

CHAPTER 1

MPOFANA MUNICIPALITY DEVELOPMENT AGENDA

1. INTRODUCTION

1.1. Purpose of the IDP

In terms of the Constitution of the Republic of South Africa, Local Government has to adopt a developmental stance towards initiatives aimed at developing and empowering the local communities that they serve. The objectives of Local Government are:

- § To provide democratic and accountable government for local communities;
- § To ensure the provision of service delivery to communities in a sustainable manner;
- § To promote social and economic development and
- § To encourage the involvement of communities and community organizations in matters of local government.

Local Municipalities are therefore required in terms of Chapter 5 of the Municipal Systems Act 32 of 2000 to review and adopt their Integrated Development Plans (IDP) annually. This development plan therefore serves as the primary tool for service delivery. In terms of this chapter, municipalities are required to develop and adopt an Integrated Development (IDP) that identifies developmental priorities and align municipal resources and capacity with the implementation plan. It identifies the strategic issues that need to be addressed by the municipality to fulfill the developmental mandate as espoused in the Constitution of the Republic of South Africa. The IDP is one of the four (4) important management tools employed by the municipality in its management cycle and the other three (3) being the Budget, the Service Delivery and Budget Implementation Plan (SDBIP), and the Performance Management System (PMS).

The Integrated Development Plan among other things captures the vision, strategic objectives, key performance indicators and strategies to meet the identified needs and challenges. The Mpozana Municipality is therefore engaging in the process of reviewing its IDP for 2009/2010 as part of its legislative requirement.

2. FORMULATION OF A CREDIBLE IDP

The National Department: Provincial and Local Government (DPLG) prepared an Evaluation Framework for credible IDPs. This Evaluation Framework is intended to serve as a tool to guide the assessment of a credible IDP and the core criteria to demonstrate municipal strategy, vision and compliance with both legislative and policy intent have been crafted to assist the assessors during the analysis process. This framework is not intended to serve the purpose of a performance measurement tool, but rather a reference tool or guideline towards establishing the quality of a credible IDP. In this 2009/2010 Mpozana Municipality IDP process took due cognisance of the Credible IDP Evaluation Framework as a guide to formulating and adopting a credible IDP. The following aspects are considered to be relevant in respect of the preparation of the credible IDP:

- § Consciousness by the municipality of its constitutional and policy mandate for developmental local government, including its powers and functions;
- § Awareness by the municipality of its role and place in the local, regional, provincial and national context and economy;
- § Awareness by the municipality of its own intrinsic characteristics and criteria for success;
- § Comprehensive description of the Mpofana Municipal Area in terms of the environment and the spatial characteristics;
- § A clear strategy, based on local developmental needs;
- § Insights into the trade-offs and commitments that are being made regarding economic choices, establishment of Sustainable Human Settlements, integrated service delivery, etc.;
- § The key deliverables for the next five (5) years;
- § Clear measurable budget and implementation plans aligned to the SDBIP
- § A monitoring system;
- § Communication, participatory and decision making mechanisms;
- § The degree of intergovernmental action and alignment to government wide priorities.

3. GUIDING IMPERATIVES

3.1. Spatial Imperatives

The National Spatial Development Framework (NSDF) aims to support the development of sustainable local economies through integrated government action. One of the principles the NSDF is built upon is where low economic potential exists investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current inequalities. The Mpofana Municipality 2009/2010 IDP acknowledges this principle by the prioritisation of projects that render service delivery and ultimately address poverty. The spatial distortions created by the Apartheid era within the municipality have been addressed through the Spatial Development Framework which channels future settlement and economic development opportunities into activity corridors like the N3 and the R103 whilst also linking activity nodes with that of major regional gateways. In order to gear up private investment, the municipality has put out tenders to private entities to invest in the middle to high income housing by allocating potential plot of lands that can be developed.

3.2. Environmental Management

“Ensuring the environmental sustainability is the seventh millennium development goal”

This goal was supported by the recommendations that the principles for sustainable development which ensures that the environmental resources are adequately protected and should be integrated into the country’s policies and programmes. The national framework for sustainable development in South Africa emphasize that, one of the strategic priorities for sustainable development is to “sustain the ecosystems and the use of resources” as well as to “respond appropriately to emerging human development, economic and environmental challenges”.

The Mpfana Municipality needs to respond to the above mentioned issues by responding appropriately to emerging human development in the light of our locality within the Midlands Meander.

The Rosetta Environmental Framework was developed in order to address development pressures that exist in that part of the municipality that also address issues around food security, where agricultural viable land is being utilized for other purposes. The principles of NEMA will also be vital in the development of the municipality’s landscape.

3.3. Economic Development Imperatives

The Accelerated Shared Growth Initiative of South Africa (ASGISA) is a national economic strategy with the target that is set by the National Government which is to halve poverty by transformation through broad strategies. One of these is infrastructure investment that is also directed at a local government level. To this end, the Mpfana Municipality is embarking on projects or initiatives that will unlock economic growth through public infrastructure investment thus meeting the objectives of ASGISA. These include the upgrade of residential and CDB roads and the various housing projects. Development of various Sector plans such as the Electricity and Infrastructure Plan will in the long run also address infrastructural issues that will play a role in economic growth.

Vital to ASGISA is channeling our focus in the second economy and this will require innovative thinking. The National Youth Service Programme is a critical initiative to the second economy and seeks to address youth issues. The Mpfana Municipality 2009/2010 IDP has recognized this aspect of ASGISA by including a development of a Youth Development Strategy that will be conducted in-house to keep up with the pace of youth issues. The Youth Advisory Centre provides access to information, advice counseling and referrals relating to entrepreneurship, business development support, market access, skills training and jobs. The Mpfana Municipality has been no exception to the establishment of this centre and is currently operational and has played a significant role in addressing issues of the youth. The centre is located within the Town of Mooi River but also has an outreach programme aimed at rural communities.

The Provincial Growth and Development Strategy is constituted of 45 high leverage programmes which are grouped in 5 Provincial Clusters, to address the provincial priorities. The five provincial clusters are the governance and administration, economic development, community infrastructure, human capacity and health and social supports. This strategy has also been borne in mind when developing this strategy with regards to tourism, public and private investment, human settlements, monitoring and evaluation, public participation, performance management etc.

3.4. Rural Development Context

The Integrated Sustainable Rural Development Strategy (ISRDS) was prepared at a national level with a concern of the massive poverty, poor level of infrastructure, lack of basic services and weak human capital in rural areas. The strategy acknowledged the fact that the rural areas are not homogenous such that the notion of the area that is

classified as rural can range from the commercial farm lands, subsistence farms, small villages and even nature reserves which have the different plus contradictory functions as well as different development needs.

The key recommendations that the Integrated Sustainable Rural Development Strategy makes which has the implications for the development of the area that are classified as rural within Mpfana Municipal Area amongst others include the following:-

- § Human Resource Development and Capacity Building – this would be intended to address the low skills base that exists amongst the large number of the population who reside within the rural areas. Critical to this recommendation will be the assistance of the Department of Agriculture by the implementation of capacity building programmes that exist within the department.
- § Land Reform – implementing land reform effectively within the farmlands is considered to be the critical component of the Integrated Sustainable Rural Development Strategy since the farm workers are considered to be the most vulnerable margin of the population. The important aspects on land reform are beyond the distribution of land to the African community or improving security of tenure but it should also be to promote sustainable commercial agriculture by the new emerging farmers.
- § Community based income generation projects – considered to be the important elements for rural development subject to the determining factors such as the natural resources and economic opportunities to make these projects viable. These projects can include amongst others the communal irrigation schemes, small – scale community based agro – processing, roadside market stalls for sales of crafts or fruits to the tourist etc.

The Mpfana Municipality has a number of land reform projects that have or in the process of being approved and the above ISRDS recommendations would be critical in the implementation process of these projects.

There’s a need from the municipality to also engage with different communities involved in these land reform projects in order to promote sustainable rural development.

3.5. Good Governance

The principle of good and fair governance requires that the planning process that is involved in the comprehensive IDP must be democratic, intimate and participatory. The integrated development planning process in nature is centrally important in terms of government function since the issues that directly affect the lives of the people are interrogated and it should be characterised by fairness and transparency. The following criteria’s can be outlined in order to ensure that the principles and norms of good and fair governance are adopted in a constructive manner:-

- § Accessible participatory structures – should be created to allow interested and affected parties to express their concern or support on different issues within all spheres of development in the public life.

- § Decision making – decisions that should be made should be at the public domain with written reasons available to any interested party on request. Hence no decision will be undertaken behind closed doors.
- § Accessibility of information – the affected parties have the right to access information pertaining to all the draft recommendations of the IDP before it reaches the stage of adoption.

The principles of good and fair governance should therefore promote the IDP process that is co-operative and the powers and functions of the municipality are exercised towards the interest of the poor.

In terms of the state of the nation address (2007) the key priorities that were identified which has the implications for good governance can be highlighted as follows:-

- § Public Service Training;
- § Public Sector legislative compliance, importance of auditing;
- § Five Year Local Government Strategic Agenda – strengthening ward committees deployment of skilled personnel to public sector, capacity enhancement;
- § Alignment of instruments across spheres of government;
- § Roll out of anti corruption campaigns;
- § Roll out of the Batho Pele campaign at local government intensify outreach activities including Izimbizo and setting up of Multi-Purpose Community Centres.

3.6. Response to MEC comments

3.6.1. Municipal Transformation and Institutional Development

- Reference should be made to page 21 in respect of the breakdown of powers and functions of the municipality.
- The municipality has acquired a **Pay Day** human resources system which will assist the Human Resources of the municipality.
- The Skills Development Plan has been included as an annexure.
- The Performance Management System has been included as annexure C.
- The Supply Chain Management and Asset Management Policy have been included as an annexure.

3.6.2. Local Economic Development

Refer to annexure B.

3.6.3. Basic Service Delivery and Infrastructure Investment

Refer to annexure C.

3.6.4. Good Governance and Community Participation

Refer to annexure C.

3.6.5. Spatial Development Framework

Refer to page 28 to 61.

CHAPTER 2

MPOFANA MUNICIPALITY CURRENT PROFILE

1. Situational Analysis

The situational analysis phase of the 2009/10 IDP deals with the current reality status quo of the municipality. It provides basic facts and figures of the existing situation, as well as an overview of the level of development and sets the stage for Key Issue identification. Contrary to previous IDPs where both the 1996 and 2001 Census data have been used for the situational analysis, the 2009/2010 IDP also captures the recent 2007 Community Survey data as part of the process of understanding the current situation.

2. Population

In terms of Stats SA 2001 Census data, Mpofana Municipality had a total population of 36 820 people compared to the 1996 data of 24 794 which showed a significant increase in the population of approximately 49%. According to the 2007 Community Survey, table 1 below indicates that the current population of the Mpofana Municipality is approximately 31 517 with a population decline of 14, 4% compared to the 2001 Census data. This clearly indicates an uneven trend in the population demographics taking the 1996 Census into consideration.

The uneven trend is a result of the closure of the textile factories in the Town of Mooi River in the late 90's. Table 1 below indicates a significant decline in the African and white population segment of the population. The out migrating process could be regarded as one of the major cause of the declining population as one of the bigger contributors to the economy had collapsed. These resulted in people moving to other economically active centers within the region more especially Pietermaritzburg and Howick and on a lesser note Escourt. The prevalence of HIV / AIDS has also played a role in the declining population considering the location of the main residential node along the N3 and the high rate of poverty varied with poor health and high mortality more especially within the African population group. Amongst other factor, the lack of jobs within the municipality is seen as a contributor in the declining white population group.

This is not a positive trend as this population group is the most economically active within the municipality. As mentioned previously, this is due to a number of factors which clearly need to be addressed within the IDP process over the next five years.

TABLE 1: POPULATION GROUPING

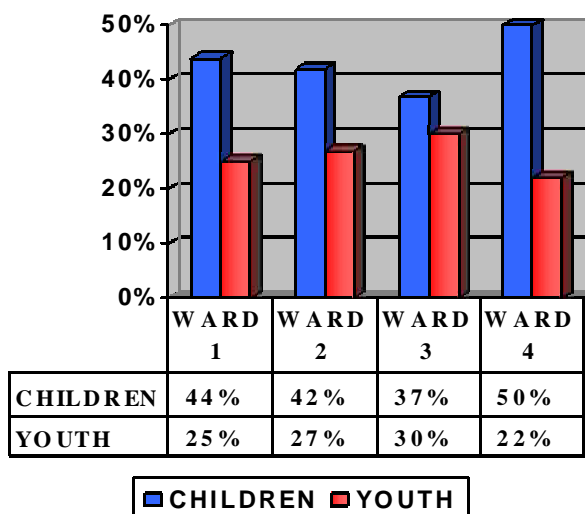
Population Group	African	Coloured / Asian	Indian	White	Total
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Census 1996	20 932	84.4%	206	0.83%	720	2.90%	2 936	11.84%	24 794
Census 2001	33 148	90 %	213	0.57%	797	21.6%	2 662	7.23%	36 820
Community Survey 2007	28724	91.14%	222	0.70%	861	2.73%	1709	5.42%	31 517

3. Comparative Age Distribution

The age distribution at different wards in the municipality shows a significant proportion of the population consisting of children and young adult. Diagram 2 below shows in wards 1, 2 and 4, children constitute more than 40% of each ward total population and 37% for ward 3 respectively. The overall average in the young adult population is 26% with ward 3 having a 30% average. All of this clearly indicates a significant investment in the youngest population of the municipality. During a ward committee meeting held at the Mpofoana Municipality council chamber members of ward 2 addressed the importance of the youth skills development and the municipality is taking cognizance of this fact by internally formulating a Youth Development Strategy.

DIAGRAM 1: COMPARATIVE AGE DISTRIBUTION PER WARD



4. Age by Gender

Contrary to previous findings, which indicated that the majority of the population was dominated by males, the recent 2007 Community data indicates a female majority of 52% and a 48% of males respectively. The previous data indicated a male majority of 51.7% and females at 48.3%. The recent findings are similar to the national population trend which indicates that women constitute a higher percentage of the South African population. It will be fundamental to engage in women empowerment initiatives and address the inequalities that prevail in our landscape as far as gender is

concerned. A Gender Forum has been established within the Mpofana Municipality to tackle gender issues and will assist in doing away with a skewed social and economic trend that prevails in our society.

TABLE 2: AGE BY Gender / DISTRIBUTION (2007 COMMUNITY SURVEY)

Age Group	Male	Female	Total Age Group
0 – 4	1490	1862	3352
5 – 9	1826	1812	3638
10 – 14	1952	1874	3826
15 – 19	1619	1517	3136
20 – 24	1876	1576	3451
25 – 29	1431	1297	2728
30 – 34	1467	1460	2927
35 – 39	766	1146	1912
40 – 44	824	908	1732
45 – 49	535	791	1326
50 – 54	476	592	1068
55 – 59	348	493	841
60 – 64	227	378	605
65+	351	623	974
Total	15 187	16 330	31 517

5. Households

According to the Census 2001 data, the municipality had 9597 total no. of households as per table 3 below.

The municipality in partnership with external bodies has embarked upon establishing a Housing Sector Plan that will enable us to strategically plan housing development within our jurisdiction in a manner that will be sustainable. The housing challenge will be to address the conversion of traditional households to more formal ones. Most of these are located in rural areas of the municipality and the IDP process has helped in identifying housing projects that will assist in this regard. Overall, the municipality does not find itself with problems relating to people residing in shacks or squatter settlement as 71, 5% of households are “stand alone” brick structures traditional dwellings. The 2009/2010 IDP has identified projects that will assist in addressing the backlogs in terms of housing.

Sustainable human settlement is important in addressing issues of housing backlog. The Department of Housing along with the municipality is currently revamping the households in Townview to bigger and aesthetically appealing housing unit. It will be most important for the municipality to perhaps engage in initiatives that will educate the communities about the importance of preserving and keeping their environment in a good state in order to address other issues related to service delivery.

TABLE 3: URBAN AND RURAL HOUSEHOLDS (CENSUS 2001)

NO. OF URBAN HOUSEHOLDS	NO. OF RURAL HOUSEHOLDS	TOTAL NO. OF HOUSEHOLDS
4036	5561	9597

TABLE 4: DWELLING TYPE (CENSUS 2001)

HOUSEHOLDS	1996	2001	Percentage Change between the years	Percentage difference types
Formal	3 055	6 870		71,5%
Informal	109	258		2,68%
Traditional	1 250	2 383		24,8 %
Other	18	86		1,0%
TOTAL	4 432	9 597		100.00%

6. Service Levels

Water and sanitation is one of the most basic needs in our society and a major municipal developmental mandate within the Republic of South Africa.

The Mpošana Municipality still has a major backlog in terms of water and sanitation in certain municipal areas. Ward 2 and 4 are most affected by lack of access to suitable water and sanitation. These two wards are mostly rural in nature with a fragmented household landscape and this could be a contributing factor in the slow progress of service delivery in these areas. In the 2008/2009 IDP, the municipality had a project focused at the handing over of the water and sanitation sections to the uMgungundlovu District Municipality and the process has been finalized. It will however be imperative for the municipality to work together with the district municipality in addressing the issue of water and sanitation in the municipality especially in the areas of need. It will be ideal to at least have the majority of households having water accessible inside their dwelling or inside the yard as much as possible. Crucial to achieving this will be the establishment of more densified settlements in wards 1 and 2 hence bridging the divide in the economies of scale.

i) Water Facilities

Table 5 below indicates an improvement in the service delivery of water within the municipality. There are more households accessing water inside the dwelling compared to the 2001 Census whilst there’s a decline in other alternative means of accessing water. This could have been a resultant of the increase in the number of households being built with access to water inside the dwelling. The majority of these households are located in ward 1 and 3 of the municipality. The most significant project giving rise to this trend is the Townview Housing project which is yet to be completed.

TABLE 5: WATER SOURCE

WATER PROVISION	CENSUS 2001	CS 2007
In dwelling	29,6	44,4
Inside Yard	37,5	30,4
Access point outside the yard	8,9	7,7
Borehole	3,2	1,7
Spring	2,5	1,6
Dam / Pool	4,3	1,6
River /Stream	12,3	8,5
Water vendor	0,1	2,0
Rainwater Tank	0,5	1,9
Other	1,1	0,2
TOTAL	100%	100%

ii) Toilet Facilities

The availability of toilet facilities has been no exception in the improvement of service delivery since 2001 within the Mpozana Municipality. There has been an approximately 16% increase in the number of flush toilet that are connected to a sewerage system with a significant drop in the bucket system. The increase in the construction of RDP houses could be the contributing factor to this trend with the water provision. Interestingly enough, there has been a rise in the number of households using the dry toilet facility and it's not clear as to why as these are usually used for special events.

TABLE 6: TOILET FACILITIES

TOILET FACILITIES	CENSUS 2001	CS 2007
Flush toilet (connected to sewerage system)	41,6	58,5
Flush toilet (with septic tank)	8,5	2,4
Dry toilet facility	-	6,5
Chemical toilet	2,2	2,9
Pit latrine with ventilation (VIP)	4,2	4,0
Pit Latrine without ventilation	18,0	12,1
Bucket latrine	5,6	0,2
None	20,0	9,0
TOTAL	100%	100%

iii) Electricity

There has been a substantial improvement in the percentages of households that use electricity for lighting purposes when comparing the Census 2001 and the recently conducted 2007 Community Survey. The majority of the households using electricity are located in the urban centers of the municipality, more especially Mooi River, Bruntville and Rosetta. The use of candles has been proven to have hazards effects and the development of the Electricity Sector Plan within the current IDP will properly address areas that require electricity for lighting. Within the current context of the electricity crisis in South Africa, it would be imperative for the

municipality to also promote alternative sources of electricity hence addressing the shortages.

A large number of people i.e. 56.5% of the total households make use of wood for heating purposes. The majority of households that use wood for heating purposes are located with the rural areas of the municipality. This fact raises a need for more electricity supply within these areas of the municipal area. This is an indication that natural forests are depleting, which poses downstream environmental concerns. This issue would be addressed by an increase in the number households with electricity supply.

TABLE 7: ENERGY / FUEL FOR LIGHTING

ENERGY / FUEL	CENSUS 2001	CS 2007
Electricity	53,4	71,9
Gas	0,3	-
Paraffin	0,7	1,4
Candles	44,8	25,8
Solar	0,3	0,2
Other	0,5	0,7
Total	100%	100%

TABLE 8: ENERGY / FUEL FOR HEATING

ENERGY / FUEL	CENSUS 2001	CS 2007
Electricity	32,6	48,7
Gas	1,5	1,6
Paraffin	5,4	3,0
Wood	56,5	43,3
Coal	1,4	2,1
Animal Dung	0,3	-
Solar	0,1	-
Other	2,1	1,2
Total	100%	100%

TABLE 9: ENERGY / FUEL FOR COOKING

ENERGY / FUEL	CENSUS 2001	CS 2007
Electricity	35,6	55,9
Gas	4,1	3,5
Paraffin	9,9	5,8
Wood	48,3	34,6
Coal	0,8	0,2
Animal Dung	0,2	-
Solar	0,3	-
Other	0,8	1,2
Total	100%	100%

iv) Refuse Disposal

Refuse disposal is critical in creating an enabling environment for every resident

of the municipality, more especially the younger generation as they are more exposed to hazardous conditions. The Mpfana Municipality has improved the collection of refuse within its jurisdiction comparing the Census 2001 and the 2007 Community Survey by approximately 10%. Over than above the improvement in the collection of refuse, as part of the implementation of the Property Rates Act, the municipality is implementing a 100% rebate on all residential properties in connection to refuse removal.

TABLE 10: REFUSE DISPOSAL

Remove by local authority / Private Company	CENSUS 2001	CS 2007
At least once a week	40,9	51,2
Less often	0,3	2,4
Communal refuse dump	2,8	1,8
Own refuse dump	40,9	37,8
No rubbish disposal	15,2	6,0
Other	-	0,9
Total	100%	100%

v) Public Health

The Mpfana Municipality is currently serviced by two clinics located in Mooi River and Bruntville respectively. There is also a satellite clinic located in Rosetta that's opens once a week. The Bruntville Community Health Centre Clinic is sponsored by the Department of Health. There is however a need to conduct a feasibility study in order to address the need of clinics in other areas of the municipality especially in wards 2 and 4 where there's a dependency in mobile clinics.

The detrimental impact of HIV/ AIDS will be beyond than placing the social development institutions at a pressure to make necessary provision for accommodating the HIV/AIDS orphans who are currently increasing at a rapid pace, such that the impact of HIV/ AIDS has a severe impact to the social and economic development of the area and it can lead to the following situations:-

- § Low and/or zero population growth rate, thus affecting the sustainability of projects that are based on certain population projections.
- § A significant number of households will suffer a loss of income when the economically active member/ breadwinner die of AIDS pandemic.
- § Families of HIV/ AIDS victims will be forced to divert their income, which could have been used for other socio – economic activities to conduct burial ceremonies as the African cultures encourages expensive funerals.

§ The economy of Mpfana Municipality in particular will be negatively affected, as income will be lost due to absenteeism caused by ill health, and the necessary training of new incumbents.

On the financial perspective the increase in the number of orphans and object poverty will eventually force the government to spend more on social activities than on capital infrastructure, which propels economic development.

The devastating impact of HIV/Aids cuts across all sectors of society, including all spheres of government, different organs of civil society and the private sector. The consequences present major challenges for economic systems, sound development programmes, legal systems and others but, most significantly, for children, women and the elderly (Dr ZST Skweyiya – *HIV/AIDS CASE STUDIES IN SOUTH AFRICA*).

The Mpfana Municipality faces a relentless HIV/AIDS epidemic as approximately 50% of people who get tested are found to be positive. The municipality is currently developing an HIV/AIDS Strategy that will address but also educate people on the impacts of the disease. It will be vital for the strategy to reach out to rural communities in terms of awareness as HIV/AIDS is still taboo amongst that section of the community. Through the HIV/Aids Strategy, there needs to be determination of the number of orphans and child headed households in order to address these accordingly within the IDP. These would require special attention as these could result in further problems like prostitution, more HIV infections etc.

vi) Tele-communication

Table 12 below indicates that Cellular telephones are becoming the most popular means of communication with 13.2% of the total number of households utilizing cell phones as a main source of communicating. This number may have grown drastically since the year 2001. At an international level South Africa is one of the leading countries with the highest cellular telephone usage. Planning should consider the improvement of network servicing especially in remote areas where these are increasingly becoming popular. The Mpfana Municipality at its council meeting approved a Vodacom Base Transceiver Station and Mast to address the network problem in the Kamberg Valley hence meeting its development mandate.

The statistics also show that just over ¼ of the population is still depending on public telephones whilst another ¼ does not have any form of communication. Both these can be expected to come down as cellular telephones take over.

TABLE 11: MEANS OF COMMUNICATIONS; CENSUS 2001 (SSA)

COMMUNICATION MEANS	NO. OF HOUSEHOLDS	PERCENTAGE
Telephone in dwelling and cell-phone	943	9.8%
Telephone in dwelling only	540	5.6%
Cell-phone only	1261	13.2%
At a neighbor nearby	809	8.4%
At a public telephone nearby	2754	28.8%
At another location nearby	224	2.3%
At another location; not nearby	529	5.5%

No access to a telephone	2533	26.4%
TOTAL	9597	100 %

vii) Level of Education by Gender

Education plays a pivotal role on community development. It provides a set of basic skills for development, creativity and innovative abilities within individuals. The South African Constitution provides that everyone has a right to education, which includes Adult Basic Education. Table 3 below indicates the level of education amongst males and females. There is a significant number in the population who have not obtained any schooling especially females. A number of factors could be attributed to this section of the population not having any schooling, amongst others stereotype thinking that women should not obtain education or perhaps lack of interest there of. It is assumed that the majority of women who have not obtained any schooling largely form part of the older generation of the population. The 2009/2010 Mpošana Municipality IDP has addressed this illiteracy dilemma through the Masifundisane, ABET & FET Programmes.

There has been over the years a significant decline in the number of people who continue to tertiary education after completing the matric level. This can be attributed to the lack of financial resources and lack of knowledge of financial aid available to prospective tertiary students. The poverty levels might also be a contributing factor where there's a significant need to get a job than continue to tertiary education. The lack of knowledge about the availability of financial resources is being addressed through the Youth Advisory Centre and has seen a significant number of people having access to bursary institutions and financial aids. The proposed renovation of the Youth Advisory Centre and the Library in the 2009/2010 IDP will also assist in enhancing the educational resources within the municipality.

TABLE 12: LEVEL OF EDUCATION (2007 COMMUNITY SURVEY)

Persons	Male	Female	Total
Primary	4 567	5 239	9 805
Secondary	5 964	5 697	11 661
Certificate/Diploma with less than grade 12	230	248	478
Tertiary	584	556	1 140
No Schooling	1485	2185	3 670
TOTAL	12 830	13 925	26 754

viii) Employment

Table 13 below indicates the employment status in the Mpošana Municipality as being 48,37% of the total population in the 15-65 year age group. The rationale for this low employment level is based on the not economically active individuals and shows a significant percentage of 30,31%. The majority of the people who are not economically active are still engaged in academic studies.

The unemployment levels are projected at 16% and this is due to a lack of economic

activities that provide employment to the municipality. This can also be attributed to the closure of textile factories in the nineties, lack of entrepreneurs, lack of infrastructure to boost investor confidence, lack of skilled labour etc. The municipality also faces a shortage in the skilled and professional pool labour as most individuals are employed in elementary occupations. The lack of skilled labour or professionals in the municipality results in other individuals outside of the municipality being employed within.

There are quite a number of individuals who are self-employed through the formal and informal arts and craft sector of the economy. This might be related to the location of the municipality within the Midlands Meander and along the N3. This is a positive trend for the municipality to promote the tourism sector.

The unemployment rate has a direct impact on the affordability of municipal services and therefore affects Municipality's cash flow situation negatively. The high unemployment rate also suggests that economic growth and job creation must be considered as one of the key strategic issues for the Municipality. The upgrade of CBD roads forms part of the current IDP operational projects and will boost investor confidence in the Town of Mooi River. The municipality has seen more entrepreneurs engaging in small businesses with assistance from the LED section and this will be vital for economic development. The review and implementation of the LED Strategy is seen as one of the most important tools in addressing economic development hence, it has been included in the current IDP Review as a strategic initiative by the municipality.

**TABLE 13: EMPLOYMENT TRENDS FOR THOSE AGED 15 – 65 YEARS
 (2007 COMMUNITY SURVEY)**

STATUS	PERSONS	PERCENTAGE
Employed	9 564	48,37%
Unemployed	3 180	16,08%
Not economically active	5 993	30,31%
Not applicable	1 033	5,22%
TOTAL	19 771	100%

TABLE 14: SECTOR OF WORK FOR THE 15 – 65 YEARS

INDUSTRY	NO. OF PERSONS	PERCENTAGE PER SECTOR
Agriculture/Hunting/Forestry/Fishing	685	7,1%
Mining/Quarrying	16	0,16%
Manufacturing	990	10,3%
Electricity/Gas/Water Supply	15	0,15%
Construction	486	5,08%
Wholesale/Retail Trade	1088	11,37%
Transport/Storage/Communication	235	2,45%
Financial/Insurance/Real estate/Business	520	5,43%
Community/Social/Personal services	1092	11,41%
Other and not adequately defined	1176	12,29%

Unspecified	3261	34,09%
TOTAL	9564	100%

Table 14 above indicates that sectors that are unspecified are the most dominant sectors of employment in the Mpozana Municipality. These could relate to street vendors, tuck shop owners, tavern etc.

Focus should be given to other sectors through private-public initiatives. There has in recent times been interest from the private sector to partner with the municipality to develop middle to high income housing. This will strengthen the construction industry within the municipality as is the case in the republic. The tourism sector as is the case with the rest of South Africa is starting to play a pivotal role in the provision of employment and economic growth. There have been a number of agric-tourism related applications submitted to the municipality and have been encouraging for the future economic growth of the municipality within the agricultural sector. The Spatial Development Framework has in this regard taken consideration of the tourism potential within the municipality and identified nodes that will promote the sector. With assistance from the Department of Agriculture, it will however be important for the municipality to preserve agriculturally viable land and not approved every application for purposes of economic growth and hinder food security.

ix) SMMEs in Mpozana

It has been generally acknowledged that the growth rate and survival of SMMEs and the number of SMMEs in an area are indicators of growth. Many governments therefore make major efforts to assist new business to start up, and offer support to SMMEs to facilitate their growth. However, the UKZN research indicates that most SMMEs in Mpozana do not view the support measure enterprises offered by the District as being particularly effective. The following were viewed as measures that would be useful to support SMMEs:

- § Provide incentives for investment
- § Improve business support
- § Provide information on development
- § Increase local purchasing
- § Promote PPP
- § Assist business in marketing

Critical to addressing the high unemployment levels within the municipality, will be improving the small business sector and enhancing the second economy for economic growth. There are currently approximately 263 registered SMMEs serving the Mpozana Municipality. The Mpozana Municipality's 2009/2010 IDP Review has taken cognizance of the importance of SMMEs in the economic growth of the municipality. SMMEs should however not only focus in urban areas but also in rural areas of the municipality. In this regard, the municipality in the next five years will engage with rural co-operatives and SMMEs in order to enhance this sphere of the economy.

x) Tourism

According to the constitution, municipalities have a responsibility to exercise the

developmental mandate across all functions delivered at local level including the development and marketing of the tourism sector. “Local tourism” is defined as a function of municipalities within the Constitution.

While accommodation is important as a tourist activity in itself, the use of such accommodation facilities is often reliant on their being tourism activities in the area for tourists to undertake when not resting. The following is a list of tourism activities that have been established within Mpofana land:

- § Recreational Tourism
- § Adventure Tourism
- § Nature Based Tourism
- § Cultural and Historical Tourism
- § Arts and Craft Tourism
- § Events tourism
- § Agri-tourism

xi) Sports and Recreation

Table 15 below indicates the availability of recreational facilities but lack there of in some wards of the municipal area. Most of the available facilities require significant upgrading and revamping in order to fully benefit in sports, arts and cultural aspect of the municipality. The aim of Sports and Recreation is to improve the quality of all South Africans by promoting participation in sports and recreation in the country, and through participation of South African sportspersons and teams in international sporting events.

The above statement encapsulates the overall South African picture in terms of sports and recreation but it is at municipal level where everything has to be planned accordingly to fully utilize the talent at international level. To this end, the Mpofana Municipality has a number of interventions that assist in fully capitalising this aspect of the community. The municipality has had a great impact in the province in the performing arts and would require the municipality to invest in this aspect.

TABLE 16: RECREATIONAL FACILITIES

Location	Facilities	IDP Intervention
Ward 1	<ul style="list-style-type: none"> § Tennis Court but needs upgrading § Mooi River Town Hall § Penendale Sportfield but needs upgrade 	<ul style="list-style-type: none"> § Upgrade of Mooi River Tennis court § Townview Sportsfield
Ward 2	<ul style="list-style-type: none"> § Multi Purpose Centre 	
Ward 3	<ul style="list-style-type: none"> § Basketball Court § Bruntville Sportfield § Bruntville Community Hall 	<ul style="list-style-type: none"> § Upgrade of Bruntville Sportsfield § Bruntville Recreational Park (Combo courts) § Mshayazafe Botanical Park

Ward 4	§ Middelrus Community Hall	
	§ Middelrus Combo courts	
	§ Middelrus Sportfield	

xii) Public Safety

The KwaZulu-Natal Department of Community Safety & Liaison in order to address and reduce the high rate of criminal activities within our landscape has developed guidelines for the integration of Safety Plans into Integrated Development Plans. The Mpfana Municipality currently does not have any Safety Plans in place as the rate of crime is currently low in most parts of the municipality but there would be a need to develop one at some point before any occurrence. As low as the criminal activities are within the municipality, there is however a need to address criminal activities in some areas especially in Bruntville and Townview. The most significant criminal activities in these areas are alcohol related and occur in the proximity of taverns or shebeens. The location of these two residential areas in the proximity of the N3 varied with high poverty levels result in robbery of trucks passing by the major route.

Currently there is one police station that serves the entire municipality. There is a significant need to locate sub-police stations in certain strategic areas in order to prevent these areas from being target spot for criminals.

xiii) Land Reform and Rural Development

A number of land reform projects have been previously initiated in the Mpfana Municipality. To date, a number of these projects have not been finalized leaving the people settled in these areas without access to basic services. According to DLA funding has been allocated for these projects, but the location and progress.

The critical issue in the land reform process is ensuring the sustainability of land that has been handed to relevant beneficiaries. The majority of beneficiaries lack the necessary skills required to fully utilize the agricultural potential of the land that they occupy. Included in the 2009/2010 IDP is a project called the Commercialization Plan for LRAD farms, a partnership by the Mpfana Municipality, Department of Agriculture and the Department of Economic Development which we hope will support in the skills training for land reform beneficiaries thus the development of rural communities.

TABLE 17: EXISTING LAND REFORM PROJECTS

Name of Project	Number of Households
Corriesrus	14
Springfield	13
Onverwagt	46
Goudina	25
Bellevue	49
Middelrus Share Equity	25
Waterfall View	42
Highover Estate	59
Total	273

Source: devplan.kzntl.gov.za/Municipal/IDPs/Mpofana financial project list

CHAPTER 3

MUNICIPAL INSTITUTIONAL ARRANGEMENTS, POWERS AND FUNCTIONS

1. INSTITUTIONAL ARRANGEMENTS

1.1. MUNICIPAL COUNCIL

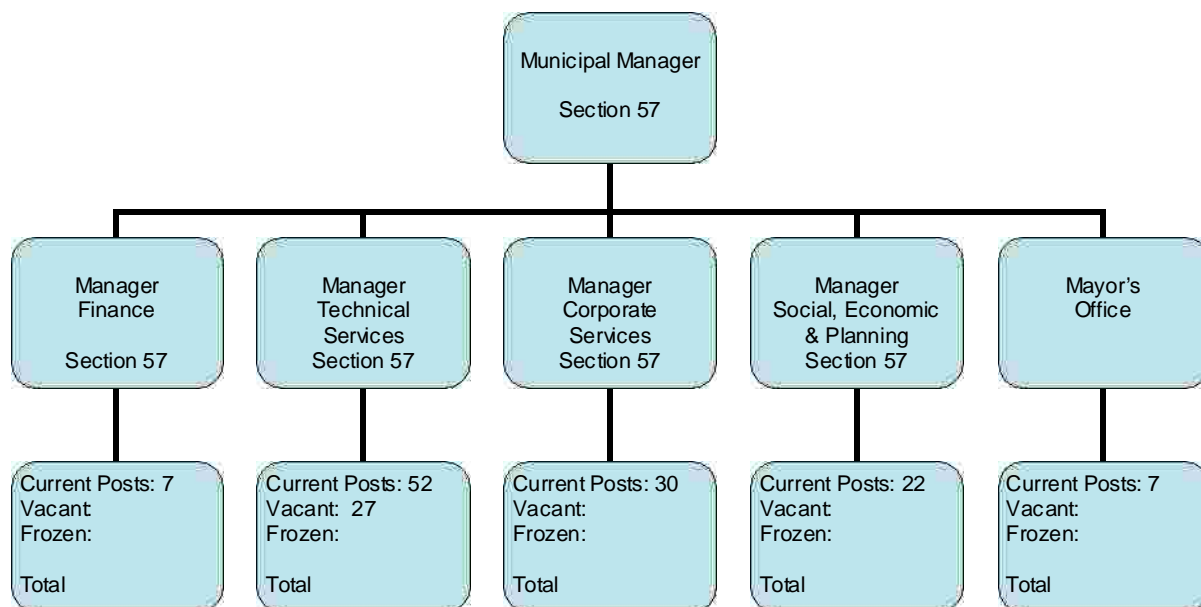
The Mpofana Local Municipality is a Category B Municipality as established in terms of Chapter 2 of the Municipal Structures Act 1998. The Municipality functions under a plenary executive system combined with a ward participatory system.

The Council consists of 7 councilors including the two members of the executive system. Out of the 7 councilors, 4 are ward elected councilors. There are 3 portfolio committees of the municipality, which can be outlined as follows:

1. Financial Services
2. Social, Economic and Planning Services
3. Corporate Services
4. Technical Services

1.2. MUNICIPAL ADMINISTRATION

On the administration institutional arrangement, all Section 57 positions are filled. The diagram below presents the high level organogram of the municipality and division of powers and functions to different portfolios within the Mpofana Municipality establishment to ensure the effective implementation of the IDP.



1.2.1. OFFICE OF THE MUNICIPAL MANAGER

The following are the key strategic issues of the Office of the Municipal Manager:

- § Integrated Development Planning
- § Performance Management
- § Implementation of Council resolution
- § Marketing and Communications
- § Accounting for all municipal activities

1.2.2. FINANCE SERVICES DEPARTMENT

The main aim of the financial services department is to provide effective and efficient financial management support services to other Departments which include the following:

- § Financial planning and reporting;
- § Design and implementation of internal controls;
- § Development of financial policies;
- § Maintenance of financial records; and
- § Revenue collection and supply chain management.

1.2.3. SOCIAL, ECONOMIC & PLANNING SERVICES DEPARTMENT

The main objectives of the Social, Economic & Planning Services Department are as follows:

- § To create and ensure a conducive environment for Economic Growth and

Development.

- § To promote and ensure coordinated land use planning and management.
- § To identify specific development activities to empower women, in particular rural women.
- § To ensure development of the Youth Development Strategy.
- § To ensure access to quality primary health care.
- § To ensure improved and adequate access to educational facilities.
- § To ensure all communities have access to basic community facilities.
- § To promote sound Environmental Management practices.
- § To ensure adequate access to proper housing for all.
- § To promote access to arts and culture opportunities.
- § To facilitate the provision and easy access to sports and recreational facilities.
- § To encourage participation in sporting codes for development.

1.2.4. TECHNICAL SERVICES DEPARTMENT

The following are the key strategic issues of the Technical Services Department:

- § Provision of Basic Services.
- § Mobilisation of resources to continuously improve the level and quality of service delivery.
 - Roads
 - Electricity
 - Waste Management
 - Public Facilities

1.2.5. CORPORATE SERVICES DEPARTMENT

The following are the key strategic issues of the Corporate Services Department

- § Human Resources Management and Development
- § Compliance with legislation
- § Enforcing by-laws
- § Traffic management
- § Disaster management
- § Offices and buildings maintenance
- § Support the mayoralty and council activities

1.3. POWERS AND FUNCTIONS

<ul style="list-style-type: none"> • Development planning and Local economic development • Solid waste disposal • The establishment, conduct and control of cemeteries and crematoria • Property rates • Pounds 	<ul style="list-style-type: none"> • Promotion of local tourism • Air pollution • Building regulations • Storm water management • Street trading • Control of undertakings that sell liquor and food to the public • Noise pollution 	<ul style="list-style-type: none"> • Street lighting • Traffic and parking • Electricity • Local sports facilities • Municipal roads • Social Development (PHC, Youth, Gender, Disable, HIV & AIDS, Pensioners, etc
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1.4. AUDIT COMMITTEE

The municipality has functional audit committee, with three external members. They perform the tasks of an audit committee as per Section the Municipal Finance Management Act no. 56 of 2003.

During the 07/08 Financial Year, the municipality received an unqualified report. This can be attributed to firm financial and management controls put in place.

CHAPTER 4

MPOFANA MUNICIPALITY STRATEGIC DIRECTION

Mpofana Mission Statement

"Mpofana Municipality is a pro-active, democratic and accountable municipality committed to social and economic development, provision of efficient, affordable, sustainable and customer-oriented services to its community whilst striving to sustain financial viability."

Mpofana Vision Statement

"By Year 2020, Mpofana will be an economically vibrant and developmental municipality, able to generate employment for all its economically active residents, be an affordable place to inhabit, and with its environmental endowment, be a strong competitor for tourist trade and investment."

MPOFANA'S PRINCIPLES AND VALUES

- Maintain customer focus and strive for quality, effectiveness, efficiency and sustainability in the delivery of all our services
- Develop a high performance and excellence culture based on innovation and development
- Undertake the responsibility with stewardship and play a leadership role on issues of importance to the municipality
 - Actively seek and forge mutually beneficial partnerships with all its stakeholders
- Communicate effectively with communities and other stakeholders in a manner that promotes their participation
 - Act with respect, honesty, trust and empathy
- Uphold diligence, professionalism and risk tolerance in our quest for innovation and improvement in service delivery

- Promote ongoing development of management and adaptable skills to cope with changes in the environmental and customer expectations
- Create an environment that is conducive to self-initiative and fostering a culture of individual identity with the municipality as an organization
 - Commitment to equity and social redress
 - Be inclusive, transparent, accountable and act with integrity

1. IDP Priorities in Line with National KPAs and Local K s

NATIONAL KPAs	IDP PRIORITIES	KEY PERFORMANCE INDICATOR	RESPONSIBILITY
KPA 1 - Service Delivery and Infrastructure Development	- Infrastructure Development Plan	- Community having access to all basic municipal services.	Technical Services Manager
	- To ensure finalization of existing housing projects.	- No. of houses built and handed over to beneficiaries.	
	- Infrastructure maintenance plan.		
	- To develop and implement a general maintenance plan.	- Length of road constructed and upgraded and well maintained infrastructure.	
	- Waste management plan	- Grass Cutting - - Maintenance of municipal gardens. - Routine Maintenance - Refuse Site: Daily maintenance - Roads Patching - Clear catch pits and manholes of silt and soil. - Gravel Roads Patching - Speed Humps	
KPA 2 – Local Economic Development	- Trading regulations / policy in place.	- Incentive Scheme in place.	Social, Economic & Planning Manager
	- Attraction of potential investors.	- Economically viable municipality with big investors.	
	- Develop a marketing plan.	- Marketing Plan in place.	
	- Develop a Business Retention & Expansion Strategy.	- Longer term investment in the municipality.	
	- Review the LED Strategy	- LED Strategy in place.	
KPA 3 – Municipal Financial Viability	- Improve liquidity	- Liquidity ratio greater than 1	CFO – Credit control unit
	- Create cash reserves	- Reduced Debtors	

	<ul style="list-style-type: none"> - Develop financial policies and procedures 	<ul style="list-style-type: none"> - An increase balance of the investment account - Reporting - Reduced audit queries - Procedure manual Reporting 	
KPA 4 – Municipal Transformation and Institutional Development	<ul style="list-style-type: none"> - Provide training & development to staff 	<ul style="list-style-type: none"> - Training Manual - Human Resources Development Report 	Corporate Services Manager
	<ul style="list-style-type: none"> - Clear definition and implementation of roles and responsibilities 	<ul style="list-style-type: none"> - Documented Roles and Responsibilities 	Municipal Manager
	<ul style="list-style-type: none"> - To adopt a strategic management approach 	<ul style="list-style-type: none"> - Performance assessment reports 	All Departmental Managers
		<ul style="list-style-type: none"> - Strategic Performance reports 	Municipal Manager
KPA 5 - Governance	<ul style="list-style-type: none"> - To encourage & promote community participation 	<ul style="list-style-type: none"> - Public involvement in the affairs of the municipality. The ward committees and councilors understand the local government systems 	Corporate Services Manager
	<ul style="list-style-type: none"> - Review and implement communication strategy 	<ul style="list-style-type: none"> - An improved publication of Mpofana Drum - Communication Strategy document in place - Improved quality of the Mpofana website 	

CHAPTER 5

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

1. INTRODUCTION

A spatial Development Framework provides a broad indication of where different types of development should take place within the municipal area- in other words it provides a spatial guidance for development. The spatial framework is the structure, which allows for the development of a co-ordinated and integrated economic development strategy to harness and exploit opportunities on a large scale throughout the District Municipality. An important feature of any spatial framework is the system of nodes and corridors.

The Spatial Development concept is based on the following:

- Location and accessibility
- Population concentrations
- Availability of services
- Economic opportunities
- Consideration for areas of conservation
- Consideration of areas that are of historical importance

The formulation of a Spatial Development Framework entails the following steps:

- Studying the spatial profile of the municipal area (i.e. the development informants);
- Assessing the spatial impact of the various development strategies;
- Preparing a Spatial Development Framework Plan.

2. DEVELOPMENT INFORMANTS

The application of general planning and development principles and objectives are influenced by the local context. Amongst others the following development informants shaped the SDF

- The strategic location of the municipality on the N3, providing high level of accessibility between major urban centers and adjacent provinces.
- High potential agricultural land which is the primary resource supporting a highly developed commercial agriculture sector and the economy of the municipality.
- The strategic location of the municipality along major tourism routes in terms of the Drakensberg and the Coast, promoting a well developed functional tourism industry, and as the gateway to the Midlands Meander.
- Relatively low levels of access to urban services and facilities for some rural communities.
- Relatively low levels of participation in the local economy by low income communities.
- Mooi River as the gateway to the municipality and its variety of developments and opportunities.

- Rietvlei, Middelrus and Tendele as centres for environmental and tourism activities, and commercial activities etc.

3. THE MOOI MPOFANA SPATIAL DEVELOPMENT FRAMEWORK

Furthermore to the development information provided by the local context, the most appropriate future spatial development pattern is informed by other aspects such as existing land use patterns, population concentrations, availability of services, accessibility, agricultural development potential and environmental considerations. Moreover, the development informants and the various components of the SDF are discussed in more detail in the subsequent sub-headings, therefore the following overview of the Spatial Development Framework should be read in conjunction with the SDF map.

4. MOVEMENT ROUTES

4.1. Provincial Priority Corridor

The N3 in its own right is identified as the Provincial Priority corridor in the uMgungundlovu District SDF. Given its core function, as limited access, long distance movement corridor that ultimately links the Johannesburg economic hub with the Durban-Pinetown metropolitan area, the N3 thus becomes crucially important. It traverses through the Mooi Mpopfana Municipality, this makes the municipality easily accessible and it creates potential opportunities in the municipality, as it is an attractive feature to the investors. However, development pressure will be experienced as it is anticipated that along the urban component of the corridor a wide range of urban uses will be attracted. Therefore and as for this reason it remains highly recommended that any development along it should be accommodated on a planned basis and without overlooking the fundamental movement function of this corridor. This corridor is also identified in the PSEDS with code-name PC2 (Camperdown-Msunduzi-Mooi River) and as the central axis of the District, the PSEDS also states that it has potential to attract development in the categories set in the NSDP.

4.2. Primary Route

Primary corridors are largely movement corridors between the municipality and other regions outside of the municipality. Potentials exist to develop opportunity points or nodes along these corridors. The identified primary corridors are:

- P1-7 (the R103), which extends from the Mooi River primary node through the tourism node in Rossetta and links to uMngeni Municipality and Pietermaritzburg to the South and to Umtshezi Municipality in the Northerly direction.
- P1-8,
- P14-1and
- P165

These Primary Corridors provide major development structuring element in creating a high level of accessibility, visibility in providing linkages to the surrounding municipalities

and a range of development opportunities are envisaged along these corridors.

4.3. Secondary Route

Secondary routes link primary routes to one another. These routes also provide important inter-settlement and inter-suburb linkages within the municipality. The identified secondary routes are:

- P12-2, which is on the north-east of the municipality and extends to Weenen in the north-west direction and to Kranskop in the south-east direction.
- P174, which extends from the intersection of P14-1, D56 almost in the middle of the municipality (Niererrr Fontein 1031), it traverses through the secondary node identified in Middelrus and then links to the P12-2 in the north-east direction.

4.4. Tertiary Route

These routes provide vital linkages to service satellites in the district and ensure connectivity with service delivery in the communities. The identified tertiary corridors are:

- P167, this route is on the west and parallel to the N3 corridor, it extends from the tourism node identified within the Springrove Dam area and it ultimately links the two Tourism Link Routes (P164 & P169)
- P18, this tertiary route extends directly from the P1-8 primary route in Blair Athol to the north east direction where it links with the secondary route P174 in Birds Spruit 1984 to Umtshezi Municipality.
- P175, this also extends direct from the P1-8 route in Oaklands 2976 and adjoins the P18 in Mount Pleasant 2042
- P149, which is on the south-eastern periphery of the municipal confines extending from Reitvlei and links to uMshwathi Municipality.
- D56, it links the P14-1 with P18 from Sutherlands Vale through Kruisfontein to Scotts Fontein.

4.5. Tourism Link Routes

As one of the primary objectives of the tourism strategy, it remains intentional to promote the Umgungundlovu District as a single entity, and to broaden the development success of the Midlands Meander to other areas with potential in tourism. At Mpofana local level these are proposed on the western side of the municipality, being the P164 on the lower west, which extends from the Springrove Dam and Rosetta through Redcliffe to the KZDMA22 on the west periphery of the municipality, the P169 on the upper west that extends from the N3 and traverses parallel to the Klein Mooiriver, both these routes are dissected by the P28, on the west end of the municipality that links Giants Castle in the northerly direction with Impendle and Drakensburg in the southerly

direction. All these roads need to be upgraded to serve an important role in the tourism sector. The proposed tourism link routes are:

- P28
- P164
- P169

Based on the spatial development perspective point of view, this can be favourable achieved by:

- Improving accessibility to areas with high scenic, landscape quality, rarity value and other attractions
- Improving access to the Drakensburg
- Improving linkages between the Midlands Meander and other existing or potential tourist routes

The SDF should promote the appropriate further development of tourism and tourism-related activities, while also integrating local with regional opportunities into an overall system providing an extended range of tourism opportunities and experiences.

5. NODES

In order to prevent continuous sprawl, inefficient and ad-hoc development, the hierarchical structure resulting from movement corridors and nodes, should also inform the creation of a hierarchy of settlement areas in respect of function, density, extent of service provision, type and level of development etc. This is however also influenced by topographic conditions, geotechnical and environmental issues and the desire to create unique environments. It is therefore for this reason that within the local context of the Mooi Mpfana Municipality, the Settlement Hierarchy proposed for the municipal area is as follows:

- Primary Node - Administrative and Economic Centre
- Secondary Nodes – Distribution Point
- Satellite Service Nodes - Delivery of Supplementary Services

5.1. Primary Node

The primary node is the dominant node in the municipality offering the highest levels of services, and having the highest urban concentration of people. Employment opportunities and economic growth are the highest in this node. The municipal offices are located in this node. Mooi River and its immediate surrounds are identified as the primary node as it accounts massively in the entire Municipality's economy. This node is dissected by the N3 provincial priority corridor and intersected by a number of other important movement routes, like the P1-8 and P14-1, which are both primary routes.

Being the major economic node, it also functions as the administrative centre and accommodates the municipal offices, health facilities, schools, police station, a pay out point and magistrates court as well as a large variety of commercial and retail outlets and has recently extended housing infrastructure at nearby locations as there are planned housing projects on and near the node to meet the housing demand. The node needs to be holistically developed to create a visual and functional attraction along the N3 / R103

inviting bypassers to stop and use the amenities of the centre. The identified boundary of this node can be referred to as the urban growth boundary.

5.1.1. Urban Growth Boundary

The Urban Growth Boundary or Urban Edge is a clearly defined boundary between urban development and the valuable rural or agricultural hinterland.

The purpose of the boundary is to discourage urban sprawl and define an area of special focus wherein urban orientated development is to occur in the future. Urban development should be discouraged beyond this edge until such time that the area within is considered sufficiently developed on public and private land and services are meeting requirements sustainable.

Areas of priority spending are likely to occur mainly within the Urban Edge area to facilitate the development of new settlements and upgrading of existing informal and formal settlements.

The Urban edge as suggested in the Development Facilitation Act is essentially to limit urban sprawl to promote efficient and integrated land development to include the following objectives:

- Promote the integration of the social, economic, institutional and physical aspects of land development;
- Promote integrated land development in rural and urban areas in support of each other,
- Promote the availability of residential and employment opportunities in close proximity to or integrated with each other;
- Optimise the use of existing resources including such resources relating to agriculture, land, minerals, bulk infrastructure, road transportation and social facilities;
- Promote a diverse combination of land uses, also at the level of individual erven or subdivisions of land;
- Discourage the phenomenon of "urban sprawl" in urban areas and contribute to the development of more compact towns and cities;
- Contribute to the correction of the historically distorted spatial patterns of settlement in the Republic and to the optimum use of existing infrastructure in excess of current needs; and
- Encourage environmentally sustainable land development practices and processes.

5.1.2. Secondary Node

These nodes correspond with settlements that function as important urban foci in the rural areas. These nodes have lower levels of services than the primary node and often act as dormitories for the primary node.

5.1.3. Satellite Service Nodes

“Satellite Service Nodes represent the lowest order of locality, where a range of service and economic activities could be concentrated in a sustainable way and are located in the periphery of the Hub,” (ibid). Their location is usually the most accessible location within an acceptable walking distance of a particular community. These services may be located at a clinic, store, tribal court or taxi rank.

The level of services that are normally found at these nodes are:

- Clinic / Mobile service
- Post Boxes
- Shops
- Secondary and Primary School
- Weekly / Mobile Service.

In identifying service satellites a number of factors should be considered to determine the most suitable / optimal locations. These include, amongst other factors:

- Density and distribution of population to be served
- Level of existing economic activity
- Proximity of transport routes and modes of transport
- Topography of locality
- Land Tenure arrangements
- Levels of service infrastructure

Further, such centres are identified at the Rocky Drift and Tendele area.

5.1.4. Tourism Node

As also identified in the uMgungundlovu District Municipality SDF, there is a potential tourism node within and around the Springrove Dam and Rosetta village, which impinges to the village Nottingham Road in uMngeni Local Municipality. Development in this node is primarily that of a tourism nature, which needs to be both consolidated and expanded. Given the traits of this node especially its location, the type of existing development and the additional recreation and tourist potential that will be provided by the Springrove Dam, the node should be recognised as the northern gateway to the district’s tourist routes, and should be planned accordingly. Development pressure will be experienced in this node however Water and Environmental Conservation should be the key element in the determination of potential development opportunities within this node. In addition land uses that could feasibly jeopardise its tourist functionality should be discouraged.

5.1.4. Tourism Opportunity Point

This refers to areas of concentration of tourism opportunities and existing tourism facilities. In terms of tourism opportunities, the Mooi Mpofana Municipality is unique in its ambience and carries a special rarity, as it has several identified tourism opportunity nodes across the municipal area of jurisdiction. Areas such as Bellevue, Lower rocky drift, Middelrus, Merinos Kloof, Adrian farm have tourism potential that still need to be explored and developed.

6. ENVIRONMENTAL CONSIDERATIONS

The Mpopfana Municipal area is covered predominantly by areas classified as, of intermediate biodiversity status with islands of high biodiversity. The predominant land cover in the Mpopfana municipal area is grassland (82.04%), cultivated land (12.44%) and a small amount of commercial forestry (2.16%).(see map6). Natural bush is also common to the most eastern part of the municipal area.

The amount of transformed land within the Mpopfana municipal area is relatively low (19.41%) implying that the potential for land use change is low. Conservation areas are important environmental areas which do not only support ecosystems, but are attractive to tourism and offer great economic opportunities. These areas require a particularly high degree of protection as they are key areas of biodiversity because they provide ecosystem services or are unique landscapes or viewpoints or areas of ecological, historical or cultural importance. It also includes areas that by virtue of their ecological or biological functions provide services that contribute to natural disaster management systems. The principles which should apply to conservation areas are as follows:

- Adequate protection to ensure sustainable provision of ecosystem services.
- Protection in terms of national and provincial laws, policies and guidelines.
- No permanent settlement should be permitted within identified conservation areas and settlement adjacent to such areas must comply with agreed upon environmental management principles.
- The use and development of conservation areas must only take place on a planned and controlled basis after environmental impact assessment.

Moreover the preliminary objective for designating such areas is to draw attention to their sensitivity nature, and the need for appropriate special and sustainable management measures.

6.1. Proposed Nature Reserve

The proposed nature reserve, which impinges to the Umtshezi Municipality, is located on the upper north of the Mooi Mpopfana Municipality, on low potential and very restricted land. The proposed Nature Reserve is located to the top North periphery of the municipal confines, and will optimistically promote the following:

- Recreation
- Conservation of biodiversity
- A tourism attraction node.

6.2. Environmental Sensitive Areas

The Ezemvelo KZN Wildlife Conservation Plan C-plan and the Minset data are at a broad scale, however based on these two plans, the municipal area has areas with

high irreplaceability indicated in the irreplaceability index. The first product of the conservation planning analysis in C-Plan is irreplaceability map of the planning area, in this case the Mooi Mpfana Municipality. This map is divided into 2 by 2 km grid cells called ‘planning units’. Whilst the Minset is a function or tool within C-Plan (Conservation Planning Software) that is used to identify a ‘minimum set’ of sites (planning units) that would fulfil the aim firstly of achieving the conservation targets within a number of constraints that can be set by the user e.g. avoid highly productive agricultural land, or land adjacent to major highways. Mainly these areas fall on the western part of the municipality. This may have to be further investigated as part of the Strategic Environmental Assessment, Environmental Management Plan and Environmental Management Framework process.

6.3. Formally Conserved Areas

These areas are located on the western part of the municipality being the KZDMA22 and a small portion on the south-eastern periphery of the municipality. The KZDMA22 in particular is unique in a number of respects, as it falls under the Transfrontier Development Initiative related to the Ukhahlamba-Drakensberg World Heritage Site, a Protected Area, a Tourist Destination and part of the Maloti-Drakensberg Transfronteir Park. In addition, recent boundary adjustments will result in these areas falling within the Impendle and Mpfana Municipalities.

6.4. Conservancy Significance Areas

This area is proposed on the north of the municipality, just to the west off the N3 corridor and along the Mooi River system. At the core of the systematic conservation-planning framework are clearly stated conservation targets or goals or biodiversity features. In addition such areas cover a selected number of species which are either endemic to KwaZulu-Natal (i.e. their world wide distribution occurs exclusively within the borders of the province) or are nationally or internationally endangered and KwaZulu-Natal can make a significant contribution to their conservation.

6.5. Strategic Water Production Areas

These areas contain the strategic headwater areas of the major water courses within the district. Land transformation in these areas should not be allowed unless it can be shown that it would improve water quality. Within the Mooi Mpfana such area is located on the far eastern confine of the municipality and impinges to uMshwathi Municipality.

7. COMMERCIAL AGRICULTURE AND TOURISM

The municipal area is characterised by high potential agricultural land, which is approximated at being 77% of the total municipal area and capability. Just to the western side of the N3 corridor the whole municipal area is determined as being good potential land. A large portion of land to the eastern side of the N3 corridor is also determined as being good potential land, however some of it is restricted potential land, some low potential land, some very low potential, whilst very little percentage near the Craigeburn Dam is very high potential land (see Map 4). Therefore land distribution within the Mpfana Municipality should be focused on commercial

agriculture in order to utilise the land to its full potential.

Good quality agricultural land is a finite resource that must be protected and managed for the long term, land within the Province of Kwa-Zulu Natal with high agricultural potential, of which some falls within Mooi Mpofana Municipality is also indicated in the PSEDS as well.

The access to urban centres especially for land reform beneficiaries in rural areas must be increased in order for them to exploit the trade opportunities provided in urban centres. The expansion of the agricultural sector will open up and enhance existing employment opportunities. The strategies are as follows :

- Develop agricultural potential in low income peri-urban fringe
- Protection of high potential agricultural land for commercial production
- Support land reform beneficiaries to increase agricultural production (consider supply linkages and possible joint ventures with major companies such as etc).

As a development informant this will shape the spatial form of the municipality as relatively large area of the municipality will have to be “reserved” for agricultural purposes to ensure the enhancement on the role that the agriculture sector plays in the municipal economy.

8. LAND REDISTRIBUTION FOR AGRICULTURAL DEVELOPMENT (LRAD)

Land reform encompasses three distinct components, which are:

- Restitution,
- Tenure reform, and
- The redistribution programmes.

Land reform should not necessarily equate in a loss of productive agricultural land. The Land Redistribution for Agricultural Development sub-programme (LRAD) amongst others recognises the need to provide grants for agricultural projects. Amongst the types of projects that can be catered for include: Food safety nets, equity schemes, and production for markets.

With respect to agriculture in communal areas it is evident that many people already have secure access to agricultural land but may not have the means to make productive use of that land: LRAD assists in the process of minimising the loss of good potential agricultural land by providing schemes to make productive investment in communal land such as infrastructure or land improvements through the Department of Land Affairs. However distribution of land within Mpofana should be undertaken cautiously in order to avoid encroachment on environmental sensitive areas and moreover proper environmental management guidelines and policies should be followed and adhered to.

9. LAND REFORM

There are many labour tenants applications and PLRO projects within the municipality and this reflects the demand for land/ land tenure issues within Mpofana. The following two tables show the land reform projects within the municipality.

Table 1: Land Reform-Land Affairs Projects

<u>Labour Tenants</u>	<u>Transferred PLRO Projects</u>
188	71

Table 2: Land Reform- RLCC Projects

<u>Non Compliance</u>	<u>Advanced Screening</u>	<u>Under Research</u>	<u>Validated</u>	<u>Gazette d</u>	<u>Total Claims</u>	<u>Settled</u>
1	6	3	0	0	10	0

10. EXISTING AND PLANNED HOUSING PROJECTS

The municipality has recently developed its housing sector plan, which is currently in its implementation phase whereby all the housing projects tabulated in much more depth detail. However at the top of head level and for the purpose of the SDF the housing projects are as follows:

Table 3: Existing and Planned Housing Projects

<u>Project Description</u>	<u>No of Units</u>	<u>Status</u>
Development of a Housing Sector Plan	N/A	Implementation phase
Craigieburn Housing Project	850	Approved and active
Gamewood Housing Development	300	Planned Project
Vrystaat Farm Housing: Doornkloof	100	Planned Project
Townview (Re-habilitation)	1425	Planned Project
Highover Housing Project	40	Planned project
Bruntville Hostel Conversion Project	100	Planned Project
Sierra Ranch Housing project	120	Planned Project
Rosetta Housing Project	120	Planned Project
Tendele Housing Project	250	Planned Project
Phumlas-In-Situ Upgrade	400	Planned Project
Beth Shemite Aids Orphanage	120	Planned Project
Town View Housing Rectification Project 21m ² to 30m ²	?	Business Plan submitted to DOH
Gwala Park Housing Rectification Project 21m ² to 30m ²	?	Business Plan submitted to DOH
Total (planned units only)	2973	

11. CONCLUSION

It is important to once again highlight that though the primary objective of this project is to review the existing SDF, but it is worth noting that the existing SDF is a bit outdated as it is a 2000/2001 material. With the foregoing in mind this review has thus encompassed most recent available information in order to provide the Mpfana Municipality with sufficient information in order to facilitate land use management and spatial development. However the work undertaken during the 2000/2001 has not been overlooked, as some of it has, where still applicable been to some degree utilised.

Moreover, the Mpfana Spatial Development Framework (SDF) provides a broad indication of where different types of development should take place within the municipal area. As such it provides general direction to guide decision-making (thereby contribute towards the creation of integrated and habitable towns, residential areas and viable communities), a framework for the formulation of an appropriate land use management system for the municipal area and a framework for public and private sector investment.

“IKUSASA LISEZANDLENI ZETHU, MASAKHANE.”
“THE FUTURE IS IN OUR HANDS, LET’S BUILD”

CHAPTER 6 DEVELOPMENT PROJECTS BY SECTOR DEPARTMENTS

STRATEGIC FOCUS AREA: INFRASTRUCTURE AND SERVICES

PROJECT NO.	PROJECT NAME	WARD	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY				
						2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
2009/01	Gwala Park Roads	Ward 1/3	R 4 369 000	MIG	R 4 369 000	R 4 369 000	-	-	-	-
2009/02	Upgrade of Phumlas Residential Roads (9,6km)	Ward 3	R 14 400 000	MIG	-	-	R 4 800 000	R 4 800 000	-	-
2009/03	Upgrade of Shiyabazali Residential Roads (3km)	Ward 3	R 4 500 000	MIG	-	-	R 4 500 000	-	-	-
2009/04	Ward 4 Gravel Roads (45km)	Ward 4	R 15 750 000	MIG	-	-	R 5 250 000	R 5 250 000	R 5 250 000	-
2009/05	Ward 2 Gravel Roads (25km)	Ward 2	R 8 750 000	MIG	-	-	R 2 916 666	R 2 916 666	R 2 916 666	-
2009/06	Upgrade of CBD roads (Phase 2)	Ward 1	R 15 000 000	MIG	-	-	R 7 500 000	R 7 500 000	-	-
2009/07	Brunville Recreational Park (Combo courts)	Ward 3	R 420 000	DeptofHuman Settlement	R 420 000.00	R 210 000	R 210 000	-	-	-
2009/08	Townview Sportsfield	Ward 1	R 2 500 000	DeptofHuman Settlement	R 1 300 000	R 1 300 000	R 1 200 000	-	-	-
2009/09	Townview Indoor Sports Complex	Ward 1	R 5 500 000	DeptofHuman Settlement	R 5 500 000	R 5 500 000	-	-	-	-
2009/10	Rural Housing projects (3000 Households)	ALL	R 125 269 260	DeptofHuman Settlement	-	R 125 269 260	-	-	-	-
2009/11	Craigiebum Housing	Ward 4	R 14 891 810	DeptofHuman Settlement	R 14 891 810	-	-	-	-	-

2009/13	Townview Rectification	Ward 1	R 139 320 568	DeptofHuman Settlement	R 139 320 568	-	-	-	-	-
2009/14	Roseita Housing Project	Ward 2	R 33 405 136	DeptofHuman Settlement	-	R 33 405 136	-	-	-	-
2009/15	Townview / Bruntville Botanical Gardens	Ward 1 / 3	Still to be determined	DeptofHuman Settlement	-	-	-	-	-	-
2009/16	Townview Early Education Centre	Ward 1	R 400 000	DeptofHuman Settlement	R 400 000	R 200 000	R 200 000	-	-	-
2009/17	Muden water scheme	Ward 4	R 8000 000	UMDM	-	R 4 000 000	R 4 000 000	-	-	-
2009/18	Rondebosch Water Scheme	Ward 2	R 150 000	UMDM	-	R 150 000	-	-	-	-
2009/19	Cranham Water Scheme	Ward 4	Still to be determined	UMDM	-	-	-	-	-	-
2009/20	Middle and high income housing (Feasibility study)	Ward 1	R 400 000	UMDM	-	-	R 400 000	-	-	-
2009/21	Electrification of Households	Ward 4	R 36 400 000	DME	-	-	R 7 280 000	R 7 280 000	R 7 280 000	R 7 280 000
2009/22	Electrification of Households	Ward 3	R 2 700 000	DME	-	-	R 2 700 000	-	-	-
2009/23	Electrification of Households	Ward 2	R 1 950 000	DME	-	-	R 1 950 000	-	-	-
2009/24	Upgrade of electricity network	Ward 1	R 2 000 000	DME	R 2 000 000	R 2 000 000	-	-	-	-

STRATEGIC FOCUS AREA: SOCIAL AND ECONOMIC DEVELOPMENT

PROJECT NO.	PROJECT NAME	WARD	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY				
						2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
2009/25	Brunville One stop shop	Ward 3	R 1 200 000	Dept of Social Development	R 1 200 000	R 1 200 000	-	-	-	-
2009/26	Brunville (Mpofana) Hospice	Ward 3	R 1 200 000	Dept of Social Development	R 1 200 000	R 1 200 000	-	-	-	-
2009/27	Soup Kitchen		R 281 749	Dept of Social Development	R 281 749	R 281 749	-	-	-	-
2009/29	Co-operatives - Training	ALL	R 600 000	DED	R 600 000	R 600 000	R 600 000	-	-	-
2009/30	SMMEs - Training	ALL	R 464 990	DED	R 464 990	R 464 990	-	-	-	-
2009/31	One Stop Shop		R 1000 000	DED	R 1000 000	R 1000 000	-	-	-	-
2009/32	Mpofana Tourists Development Strategy	ALL	R 21 430	DED	R 21 430	R 21 430	-	-	-	-
2009/33	Economic Development Forum	ALL	R 86 237	DED	R 86 237	R 86 237	-	-	-	-
2009/34	Trading Centre Feasibility Study	ALL	R 388 378	DED	R 388 378	R 388 378	-	-	-	-
2009/35	Tendele Trading Centre	Ward 2	R 199261	DED	R 199 261	R 199 261	-	-	-	-
2009/36	Develop commercialization plan for LRAD farms	Ward 2 & 4	R 30 0000	DAEA & DED	R 30 000	R 15 000	R 15 000	-	-	-
2009/37	FET college	Ward 1	R 20 000 000	Department of Education	-	-	-	-	-	-
2009/39	Establishment of YAC satellite points in Tendele & Middelrus	Ward 2 & 4	R 500 000	Mpofana Municipality/ Youth Agent	-	-	R 200 000	R 100 000	R 100 000	R 100 000

2009/40	Establishment of an Economic Development Agency	Ward 1	-	Industrial Development Corporation	-	-	-	-	-	-
2009/41	CASP	ALL	R 5 030 000	Department of Agriculture and Environmental Affairs	R 5 030 000	R 5 030 000	-	-	-	-
2009/42	Mooi-Mngeni Transfer Scheme	Mpofana Municipality	-	uMngeni Water	-	-	-	-	-	-
2009/43	Greater Mpofana BWS	-	R 270 000	uMngeni Water	R 270 000	R 270 000	-	-	-	-
2009/44	Dora Grants	Ward 3	R 30 000	Department of Sport and Recreation	R 30 000	R 30 000	-	-	-	-
2009/45	Recreation	ALL	R 25 000	Sport and Recreation	R 25 000	R 25 000	-	-	-	-
2009/46	Client Support Services	ALL	R 127 000	Sport and Recreation	R 127 000	R 127 000	-	-	-	-

CHAPTER 7

THREE YEAR IMPLEMENTATION PLAN 2009-2011

STRATEGIC FOCUS AREA: INFRASTRUCTURE AND SERVICES

PROJECT NO.	PROJECT NAME	WARD	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY			HOD
						2009/2010	2010/2011	2011/2012	
2009/50	Rehabilitation of Brunville main road	Ward 3	R 1 500 000	Mpořana Municipality	R 1 500 000	R 1 500 000	-	-	Technical Services
2009/51	Upgrade of Mooi River residential roads (5km)	Ward 1	R 500 000	Mpořana Municipality	R 500 000	R 500 000	-	-	
2009/52	Construction of Roads	Ward 2	R1 500 000	Mpořana Municipality	R1 500 000	R1 500 000			
2009/53	Rosetta Public toilet	Ward 2	R 150 000	Mpořana Municipality	R 100 000	R 100 000	-	-	
2009/54	Upgrade of Halls	ALL	R 250 000	Mpořana Municipality	R 250 000	-	-	-	
2009/55	Mshayazafe Botanical Park	Ward 3	R 2 000 000	Mpořana Municipality	R 2 000 000	R 750 000	R 750 000	R 500 000	
2009/56	Upgrade of Brunville Sportsfield	Ward 3	R 1 500 000	Mpořana Municipality	R 1 000 000	R 1 000 000	R 500 000	-	
2009/57	Mooi River Traffic Circle & Island Beautification	Ward 1	R 400 000	Mpořana Municipality	-	-	R 150 000	R 100 000	
2009/58	Upgrade of Mooi River Tennis court	Ward 1	R 80 000	Mpořana Municipality	-	-	R 80 000	-	
2009/59	Waste Management Recycling Plant	-	R 500 000	Mpořana Municipality	-	-	-	-	
2009/60	Development of Electricity Sector Plan	-	R150 000	Mpořana Municipality	-	-	R 150 000	-	

2009/61	Infrastructure Development Plan	-	To be determined					
2009/62	Municipal Industrial Infrastructure Development	-	To be determined	-	-	-	-	
2009/63	Mpofana Access/Alternative Bridge	Ward 1	To be determined	Department of Transport/ MIG	-	-	-	-
2009/64	Identification of land for cemeteries	-	-	uMgungundlovu District Municipality	-	-	-	-
2009/65	Development of a local Disaster Management Plan	-	-	uMgungundlovu District Municipality	-	-	-	-

STRATEGIC FOCUS AREA: SOCIAL AND ECONOMIC DEVELOPMENT

	PROJECT NAME	WARD	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY			HOD
						2009/2010	2010/2011	2011/2012	
2009/66	Identification of land for residential development	ALL	R 100 000	Mpofana Municipality	-	-	-	-	Social, Economic & Planning
2009/67	Identification of land for economic development and creation of economic hubs	ALL	R 750 000	DED	-	-	-		
2009/68	Review of SDF	ALL	R 300 000	Mpofana Municipality	R 300 000	-	-	-	
2009/69	FET college	Ward 1	R 20 000 000	Department of Education	-	-	-	-	

2009/70	Develop a Business Retention & Expansion Strategy (BR&E)	ALL	R 50 000	Mpofana Municipality	R 50 000	R 25 000	R 25 000	-	
2009/71	Establishment of an Economic Development Agency	Ward 1	R 5 000 000	Industrial Development Corporation	R 5 000 000	R 2 000 000	R 2 000 000	R 1 000 000	
2009/72	Implementation Economic Development Forum Plan	ALL	R 50 000	Mpofana Municipality	R 50 000	R 50 000	R 50 000	R 50 000	
2009/73	Identification of land for medium sized enterprises	Ward 1	Internal resources	Mpofana Municipality	-	-	-	-	
2009/74	Allocation of land for urban agricultural development	Ward 1	Internal resources	Mpofana Municipality	-	-	-	-	
2009/77	Establishment of YAC satellite points in Tendele & Middelrus	Ward 2 & 4	R 500 000	Mpofana Municipality/ Umsobomvu	-	-	R 200 000	R 100 000	
2009/78	Upgrade of Mpofana YAC	Ward 1	R 50 000	Mpofana Municipality	R 50 000	R 50 000	-	-	

STRATEGIC FOCUS AREA: FINANCIAL MANAGEMENT

PROJECT NO.	PROJECT NAME	WARD	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY			HOD
						2009/2010	2010/2011	2011/2012	
2009/79	Procurement of a new server and upgrade of Venus system to E-Venus	-	R 800 000	Mpofana Municipality	R8 000 000	R4 000 000	R4 000 000	-	Financial Services
2009/80	Supplementary valuation Roll and Implementation of MPRA	-	R 2 000 000	Mpofana Municipality	R 2 000 000	R 2 000 000	R 2 100 000	R 2 200 000	
2009/81	Improving Debt Recovery Rate & Liquidity ratio for the Municipality	-	R 100 000	Mpofana Municipality	R 100 000	R 100 000	-	-	
2009/82	Conversion of Annual Financial Statements and GRAP/GAMAP	-	R 200 000	Mpofana Municipality	R 200 000	R 200 000	-	-	

STRATEGIC FOCUS AREA: INSTITUTIONAL TRANSFORMATION

PROJECT NO.	PROJECT NAME	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY			
					2009/2010	2010/2011	2011/2012	HOD
2009/83	Gateway Signage	-	-	-				Corporate Services
2009/84	Resurfacing of the Main Parking area	R 50 000	Mpofana Municipality	R 50 000	R 50 000			
2009/85	Parking shelter at Municipal Building	R 30 000	Mpofana Municipality	R 30 000	R 30 000			
2009/86	Renovation of the Human Resources, Youth Advisory Centre & Library Complex	R 100 000	Mpofana Municipality	R 100 000	R 100 000			
2009/87	Upgrade of reception area	R 50 000	Mpofana Municipality	-	-	R 50 000	-	
2009/88	Upgrade and modernization of Council Chamber	R 50 000	Mpofana Municipality	-	-	R 50 000	-	

STRATEGIC FOCUS AREA: SOUND GOVERNANCE & DEMOCRACY

PROJECT NO.	PROJECT NAME	TOTAL PROJECT COST	SOURCE	COMMITTED FUNDING	COMMITTED FUNDING ANNUALLY			
					2009/2010	2010/2011	2011/2012	HOD
2009/89	Establishment of the Internal Audit Unit	R50 000	Mpofana Municipality	R50 000	R50 000	-	-	Municipal Manager
2009/90	To ensure regular update/ development of a Corporate Strategic Plan	-	Mpofana Municipality	-	-	-	-	

CHAPTER 8

MPOFANA MUNICIPALITY FINANCIAL PLAN

1. Introduction

1.1. Background

Finance Department has reviewed a medium term (3 year) financial plan and a capital investment programme. The original plan was developed for 2005-2008 financial years. The financial plan and capital investment programme is based on the plans and objectives of the Integrated Development Plan (IDP) and indicate what resources will be required to meet the objectives of the plan.

1.2. Components of the Financial Plan

The Systems Act and the regulations thereto highlight some key components of what should be included in a financial plan. This is mainly budget projection as well as the indication of the available resources for capital and operational expenditure. It goes further to mention several strategies that may be included to affect the financial results.

The financial plan that the municipality developed contains the key components as mentioned and facilitates the identification of action that needs to be taken. These actions can be seen as strategies and should form part of the normal municipal performance management process. The components of the plan are”

- An analysis of the current financial results and the identification of key areas of priority;
- The formulation of parameters and assumptions to be used in doing the forecasts; and
- The development of a cash-flow spreadsheet tool to facilitate the forecasts and measure the effect of strategies.

1.3. Basic concepts in the application of the Financial Plan

The financial plan is implemented as part of the Chief Financial Officer’s performance targets as set performance management process of the municipality. It involves setting targets, identifying actions and monitoring. Below is simplistic outlay of the steps that a plan would normally contain. The plan should aim to:

- Understand the current results;
- Identify areas where changes may be needed;
- Determine the extent of the changes to be made over the medium term;
- Set the targets to be achieved each year;

- Identify the actions that need to be taken to reach the targets;
- Monitor, correct or realign results on a continuous basis.

Finance Department will apply this plan in practice and use the model and assumptions to identify the actions that it can take to obtain financial discipline. This is an ongoing practice and the results, actions and assumptions should be reviewed on a quarterly basis to deal with unintended outcome early and timely.

1.4. Introduction of the Financial Plan

The introduction of the financial plan was done in 2005/2006 financial year. This in-itself was part of the development of the plan. The process was as follows:

- § Compilation of the spreadsheet model based on the parameters that was formulated;
- Discussion of the results of the budget projection with individual managers; and
- Discussion of the updated projected budget with management in the form of a workshop.

Some members of the Management team and members of the Council were not part of the workshop of the initial plan and therefore will have to work-shopped on the plan.

1.5. Application of the plan

The plan is a dynamic tool and needs to be applied to have an effect. From the workshop, this report and the interpretation of the spreadsheet results management needs to formulate targets and strategies to change the financial results to the desired results. This would entail the following process:

- Identify the areas on the baseline information that needs to be corrected and set targets to address these;
- Identify the areas that needs to be addressed over the medium term and set targets for these;
- Continuously test the results of the targets by including the new figures in the model;
- Formulate the appropriate actions to be taken by management and update the various business plans and performance management systems with these actions; and
- Monitor and correct as per normal performance management processes.

As an example we look at typical activities with regard to outstanding debtors

- First one can look at the accuracy of the billing process. This needs to be confirmed as often bills are not paid as they appear to be inaccurate, delivered at the wrong address, or not delivered at all, etc.
- Secondly one can look at the actions that were taken to date to collect the outstanding amounts and the effectiveness of that. This could help to determine appropriate actions.
- Thirdly one can look at the possibility to review the existing and improve the indigent policy.
- The setting of new rates to increase revenue.
- Etc.

2. Municipal Statistics

Mpofana Municipality serves a population of approximately 36 826. The economically active population is approximately 9 540, with (74%) unemployed.

The 2007/2008 operating budget was of the order of R35 million. The budget for 2008/2009 is R55 million.

The following services are part of services provided by the Mpofana Council –

- § Roads and Storm water (Public works)
- § Refuse removal
- § Electricity
- § Parks and recreation
- § Traffic
- § Library

The main trading service operated by the council is –

- § Electricity

The Integrated Development Plan

The Council has compiled the Integrated Development Plan for the Municipality and this is reviewed annually taking into account communities developmental needs and aspirations. The Management undergoes a Strategic Planning session annually to review vision, achievable strategies and sound processes for implementation, in order to

meet the Municipality’s Constitutional obligations. There is a tendency for Integrated Development Plans to focus on the desirable and not the achievable. The Mpošana Council has taken the proactive step to call for a medium term financial plan, which will ensure that their achievable strategies are met.

The Corporate Strategic Planning sessions undertaken annually are intended to assist Council and Management in planning and implementing restructuring programmes that will instill fiscal balance and improve the quality of life of the citizens in the medium to long term.

3. Financial analysis

Financial analysis has been performed based on the external audit reports for the previous financial years to understand the current situation. Also Below is the process and results of this evaluation.

3.1 Approach to the Financial Analysis

We set out to gain a thorough understanding of the current financial position of the municipality and the development challenges facing its business operations.

The 2003/2004 budget and audit reports were used as a starting point or base year.

Our review and investigation process included the following –

- Review of annual financial statements for the financial years ended 30 June 2003 through to June 2006. (These results have all been audited at the time of this review);
- Review of 2008/2009 budget and comparison to “estimated actual” for 2009/2010;
- Minutes and discussions between Management during MANCO meetings to understand their inputs, the Municipality’s requirements;
- Investigation of reasonableness of major cost components in the budget;
- Analysis of existing financial situation;
- Review of long term capital budget and its impact on the future operating budgets; and
- Analysis of financial statements to assess the current financial condition of the municipality.

3.2 Results of Analysis

3.2.1 Budget

The budgets are now prepared timely and in terms of the Municipal Finance Management Act No. 56 of 2003 as opposed to prior years where budgets were not approved timely. This allows Management an opportunity to start the implementation of the IDP timely to be effective in delivering the services to the community.

It can also be concluded that the budget produced are of desired quality.

3.2.2 Financial Information

For simplicity we first look at the balance sheet and then at the income. As a conclusion we then took at the combined aspects of the financial analysis.

Balance Sheet

	2008	2007	2006	2005
	R	R	R	R
Capital Employed				
Funds and Reserves	37 919 627	19 238 085	20 160 970	18 768 122
Retained Surplus	4 346 372	10 175 562	4 411 498	2 749 177
Trust Funds	0	0	0	0
Long Term Liabilities	638 102	2 156 700	2 814 161	1 117 592
Deposits	225 060	323 968	283 490	309 011
	43 129 161	32 263 810	22 943 902	16 712 817

Employment of Capital				
Fixed Assets	1 283 641	3 644 271	4 152 412	4 823 413
Investments	2 767 110	380 123	362 068	370 174
Long Tem Debtors	463 172	2 934 286	2 813 334	2 791 391
Net Current Assets	38 615 238	25 305 040	20 342 305	14 958 924
Current Assets	45 189 504	32 297 837	25 916 550	20 822 956
Current Liabilities	(6 574 266)	6 992 797	5 574 245	5 864 032
	43 129 161	32 263 810	27 670 119	22 943 902

Income and Expenditure for the past three years has been as follows;

INCOME 2008	INCOME 2007	INCOME 2006	DEPARTME NT	EXPENDIT URE 2008	EXPENDIT URE 2007	EXPENDIT URE 2006
31 768 560	17 901 284	12 531 857	Rates & General Services	20 521 537	11 533 917	10 650 407
27 423 849	10 825 892	9 384 754	Community Services	16 825 609	7 310 556	7 403 371
71 564	566 342	487 640	Subsidized Services	2 328 918	1 389 157	894 457
4 173 146	6 509 050	2 659 463	Economic Services	1 367 009	2 834 204	2 352 579
301 281	231 036	178 885	Housing	136 733	32 301	28 421
12 748 555	6 178 694	9 466 100	Trading Services	12 627 776	5 960 306	9 587 147
44 818 396	24 311 014	22 176 842	TOTAL	33 286 046	17 526 524	20 265 975

Combined Income results

3.3 Observations

The critical observations that should be mentioned are as follows:

3.1.1 Income and Expenditure

Operating Results

The Council's trading services have been running at a loss from 2005 to 2006, it has made a profit of R218 388 in the 2007 financial year. It should however be noted that this profit is very minimal and when this is coupled to the debtors situation it is evident that these services require special management if they are to be beneficial to the municipality. It should be noted that the municipality are losing 20% in electricity.

A comparison of income and expenditures between the various services from 2005/2006 to 2006/2007 has been made and the average growth / (decline) of Income and Expenditure has been 10% and (14%) respectively. The various classifications indicate the following average annual growth/ (decline) rates –

	Expenditure %	Income %
Community Services	(145%)	83%
Subsidized Services	(4%)	8%
Economic Services	(20%)	12%
Housing Services	61%	91%
Trading Services	(57%)	(58%)

It should be noted that despite the fact that income has grown by an average of 10% the result projected remains an accumulated deficit.

Revenue Enhancements

We have based our expenditure estimates on the presumption that the credit control policy and actions referred to in the following paragraph will materialize.

Repairs and Maintenance

The repairs and maintenance expense, is very low compared to the recommended benchmark for local authorities which is between 5.4% and 5.1 % of the total expenditure. The Generally Accepted Municipal Accounting Practice, requires that assets be properly maintained over the useful life of the assets. The useful life of the assets should be reviewed if repairs and maintenance have not been satisfactory, with the appropriate amendment to the applicable depreciation.

In view of the critical importance of the repairs and maintenance allocation for purposes of the medium term projection we suggest that the repairs and maintenance expense be increased by **10% in 2009, 2010 and 2011** to bring it **up approximately 5%** of total expenses in the medium long term. The nature of the assets of the municipality will mainly be on a long-term nature, roads, buildings, etc. The exception is vehicles.

This assumption is based on council not outsourcing the repairs and maintenance function.

3.3.2 Balance Sheet

The growth (decline) of the various balance sheet items over the period 2006/2007 to 2007/2008 is set out below:

Capital Employed	%Growth (Decline)
Funds & Reserves	(16)%
Retained Surplus	51%
Trust Funds	100%
Long – Term Liabilities	(13)%
Deposits	86%

Employment of Capital	%Growth Decline)
Fixed Assets	(20)%
Investments	20%
Long – Term Debtors	21%
Net Current Assets	
Debtors	49%
Stock	75%
Bank Overdraft	114%
Provisions	(2)%
Creditors	7%

The following should be noted:

Retained surplus has grown drastically over the past five years, despite a 10% average growth of the Income.

Deposits have grown by 14% on average, which should be an indication that the provision of consumers has increased.

Fixed Assets have declined by an average of 12%, which is also an indicator that the Council is depreciating assets at a greater rate than they are acquiring assets.

Debtors have grown by an average 49%, with a startling 80% growth between 2004 and 2005. This matter is a great cause of concern for the Council.

The provisions of the municipality amounted to R1,9 M, of which R0,59 M is the leave provision for the employees. It is likely that this amount will be required all at once.

Bank Overdraft has grown by a startling 114%, which indicated a major crisis as far as liquidity and viability of Mpozana is concerned.

Creditors have grown by 7%, which can be attributed to the Municipality's cash constraints, however, this percentage does not indicate a major problem as far as creditors are concerned.

Debt Collection

The Council has a major problem with the recovery of debt. R26,8 million was outstanding at the end of 2006 and this represents an increase of 49% from the previous year. The Debtors currently represent 92% of the annual amount accrued for Rates and Services.

4. Medium Term Projections

4.1 Basis of the projection

A forecast of this nature is an estimate of future financial results that is made to the best of the responsible party's knowledge and belief, and is based on certain assumptions reflecting conditions expected to exist or that may occur and courses of action the entity expects to take.

From the understanding of the budgetary process and the knowledge of the municipality's operations and business gained from the procedures listed above we have prepared a medium term expenditure forecast utilizing a number of key assumptions, on a basis consistent with the accounting policies normally adopted by the municipality and consistent with the expected financial effects of the anticipated plans and strategies of the municipality.

These assumptions have been discussed will be discussed with Management and are set out in paragraphs below.

For convenience we list the aspects that were taken into consideration during the formulation of the medium term projection

- Risk Factors
- Assumptions on economic data
- Revenue increases
- Grants to be received
- Level of doubtful debt
- IDP projects
- Salaries and Wages
- General Expenses
- Doubtful debts provision

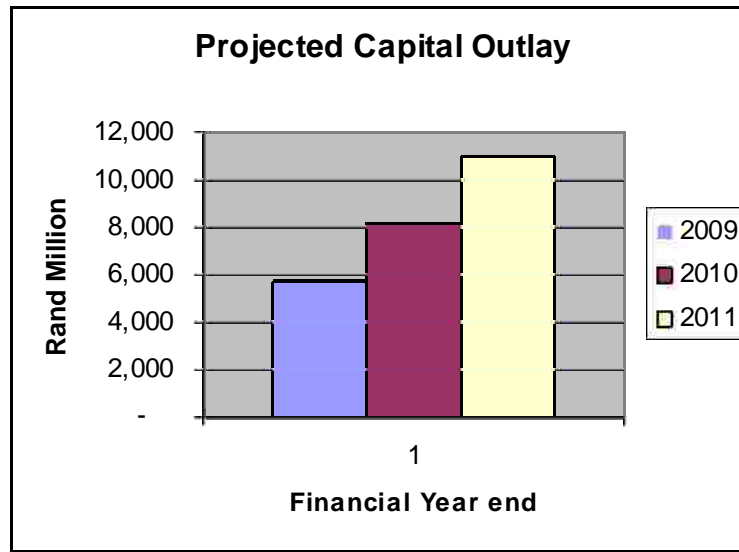
4.2 Results of the Projection

The assumptions, parameters and standing data were applied to the spreadsheet model that was developed. This is as a first round which will be discussed with all managers to fine tune the projection and thereafter work shopped to Management and Council. The workshop is intended to set other targets and to indicate specific actions which need to be identified by Management for implementation in order to move the municipality towards the desired position. Below is a brief summary of the results of the projection at this time.

4.2.1 Capital Budget

The projected capital outlay to be funded by the council including capital additions relating to the Rates Revenue until 2012, is –

Year End	R million
2010	3,362
2011	1,305
2012	109



The above graph highlights the fact that the capital outlay as extracted from the projected figures is increasing. These contributions are very minimal taking the developmental needs of the Municipality from the Integrated Development Plan. Management needs to explore other funding sources to meet the Municipality's developmental obligations.

In addition, the implementation of the capital budget is based on the availability of funds. The need to develop services, especially to the poor and for economic development, is vital for the future, but this will not be possible if the debtors situation does not improve. The implementation therefore is reliant on the cash flow position.

Integrated Development Plan

There are 83 strategies and programmes in the Mpofana IDP, consisting of the following categories listed below –

Category	Number of Programmes
A: Infrastructure	27
B: Local Economic Development	3
C: Community Development Social Services and Housing	31
D: Institutional / Financial & Special Interest	22

The development plans of the Integrated Development Plan were prioritized, but the time frames allocated appear to be unrealistic. The IDP has identified 83 projects.

The capital budget in 4.2.1 indicates that the time frame allocated is not realistic and although the need is dire, there is a need to smooth the development over a number of years. It is also noted that the IDP does not provide the funding required for each other

identified projects; therefore Management needs to revisit its IDP and determine funding requirements for each and every programme planned. The capital programme portion of the model has been designed to enable the Council to spread the IDP projects over a number of years to coincide with the funding options available.

4.2.2 Operating Budget

In order to project future expenditures it is necessary to base these projections on reasonable assumptions based on a realistic macro-economic framework, various internal and external risks, and prioritizing essential expenditures.

The key assumptions used in our projections are as follows –

Economic Data

We have used the following economic data in our projections –

Year	CPIX %
2009/2010	5.4
2010/2011	5.1
2011/2012	4.6

Source: Bureau for Economic Research

While the above indices may appear to be on the low side having regard to recent inflationary trends and media speculation we have based our projections on them as they are the best information available and have been provided by a respected organization.

Annual Increases

The result of our projections compared to past budgeted expenditure is as follows:

	R Million	% increase
2008/2009	54	35
2009/2010	56	9
2010/2011	56	1
2011/2012	57	2.3

Components

The components of the projected operational budgets are as follows –

	2008/2009 revised Rm	2009/2010 Rm	2010/2011 Rm	2011/2012 Rm
Expenditure	54	56	56	57
Income	54	56	60	63
Surplus (Deficit)	0	0	4	6

Revenue

We have applied the following assumptions to the revenue component of our model - In projecting the future tariffs we have used the following year on year escalations-

Services/Tax	2009/2010	2010/2011	2011/2012
	%	%	%
Electricity	53	15	5
Rates	59	48	5
Other Income	44	63	5

Government Grants

Government grants have been recognized as income over the periods necessary to match them with the related costs.

The following grants will be received from national government over the next three years.

	2009/2010	2010/2011	2011/2012
	R'000	R'000	R'000
Equitable Share	13 106 000	16 228 000	17 717 000
Municipal Infrastructure Grant	7 289 000	8 446 000	7 251 000
Local Government Finance Management Grant	0	0	0
Municipal Systems Improvement Programme	735 000	750 000	790 000
Total All Grants	13 841 000	16 978 000	18 507 000

Other Specific or conditional grants e.g. DME grant have not been included.

Salaries & Wages

Salaries and wages account represented 28% of the total 2008/09 operating expenditure. This expense represents 23% of budgeted 2009/10 operational expenditure. Our projections were based on an increase in the staff complement together with an estimate of annual increases.

In projecting future increases in salaries, we have used the following percentages:

2009/2010	5.4% for all employees
2010/2011	5.1% for all employees
2011/2012	4.6% for all employees

Council bargains directly with the Unions regarding the salary increases. We have assumed that there will most probably be an element of salary equalization between management and the other employees in the future.

General Expenses

In projecting future expenses of a general nature we have applied an annual increase of 5.4%, 5.1% and 4.6% for the years 2010-2012 respectively to most expense items based on CPIX percentages.

We have eliminated expenditures of a non-recurrent nature and those directly related to the restructuring grant, and reduced or increased certain expenditures based on discussions with management and other findings during our assignment.

Doubtful Debt Provision

The Provisions have been assumed at the rate of 30% of the 2007/2008 debtors balance. The position of the outstanding debts for previous years will play a key role in the financial well being of the municipality.

Conclusion

The key to the financial viability of Mpozana Municipality will rest with the ability of the community to pay for services. The extension of free basic services has been done with the intention of isolating the indigent customers from those who can afford to pay and deal with those who can afford in a vigorous manner. This is expected to improve the situation projected clearly indicating that the sustainability of the municipality is at stake. The Council must also finalize the write-off of all debts which was discussed in the budget consultation meetings for 2009/2010 financial year.