting South Africa on a new and higher growth and development path.

The IDPs, PGDSs and MTSF (Medium Term Strategic Framework) in the context of the NSDP form the core of the government intergovernmental planning system. Hence a shared approach to planning and alignment of the PGDS and IDP and the NSDP is central to a coordinated and integrated approach and the overall approach and the overall desire to improve the impact of government programmes.

5.7.2 Base on the social and economic challenges of the province, the Free State Province has identified the following as primary development objectives in the PGDS:

- Stimulate economic development
- Develop and enhance infrastructure for economic growth and social development
- Reduce poverty through human and social development

- Ensure a safe and secure environment for all people of the province
- Promote effective and efficient governance and administration

5.7.3 To give effect to these developmental objectives, the Province has identified the 11 areas that need to be addressed by 2014:

- To achieve an annual economic growth rate at least equal to the national average economic growth rate
- To reduce unemployment from 38,9% to 20%
- To reduce the number of household living in poverty by 5% peer annum
- To improve the functional literacy rate from 69,2% per 1000 life births.
- To reduce infant mortality rate for children under five years to 65 per 1000 life births.
- To reduce the obstetrical maternal mortality rate from 65,5% to 20,06 per 100 000 women in the reproductive age group.
- To stabilize the prevalence rate of HIV and AIDS and reverse the spread thereof.
- To provide shelter for all the people of the province.
- To provide free basic services to all households.
- To reduce crime rate by at least 7% per annum
- To provide adequate infrastructure for economic growth and development.

5.8 Accelerated and Shared Growth Initiated for South Africa (AsgiSA).

- AsgiSA originated from a commitment made by the ANC in its 2004 election manifesto to halve unemployment and poverty by 2014. Accomplishing this depends on achieving 6% growth per year by 2010. By 2004, economic growth had exceeded the average 3% growth per year of the first 10 years of democracy.
- Yet the challenge remained to increase and sustain growth at levels sufficient to meet social targets. Following discussions between the ANC, its allies, and a range of domestic and international stakeholders, government developed a focused set of initiatives to accelerate shared growth.
- A broad strategy paper was prepared under Minister of Finance Trevor Manuel's leadership, after which President Thabo Mbeki asked the Deputy President and a team of Cabinet ministers and provincial premiers to develop AsgiSA. AsgiSA identified six 'binding constraints' – mitigating against achieving desired growth rates.
- Removing these constraints would promote economic momentum. Analysis showed that the commodity sector was reasonably strong while the non-tradable sector including retail, services, and construction, among others was expanding rapidly as employment and disposable incomes rose.
- Tradable products other than commodities manufacturing and tradable services were relatively weak, making the balance of payments vulnerable to a commodity price decline. Decreased demand for commodities could increase the trade deficit, potentially forcing a sharp reversal in the economy.
- Without a stronger non-commodity tradable sector and more diversified exports, South Africa would remain fragile and susceptible to the vagaries of international commodity prices. The challenge was to use strong demand for South Africa's natural resources to build foundations for sustainable growth and bring the economically marginalised third of the population in the mainstream economy.

Key constraints were:

- the relative volatility of the currency
- the cost, efficiency and capacity of the national logistics system
- shortages of suitably skilled labour, and the spatial distortions of apartheid affecting low-skilled labour costs
- barriers to entry, limits to competition and limited new investment opportunities
- the regulatory environment and the burden on small and medium enterprises (SMEs)
- deficiencies in state organisation, capacity and leadership.

Action was required in the following categories:

- Macro economy
- Infrastructure
- Sector and industrial strategies
- Skills and education
- The Second Economy
- Public administration.

Against the backdrop of many ambitious targets, current economic trends indicate that South Africa will meet the AsgiSA objective for

2004 – 2009 of average growth of 4,5% or more per year. Employment creation has also been strong since 2004. However, in other areas, particularly industrial, sector and Second Economy strategies, and efforts to improve state capacity, much is still needed before AsgiSA can claim success.

While government is optimistic about meeting some key targets for the first period of AsgiSA (2004 – 2009), the 2010 – 2014 targets are challenging. South Africa's ability to reach 6% average annual growth relies on removing bottlenecks to growth. Significant macroeconomic gains already made must be consolidated to provide a stable base for growth. Infrastructural services must improve considerably, and those responsible for education and skills delivery must focus on producing more skilled people, and more rapidly.

Economic sector development strategies need to be well-executed, promoting increased and diversified exports. Efforts to include the marginalized poor, especially the youth, in the broad economy must become more effective, while services in all three spheres of government need to continue to improve. Government's slow response to some key challenges and opportunities remains a concern. AsgiSA was initiated specifically to tackle the above objectives.

It has already achieved a common understanding of opportunities and priorities, resulting in higher levels of public and private sector investment. However, sustainable economic growth and job creation depends on successful investment, and as such, AsgiSA is focused on ensuring this is appropriately targeted and efficient. **The IDP of the Masilonyana LM must ensure that it conform to AsgiSA key principles and targets.**

One of the challenges is communicating AsgiSA's objectives and achievements. Not all South Africans understand AsgiSA and its intentions. The initiative has been reasonably well publicised within government, the African National Congress' (ANC's) alliance partners, trade unions, and local and international businesses. Although there is broad public awareness, the majority of the population cannot access detailed information about AsgiSA regularly.

As a result, enhancing AsgiSA's communication programme will be a priority in 2008/2009. Accelerating and sharing growth is essential to improve the lives of all, especially the poor. In spite of considerable progress, poverty and unemployment remain unacceptably high.

The best solution is to increase the rate of job creation. Additionally, the economic benefits of having a higher number of South Africans employed can be redistributed as better social services and other social transfers. AsgiSA is an essential pillar of our democracy. Together we must ensure we all walk a sustainable path to poverty alleviation and social upliftment.

Overall, there is no doubt that AsgiSA has had a considerable impact. It is clear that government should continue to drive the AsgiSA programme, and all the AsgiSA partners – including trade unions, businesses, NGOs and foreign governments – should be encouraged to continue and enlarge their commitments and contributions to AsgiSA. AsgiSA is helping change the South African mindset. It is opening up possibilities for success in the fight against poverty and unemployment that seemed impossible only a few years ago. Government organisations, private companies and State Owned Enterprises have all reviewed their plans and scaled them up in the light of the new vision of accelerated and shared growth, revealed with AsgiSA's help. Earlier policies and initiatives built a firm platform for shared growth.

Real progress began to be achieved in accelerating the rate of growth and job creation, and the fight against poverty in the early part of the current millennium. While Second Economy programmes need considerable further development, existing ventures involving public works, small business development and community service have created opportunities for faster massification projects and programmes in the coming years. The first economic challenge after 1994 was to stabilise the economy and build a foundation for growth and development.

As employment began to rise in 2003, and evidence suggested that poverty rates started declining, the focus shifted. The new challenge is to sustain higher rates of growth and ensure that growth is shared, and to lay the groundwork for another increase in the rate of growth at the end of this decade, if not earlier. The prospects of achieving all the objectives look brighter daily, and AsgiSA will continue to illuminate the way forward.

CHAPTER 6

6. INTEGRATION PHASE

6.1 Introduction

During this phase IDP, true meaning is given to the process of integrated development planning. With the designed projects for implementation in mind, the integration phase aims to align these different project proposals firstly with specific deliverables from the IDP and secondly with certain legal requirements. More specifically, the projects have to be aligned with the agreed objectives and strategies to ensure transparency as well as with the available financial and institutional resources to ensure implementation.

Furthermore, the projects also need to be aligned with national and provincial legal requirements to ensure uniformity and compatibility with government strategies and programmes. Instead of arriving at a simplified “to do” list for the next five years, the aim is to formulate a set of consolidated and integrated programmes for implementation, specifically focusing on contents, location, timing and responsibilities of key activities. The integration requirements are divided into three broad categories namely:

- Integrated Sector Programmes
- Integrated Planning Programmes
- External Policy Guidelines

6.2 Integrated Sector Programmes

Integrated Sector Programmes form the basis for preparing budget and future sectoral business plans, There are currently three that require special sector plans, as indicated below, the outputs of which are not applicable to the Local Municipality at present. The list of sector specific projects from multi-sectoral IDP projects relate to projects representing both sector components as well as the following sector departments within the municipality:

- Municipal Manager
- Directorate Technical Services
- Directorate Financial Services
- Directorate Corporate Services

It is important to note that these programmes do not only make provision for IDP related but also other project costs and activities in order to create a comprehensive picture of budgeting.

6.3 Integrated Planning Programmes

In order to set up close link between planning and budgeting as well as between planning and implementation, a number of internal planning programmes are required. These plans, however, do not only serve as a framework for managing finances, but it also sets the ground work for regular management information in reset of monitoring progress and performance.

Finally, it also demonstrates compliance of the IDP with spatial principles and strategies and which serves as basis for spatial coordination of activities and for land se management decisions.

6.3.1 THE FOLLOWING ARE THE PLANS AND PROGRAMMES THAT WILL BE DEVELOPED AND INTEGRATE THEM INTO THE IDP AS PER GUIDELINES AND METHODOLOGY, THAT IS;

- (i) Five year Capital Investment Programme
- (ii) Five year Financial Plan

- (iii) Five year Action Plan
- (iv) Operating Expenses and Net position
- (v) Institutional Plan
- (vi) Integrated Monitoring and Performance Management System
- (vii) Water Services Development Plan (WSDP)
- (viii) Integrated Transport Plan (ITP)
- (ix) Integrated Waste Management Plan (IWMP)
- (x) Integrated Poverty Reduction and Gender Equality Programme (IPR&GE)
- (xi) Integrated Environmental Programme (IEP)
- (xii) Integrated Local Economic Development Programme (ILEDP)
- (xiii) Disaster Management Plan (DMP)
- (xiv) Integrated Spatial Development Framework (SDF)
- (xv) Integrated HIV/AIDS Programme

6.3.2 THE STATUS OF RELEVANT INTERNAL PLANNING PROGRAMMES IS INDICATED FROM THE FOLLOWING PROGRAMMES:

The following plans have been developed

- Integrated Performance Management Policy and Procedure
- Local Economic Development (LED) Strategy (Service provider has been appointed to assist in reviewing the strategy)
- Masilonyana Turnaround Strategy

6.3.2.1 Brief Overview on Masilonyana Integrated Performance Management Policy and Procedure

(a) Introduction

Performance Management is regarded as a communication process that helps managers to provide motivating climate to assist their employees in developing and achieving high standards of performance. Its focus is on management processes and behaviours and is not considered to be an annual form filling in exercise.

The White Paper on Local Government identified performance management as one of local government's tools for the implementation of its developmental mandate in terms of the Constitution.

Chapter 6 of the Municipal Systems Act 32 of 2000 provides the legal framework for performance management and places it squarely within Integrated Development Planning. The chapter came into operation on 1 July 2001. On that same day, the Municipal Performance Management Regulations (Notice 1430 of 2001), issued by the Minister for Provincial and Local Government, took effect.

The purpose of the Integrated Monitoring and Performance Management System is to ensure accountability on the basis of a simple, effective and affordable monitoring and performance management system as a management tool for the Municipal Manager and as a control tool for the Council.

Performance Management is a strategic approach to management, which equips leaders, workers and stakeholders with a set of tools and techniques to regularly plan, continuously monitor, measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact. The purpose is to introduce service monitoring delivery at a local level, as instrument of transformation and to improve service delivery.

(b) Performance Management Principles

A number of principles that should guide a municipality in developing and implementing a Performance Management System can be identified in the Municipal Systems Act No. 32, 2000 and the regulations:

- The Performance Management System should be embedded in the circumstances of the municipality; it must be commensurate with its resources, it must be suited to its circumstances and, most importantly, it must be in line with the priorities, objectives, indicators and targets contained in the Integrated Development Plan (Municipal Systems Act No. 32, 2000, Section 38(a);
- The municipality must promote a culture of performance management amongst its politicians and within its administration (Municipal Systems Act No. 32, 2000, Section 38(b);
- The municipality must administer its affairs in an economical, effective, efficient and accountable manner (Municipal Systems Act No. 32, 2000, Section 38(c);
- The Performance Management System must be devised in such a way that it can serve as an early warning system for underperformance (Municipal Systems Act No. 32, 2000, Section 41(2) and reg. 8(2)(e);
- The Performance Management System must link the performance of the municipality to the performance of employees; and
- The national Minister has set a number of general, compulsory key performance indicators. Municipalities must include these, together with the other Key Performance Indicators that may be applicable, to their Performance Management System (Municipal Systems Act No. 32, 2000, Section 43).

© **Main Role Players**

Section 39 of the Municipal Systems Act No. 32, 2000 states that the executive mayor, executive committee, or a special committee of Councillors (in a 'plenary type' municipality) must manage the development of the Performance Management System and submit it to Council. Responsibilities must be assigned to the Municipal Manager.

- In terms of Regulation 3, the Performance Management System must be adopted before the municipality initiates the formulation of Key Performance Indicators and targets as part of the Integrated Development Plan process.
- This is problematic and inconsistent with the principle that the Performance Management System must be in line with the Integrated Development Plan process.
- The Key Performance Indicators will only be formulated in the Integrated Development Planning process and the Performance Management System is based on the Key Performance Indicators. This makes adoption prior to the setting of Key Performance Indicators difficult, if not impossible.
- The Performance Management System itself must also be constantly improved. Section 40 of the Municipal Systems Act No. 32, 2000 states that the municipality must establish mechanisms to monitor and review its Performance Management System; however it does not provide for time frames or intervals.

(d) Determining Key Performance Indicators

In terms of Chapter 6, Section 38 of the Municipal System Act, 2000, a municipality must:

- (i) Establish a performance management system
- (ii) Promote a culture of performance management amongst its political structures, political office bearers, councillors and its administration

- (iii) Administer its affairs in an economical, effective, efficient and accountable manner.

The Municipal Performance Management Regulations, published in terms of Section 120 (4) of the Municipal Systems Act, 2000 determines that at least the following key performance areas should be measured:

- Infrastructure and Services
- Social and Economic Development
- Institutional Transformation
- Democracy and Governance
- Financial Management

Section 5 of the Performance Management Regulations requires the municipality to report at least of the following Key Performance Indicators annually:

- (i) Percentage of household with access to all basic household services
- (ii) Percentage of household earnings less than R811-00 per month with impute expenditure with access to all free basic services.
- (iii) Percentage of capital budget spent in terms of the IDP.
- (iv) Number of jobs created through local economic initiatives supported by the municipality.
- (v) Percentage achievement of approved Employment Equity Plan within the first 3 layers of management.

- (vi) Percentage of skills levy received in rebate.
- (vii) Financial Viability

(e) Objectives of Performance Management System (PMS)

The objectives of implementing a Performance Management System into the Local Municipality of Masilonyana are as follows:

- Achieve sustainable improvements in service delivery to the community.
- Develop constructive and open relationships between Managers/Supervisors and Employees.
- Encourage and reward good performance
- Manage and improve on poor performance
- Link the Integrated Development Plan to team and individual performance
- Enable individual to develop their abilities, increase their job satisfaction and achieve their full potential so that both the Employee and the Municipality benefit.
- Fulfill the requirements of the Municipal Systems Act 32 of 2000.

THE MUNICIPAL SCORE CARD IS DEVELOPED IN LINE WITH THE ABOVEMENTIONED KEY PERFORMANCE AREAS AS OUTLINE IN THE MASILONYANA LOCAL MUNICIPALITY INTEGRATED DEVELOPMENT PLANNING (IDP).

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th

Municipal Transformation and Organisational Development	15	<ul style="list-style-type: none"> Performance Management System (PMS) aligned to the IDP, developed and implemented. 	100%	25%	25%	0%	0%
		<ul style="list-style-type: none"> An organisational structure aligned to the IDP established and operationalises 	70%	15%	15%	20%	20%
		<ul style="list-style-type: none"> Effective administrative and institutional systems, structures and procedures including: human resources, financial policies, by-laws and communication systems established and implemented 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> The interface between Council to align administrative and political priorities of Council managed 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> Integrated human resource management systems introduced and operationalised 	65%	15%	15%	15%	20%
		<ul style="list-style-type: none"> Customers service systems implemented. 	70%	15%	15%	15%	20%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th

Infrastructure Development and Service Delivery	30	<ul style="list-style-type: none"> Infrastructure development and investment model implemented (there should be dynamic relationship between population growth projections, services delivery backlogs, revenue generation capacity and institutional capacity) 	60%	20%	20%	15%	15%
		<ul style="list-style-type: none"> Reduction in reticulation losses for water and electricity (Rand-Value) 	70%	40%	20%	5%	5%
		<ul style="list-style-type: none"> Reduction in number of complaints from residents 	80%	20%	40%	10%	10%
		<ul style="list-style-type: none"> % increase in response time and resolution of complaints 	80%	20%	40%	10%	10%
		<ul style="list-style-type: none"> % increase in payment of municipal services 	70%	30%	20%	10%	10%
		<ul style="list-style-type: none"> Asset register for all infrastructure and municipal property rehabilitated periodically and maintained 	100%	25%	25%	25%	25%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Infrastructure Development and Service Delivery	30	<ul style="list-style-type: none"> The provision of basic municipal services to the satisfaction of residents (that is, clear delivery programmes and projects to progressively achieve national service delivery targets in terms of): 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> Water 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> Sanitation 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> Electricity 	70%	20%	20%	15%	15%
		<ul style="list-style-type: none"> Refuse Removal 	80%	15%	20%	25%	20%
		<ul style="list-style-type: none"> Municipal access roads and public transport 	70%	20%	20%	15%	15%
		<ul style="list-style-type: none"> Municipal health services, etc. 	60%	15%	15%	15%	15%
		<ul style="list-style-type: none"> Sustainable human settlement development facilitated through engagement with sector departments in line with the IDP and through IGR structures 	100%	25%	25%	25%	25%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Infrastructure Development and Service Delivery	30	<ul style="list-style-type: none"> IDP integrates sector plans including Housing, Health, Social Development, Home Affairs, DME, DWAF, DTI, DEAT, Education, Land Affairs, etc. 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> Spatial Development Framework in IDP includes spatial reconstruction policies, environmental, social and demographic trends, land-use policies and representation of sustainable human settlement vision. 	100%	25%	25%	25%	25%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th

Local Economic Development	20	<ul style="list-style-type: none"> Analysis of the local economy undertaken 	70%	20%	15%	15%	15%
		<ul style="list-style-type: none"> Comparative and competitive advantage of the municipality identified and incorporated into credible LED strategy and programmes. 	60%	15%	15%	15%	15%
		<ul style="list-style-type: none"> Spatial Development Framework in IDP includes economic development analysis, land-use policies and spatial representation of local economic development vision. 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Institutional capacity to implement LED programmes established and a conducive environment for shared growth created to ensure that: 	80%	20%	20%	20%	20%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Local Economic Development	20	<ul style="list-style-type: none"> Market and public confidence in municipal functioning, infrastructure development and service delivery is improved 	80%	25%	25%	15%	15%
		<ul style="list-style-type: none"> Existing public and private resources to intensify enterprise support to local communities utilized. 	60%	15%	15%	15%	15%
		<ul style="list-style-type: none"> Sustainable community investment programmes introduced and implemented. 	80%	25%	25%	15%	15%
		<ul style="list-style-type: none"> Knowledge sharing networks and social partnerships facilitated 	100%	25%	25%	25%	25%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th

Municipal Financial Viability and Management	20	<ul style="list-style-type: none"> • Sound financial management practices implemented in terms of the MFMA priorities and timeframes, including but not limited to: 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> • Budget aligned to development and service delivery targets that municipalities are accountable for as set out in the adopted IDPs. 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> • Budget and treasury office established. 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> • Budget and revenue management is effective 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> • Financial reporting and auditing is performed 	100%	25%	25%	25%	25%
		<ul style="list-style-type: none"> • Financial management policies and by-laws developed, including but not limited to: supply chain management, credit control, tariff and investment policies. 	100%	25%	25%	25%	25%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Municipal Financial Viability and Management	20	<ul style="list-style-type: none"> Integrated financial management systems introduced and operationalised. 	60%	15%	15%	15%	15%
		<ul style="list-style-type: none"> Municipal financial viability targets set and achieved which will ensure that: 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Growth in service debtors is reduced 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Consumer debt exceeding 90 days is recovered. 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> % Reduction in grant dependency rate. 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Turn around time for creditor payment improved 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> % Personnel cost over the total operational budget is in line with regulatory framework. 	60%	15%	15%	15%	15%
		<ul style="list-style-type: none"> Provision for bad debts 	60%	15%	15%	15%	15%
		<ul style="list-style-type: none"> Financial legislation is implemented and complied with, including the Property Rate Act and Division of Revenue Act. 	100%	25%	25%	25%	25%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Good Governance and Public Participation	15	<ul style="list-style-type: none"> Procedures for community participation processes as set out in legislation adhered to in terms of: 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Planning 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Budgeting 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Implementation 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Monitoring and reporting 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Regular communication with communities on the achievement of targets set out in IDPs is carried out. 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Functioning of ward committees directly supported where applicable 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Capacity building of community-based organisation, ward committees to enhance effective participation is facilitated. 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Ensure community-based planning (CBP) is implemented and are raised 	80%	20%	20%	20%	20%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Good Governance and Public Participation	15	<ul style="list-style-type: none"> Ensure IDP is implemented and projects that are not budgeted, external funding sourced for them. 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Relationship with organised business, labour and civil society built through transparent and accountable 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> An anti-corruption strategy in terms of national strategy for the municipality is developed and implemented to address: 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Prevention 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Detection 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Awareness/Communication 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Financial and performance audit committee established and functional. 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Mechanisms to ensure disclosure of financial interest in place. 	70%	17,5%	17,5%	17,5%	17,5%

Key Performance Area (KPA)	Weighting	Key Performance Indicator (KPI)	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
Good Governance and Public Participation	15	<ul style="list-style-type: none"> An effective communication strategy to promote transparency, public accountability, access to complaints are dealt with in terms of the relevant legislation, developed and implemented 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Unqualified audit report achieved and implemented 	70%	17,5%	17,5%	17,5%	17,5%
		<ul style="list-style-type: none"> Community satisfaction survey conducted. 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Develop Council implementation with set targets 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Ensure there's monthly performance review meeting between Municipal Manager and the Speaker/Mayor 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Establishment of a call centre 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> Instil discipline within the institution 	80%	20%	20%	20%	20%
		<ul style="list-style-type: none"> To ensure ultimate accountability and record management practice 	80%	20%	20%	20%	20%

CHAPTER 7

7. APPROVAL, MONITORING, EVALUATION AND REVIEW PHASES

Monitoring, Evaluation and Review

The IDP is not stagnant and represents an ever-changing policy and strategy that must grow and evolve with the Local Authority and its people. The IDP stipulates definite objectives, project indicators and programmes that must be achieved within the planning period.

Monitoring, evaluation and review make up a system to assess the performance of the municipality. Monitoring and evaluation are critical to:

- ensure the implementation of plans
- measure their development impact
- ensure the efficient use of resources
- measure Council's success

Monitoring, evaluation and review mechanisms should be implemented as an ongoing or cyclical activity and should be built into the annual planning and budgeting cycle. The Performance Management of the municipality must fulfill this role.

Existing monitoring, evaluation and review mechanisms employed by the different departments in the Local Authority may have to be significantly adjusted.

7.1 Monitoring

Monitoring is a continuous activity to measure indicators with regard to the short term outputs of the planning process. Amongst other things, it will provide project information to management, in order to keep the project on track with the right results being achieved on

time and within budget. Monitoring includes systematically collecting and using information about each project to enable management to proceeding as it should and that the beneficiaries are satisfied.

7.2 Evaluation

Evaluation is a less frequent activity, which is designed to measure whether, and to what extent the development objectives are being achieved through the implementation of the Integrated Development Plan. It will measure the medium term impact and outcomes of the planning process. This provides the information required to re-appraise the development objectives and indicators and whether the strategies and policies still hold good and whether they need to be amended or adjusted, and why.

7.3 Review

Review is making adjustments and revision based on monitoring or evaluation information. The results of monitoring provide adjustments and corrective actions that are fed back into your planning process, to re-inform project planning, design and implementation. These results re-inform the development priorities, goals and strategies. The impact of your projects will also begin to change your area.

7.4 Legislative Guidelines

The IDP is prepared, approved and implemented in terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The Act puts in place mechanisms and procedure for review and amendment of the IDP.

Legislative guidelines to this effect are:

- **Municipal Systems Act**

Chapter 4 (Community Partnership)

- **Local Government: Municipal Planning and Performance Management Regulations, 2001**

Chapter 2
Chapter 3

The applicable review and amendment process as stipulated in the Act and its regulations, are reflected for reference purposes. Section 34 of the Municipal Systems Act, 32 of 2000

A Municipal Council

- (a) Must review its Integrated Development Plan annually in accordance with an assessment of its performance measurements in terms of section 41 and to the extent that changing circumstances so demand; and
- (b) May amend its Integrated Development Plan in accordance with a prescribed process.

Local Government: Municipal Planning and Performance Management Regulations, 2001

Process for amending Integrated Development Plans

- (1) Only a member or committee of a Municipal Council may introduce a proposal for amending the municipality's Integrated Development Plan in the Council.

- (2) Any proposal for amending a municipality's Integrated Development Plan must be:
- accompanied by a memorandum setting out the reason for the proposal, and
 - aligned with the framework adopted in terms of Section 27 of the Act.
- (3) An amendment to a municipality's Integrated Development Plan is adopted by a decision taken by a Municipal Council in accordance with the rules and orders of the Council.
- (4) No amendment to a Municipality's Integrated Development Plan may be adopted by the Municipal Council, unless
- all the members of the Council have been given reasonable notice,
 - the proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment,
 - the municipality, if it is a District Municipality, has complied with sub-regulation (5), and
 - the municipality, if it is a Local Municipality, has complied with sub-regulation (6).
- (5) A District Municipality that considers an amendment to its Integrated Development Plan must:
- consult all the Local Municipalities in the area of the District Municipality on the proposed amendment, and
 - take all comments submitted to it by the Local Municipalities in that areas into account before it takes a final decision on the proposed amendment.
- (6) A Local Municipality that considers an amendment to its Integrated Development Plan, must:
- consult the District Municipality in whose area it falls on the proposed amendments, and
 - take all comments submitted to it by the District Municipality into account before it takes a final decision on the proposed amendment.

6.3.2.2 Brief Overview on Masilonyana Turnaround Strategy and Plan

(a) Introduction

1.1 Purpose of the Turnaround Strategy and Plan document

- To provide a single, comprehensive but consolidated view of the state of the municipality and the challenges it faces;
- To reveal realities that lead to the challenges;
- To share a view of how this municipality is committed to release itself from these challenges and also to seek help to do so; and
- To commit to the nature and quality of practices that can maintain and sustain the municipality favourably most of the time, with a particular focus on sound financial management.

1.2 Historical Context

Due to the significant adverse position of the financial state of affairs of the municipality which emanated from prior financial years as a result of incorrectly topping up on approved allocated MIG funded projects by 14% as own funding which implied that the municipality had the pertinent funds in its reserves and administration, with the intention of seeking solution to the problem, made a submission to the Department of Provincial & Local Government (DPLG) requesting an advance on the equitable share which unfortunately contravened Division of Revenue Act.

Further engagements and submissions were undertaken with DPLG whereby budget maintenance was prepared on overspent projects which resulted in the municipality receiving R10m that enabled the institution to pay some of its creditors and its salaries (which were paid late on 04 November 2008).

The Mayor, as one of his responsibilities regarding general political guidance over the fiscal and financial affairs of the municipality, sought intervention from the MEC's of Treasury and the Department of Local Government & Housing respectively which resulted in a series of intervention meetings being held with the departments respectively.

This was done under Chapter 13, Part 1 of the Municipal Finance Management Act, No. 56 of 2003 in relation to Resolution of Financial Problems Section 135(3) which stipulates that "if a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately –

(a) seek solutions to the problem

- (b) notify the MEC for local government and the MEC for finance in the province
- (c) notify organized local government

Additionally, the municipality had a temporary overdraft facility of R10m with the reduction on or before 30 November 2008. This reduction would have effectively rendered the municipality ineffective to meet its commitments hence a submission was made to ABSA to consider the following options:

- (1) that the bank approves a temporary overdraft facility of R11.5m to be repaid in full by May 2009 or
- (2) that the bank approves a temporary overdraft facility of R11.5m reduced to R5m in February 2009 and the remaining balance be reduced by May 2009

Subsequent to assessing both options meticulously the bank considered option 2 with the following conditions:

- that the municipality obtain a Council resolution that condones option 2 above and that the said resolution be signed by the Mayor in terms of Section 45 (2) (a)
- The resolution must also specify that the Accounting Officer is authorized to sign the agreement or other document which creates or acknowledges the debt.

Council approved the temporary overdraft facility increase to R11.5m reduced to R5m in February 2009 and the remaining balance by May 2009 and to authorize the Accounting Officer to sign the agreement or other document which creates or acknowledges the debt.

In a meeting held on the 22nd January 2009 at the Department of Local Government and Housing it was resolved that the municipality will compile an action plan or financial recovery strategy whereby it should be circulated to the respective parties by the 28th January to obtain their inputs and map out the way forward in a follow up meeting to be held on the 04th February 2009.

Furthermore on the 27th January 2009 there was an engagement between the Executive Mayor of Lejweleputswa, the Mayor, Municipal Manager and the Chief Financial Officer (all Masilonyana) with a follow up meeting on the 28th January in the midst of the MEC of Local Government & Housing, his administration and SALGA whereby it was resolved that:

- The task team comprising of LDM and DLG & H to oversee the turnaround process
- The MEC committed the department's assistance regarding personnel costs for January 2009

- That the billing system need to be changed
- LDM to put aside funds in the tune of a million to assist in the financial recovery
- MIG top up deficit – The MEC, Executive Mayor and the Mayor to meet with the MEC for Finance
- Municipality was also discouraged to further engage the bank about short-term bridging finance

Subsequent to the meeting that was held with the MEC, the Management held a meeting with the IQ Business Group. The purpose of the meeting was to discuss the organizational challenges with specific reference to the financial status of the Municipality. It was agreed that the IQ Business Group would assist the Municipality in its turn around strategy and that the IQ Business Group be invited to the stakeholders' meetings which are aimed at addressing the organizational challenges of the Municipality

Further stakeholder meetings were held on 4, 9 and 18 February 2009. During these meetings further detailed analysis regarding the Municipalities financial status resulted in an agreement that the Municipality will prepare and submit this document by 10:00 on Friday, 20 February, 2009.

In conclusion, although this turn around strategy and plan is neither the beginning nor the end of the recovery process, it marks a significant milestone.

The Municipality would like to thank all the stakeholders for their tireless effort and valuable input into the development of this turnaround strategy and action plan.

(b) Background

The Masilonyana Local Municipality (MLM) is obliged to fulfill its mandate by providing adequate and quality services to its citizens, to ensure that the environment in which this responsibility is discharged is conducive to growth, prosperity and a better life for all its citizens, and above all operate in a viable and sustainable manner that will ensure its reliability and dependability.

To this end, the MLM has found itself of late in an unfavourable operating position that can be attributed to many factors, both within and outside its sphere of control and influence. The overall picture that is painted in this document will allude to deficiencies in critical capability, inadequacies in management systems and shortcomings in daily practices that serve to be compounded by inappropriate responses to the need for civic responsibility to be displayed by most of its citizens, as well as by small but relevant distractions like labour disputes and unpredictable breakages due to longevity.

On the main, the MLM is fully knowledgeable and cognizant of its mandate, responsibility to its citizens, the authority it can use to discharge its responsibilities and the direct accountability to the Mayor and his Council. In order to create a firm baseline from which to lift itself into efficiency, effectiveness and prosperity, the municipality has endeavored to assess the current state of its financial and operational activities and have identified the following problem statements that need to be addressed.

Inadequate Financial Management Systems

Based on an assessment made by SITA, the current financial management system is inadequate. It is based on old technology and can not support all the functional requirements of the Municipality adequately.

Concerns were also raised against the service levels available from the supplier.

Consequently:

1. The information in the financial management system is both incomplete and outdated and can not be relied on for management information purposes;
2. Labour intensive and time consuming manual procedures are required to analyse information and to obtain information required to manage the financial position of the Municipality;

3. Billing and monthly statements to customers may be incomplete and/or wrong, resulting in queries and delays in payments received and hence an average debtors days of more than 1,000 days; and
4. The actual financial position of the Municipality will remain doubtful to some extent (because of the issues raised above).

Completeness of Revenue

It is clear from the analysis of the Municipality's financial position above, that the Municipality's Revenue is inadequate to fund its operational costs and requirements. This will continue over time unless drastic and appropriate measures are taken to sustainably reverse the situation. Short term and once off cash injections alone can not remedy this situation over the longer term.

There are a number of reasons for incomplete revenue:

1. Township residence not being billed for services due to
 - a. An incomplete and incorrect indigent register;
 - b. An incomplete valuation roll;
 - c. The lack of meters within townships to measure actual usage; and
 - d. Incomplete meter readings (not reading all the available meters and also incorrect readings).
2. Certain Council resolutions resulting in too many town and township residents taking advantage of "loop holes". Managing and reversing the consequences will take time, management effort and further resolutions to be considered and passed.

Overdue Debtors

Outstanding debtor's days are estimated to be approximately 1,000 days. This results in delayed income and further contributes negatively to the Municipality's cash flow position, putting strain on its ability to make creditor payments. This is due to both a growing mentality of non-payment by residents as well as incorrect or incomplete statements resulting in queries. Resolving queries is labour intensive and time consuming primarily because of the issues raised against the financial management system.

Overdue Payments to Creditors

The average number of creditor's days is estimate to be in excess of 1,000 days. This is primarily due to a lack of funding available. The result being that service providers will suspend services resulting in possible interest and standing time charges which will put further pressure on the Municipality's already strained resources. Should this begin to impact on essential services, a consequential impact on revenues can be expected.

This may result in a never ending downwards spiral which will become progressively difficult to manage and reverse.

An ageing infrastructure

The service delivery infrastructure in the Municipality is relatively old resulting in an ever growing operations and maintenance load, both on resources and funding required (an hence the increase in operating expenses year on year).

Although capital projects to renew the infrastructure utilising MIG money will assist over the medium to long term, the impact of the growing operations and maintenance load will continue to be felt in the short term.

This further impact on service delivery levels and standards contributing to negative perceptions regarding the Municipality within Towns and Townships and the growing mentality of non-payment amongst citizens.

General economic conditions

The Masilonyana area's natural resources and the opportunity for economic development are limited relative to many of the other districts within the Free State. The Municipality will continue find it difficult and challenging to address these challenges within the current financial crisis. Management attention and effort is almost entirely focused on addressing the financial crisis. The current financial position impacts negatively on the Municipality's ability to fund new and innovative initiatives for economic development in the area.

Organisational and People Issues

The current organisation structure and placement of available skills is considered inadequate. A new proposed organisation structure is in process and will have to be approved and implemented before skills audit and appropriate people-to-post matching can effectively address this issue.

The Municipality's work force is young and inexperienced. Under normal operating conditions, it would have been possible to develop the work force into a strong and competent work force. However, the current financial crisis results in an unstructured and often chaotic work environment. One can hardly expect a young, developing work force to cope with the current situation.

Inadequate Office and ITC Infrastructure

Currently, the municipality's work force is scattered across 5 towns and also across many different offices within Theunissen, where the majority of the work force is based. The available (scattered) office infrastructure puts further strain on the requirement for IT infrastructure which is currently inadequate.

This situation impacts negatively on:

1. Operating efficiencies and effectiveness and is a breeding ground for delays, lost documentation and inadequate communication between and amongst different organisational entities;
2. Staff morale and productivity; and
3. The Management team's ability to manage staff productivity, taking into account the time consuming effort required to operate within the area and to address the current financial crisis.

CHAPTER 8

8. MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR FINANCIAL YEARS 2009/2010; 2010/2011 & 2011/2012

MASILONYANA LOCAL MUNICIPALITY							
HIGH LEVEL BUDGET SUMMARY							
Function							
	Appropriations			Funding			Surplus / (Deficit)
	Capital	Operating	Total	Own Source	External	Total	
Executive & Council		20,315,700	20,315,700	22,453,000		22,453,000	2,137,300
Finance & Admin		17,617,094	17,617,094	20,685,929		20,685,929	3,068,835
Planning and Development		-	-	-		-	-
Community Facilities		1,629,135	1,629,135	190,500		190,500	-1,438,635
Community & Social Services		2,474,760	2,474,760	123,455		123,455	-2,351,305
Housing		625,063	625,063	50,000		50,000	-575,063
Public Safety		649,550	649,550	198,000		198,000	-451,550
Sport & Recreation		2,998,263	2,998,263	-		-	-2,998,263
Environmental Protection		-	-	-		-	-
Waste Management		8,411,674	8,411,674	12,040,386		12,040,386	3,628,712
Waste Water Management		12,010,747	12,010,747	16,258,573		16,258,573	4,247,826
Road Transport		8,513,485	8,513,485	12,000		12,000	-8,501,485
Water	22,578,000	22,679,819	45,257,819	24,953,590	22,578,000	47,531,590	2,273,771
Electricity		25,701,230	25,701,230	26,776,663		26,776,663	1,075,433
TOTAL	22,578,000	123,626,519	146,204,519	123,742,096	22,578,000	146,320,096	115,576

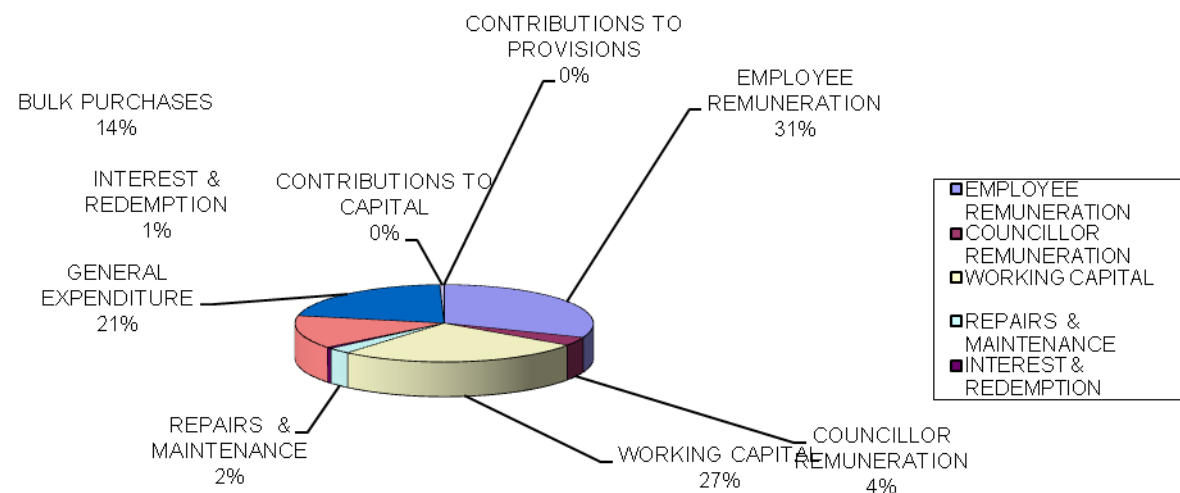
SUB	Projected Expenditure			Projected Income		
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	2009/2010	2010/2011	2011/2012	2009/2010	2010/2011	2011/2012
COUNCIL GENERAL	9,080,360	9,516,217	10,020,577	22,453,000	33,372,000	34,289,000
MAYORS OFFICE	2,132,124	2,234,466	2,352,893	-	-	-
SPEAKER	1,582,050	1,657,989	1,745,862	-	-	-
MUNICIPAL MANAGER	3,306,335	3,465,039	3,648,686	-	-	-
CORPORATE SERVICE	4,214,830	4,417,142	4,651,250	-	-	-
PROPERTIES	569,020	4,232,421	4,405,100	15,000	15,720	16,553
RATES	6,150,291	6,445,505	6,787,117	14,352,390	15,041,305	15,838,494
TOWN HALL & OFFICES	1,474,569	1,545,348	1,627,252	37,000	38,776	40,831
FINANCE SERVICE	9,423,214	9,875,528	10,398,931	6,281,539	6,680,773	5,126,104
COMMUNITY FACILITIES	1,629,135	1,707,333	1,797,822	190,500	188,640	198,638
CEMETARY	1,347,640	783,527	825,054	122,791	128,685	135,505
LIBRARIES	1,127,120	1,181,222	1,243,827	664	696	733
HOUSING	625,063	655,066	689,785	50,000	52,400	55,177
DISASTER MANAGEMENT & FIRE	-	-	-	-	-	-
TRAFFIC	649,550	680,728	716,807	198,000	207,504	218,502
PARKS & RECREATION	2,998,263	3,146,680	3,313,215	-	-	-
REFUSE	8,411,674	8,815,434	9,282,652	12,040,386	13,330,325	14,665,832
SEWERAGE	12,010,747	12,791,263	13,458,387	16,258,573	17,750,985	19,320,787

PUBLIC WORKS	8,513,485	8,608,456	9,063,999	12,000	12,576	13,243
WATER	22,679,819	20,974,874	22,315,987	24,953,590	26,243,362	29,157,261
WATER DISTRIBUTION	-	-	-	-	-	-
ELECTRICITY	25,701,230	27,283,609	28,711,992	26,776,663	26,629,943	28,617,330
ELECTRICITY DISTRIBUTION	-	-	-	-	-	-
-	123,626,519	130,017,848	137,057,195	123,742,096	139,693,688	147,693,988

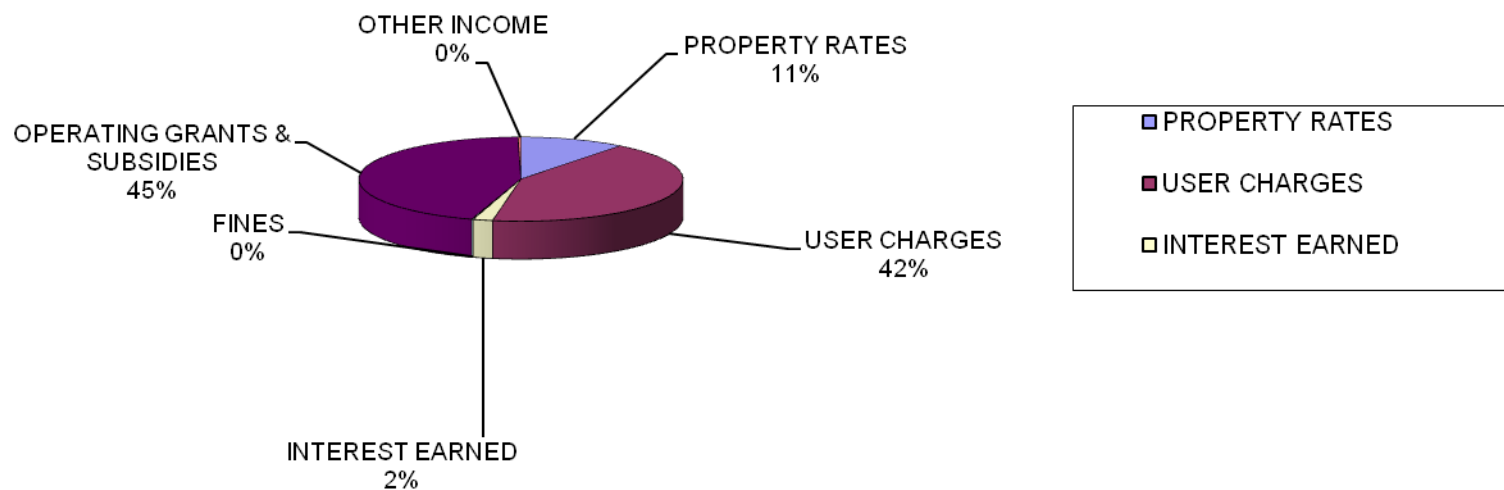
<u>EXPENDITURE ALLOCATION PER VOTE</u>							
EXPENDITURE FOR THE YEAR ENDING 30 JUNE 2010							
FUNCTION	SUB	ACTUAL	BUDGET	PROJECTED	BUDGET	BUDGET	BUDGET
		2007/2008	2008/2009	2008/2009	2009/2010	2010/2011	2011/2012
EXECUTIVE & COUNCIL	COUNCIL GENERAL	12,642,224	5,785,324	10,309,690	9,080,360	9,516,217	10,020,577
	MAYORS OFFICE	2,600,468	5,398,619	4,278,898	2,132,124	2,234,466	2,352,893
	SPEAKER	1,213,869	1,711,892	1,920,040	1,582,050	1,657,989	1,745,862
	MUNICIPAL MANAGER	1,871,975	2,707,917	2,647,258	3,306,335	3,465,039	3,648,686
	CORPORATE SERVICE	4,015,758	4,125,253	3,185,579	4,214,830	4,417,142	4,651,250
FINANCE & ADMINISTRATION	PROPERTIES	119,831	2,031,025	29,227	569,020	4,232,421	4,405,100
	RATES	-	6,858,892	9,158,892	6,150,291	6,445,505	6,787,117

	TOWN HALL & OFFICES	398,35 3	1,389,84 0	40,214	1,474,569	1,545,348	1,627,252
	FINANCE SERVICE	14,936,44 4	6,506,52 2	6,039,571	9,423,214	9,875,528	10,398,931
COMMUNITY FACILITIES	COMMUNITY FACILITIES	1,217,66 0	1,611,65 1	1,490,457	1,629,135	1,707,333	1,797,822
COMMUNITY & SOCIAL	CEMETARY	159,73 7	1,700,91 6	194,288	1,347,640	783,527	825,054
	LIBRARIES	942,65 9	1,046,43 8	790,748	1,127,120	1,181,222	1,243,827
HOUSING	HOUSING	650,45 3	661,45 1	675,800	625,063	655,066	689,785
PUBLIC SAFETY	DISASTER MANAGEMENT & FIRE	-	-	-	-	-	-
	TRAFFIC	443,89 8	624,17 4	507,750	649,550	680,728	716,807
SPORTS & RECREATION	PARKS & RECREATION	524,88 7	3,380,66 8	493,947	2,998,263	3,146,680	3,313,215
WASTE MANAGEMENT	REFUSE	10,807,65 0	8,057,18 2	3,804,547	8,411,674	8,815,434	9,282,652
WASTE WATER MANAGEMENT	SEWERAGE	14,507,87 3	10,494,00 2	8,471,393	12,010,747	12,791,263	13,458,387
ROADS TRANSPORT	PUBLIC WORKS	19,582,64 0	7,588,88 6	15,404,282	8,513,485	8,608,456	9,063,999
WATER	WATER	6,286,11 8	12,545,57 5	10,762,067	22,679,819	20,974,874	22,315,987
	WATER DISTRIBUTION	-	-	-	-	-	-
ELECTRICITY	ELECTRICITY	12,902,57 8	15,751,49 6	16,784,887	25,701,230	27,283,609	28,711,992
	ELECTRICITY DISTRIBUTION	-	-	-	-	-	-
		105,825,07 5	99,977,72 3	96,989,536	123,626,519	130,017,848	137,057,195

APPORTIONMENT OF OPERATING EXPENSES



APPORTIONMENT OF INCOME



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CAPITAL BUDGET

CAPITAL BUDGET													
FUNCTION	SUB		DETAILS	2005 /2006	2006 /2007	2007 /2008	2008/2009	2009/2010	OWN	MIG	LDM	DETAILS	
EXECUTIVE & COUNCIL	CORPORATE SERVICE			-	-	-							
	MAYORS OFFICE			-	-	-							
	SPEAKER			-	-	-							
	MUNICIPAL MANAGER			-	-	-							
				-	-	-			-	-	-		
FINANCE & ADMINISTRATION	PROPERTIES			-	-	-							
	SOUTPAN/IKGOMOTSENG		COMMUNITY HALL	1,000,00	-		3,500,00						
	FINANCE SERVICE			-	-	-							
				1,000,00		-	3,500,00	-	-	-	-		
COMMUNITY & SOCIAL	CEMETERY	ALL TOWNS	FENCING	-	-	600,00	900,00	600,00	600,000			(Fencing)	
	THEUNISSEN / MASILO		ACCESS ROAD	200,00	1,290,00	-							
	COMMUNITY HALL		SOUTPAN/IKGOMOTSENG	-	4,400,00	-							
	COMMUNITY HALL		THEUNISSEN/ MASILO	-	2,800,00	-							
	HOUSING	ALL TOWNS	HOUSING	-			2,000,00						
			PROPERTIES			300,00							
	BUSINESS DEVELOPMENT			-			2,295,00						
SPORTS & RECREATION	PARKS & RECREATION			-			200,00						
WASTE MANAGEMENT	REFUSE			-		-	1,000,00						
				200,00	8,490,00	900,00	6,395,00	600,00	600,000	-	-		
WASTE WATER MANAGEMENT	SEWERAGE	ALL TOWNS	BUCKET ERADICATION	5,261,00	26,000,00	75,415,00							
		ALL TOWNS	OTHER MIG PROJECTS			548,00							
Masilonyana Local Municipality IDP 2009-2010				1,200,00	2,900,00	2,900,00	-	-	-	-	-		
ROADS TRANSPORT	PUBLIC WORKS			-	6,000,00		1,225,350						