



# Ngwathe

MUNICIPALITY

The home of harmony, prosperity and growth

**DRAFT REVIEW INTEGRATED DEVELOPMENT PLAN**

**2026/27**

**Official Sign-Off:**

It is hereby certified that this Integrated Development Plan:

- Was reviewed in accordance with section 34 of Municipal Systems Act 32 of 2000  
Takes into account all the relevant policies, legislation and other mandates for which the Ngwathe Local Municipality is responsible
- Accurately reflects the strategic outcome oriented goals and objectives which Ngwathe Local Municipality will endeavour to achieve over the period of this plan.

[Surname & Initials]: \_\_\_\_\_ Signature: \_\_\_\_\_

**Manager: Integrated Development Planning**

[Surname & Initials]: \_\_\_\_\_ Signature: \_\_\_\_\_

**Chief Financial Officer**

[Surname & Initials]: \_\_\_\_\_ Signature: \_\_\_\_\_

**Municipal Manager**

**APPROVED BY COUNCIL ON:** \_\_\_\_\_

[Surname & Initials]: \_\_\_\_\_ Signature: \_\_\_\_\_

**Mayor**

## Foreword by the Executive Mayor

The year 2026 marks the end of the term of the current Council, which was inaugurated in 2021. The current Council adopted its five (5) year IDP Plan and reviewed its three basic sets of developmental strategies for the term of office ending in 2026, and these were: -

- Incremental Strategies: These strategies are about measured but steady approach (without attempting a leap) in which an already conceived end result is aimed for;
- Evolutionary Strategies: These strategies are about measured but steady approach (without attempting a leap) in which there is no pre-conceived end result but each successive outcome or project is a refinement of the previous one and;
- Grand Design Strategies: These strategies are about a total transformation through a right-the first-time approach.

In the past years, the council continued to review its IDP Plans on annual basis in order to assess its performance measurements and for realignment of its municipal plans so as to keep up with executions of these plans relevant to the attainment these goals.

In compliance with legislative requirements, municipal council is compelled by Municipal Systems Act to adopt its Integrated Development Plan. Section 25 (1) of the Municipal Systems Act requires that each municipal Council must adopt a single, inclusive and strategic plan for the development of the municipality within a prescribed period after the start of its elected term.

The MSA, under Section 34, further requires a municipal council to review its integrated development plan annually in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand, and in accordance with a prescribed process.

Therefore, our efforts should, at all material times, be driven by needs of our communities and always be geared towards meeting community aspirations, and eventually for betterment of our society. This Draft 2026/2027 IPD Plan is instrumental and developed in a manner into which its financial management principles are sound, remain essential, critical to ensure that the municipality remains financially viable and that services are provided sustainably, economically and equitably to all communities.

This Draft 2026/2027 IDP has been in considerate with the new realities which we continue facing due to climate change, low revenue base and global politics. The manner in which we do things have drastically been challenged by these factors and changed fundamentally. Amongst decisions which the council has fundamentally undertaken were; to identify projects that were not finished as per anticipated time, prioritize projects and programs, and accelerate service delivery without compromising the quality of services.

I also wish to call upon all Ngwathe Local Municipality's staff members for being resilient and always determined to embrace a culture of a characterised civil servant that is timely in execution their tasks and discipline of getting things done. The kind of leadership which we embraced as this council was always able to take criticism in a constructive manner, never be shy to explain on its mistakes but with remedial actions, celebrated the achievements we have had accomplished.

As we are heading towards the election of the new leadership in council this year, I wish to remind the general public that we need to adjust to the conditions forced upon us by climate change, low revenue base and global politics so that we can ensure that as the people of this country, and to be precise, communities of Ngwathe, can determine who represents them at this crucial level of government with a credible leadership that is embodied within transparent and accountability norms and standards.

As I conclude, I want to thank our public representatives who play a crucial role in ensuring that IDP consultations were well attended. I wish to also extent our gratitude to our residents for their robust and valuable inputs that have contributed to the formulation of this draft IDP document.

---

Cllr Victoria De Beer – Mthombeni

**EXECUTIVE MAYOR**

**Ngwathe Local Municipality**

## Foreword by the Municipal Manager

The local government elections in November 2021 and the inauguration of the municipal council gave birth to a five-year strategy that was developed and adopted for the 2021 to 2026 term of council; this is the last review of the strategy.

The tenure of the current Council was hampered by climate change, low revenue base instability in management and global politics that contributed enormously in the ability of the municipality to eradicate service delivery backlogs. The municipality has filled all the senior management positions and other critical positions, and it continues to fill other vacant positions informed by its budget.

In its endeavour to live its vision of being a viable municipality with inclusive economy, sustainable development and quality services for all, the municipality managed to implement some projects and programmes aligned with its constitutional mandate, powers and functions.

As this council bows out of office at the end of its term of office, it can hold its proverbial head high, as the municipality joins the few in the country, and indeed in the Free State Province, that can be regarded as bastions of good governance. Political and administrative stability in a municipality are key drivers for success. Ngwathe Local Municipality has become known for institutional stability which has laid a firm basis for good governance and accountability.

Thumbs up should go to the entire community of Ngwathe for their cooperation, Municipal Council for their support, to the Management and to the general workforce of the institution for their determination and commitment they showed although at times the road ahead seemed too long and bumpy, inclines too steep but we persevered.

Lastly, I would like to urge and encourage the community of Ngwathe to continue paying for its services as this will go a long way in ensuring that the municipality continues to deliver much needed services as per its Constitutional mandate.

---

Dr F P Mothamaha

**MUNICIPAL MANAGER**

**Ngwathe Local Municipality**

## Acronyms

|        |  |
|--------|--|
| CoGTA  | Cooperative Governance and Traditional Affairs         |
| CWP    | Community Works Programme                              |
| DCoG   | Department of Cooperative Governance                   |
| EMP    | Environmental Management Plan                          |
| EPWP   | Expanded Public Works Programme                        |
| HSP    | Housing Sector Plan                                    |
| ICIP   | Integrated Comprehensive Infrastructure Plan           |
| IDP    | Integrated Development Planning                        |
| IEP    | Integrated Energy Plan                                 |
| IHSP   | Integrated Human Settlement Plan                       |
| ITP    | Integrated Transport Plan                              |
| IWMP   | Integrated Waste Management Plan                       |
| KPI    | Key Performance Indicators                             |
| LEDP   | Local Economic Development Plan                        |
| LED    | Local Economic Development                             |
| mSCOA  | Municipal Standard Chart of Account                    |
| MSA    | Municipal System Act                                   |
| MFMA   | Municipal Finance Management Act                       |
| MDGs   | Millennium Development Goals                           |
| NDP    | National Development Plan                              |
| PMS    | Performance Management System                          |
| SDF    | Spatial Development Framework                          |
| SCM    | Supply Chain Management                                |
| SDBIP  | Service Delivery and Budget Implementation Plan        |
| SMART  | Specific, Measurable, Attainable, Realistic and Timely |
| SPLUMA | Spatial Planning and Land Use Management Act           |
| WSDP   | Water Services Development                             |

## Overview of this IDP

This document is known as the reviewed Integrated Development Plan (IDP) for the Ngwathe Local Municipality. This review followed an institutional assessment of our performance measurements for 2024/25 financial year. This plan links, integrates and co-ordinates other institutional plans and takes into account proposals from various stakeholders and the community for the development of the municipality. Once adopted by council, it will serve as the principal strategic planning instrument which guides and informs all planning and development, management, budgeting, annual performance management and development in the municipality.

As it lies at the centre of the system of developmental in our municipality, this IDP an instrument that will serve as the driving force for making Ngwathe Local Municipality more strategic, inclusive, responsive, and performance driven in character.

The Senior and Middle Management of the municipality are accountable for the implementation of this IDP, and this is reflected in the municipality's integrated Performance Management and Development System, that links the IDP to the strategic framework, to the organisational-scorecard, departmental scorecards and from there to individual performance agreements and plans for the Municipal Manager and Senior Managers.

From policy and legislative context, the Constitution of the Republic of South Africa, 1996 (the Constitution) outlines the kind of local government needed in the country. According to the Constitution (sections 152 and 153), local government is in charge of the development process in municipality, and notably is in charge of planning for the municipal area. The constitutional mandate is to relate management, budgeting and planning functions to its objectives and gives a clear indication of the intended purposes of municipal integrated development planning so as to:

- a) ensure sustainable provision of services;
- b) promote social and economic development;
- c) promote a safe and healthy environment;
- d) give priority to the basic needed of communities; and
- e) encourage involvement of communities.

The Constitution also demands local government to improve intergovernmental coordination and cooperation to ensure integrated development across the community.

The White Paper on Local Government gives municipalities responsibility to “work with citizens and groups within the community to find sustainable ways to address their social, economic and material needs and improve the quality of their lives”.

The Municipal Systems Act, 32 of 2000 (Systems Act) defines integrated development planning as one of the core functions of a municipality in the context of its developmental orientation. The plan should be strategic and inclusive in nature. It should be aligned with the municipality’s resources and capacity, while forming policy framework on which annual budgets are based. The Integrated Development Plan must be compatible with national and provincial development plans and planning requirements.

It further requires of municipalities to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community whilst participating in national and provincial development programmes.

The above legislative provisions and other related mandates inform this IDP to place a stronger focus on local development programmes that address the needs of the community.

This IDP is systematically segmented into various sections as summarily outlined below, which constitute the core components of the IDP as outlined in the Revised IDP Framework for Municipalities outside Metros and Secondary Cities, 2012 issued by the Department of Cooperative Governance & Traditional Affairs:

**SECTION A: The Municipality’s Vision, Mission and Values:** This section focuses on the formulated vision, mission and values of the municipality for the next five years.

**SECTION B: Demographic Profile of the municipality:** This section contains information such as population statistics; socio-economic information, etc and their implication on planning.

**SECTION C: Powers and Functions of the municipality:** This section indicates the powers and functions constitutionally assigned to the municipality.

**SECTION D: Process followed to develop this IDP:** This section covers the legislative requirements informing the development of the IDP and details the process which was taken to produce this IDP.

**SECTION E: Spatial Economy and Development Rationale:** This section provides a high level Spatial Development Framework which reflects the text and maps and is reviewed on a 5 yearly basis. It also seeks to

outline of the *causal* relationships between individual choices and land use change outcomes within the municipality.

**SECTION F: Status Quo Analysis:** This area focuses on a detailed status quo analysis of the municipal area which is updated annually. It provides an analysis of the level of development and community needs. It aims at providing a comprehensive view of the municipality's acknowledgement and understanding of its own internal operations, strengths and weaknesses as well as the problems it's faced with.

**SECTION G: Development Objectives:** This section focuses on the future through the development objectives. The set development objectives clearly indicate what a municipality can reasonably achieve in a five-year period (or less) and with the available resources. The set development of objectives takes into account various national and provincial targets. The goals set against the strategic objectives follow the SMART principle (*Specific, measurable, achievable, realistic and time-bound*) as outlined in the Framework for Managing Programme Performance Information, issued by the National Treasury in 2007.

This section also serves as a clear linkage between challenges identified in the status quo assessment section and the objectives.

**SECTION H: Sector Plans:** In this section, the IDP demonstrates how sector plans relate to one another and each sector plan's strategic interventions that will be undertaken to make sure that the municipality broadly delivers service according to the strategic orientation of each such plan.

**SECTION I: Development Strategies, Programmes and Projects:** This section provides concrete interventions that the municipality will implement to attain the objectives highlighted in section G above.

**SECTION J: Alignment with National and Provincial Programmes and Projects:** This section indicates and demonstrates how strategies and programmes in the IDP are aligned to national and provincial development objectives and programmes.

**SECTION K: Programmes and Projects of other spheres of government:** This section of the IDP indicates the programmes and projects of other spheres of government and stakeholders. It focuses on the implications that such projects will have for the municipality.

**SECTION L: Financial Plan:** This section provides an overview of how the municipality will collect and allocate resources to achieve its development goals. It includes a budget projection for at least three years and must be

aligned with the Municipal Systems Act, No 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

**SECTION M: Performance Management and Development System:** This section provides an overview of PMDS that serves as a mechanism to monitor, review, and improves the IDP implementation, ensuring accountability and progress towards strategic goals.

## SECTION A: Vision, Mission and Core Values of the Municipality

### 1. Vision

Section 26 (a) of the Systems Act states that – ***“An Integrated Development Plan must reflect, the municipal council’s vision for the long term development of the municipality with special emphasis on the municipality’s most critical development and internal transformation needs”***

A good vision must have at least the following characteristics as a minimum:

- A vision provides a clear, easily understood image of a better future.
- Should foster commitment and engage both the heart and mind.
- It’s based on the examination of what you want, defining values and engaging in informed dreaming.
- Although the vision is an imagination of the future, it needs to remain realistic to serve as an inspiration.
- It should be something which can be accomplished and that people are willing to work hard to achieve.

**Our Vision statement is as follows:**

***“A viable municipality with inclusive economy, sustainable development and quality services for all”***

### 2. Mission

Mission statement is the specific ways, mechanisms to realize or attain the vision.

**Our Mission statement is as follows:**

***“To provide affordable and quality municipal services and address triple challenges of poverty, unemployment and inequality, and promote sustainable development through cooperative, strategic partnerships and innovation”***

### 3. Core Values

The municipality has adopted the following set of core values in order to guide their day-to-day activities and engagement with communities and both internal and external stakeholders:

**Transparency:** We practice good corporate governance, openness and strive to understand the needs of our community at all times.

**Commitment:** We are dedicated to the services we render to the community. We are committed to realize the objective of local government in South Africa.

**Accountability:** We respect and value our people and ensure that we are accountable and responsible on all aspects of our work.

**Integrity:** We perform our work diligently with integrity and courage to ensure that our communities are able to trust and believe in us.

**Democracy:** We encourage adherence to the constitution of the country, by allowing everybody to exercise their rights.

**Perseverance:** We work with tolerance and patience in the service of our communities.

## SECTION B: Demographic Profile of the Municipality

### 1. Introduction

In a municipal context, demographic profiling is an important tool utilised by decision makers so that they may be as efficient as possible with measuring service delivery needs within a municipal area. By targeting certain groups, e.g. poor people, disabled, aged, etc who should be the targeted as the primary beneficiaries of subsidised municipal services, it will be more efficient for the municipality expend resources for basic services so that it may garner the maximum amount beneficiaries of basic municipal service.

The demographics as presented below are based on the 2022 STATSSA Census and where appropriate, compare movement between the period 2011 and 2022.

This section therefore provides statistical data that serves as the basis for constructing planning forecasts, and allocation of resources in more scientific and meaningful way.

### 2. Consolidated Demographic Profile

The table below provides quick statistical facts about Ngwathe Local Municipality.

**Table B1: Demographic profile of Ngwathe Local Municipality**

| Demographic Profile                  |             |             |         |      |
|--------------------------------------|-------------|-------------|---------|------|
| Details                              | 2022 Census | 2011 Census | Change  |      |
|                                      |             |             | Number  | %    |
| Total population                     | 134 962     | 120 520     | 14 442  | 12%  |
| Young children (0-14 years)          | 25.9%       | 30.1%       | -4.2%   | -14% |
| Working age population (15-64 years) | 64.2%       | 62.4%       | 1.8%    | 3%   |
| Elderly (65+ years)                  | 9.9%        | 7.5%        | 2.4%    | 32%  |
| Dependency ratio                     | 55.8        | 60.2        | -4.40   | -7%  |
| Sex ratio                            | 88.8        | 91          | -2.20   | -2%  |
| No schooling (20+ years)             | 5.6%        | 8.5%        | -2.9%   | -34% |
| Higher education (20+ years)         | 8.9%        | 6.2%        | 2.7%    | 44%  |
| Number of households                 | 36 793      | 37 099      | -306.00 | -1%  |
| Average household size               | 3.7         | 3.2         | 0.50    | 16%  |
| Formal dwellings                     | 91.2%       | 81.3%       | 9.9%    | 12%  |

| Demographic Profile                   |             |             |        |     |
|---------------------------------------|-------------|-------------|--------|-----|
| Details                               | 2022 Census | 2011 Census | Change |     |
|                                       |             |             | Number | %   |
| Flush toilets connected to sewerage   | 89.2%       | 77.0%       | 12.2%  | 16% |
| Weekly refuse disposal service        | 88.1%       | 81.9%       | 6.2%   | 8%  |
| Access to piped water in the dwelling | 53.6%       | 44.7%       | 8.9%   | 20% |
| Electricity for lighting              | 95.7%       | 92.0%       | 3.7%   | 4%  |

Source: Stats SA: Census 2022

From the above data, the following notable observations are made, which should, where possible, impact on our planning and allocation of resources:

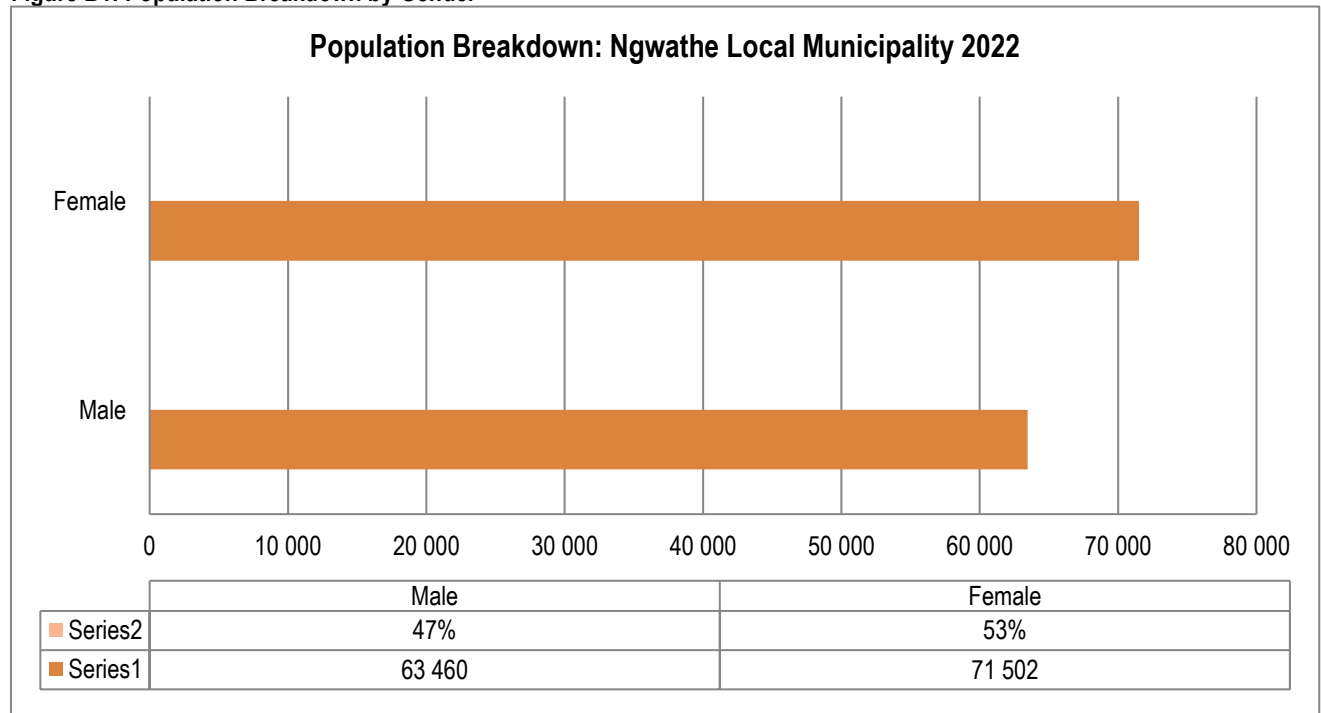
- a) The total population has grown by 12% (14 442) over the past 11 years, whilst the number of households has declined by 1% (306), and this then consequently translates to growth of 16% (0.5) in average households size.
- b) The population of children under 14 years has declined by 14% (-4.2% points), whilst working population over 15 years up to 64 years has increased by 3% (1.8% points), whilst at the same time dependency ration has declined by 7% (4.4% points)
- c) Elderly people over the age of 65 has increased by 32% (3.2% points), and on the other hand, the sex ration has declined by 2% (2.2% points), and this can also be ready together with population breakdown where females makes up 53% (71 502) of the total population, and this translates to 8 042 more women than men.
- d) On the other hand, there is an inverse shift between people with no education and those with higher education, wherein there is a 34% (2.9% points) decline in population of 20 year and above without education, whilst at the same time there is 44% (2.7% points) increase of the same population group with higher education.
- e) The number of formal dwellings has increased by 12% (9.9% points), although there is an overall declined in the number of households in the municipality as explained above.
- f) When coming to service delivery measures, there is an overall improvement in the provision of services such as number of flush toilets connected to the sewer, weekly disposal services, and access to piped

water inside dwelling and provision of electricity for lighting. However, the provision of water inside dwelling is still very low ( 53.6%) as compared to other basic services, however there is a noticeable acceleration between 2011 and 2022 of 20% increase (8.9% points) as compared to 4% on electricity, 8% on weekly refuse removal and 16% of flush toilets connected to sewer for the same period.

### 3. Population Breakdown by Gender

The figure below represents a breakdown of the population of the municipality by gender. The data indicates that there are more females than males within the municipality, with females making up 53% of the population and this well with the sex ratio as presented on the table above. The Sex and Group Analysis that follows, bears a direct relationship with this data and provides a more detailed breakdown of various age groups and sex ratios.

Figure B1: Population Breakdown by Gender



Source: Stats SA: Census 2022

### 4. Sex and Age Group Analysis

The table below provides us with a more crystallised gender dynamics within the municipality at different age groups. This table is complementary to the population breakdown data as detailed on the preceding table.

From this data, it is evident that there are more female than males is within the age groups of 5–10, 15–19, and 25 up to 85 years and more, whilst the are more males than females within the age groups of 0 – 4 and 20–24. These varying patterns, especial where there a consistent gap of more females than males from the age of 25 and above, could be attributed to a number of factors, such as males leaving to seek economic oppourtunities elsewhere, etc.

**Table B2: Sex and Age Group Breakdown**

| Sex and Age Group |       |          |        |            |
|-------------------|-------|----------|--------|------------|
| Name              | Male  | Male (%) | Female | Female (%) |
| 85+               | 236   | 0,2%     | 699    | 0,5%       |
| 80-84             | 487   | 0,4%     | 868    | 0,6%       |
| 75-79             | 965   | 0,7%     | 1 626  | 1,2%       |
| 70-74             | 1 405 | 1,0%     | 2 077  | 1,5%       |
| 65-69             | 1 958 | 1,5%     | 3 000  | 2,2%       |
| 60-64             | 2 333 | 1,7%     | 3 276  | 2,4%       |
| 55-59             | 2 621 | 1,9%     | 3 703  | 2,7%       |
| 50-54             | 2 857 | 2,1%     | 3 587  | 2,7%       |
| 45-49             | 3 403 | 2,5%     | 4 045  | 3,0%       |
| 40-44             | 4 074 | 3,0%     | 4 569  | 3,4%       |
| 35-39             | 4 912 | 3,6%     | 5 330  | 3,9%       |
| 30-34             | 4 925 | 3,6%     | 5 458  | 4,0%       |
| 25-29             | 4 937 | 3,7%     | 5 147  | 3,8%       |
| 20-24             | 5 124 | 3,8%     | 4 853  | 3,6%       |
| 15-19             | 5 709 | 4,2%     | 5 783  | 4,3%       |
| 10 -14            | 6 159 | 4,6%     | 6 210  | 4,6%       |
| 5 – 9             | 5 501 | 4,1%     | 5 628  | 4,2%       |
| 0-4               | 5 855 | 4,3%     | 5 641  | 4,2%       |

Source: Stats SA: Census 2022

**Distribution of population by age group per ward, 2022**

|                                   | 0 - 14 | 15 - 24 | 25 - 34 | 35 - 59 | 60 - 69 | 70 - 79 | 80 + |
|-----------------------------------|--------|---------|---------|---------|---------|---------|------|
| <b>Ngwathe Local Municipality</b> | 34995  | 21469   | 20467   | 39101   | 10567   | 6073    | 2291 |
| 42003001                          | 970    | 731     | 641     | 1299    | 335     | 130     | 55   |
| 42003002                          | 1105   | 703     | 774     | 1603    | 508     | 298     | 108  |
| 42003003                          | 1077   | 763     | 679     | 1172    | 264     | 110     | 35   |
| 42003004                          | 1283   | 841     | 755     | 1446    | 369     | 152     | 61   |
| 42003005                          | 3682   | 2302    | 1805    | 3056    | 642     | 279     | 81   |
| 42003006                          | 1795   | 1105    | 985     | 1714    | 347     | 137     | 60   |
| 42003007                          | 3186   | 1821    | 1608    | 3281    | 610     | 265     | 81   |
| 42003008                          | 1279   | 856     | 881     | 2095    | 735     | 457     | 127  |
| 42003009                          | 1944   | 1160    | 1256    | 1972    | 550     | 236     | 73   |
| 42003010                          | 1761   | 1019    | 1186    | 2417    | 811     | 511     | 196  |
| 42003011                          | 1246   | 794     | 881     | 1520    | 317     | 199     | 77   |
| 42003012                          | 934    | 603     | 877     | 2509    | 1535    | 1606    | 840  |
| 42003013                          | 2184   | 1233    | 1281    | 2185    | 388     | 127     | 34   |
| 42003014                          | 1050   | 637     | 699     | 1398    | 573     | 305     | 90   |
| 42003015                          | 3141   | 1616    | 1524    | 2759    | 496     | 199     | 54   |
| 42003016                          | 2112   | 1419    | 1130    | 2149    | 435     | 194     | 53   |
| 42003017                          | 2152   | 1385    | 1115    | 2412    | 656     | 352     | 110  |
| 42003018                          | 2349   | 1511    | 1268    | 2258    | 524     | 302     | 90   |
| 42003019                          | 1745   | 968     | 1122    | 1856    | 473     | 215     | 65   |

**Distribution of population by age group per ward, 2022**

| WARD                              | Black African | Coloured | Indian or Asian | White | Other |
|-----------------------------------|---------------|----------|-----------------|-------|-------|
| <b>Ngwathe Local Municipality</b> | 112592        | 3317     | 457             | 18350 | 246   |
| 42003001                          | 2382          | 1195     | 1               | 579   | 4     |
| 42003002                          | 3560          | 102      | 64              | 1355  | 17    |
| 42003003                          | 4071          | 19       | 8               | 2     | -     |
| 42003004                          | 4867          | 36       | 1               | 2     | 1     |
| 42003005                          | 11788         | 51       | 4               | 1     | 3     |
| 42003006                          | 6108          | 24       | 7               | 1     | 3     |
| 42003007                          | 9748          | 132      | 11              | 917   | 44    |
| 42003008                          | 3731          | 319      | 45              | 2309  | 26    |
| 42003009                          | 7138          | 40       | 4               | 5     | 4     |
| 42003010                          | 5184          | 48       | 19              | 2616  | 35    |
| 42003011                          | 4983          | 30       | 10              | 4     | 6     |
| 42003012                          | 562           | 51       | 129             | 8131  | 32    |
| 42003013                          | 6455          | 937      | 21              | 9     | 11    |
| 42003014                          | 3620          | 21       | 9               | 1074  | 28    |
| 42003015                          | 9645          | 95       | 33              | 11    | 4     |
| 42003016                          | 7458          | 10       | 17              | 5     | -     |
| 42003017                          | 7364          | 48       | 22              | 739   | 10    |
| 42003018                          | 7604          | 78       | 31              | 579   | 11    |
| 42003019                          | 6324          | 82       | 23              | 7     | 7     |

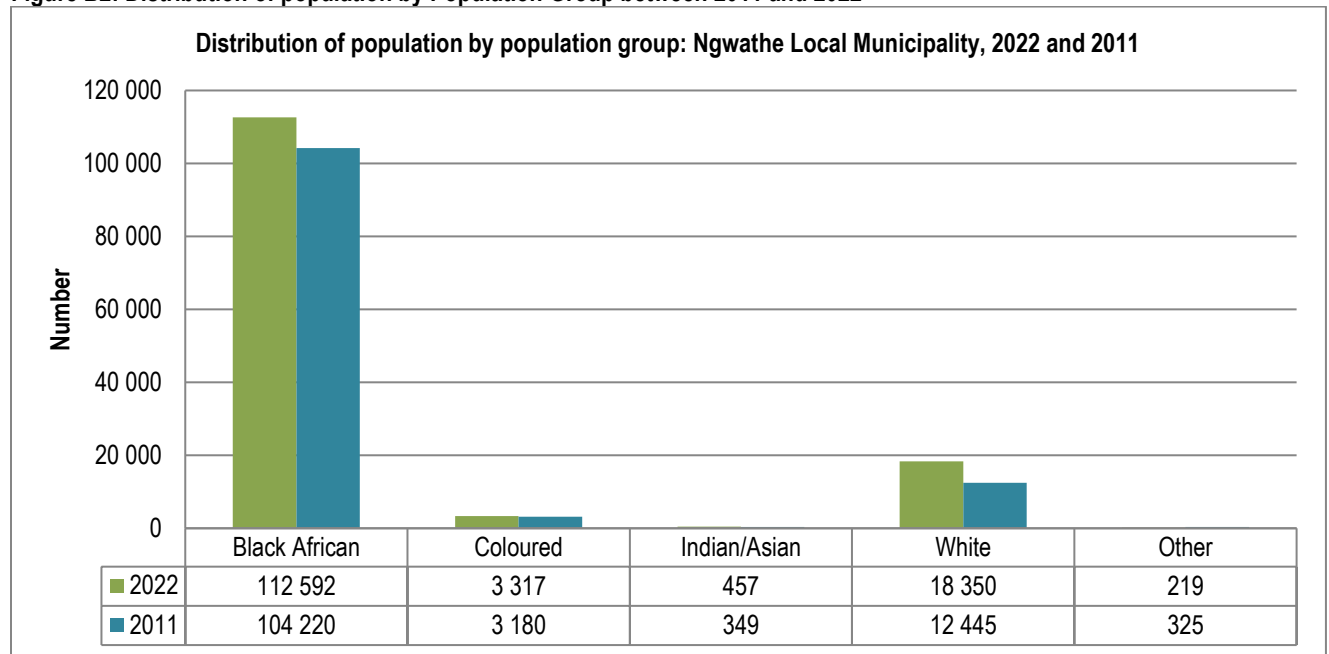
### 5. Population Group

The distribution of population by population group as presented on the figure below indicates that there the population mix in the municipality is diverse, with more Black Africans than all other race groups, and accounts for 83.4% ( 112 592) of the total population within the municipality.

Following the Black Africans is the White population at 18 350, which represents 13.6% of the population within the municipality, followed by Coloured at 2.5% (3 317) and then Indians/Asians, and lastly other undefined population groups.

Except for the other undefined population groups, all other groups have marginally increased in numbers between 2011 and 2022, however, the white population has grown at a significantly higher proportion of 47%, followed by Inidan/Assia which grew by 31%, Black Africans and Coloured by 8% and 4% respectively. These dynamics can be attributed to a number of factors such as migration to and from the area for various reasons, births, deaths, etc.

Figure B2: Distribution of population by Population Group between 2011 and 2022



Source: Stats SA: Census 2022

### 6. Ranking in the District

The ranking analysis compares Ngwathe with the other three municipalities in the district based on the data provided on the consolidated demographic profiles as detailed in table B1 above. The purpose of this analysis is to compare how Ngwathe is performing comparative to its counterparts in the district. This is also important as this analysis may also provide a better understanding and insight on where there are gaps, and what plans and strategies may be devised in order to close up any deficiencies.

These analysis should also be understood from the context of their impact may have on other issues such as the positioning of the municipality as an investment attraction, the level of education available for businesses to tap on when creating employment opportunities, etc.

**6.1 Ranking by Elderly (65+ years), Dependency Ratio, Average Household Size and Formal Dwelling**

This category of ranking constitutes a matrix where Ngwathe is ranking number 1 as compared to other municipalities in the district. However, this does not mean the municipality is performing well in the areas analysed, and this is elaborately clarified as follows based on the data projected on the table below:

- The elderly population of 65 year and above constitute 9.9% of the population within the municipality, meaning the municipality has proportionately higher aged population compared to other local municipalities in the district.
- The dependency ratio is also higher than that of the other three municipalities in the district, at 55.8, which could also be an indication of a younger population that is still dependent on their adult family members as compared to other municipalities, or could also be an indication of higher unemployment rate compared to other local municipalities in the district.
- The average household size is larger than all other municipalities in the district, which could also have a correlation to the dependency ratio as discussed in the preceding paragraph.
- With regard to formal dwellings, the municipality shows a better outcome as compared to the other municipalities in the district at 91.2% of the total households in the municipality consisting of formal dwellings, with Mafube ranking last at 84.7%

**Table B3: Ranking by Elderly (65+ years), Dependency Ratio, Average Household Size and Formal Dwelling**

| Name    | Elderly (65+ years) | Dependency Ratio | Average Household Size | Formal Dwelling | Ranking |
|---------|---------------------|------------------|------------------------|-----------------|---------|
| Ngwathe | 9,9%                | 55.8             | 3.7                    | 91.2%           | 1       |
| Moqhaka | 8,6%                | 51.1             | 3.6                    | 90.9%           | 2       |
| Mafube  | 7,4%                | 50.2             | 3.6                    | 84.7%           | 3       |

|             |      |      |     |                    |   |
|-------------|------|------|-----|--------------------|---|
| Metsimaholo | 6,3% | 46.3 | 3.2 | 88.3% <sup>1</sup> | 4 |
|-------------|------|------|-----|--------------------|---|

Source: Stats SA: Census 2022

### 6.2 Ranking by Weekly Refuse Disposal Service

This ranking is one of the three others that also measures basic service delivery. From the table below, Ngwathe is ranked number 2 with a performance rate of 88.1% of providing refuse removal services consistently on a weekly. The municipality falls short of 0.1% points from the number 1 ranking Moqhaka at 88.2% performance rate.

Table B4: Ranking by Weekly Refuse Disposal Service

| Weekly Refuse Disposal Service |         |             |        |
|--------------------------------|---------|-------------|--------|
| Ranking                        |         |             |        |
| 1                              | 2       | 3           | 4      |
| Moqhaka                        | Ngwathe | Metsimaholo | Mafube |
| 88.2%                          | 88.1%   | 79.6%       | 71.1%  |

Source: Stats SA: Census 2022

### 6.3 Ranking by Population Size, Number of Households, Higher Education, Sex Ratio, Flush Toilet Connected to Sewer, Access to Piped Water in Dwelling, and Electricity for Lighting

This group of rankings is where Ngwathe ranked number 3 as compared to other municipalities in the district. Again, this ranking does not necessarily represent poor outcomes across the board, for example, a lower sex ratio actually represents positive outcome instead of a negative one. However, measures must be put in place to ensure improvement on all other areas in this category.

Table B5: Ranking by Population Size, Number of Households, Higher Education, Sex Ratio, Flush Toilet Connected to Sewer, Access to Piped Water in Dwelling, and Electricity for Lighting

<sup>1</sup> Metsimaholo rank number 3 in Formal Dwelling category and Mafube Rank number 4

| Name           | Population size | Number of Households | Higher Education (20+ Years) | Sex Ratio   | Flush Toilets Connected to Sewer | Access to piped water in the dwelling | Electricity for lighting | Rank     |
|----------------|-----------------|----------------------|------------------------------|-------------|----------------------------------|---------------------------------------|--------------------------|----------|
| Metsimaholo    | 158 391         | 49 060               | 10.5%                        | 97.0        | 83.9% <sup>2</sup>               | 66.8%                                 | 97.6%                    | 1        |
| Moqhaka        | 155 410         | 42 789               | 10.3%                        | 92.3        | 91.7%                            | 64.2%                                 | 97.4%                    | 2        |
| <b>Ngwathe</b> | <b>134 962</b>  | <b>36 793</b>        | <b>8.9%</b>                  | <b>88.8</b> | <b>89.2%</b>                     | <b>53.6%</b>                          | <b>95.7%</b>             | <b>3</b> |
| Mafube         | 61 150          | 16 896               | 6.2%                         | 88.5        | 95.4%                            | 48.8%                                 | 89.3%                    | 4        |

Source: Stats SA: Census 2022

### 7. Socio Economic Profile

The socioeconomic profile, as presented below seeks to provide a comprehensive overview of the social and economic characteristics of the population in Ngwathe Local Municipality.

From the table below, which outlines population characteristics by education level, a number of observations can be made, which includes amongst others, the following:

- There are more females without schooling compared to men. This can be attributable to number factors such as historical and ongoing social factors contribute to more women lacking schooling than men. These factors include traditional gender roles, the burden of unpaid care work, and societal expectations that prioritize men's education over women's.
- However, from primary education and up to higher education, there are more educated women than men at every level.

**Table B6: Distribution of population by education levels**

| Distribution of population 20 years and above by highest level of education and sex |        |        |
|---|--------|--------|
|   | Male   | Female |
| No schooling  | 1 864  | 2 719  |
| Some Primary  | 3 358  | 5 095  |
| Completed Primary   | 1 389  | 1 977  |
| Some Secondary  | 12 240 | 14 221 |
| Grade 12/ Matric  | 14 430 | 16 384 |

<sup>2</sup> Metsimaholo rank number 4 in Flush Toilets connected to sewer category and Mafube Rank number 1

|        |       |       |
|--------|-------|-------|
| Higher | 32 94 | 3 953 |
| Other  | 325   | 307   |

Source: Stats SA, Census 2022

## SECTION C: Powers and Functions of the municipality

### 1. Introduction

Section 156 of the Constitution assign executive authority municipalities to administer Local Government Matters listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial legislation. Powers and functions assigned to local government are unique and appropriate to the lower sphere of government. Similar to the position on national and provincial spheres, local government powers and functions are constitutionally entrenched and protected and cannot be unilaterally taken away by another sphere of government. Albeit constitutionally protected, the powers and functions of municipalities are not absolute and are subject to both constitutional and national legislative requirements.

Chapter 3 of Systems Act states that a municipality has all the functions and powers assigned to it in terms of the Constitution, and must exercise them subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 (Structures Act). Furthermore, a municipality is empowered by legislation to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers.

### 2. General Powers and Functions

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, Ngwathe Local Municipality is a category B municipality that has executive and legislative authority to administer Local Government Matters listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial legislation. Furthermore, this municipality is accordingly empowered to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers and this includes making and administering by-laws and policies.

The powers and functions of the municipality are as detailed on the table below:

**Table C1: General Powers and Functions of Ngwathe Local Municipality**

| Powers & Functions   | Performed (Yes/No) |
|--|--------------------|
| Air pollution  | No                 |
| Building regulations   | Yes                |
| Child care facilities  | No                 |
| Electricity and gas reticulation                                   | Yes                |
| Firefighting services  | Yes                |
| Local tourism  | Yes                |
| Municipal airports   | N/A                |
| Municipal planning   | Yes                |
| Municipal health services  | No                 |
| Municipal public transport   | N/A                |
| Municipal public works   | Yes                |
| Pontoons, ferries, jetties, piers and harbours,                    | N/A                |
| Storm water management systems in built-up areas                   | Yes                |
| Trading regulations  | Yes                |
| Water and sanitation services                                      | Yes                |
| Beaches and amusement facilities                                   | N/A                |
| Billboards and the display of advertisements in public places      | Yes                |
| Cemeteries, funeral parlours and crematoria                        | Yes                |
| Cleansing  | Yes                |
| Control of public nuisances  | Yes                |
| Control of undertakings that sell liquor to the public             | Yes                |
| Facilities for the accommodation, care and burial of animals       | Yes                |
| Fencing and fences   | N/A                |
| Licensing of dogs  | Yes                |
| Licensing and control of undertakings that sell food to the public | No                 |
| Local amenities  | Yes                |
| Local sport facilities   | Yes                |

| Powers & Functions                                    | Performed (Yes/No) |
|---|--------------------|
| Markets   | Yes                |
| Municipal abattoirs                                   | Yes                |
| Municipal parks and recreation                        | Yes                |
| Municipal roads                                       | Yes                |
| Noise pollution                                       | Yes                |
| Pounds  | Yes                |
| Public places   | Yes                |
| Refuse removal, refuse dumps and solid waste disposal | Yes                |
| Street trading  | Yes                |
| Street lighting                                       | Yes                |
| Traffic and parking                                   | Yes                |

**3. Fiscal Powers and Functions**

Section 229 of the Constitution states the following regarding municipal fiscal powers and functions:

Subject to subsections (2), (3) and (4), a municipality may impose:-

- a) rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
- b) if authorised by national legislation, other taxes, levies and duties appropriate to local government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general sales tax or customs duty.

The power of a municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the municipality, or other taxes, levies or duties:-

- a) may not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
- b) may be regulated by national legislation.

**4. Other powers and function not specified by the constitution**

The table on the below provides a list functions and powers that are undertaken by Ngwathe Local Municipality in addition to those specified in the Constitution.

| Powers & Functions   | Performed (Yes/No) |
|--|--------------------|
| Disaster management (*)  | Yes                |
| Integrated development planning  | Yes                |
| Libraries and museums (other than national libraries and museums)  | Yes                |
| Nature conservation Tourism promotion (at local level only)  | Yes                |
| <p><b>Explanation of Legends:</b></p> <p>* Certain powers and functions have been assigned to both district and local municipalities in accordance with section 44 of the Disaster Management Act, Act 57 of 2002.</p> |                    |

## SECTION D: Process followed to develop this IDP

### 1. Introduction

This section covers the legislative requirements informing the development of the IDP and details the process which was taken to produce this IDP. Municipal Systems Act, 2000 (Act 32 of 2000) provides the legal framework for the IDP, outlining the requirements for developing, reviewing, and approving IDPs.

IDP is crucial for local governments in South Africa as they provide a strategic framework for development, ensuring that resources are used effectively and that development efforts are aligned with community needs and national priorities.

In line with legislative prescripts and other guidelines, the process followed in developing this IDP was a phased approach which involved the following six key phases, viz: preparation, analysis, strategies, projects, integration, and approval. This process ensures that we align our development plans with national and provincial goals while addressing the specific needs of our communities.

Here's a more detailed breakdown of the IDP phases followed:

**Phase 1- Preparation:** this initial phase involves development the IDP and Budget Process Plan and the submission thereof to Council for consideration and approval. It is only after the IDP and Budget Process Plans has been approved by council that the actual planning process could commence and the subsequent phases as outlined below unfolding.

**Phase 2 - Analysis:** This initial step involves gathering information about the municipality's current situation, including demographics, economic conditions, infrastructure, and environmental factors. Community and stakeholder consultations are also crucial at this stage to understand their needs and priorities.

**Phase 3 - Strategies:** Based on the analysis, the municipality develops or confirms its vision and sets strategic objectives for its development. This includes identifying key developmental areas and determining the desired end-state for the municipality.

**Phase 4 - Projects:** Specific projects are formulated to achieve the strategic objectives. These projects should be aligned with the municipality's vision and address the needs identified during the analysis phase.

**Phase 5 - Integration:** This step involves ensuring that all project proposals are screened, adjusted, and consolidated into a cohesive set of programs. It also includes integrating the IDP with other municipal plans, such as the spatial development framework and the budget.

**Phase 6 - Approval:** The final step involves presenting the IDP to Council for consideration and approval. Before approval, there should be opportunities for further public participation and feedback.

## 2. Pursuing a “legally compliant IDP”

During the provincial IDP assessment session that was held between the 13<sup>th</sup> and 17<sup>th</sup> April 2025 by the provincial Department of Cooperative governance, a provincial framework for a legally compliant IDP was introduced. Ngwathe then saw it necessary to reflect and incorporate legally compliant IDP as a guideline tool in its Integrated Development Planning process. These guidelines have since not been amended and are still relevant and applicable and were applied in this IDP review.

Legally compliant IDP refers to the municipal IDP document that has been developed in line and in accordance with the legislative framework that governs, regulate and guide the municipality on the development and coordination of the municipal IDPs.

Ideally, an IDP should meet all the legislative framework guidelines in terms of the process, procedures, timeline as well as all necessary stakeholder and public and community participation activities. To this effect, the fundamentals of a legally compliant IDP are amongst others:

- Approved IDP Process Plan,
- Core components of the IDP in accordance with section 26 of Systems Act,
- Community Participation Process in terms of Chapter 4 of Systems Act,
- Timelines adherence in accordance with section 21 and 24 of Municipal Finance Management Act, 56 of 2003 (MFMA)

The above assertion, clearly categorizes IDP within three dimensions viz:

- IDP as a process (**Process/Steps**),
- IDP as a product (**Contents**) and
- the (**Procedures**) to be followed

Based on the foregoing, the municipality then took a deliberate effort to re-engineer its efforts to meet the legislative requirements and to speed-up the process of service delivery to communities of Ngwathe municipality through this IDP. The municipality also understand that the IDP must, other than complying with relevant legislation convey the following:

- a) Compliance and adherence to constitutional and policy mandate for developmental local government;
- b) Awareness by municipality of its role and place in the regional provincial and national context and economy. The Municipality must also show how it would contribute to the fight against poverty, the creation of jobs and improving the quality of lives of its citizens;
- c) Awareness by municipality of its own intrinsic characteristics and criteria for success;
- d) Comprehensive description of the area – the environment and its spatial characteristics including backlogs;
- e) A clear strategy, based on local developmental needs on a ward-by-ward basis. The IDP must not be a 'wish-list' but subjected to the realities of what can be delivered by the budget over the three to five year horizons;
- f) Insights into the trade-offs and commitments that are being made re: economic choices, integrated service delivery;
- g) The key deliverables for the next 4 years;
- h) Clear measurable budget and implementation plans aligned to the SDBIP ;

- i) A monitoring system (Organisational Performance Management and Development System);
- j) Determines capacity of municipality;
- k) Communication, participatory and decision-making mechanisms;
- l) The degree of intergovernmental action and alignment to government wide priorities;
- m) Reporting timeframes and the regulatory periods for reporting;
- n) Alignment with, and indication of, an aligned organogram; and
- o) Alignment between the SDBIP and the performance contracts of the Municipal Manager & Senior Manager.

Moreover, The contents this IDP have been aligned to the Revised IDP Framework for Municipalities outside Metros and Secondary Cities, issued by the Department of Cooperative Governance and Traditional Affairs (CoGTA) in June 2012.

### 3. Internal Roles-Players and their roles and responsibilities in the IDP Process

In order to give effect to the implementation of the process plan, the internal key role players presented on the table below were identified and distributed various roles and responsibilities in order to ensure efficient and effective management of the IDP drafting process.

**Table D1: Internal Role-Players in the IDP Process**

| Role-Player  | Roles/Responsibilities  |
|--|---|
| <b>Municipal Council</b>                               | – Monitoring of the process and the final approval of the IDP   |
| <b>Councillors</b>                                     | – Organize public participation in their respective constituencies<br>– Linking IDP process to their constituencies   |
| <b>Speaker-Mayor and Councillors</b>                   | – Political oversight of the IDP  |
| <b>Portfolio Committee responsible for IDP matters</b> | – Responsible for assisting the Speaker- Mayor in their oversight role<br>– Summarizing /and processing of inputs from the participation process<br>– Commenting on inputs from other specialists |
| <b>Municipal Manager</b>                               | – Overall responsibility of the IDP   |

| Role-Player                     | Roles/Responsibilities  |
|---------------------------------|---|
| <b>IDP Manager</b>              | <ul style="list-style-type: none"> <li>- Responsible for managing the IDP process through:                             <ul style="list-style-type: none"> <li>a) Facilitation of the IDP Process</li> <li>b) Coordinating IDP related activities including capacity building programmes</li> <li>c) Facilitate reporting and the documentation of the activities</li> <li>d) Making recommendations to the IDP Portfolio Committee</li> <li>e) Liaising with Provincial Sector Departments</li> <li>f) Providing secretariat functions for the IDP Steering Committee and Representative Forum</li> </ul> </li> </ul> |
| <b>Chief Financial Officer</b>  | <ul style="list-style-type: none"> <li>- Ensure that the municipal budget is linked to the IDP</li> <li>- Coordinating budget implementation as per IDP</li> <li>- Development of the 5-year Municipal Integrated Financial Plan</li> </ul>   |
| <b>IDP Steering Committee</b>   | <ul style="list-style-type: none"> <li>- Responsible for IDP processes, resources and outputs</li> <li>- Oversees the status reports received from departments</li> <li>- Makes recommendations to Council</li> <li>- Oversees the meeting of the Representative Forum</li> <li>- Responsible for the process of integration and alignment of the projects</li> </ul>   |
| <b>IDP Representative Forum</b> | <ul style="list-style-type: none"> <li>- Forms the interface for community participation in the affairs of the Council</li> <li>- Participates in the annual IDP review process</li> </ul>  |
| <b>Municipal Officials</b>      | <ul style="list-style-type: none"> <li>- Provide technical expertise and information</li> <li>- Prepare draft project proposal</li> <li>- Mobilize funding for the IDP projects</li> <li>- Provide scheduled reports on the IDP implementation process</li> </ul>   |

#### 4. IDP Activity Plan / Programme

The table hereunder presents an activity plan / programme specifying timeframes for different phases followed during the Development of this IDP.

The process plan, which incorporated this activity plan, was tabled by the Executive Mayor to Council for adoption during August 2025. The process plan further outlined the planning process and indicates the timeframes and community participation process. This was done in line with the guidelines set out in the Municipal Systems Act, 32 of 2000. A copy of an approved process plan is available in the office of the IDP Manager for inspection.

**Table D2: IDP Activity Plan/Programme**

| IDP Phase          | Target Date                           | Actions For The IDP Process  | Responsibility   |
|--------------------|---------------------------------------|--|--|
| <b>Preparation</b> | <b>August 2025</b>                    | <ul style="list-style-type: none"> <li>• Approval of IDP Process Plan by Council</li> <li>• Submission of Process Plan to Fezile Dabi District Municipality &amp; COGTA</li> <li>• Allocates responsibility to drive the process</li> <li>• Development of Sector Plans</li> </ul>   | <ul style="list-style-type: none"> <li>• IDP/PMS Manager</li> <li>• CFO</li> </ul>   |
| <b>Analysis</b>    | <b>August – November 2025</b>         | <ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Ward base engagement</li> <li>• Town based engagement</li> <li>• Legally compliant Situational analysis (status quo analysis)</li> <li>• IDP Community needs analysis.</li> <li>• Written Submission</li> </ul>   | <ul style="list-style-type: none"> <li>• Management,</li> <li>• Speaker's Office, and</li> <li>• Ward Councillors</li> </ul> |
| <b>Strategic</b>   | <b>November 2025<br/>January 2026</b> | <ul style="list-style-type: none"> <li>• Political Strategic Session</li> <li>• Preceded by Organizational Work Session (Senior Management/</li> <li>• Unit Managers/Unions)</li> <li>• Development of Objectives, Strategies, projects &amp; Programmes.</li> <li>• Supports a participatory planning exercise to develop a vision and objectives, for inclusion within the IDP</li> <li>• Strategic Focus Areas and alignment of Sector Plans with these.</li> </ul> | <ul style="list-style-type: none"> <li>• Municipal Manager</li> <li>• Section 56 Managers (Directors)</li> </ul>             |
| <b>Projects</b>    | <b>January – February 2026</b>        | <ul style="list-style-type: none"> <li>• Formulation of project proposals,</li> <li>• Screen, adjust, consolidate and agree on projects.</li> <li>• Identifies capacity, resources and performance management systems to integrate this into the Municipal operational systems.</li> </ul>   | <ul style="list-style-type: none"> <li>• Steering Committee</li> <li>• Sec 56 Managers (Directors)</li> </ul>                |
| <b>Integration</b> | <b>March 2026</b>                     | <ul style="list-style-type: none"> <li>• Alignment session with the District.</li> <li>• Ensures that climate response work is visible throughout the IDP and related development plans.</li> </ul>  | <ul style="list-style-type: none"> <li>• IDP/PMS Manager</li> </ul>  |
| <b>Approval</b>    | <b>March - May 2026</b>               | <ul style="list-style-type: none"> <li>• Approval of Draft IDP to Council,</li> <li>• Submission of the draft IDP to FDDM &amp; COGTA,</li> <li>• Advertisement for comments on Draft IDP,</li> </ul>  | <ul style="list-style-type: none"> <li>• Executive Mayor</li> <li>• Municipal Manager</li> <li>• Sec 56 Managers</li> </ul>  |

| IDP Phase             | Target Date      | Actions For The IDP Process   | Responsibility   |
|-----------------------|------------------|---|--|
|                       |                  | <ul style="list-style-type: none"> <li>Final Adoption of the IDP &amp; Budget by the municipal Council.</li> </ul>  | <ul style="list-style-type: none"> <li>IDP/PMS Manager</li> </ul>              |
| <b>Submission</b>     | <b>June 2026</b> | <ul style="list-style-type: none"> <li>Final IDP, SDF &amp; Budget submitted to COGTA and Treasury.</li> <li>Publishing the IDP, SDF and Budget on the website and Newspapers</li> <li>Print the IDP and distribute to all Municipal Regions</li> </ul> | <ul style="list-style-type: none"> <li>IDP/PMS Manager</li> <li>CFO</li> </ul> |
| <b>Implementation</b> | <b>July 2026</b> | <ul style="list-style-type: none"> <li>Implementation of the IDP 2025/26</li> <li>Conduct Monitoring &amp; Evaluation ( M &amp; E) throughout implementation</li> </ul>   | <ul style="list-style-type: none"> <li>All</li> </ul>                          |

### 5. Public Participation

Chapter 4 of Municipal Systems Act 2000 forms the pedestal for community participation at local government. It is therefore a mandatory legal requirement that the IDP process should therefore involve extensive consultation with residents, community organizations, and other stakeholders to ensure that the plan reflects the needs and priorities of the community.

In the process of development of this IDP, community participation process was conducted on ward basis. Ward councillors and Ward committees played a crucial role in convening community meetings and communicating with the community about various municipal governance issues.

The table hereunder, reflects a programme of action for public participation in all wards within the municipality. This schedule was also tabled to council for adoption as part of the process plan.

**Table D3: Public Participation Schedule**

| DATE  | TOWN     | WARD   | VENUE                    | WARD COUNCILLOR  | TIME  |
|---|----------|--|--------------------------|------------------|-------|
| 18 <sup>TH</sup> NOVEMBER 2025<br>TUESDAY   | PARYS    | IDP STEERING COMMITTEE MEETING –<br>PARYS: MUNICIPAL SIDE HALL |                          | 10H00            |       |
| 19 <sup>TH</sup> NOVEMBER 2025<br>WEDNESDAY | HEILBRON | 1  | SANDERSVILLE HALL        | CLLR AJ DE JAGER | 16H30 |
|   |          | 2  | PHIRIHADI PRIMARY SCHOOL | CLLR MJ SERATI   | 16H30 |
|   |          | 3  | KEARABETSWE P. SCHOOL    | CLLR MD MOFOKENG | 16H30 |
|   |          | 4  | DLOMO CHURCH             | CLLR S NTEO      | 16H30 |

|                                   |                  |                  |                                   |   |              |
|-----------------------------------|------------------|------------------|-----------------------------------|---|--------------|
|                                   |                  | 5                | MAMOSANDASE                       | CLLR MD RAPULENG                                    | 16H30        |
|                                   | <b>VREDEFORT</b> | 08               | MONTOELI HALL                     | CLLR KJ KHUMALO                                     | 16H30        |
|                                   |                  | 14               | KINGS MOTEL                       | CLLR TP SOTHOANE                                    | 16H30        |
|                                   |                  | 15               | MOKWALLO MULTI PURPOSE            | CLLR ME SEFAKO                                      | 16H30        |
|                                   | <b>KOPPIES</b>   | 16               | PARK NEXT TO REBATLA THUTO        | CLLR NS MOLOI                                       | 16H30        |
|                                   |                  | 17               | KWAKWATSI HALL                    | CLLR D MASOOANE                                     | 16H30        |
|                                   | <b>EDENVILLE</b> | 18               | N.G. KERK                         | CLLR M TOYI   | 16H30        |
| <b>20 NOVEMBER 2025 THURSDAY</b>  | <b>PARYS</b>     | 6                | MASTER NAKEDI MPC                 | CLLR BT MOKOENA                                     | 16H30        |
|                                   |                  | 7                | MBEKI SPORTS GROUND               | CLLR T RAMABODU                                     | 16H30        |
|                                   |                  | 9                | NTSHWEPHEPA SCHOOL                | CLLR IM MAGASHULE                                   | 16H30        |
|                                   |                  | 11               | BOTJHABATSATSI P. SCHOOL          | CLLR MTJ MOSEPEDI                                   | 16H30        |
|                                   |                  | 12               | MUNICIPAL SIDE HALL               | CLLR M LA COCK                                      | 16H30        |
|                                   |                  | 19               | LEMBEDE SCHOOL                    | CLLR ES NTHOESANE                                   | 16H30        |
| <b>25 NOVEMBER 2025 TUESDAY</b>   | <b>PARYS</b>     | 7                | TAMBO SPORTS GROUND               | CLLR T RAMABODU                                     | 16H30        |
|                                   |                  | 9                | BARNARD SCHOOL                    | CLLR IM MAGASHULE                                   | 16H30        |
|                                   |                  | 10               | MOSEPEDI SIDE HALL                | CLLR MM RANTSIALE                                   | 16H30        |
|                                   |                  | 11               | CHURCH NEXT TO AHA-SETJHABA       | CLLR MTJ MOSEPEDI                                   | 16H30        |
|                                   |                  | 13               | SISULU - HA NTATE KOK             | CLLR MJ TYUMBU                                      | 16H30        |
| <b>26 NOVEMBER 2025 WEDNESDAY</b> | <b>PARYS</b>     | 7                | HA NICKY – ZUMA SECTION           | CLLR T RAMABODU                                     | 16H30        |
|                                   |                  | 10               | JACKPOT CAR WASH                  | CLLR MM RANTSIALE                                   | 16H30        |
|                                   |                  | 11               | BOTJHABATSATSI P. SCHOOL          | CLLR MTJ MOSEPEDI                                   | 16H30        |
|                                   |                  | 13               | SCHONKENVILLE HALL                | CLLR MJ TYUMBU                                      | 16H30        |
|                                   |                  | 19               | TOKOLOHO SPORTS GROUNDS           | CLLR ES NTHOESANE                                   | 16H30        |
| <b>03 DECEMBER 2025 FRIDAY</b>    | <b>PARYS</b>     | <b>ALL WARDS</b> | <b>REP FORUM - FORUM BUILDING</b> | <b>EXECUTIVE MAYOR<br/>CLLR V DE BEER-MTHOMBENI</b> | <b>10H00</b> |

## 6. IDP Representative (Rep) Forum

The IDP Representative Forum is a platform for various stakeholders to participate in the planning process. It ensures that the interests of various groups and individuals are considered when formulating and implementing the IDP.

The main objectives of the Representative Forum are outlined as follows:

**Stakeholder Participation:** The forum facilitates the involvement of different organizations, communities, and individuals in the IDP process.

**Representation:** It provides a mechanism for stakeholders to represent the interests of their constituencies.

**Communication and Coordination:** The forum serves as a channel for communication and coordination between various stakeholders.

**Decision Making:** It provides an organizational framework for discussions, negotiations, and decision-making related to the IDP.

**Inclusivity:** The forum aims to be as inclusive as possible, bringing together various groups and representatives.

**Active Involvement:** The forum is expected to actively participate in the IDP process, providing input and feedback.

**Ongoing Process:** Efforts are made to maintain the ongoing participation of stakeholders throughout the IDP process.

**Monitoring:** The forum can also play a role in monitoring the implementation and performance of the IDP process.

## 7. Community Needs Emanating From Public Participation

### 7.1 Introduction

Following extensive consultations with communities (per ward), numerous challenges were raised and captured from the wards. Below is a summary of community needs from the consultation processes.

| WARD 1 | CURRENT NEEDS |
|--------|---------------|
|--------|---------------|


CLLR AJ DE JAGER





1. Fire Station upgrade and fire Trucks
2. Roads
3. Electricity upgraded - shut down by Winds
4. Technical School is needed /Primary on the list
5. Court – Safety Close them and fence around them
6. Sewer Pump station too close to the community need to be moved out/ too much smell from there
7. Formalize informal settlement and conversion of Business sites / services to be installed in those areas
8. Formalize Unit 16 and extend services
9. Agriculture – benefits be explored/ cooperatives/ Youth unemployment
10. Sites- Church-Formal and informal? To be formalized - Services and proper allocations- Silas house numbers/ waterline extended/ electricity installed /rezoned prioritized
11. Landfill sites/- fenced – properly managed
12. Sewer line too small, extended
13. Water Shortage be addressed
14. Community Hall in S Section
15. Drug Abuse Ward 1a big problem
16. Cable Theft be addressed -Eskom/Electricity cables be marked so that they are identifiable at police station


**Top Priorities:**


- Technical School
- Water – Leaks- Pipes
- Electricity
- Sewer
- Water Meters
- Sewer Pump station to close to the community need to be moved

| <p><b>WARD 2</b><br/>CLLR MJ SERATI</p>   | <p><b>CURRENT NEEDS</b></p>   |
|---|---|
|  | <ol style="list-style-type: none"> <li>1. Upgrading of electrical network</li> <li>2. Extension 12 Housing Development, roads, storm-water drainage, pedestrian bridge</li> <li>3. Job creation and Local Economic Development / Growth</li> <li>4. Eunifees Dam (Public Private Partnership)</li> <li>5. Public safety and policing (crime is increasing)</li> </ol> |

| <p><b>WARD 3</b><br/>CLLR MD MOFOKENG</p>   | <p><b>CURRENT NEEDS</b></p>   |
|---|---|
|  | <ol style="list-style-type: none"> <li>1. New Roads and maintenance of old</li> <li>2. RDP houses</li> <li>3. New School- Phahameng section</li> <li>4. New Clinic-Phahameng section</li> <li>5. Increasing of indigency threshold for electricity to 60</li> <li>6. Upgrading of sewer network</li> <li>7. Illegal dumping to removed</li> <li>8. Maintenance plan for all infrastructure</li> </ol> |

| <p><b>WARD 4</b><br/>CLLR S NTEO</p>   | <p><b>CURRENT NEEDS</b></p>   |
|--|---|
|  | <ol style="list-style-type: none"> <li>1. Graveling and paving of Roads</li> <li>2. Insufficient water to high areas</li> <li>3. Poor quality electricity</li> <li>4. Commonage</li> <li>5. Mobile Police Station</li> <li>6. 60-40 electricity</li> <li>7. Unemployment</li> <li>8. New sited ext 10 and building of RDP Houses</li> <li>9. FET College</li> <li>10. Recreational facilities needed</li> <li>11. SASSA point needed</li> </ol> |

| <p><b>WARD 5</b><br/>CLLR MD RAPULENG</p>   | <p><b>CURRENT NEEDS</b></p>  |
|---|--|
|  | <ol style="list-style-type: none"> <li>1. Eradication of Bucket in ext 5</li> <li>2. Eradication of 59 VIP toilets in Ext 6</li> <li>3. Clean portable water in all houses</li> <li>4. Clinic</li> <li>5. Police station</li> <li>6. Primary/ secondary school</li> <li>7. Recreational park</li> <li>8. Tittle deed</li> <li>9. Graveling roads</li> <li>10. Illegal dumping</li> </ol> |

| <p><b>WARD 6</b><br/> <b>CLLR BT MOKOENA</b></p>                                   | <p><b>CURRENT NEEDS</b></p>  |
|--|--|
|  | <ol style="list-style-type: none"> <li>1. Sites- Prioritized - want a plan</li> <li>2. Water- before Meters</li> <li>3. School- Library</li> <li>4. Sites- Unoccupied not cleaned- be redistributed</li> <li>5. Bridge- Lusaka- School- Student- Barnard- School kids- Taxi</li> <li>6. Drugs- Rehabilitation Centre</li> <li>7. Roads- Sustainable- Paving</li> <li>8. Contractors outside- Youth employment</li> <li>9. (Masilo) Home Affairs – (Kroonstad)</li> <li>10. Police Station – only one and is too far</li> <li>11. Toilets – Informal Settlement – Ward 6</li> <li>12. Electricity Vending – More</li> <li>13. Paving – All Roads</li> <li>14. Culture Centre</li> <li>15. Mandela – Inspectors – Electricity boxes need to be covered</li> <li>16. Clinic – enough services aged not assisted at all times</li> <li>17. Bridge – School kids – rainy days</li> <li>18. Clinic – Service Poor – 24 hours Committee</li> <li>19. Soccer - Clear Ground – Sedibeng</li> <li>20. Dam Empty- No water – paving – Ambulance</li> <li>21. Fire Truck</li> <li>22. Water- Flooding – borehole underground water – explored at an open space.</li> <li>23. Refuse – Container</li> <li>24. College closed by – post Matric</li> <li>25. Dumping Sites</li> <li>26. Water pipe – clean regularly</li> <li>27. Swimming pool for Youth – maintained and clean regularly</li> <li>28. NFSAS – NYDA Officers – SASOL</li> <li>29. House flood – cleared</li> </ol> |

|  |   |
|--|---|
|  | <p>30. Clinic – Thabang Society – No Water, No Toilet.</p> <p>31. Electricity</p> |
|--|---|


|               |                      |
|---------------|----------------------|
| <b>WARD 7</b> | <b>CURRENT NEEDS</b> |
|---------------|----------------------|


CLLR T RAMABODU





1. Provision of clean drinkable water, maintain JOJO tanks
2. Allocation of residential sites
3. Bridge near pump station (Zuma & Winnie)
4. Bridge behind Barnard School
5. Title deeds – speed up
6. Paving of roads(gravelling)
7. Recreational facilities
8. Dumping site be fenced
9. Commonage ( stray animals all over)
10. Job creation/ unemployment
11. Clinic (poor services and long ques)
12. Library
13. Open spaces turn to parks
14. Operating hours (Lista Skosana library)
15. 50kwhs (electricity ) for the indigents
16. Distribution of dust bins (Zuma section)
17. **New Priorities:**
  1. Establishment of new Taxi Route from Mbeki to the Grave Yard
  2. Fencing of the pit hole
  3. Cleaning of Water JOJO on regularly basis


|  |                      |
|--|----------------------|
|  | <b>CURRENT NEEDS</b> |
|--|----------------------|


|  |   |
|--|---|
| <p><b>WARD 8 CLLR KJ<br/>KHUMALO</b></p>  | <ol style="list-style-type: none"> <li>1. Sustainable and Reliable supply of clean drinking water</li> <li>2. Sustainable and Reliable supply of electricity</li> <li>3. Paving of Phahameng street</li> <li>4. Removal of asbestos Roof Vredeshoop</li> <li>5. Rehabilitation streets in Vredefort and Vredeshoop</li> <li>6. Upgrading of Mokwallo Municipal Offices</li> </ol> |
|--|---|


| <p><b>WARD 9 CLLR IM<br/>MAGASHULE</b></p>   | <table border="1"> <thead> <tr> <th colspan="2" style="background-color: #f4a460;">CURRENT NEEDS</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ol style="list-style-type: none"> <li>1. Water (shortage &amp; quality)</li> <li>2. Electricity</li> <li>3. Increase free electricity subsidy</li> <li>4. Youth empowerment</li> <li>5. Replacement of water meters</li> <li>6. Roads</li> <li>7. Paving of roads</li> <li>8. Removal of dumping</li> <li>9. Sites allocation</li> <li>10. Supply chain process to change to help youth employment</li> </ol> </td> <td></td> </tr> </tbody> </table> | CURRENT NEEDS |  | <ol style="list-style-type: none"> <li>1. Water (shortage &amp; quality)</li> <li>2. Electricity</li> <li>3. Increase free electricity subsidy</li> <li>4. Youth empowerment</li> <li>5. Replacement of water meters</li> <li>6. Roads</li> <li>7. Paving of roads</li> <li>8. Removal of dumping</li> <li>9. Sites allocation</li> <li>10. Supply chain process to change to help youth employment</li> </ol> |  |
|--|--|---------------|--|--|--|
| CURRENT NEEDS  |  |               |  |  |  |
| <ol style="list-style-type: none"> <li>1. Water (shortage &amp; quality)</li> <li>2. Electricity</li> <li>3. Increase free electricity subsidy</li> <li>4. Youth empowerment</li> <li>5. Replacement of water meters</li> <li>6. Roads</li> <li>7. Paving of roads</li> <li>8. Removal of dumping</li> <li>9. Sites allocation</li> <li>10. Supply chain process to change to help youth employment</li> </ol> |  |               |  |  |  |


| <p><b>WARD 10</b><br/>CLLR MM RANTSAILA</p>                                       | <p><b>CURRENT NEEDS</b></p>  |
|---|--|
|  | <ol style="list-style-type: none"> <li>1. Clean drinkable water</li> <li>2. Emerging small business be given some work</li> <li>3. Road signs to avoid accident</li> <li>4. sites</li> <li>5. one additional high mass light</li> <li>6. Fencing Tumahole hostel</li> <li>7. Storm water</li> <li>8. Title deeds</li> <li>9. Job creation</li> <li>10. Solar geezers</li> <li>11. Paving of streets</li> <li>12. Street humps</li> <li>13. Incomplete RDP houses</li> <li>14. Storm water drainage (Jackpot)</li> <li>15. Installation of split meters</li> <li>16. Cleaning of dumping site</li> <li>17. By laws enforcers</li> </ol> |

| <p><b>WARD 11</b><br/>CLLR MTJ MOSEPEDI</p>   | <p><b>CURRENT NEEDS</b></p>   |
|---|---|
|  | <ol style="list-style-type: none"> <li>1. Serious attention be given to water crisis</li> <li>2. Maintenance of electricity facilities</li> <li>3. Free Wi-fi</li> <li>4. On-going cleaning campaigns</li> <li>5. Fastracking of site allocations</li> <li>6. Basic service for Abazimeli be attended</li> <li>7. Process of handling title deeds be communicated</li> <li>8. Building of youth centre</li> <li>9. Establishment of parks</li> <li>10. Water meters be installed</li> </ol> |

|  |  |
|--|--|
| <p><b>WARD 12</b><br/>CLLR M LA COCK</p>  | <p style="text-align: center;"><b>CURRENT NEEDS</b></p> <ol style="list-style-type: none"> <li>1. Clean drinkable water</li> <li>2. No dumping sign next to Rooidam</li> <li>3. Fixing of street lights and electricity</li> <li>4. Irrigation reinstatement and fixing channels</li> <li>5. Replacing broken slab over the main channel</li> <li>6. Road maintenance and bring back traffic department, by laws enforcement</li> <li>7. Creation of parks with facilities</li> <li>8. Renovation and reopening of Mimosa garden</li> <li>9. Retraining of municipal personnel</li> <li>10. Good communication and reporting centre with reference</li> <li>11. Reopening of Tumahole Office and security at home affairs</li> <li>12. Provision of housing</li> <li>13. Maintenance of road to the landfill site and establish a recycling centre</li> <li>14. Plan to dilapidated houses in town and empty sites</li> <li>15. Security at all key points departments</li> <li>16. "Finish and klaar", closing the holes after repairs. Program Kaofela to be introduced.</li> <li>17. Installation of Generator at Water works</li> <li>18. Repairs storm water drainage</li> <li>19. Multipurpose centre</li> <li>20. Master plan to attract tourist in Parys.</li> </ol> |
|--|--|

|  |   |
|--|---|
| <p><b>WARD 13</b><br/>CLLR MJ TYUMBU</p>  | <p style="text-align: center;"><b>CURRENT NEEDS</b></p> <ol style="list-style-type: none"> <li>1. Residential sites,</li> <li>2. Clean &amp; drinkable water,</li> <li>3. Paving of roads,</li> <li>4. Job creation,</li> <li>5. Building of a Community Centre,</li> <li>6. Building of a Police Station,</li> <li>7. Upgrading &amp; biffing up security in the stadium,</li> <li>8. Electricity vendor,</li> <li>9. Fencing of graveyard and</li> <li>10. Building of Secondary School.</li> </ol> |
|--|---|

| <p><b>WARD 14</b><br/>CLLR TP SOTHOANE</p>  | <p><b>CURRENT NEEDS</b></p>   |
|---|---|
|  | <ol style="list-style-type: none"> <li>1. Develop Mandela Park</li> <li>2. Municipality must avail land for Market Hub</li> <li>3. Fence Old Graveyards</li> <li>4. Gravelling of Roads</li> <li>5. Sites- Prioritized - want a plan</li> <li>6. Water- before Meters</li> <li>7. School Library</li> <li>8. Sites - Unoccupied not cleaned- be redistributed</li> <li>9. Drugs- Rehabilitation Centre</li> <li>10. Roads- Sustainable- Paving</li> <li>11. Unemployment people needs jobs</li> <li>12. Contractors outside - Youth employment</li> <li>13. (Masilo) Home Affairs – (Kroonstad)</li> <li>14. Police Station – only one and is too far</li> <li>15. Partitioning Electricity Supply by Sections for instance, When there's a power outage at Old Location it should not affect Mandela Sections or any other Sections</li> <li>16. Building of RDP Houses</li> <li>17. Avail Wi-Fi for youth</li> <li>18. Supply of drinkable water</li> <li>19. Formation of Project Steering Committee's for all future Projects</li> </ol> <p><b>Key Priorities:</b></p> <ol style="list-style-type: none"> <li>20. Avail WiFi for youth</li> <li>21. Supply of drinkable water</li> <li>22. Building of RDP</li> <li>23. Partitioning of Electricity Supply</li> </ol> |

| WARD 15   | CURRENT NEEDS   |
|---|---|
| <p data-bbox="302 371 493 401">CLLR ME SEFAKO</p>  | <ol style="list-style-type: none"> <li>1. Water from taps not JoJo's</li> <li>2. Roads must be Paved – rains damage roads</li> <li>3. Clinic – only two due populations growth more is needed</li> <li>4. Police station needed</li> <li>5. Electricity</li> <li>6. The two municipal Offices closed must be opened- services must be closer to the people</li> <li>7. Home affairs services are needed – home affairs office</li> <li>8. Ambulance and fire truck</li> <li>9. Upgrade 160 sewer pipe to 300 pipe</li> </ol> <p><b>Top Priorities:</b></p> <ol style="list-style-type: none"> <li>10. 1.Mobile Clinic</li> <li>11. Bucket System in new areas</li> <li>12. Fire Trucks</li> <li>13. Dome Heritage not benefiting Community</li> </ol> |


| WARD 16<br>CLLR MM Motsoeneng | CURRENT NEEDS   |
|-------------------------------|---|
|                               | <ol style="list-style-type: none"> <li>1. Emergency Services (Fire Fighting Unit)</li> <li>2. Allocation of Sites</li> <li>3. Title Deeds</li> <li>4. Reduction of Unemployment by availing Land for following Projects:               <ul style="list-style-type: none"> <li>• Heritage site for Work Opportunities</li> <li>• Industrial Land for Milk</li> <li>• Poultry Farming</li> <li>• Farming</li> </ul> </li> <li>5. Swimming Pool</li> <li>6. Paving access roads and Storm water channel</li> <li>7. Sports Field (Completion)</li> <li>8. Naming of Ward and street in Ward 16</li> <li>9. Upgrading of Water purification Plant and Reservoir</li> <li>10. Multi-Purpose Centre</li> <li>11. Community Library</li> <li>12. Old age home</li> <li>13. Re allocation of Sites( 6 households that are affected by Floods and sewerage spillage</li> <li>14. Clinic</li> <li>15. Home Affairs service point</li> <li>16. Social Development Service point</li> <li>17. Community Hall</li> </ol> |

|   |  |
|---|--|
| <p style="text-align: center;"><b>WARD 17</b><br/>CLLR D MASOOANE</p>  | <p style="text-align: center;"><b>CURRENT NEEDS</b></p> <ol style="list-style-type: none"> <li>1. Sports Field (Completion)</li> <li>2. Naming of Ward and street in Ward 16</li> <li>3. Upgrading of Water purification Plant and Reservoir</li> <li>4. Multi-Purpose Centre</li> <li>5. Community Library</li> <li>6. Old age home</li> <li>7. Re allocation of Sites( 6 households that are affected by Floods and sewerage spillage</li> <li>8. Clinic</li> <li>9. Home Affairs service point</li> <li>10. Social Development Service point</li> <li>11. Community Hall</li> </ol> |
|---|--|

|   |   |
|---|---|
| <p style="text-align: center;"><b>WARD 18</b><br/>CLLR M TOYI</p>  | <p style="text-align: center;"><b>CURRENT NEEDS</b></p> <ol style="list-style-type: none"> <li>1. Portable Water</li> <li>2. Tarring/ Paving of Haefele str</li> <li>3. Pedestrian Bridge between Mandela Section and Old Loc.</li> <li>4. Indoor Sports Centre</li> <li>5. Sites/ Residential, Churches and business</li> <li>6. Electrification Ext 5</li> <li>7. Building of Municipal Offices</li> <li>8. Skills Development Centre</li> <li>9. Unemployment</li> <li>10. Toilet structures</li> <li>11. RDP Houses</li> <li>12. Water catchment tank</li> <li>13. Fencing of cemeteries</li> <li>14. Community Hall</li> <li>15. 24 Hour Health Services and staff increase</li> <li>16. Parks</li> <li>17. Sports facility</li> </ol> |
|---|---|

|  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>18. Extension of Library working hours</li><li>19. Provision of wheeled dustbins</li><li>20. Provision of water taps</li></ul> |
|--|--|

|                |                      |
|----------------|----------------------|
| <b>WARD 19</b> | <b>CURRENT NEEDS</b> |
|----------------|----------------------|

|  |  |
|--|--|
| <p>CLLR ES NTHOESANE</p>  | <ol style="list-style-type: none"> <li>1. Portable clean water and Shortage</li> <li>2. Bad roads-gravelling and paving</li> <li>3. Refuse Removal- no consistency on removals</li> <li>4. Fire truck</li> <li>5. Electricity – constant outages</li> <li>6. Sewer spillages</li> <li>7. Youth development lack of economic opportunities</li> <li>8. Allocation of sites- long delays</li> <li>9. Illegal dumping</li> <li>10. Apollo high mast lights- not working</li> <li>11. Two unpaved roads –Skothiphola</li> <li>12. Electricity repayment is disadvantaging residents</li> <li>13. Need recharging pads for electricity</li> <li>14. Need recreational park</li> <li>15. Bridge behind Barnard Molokoane to be refered to relevant ward</li> <li>16. Uncovered electricity panels on street poles</li> <li>17. Unfinished RDP houses</li> <li>18. Fencing of grave Yard</li> <li>19. Police Station</li> </ol> |
|--|--|

The table below summarizes the needs registered across all wards as communicated and captured during a number of ward public meetings held during the IDP review consultation process.

**7.2 Service Delivery Priorities**

**The top 5 priorities registered across all wards in Ngwathe municipality**

| Priority Order                    | Frequency across the wards |
|-----------------------------------|----------------------------|
| 1. Provide clean drinkable Water  | 17 times out of 19 wards   |
| 2. Gravelling and paving of roads | 16 times out of 19 wards   |
| 3. Electricity                    | 14 times out of 19 wards   |
| 4. Sites                          | 11 times of 19 wards       |
| 5. RDP Houses                     | 7 times out of 19 wards    |

## SECTION E: Spatial Economy and Development Rationale

### 1. Introduction

Integrated Development Plan (IDP) uses a spatial economy and development rationale to guide local government development and planning. The IDP must include a Spatial Development Framework (SDF), which serves as an indicative plan for land use and development, informed by a land use management scheme. This approach aims to ensure integrated and coordinated planning for sustainable and equitable growth, redressing past inequalities and promoting a more equitable distribution of resources.

This section therefore provides a high level Spatial Development Framework of the municipality. It also seeks to outline the causal relationships between individual choices and land use change outcomes within the municipality.

The Spatial Development Framework of Ngwathe Local Municipality is formulated in such a manner that it gives effect to the general principles on land development contained in section 3 of the Development Facilitation Act, 1995. These principles indicate that in managing land use and new land development, the municipality's policy, administrative practice and laws should: -

- Provide for urban and rural land development and should facilitate the development of formal and informal, existing and new settlements.
- Discourage the illegal occupation of land, with due recognition of informal land development processes that constantly happen within the municipality's area of jurisdiction.
- Promote efficient integrated land development that may promote the integration of the social, economic, institutional and physical aspects of land development.
- Ensure the best possible use of existing infrastructure and resources and contribute to the correction of historically distorted spatial patterns of development.
- Promote the availability of residential and employment opportunities in close proximity to or integrated with each other.
- Encourage members of communities affected by land development to actively participate in the process of land development.
- Encourage environmentally sustainable land development practices and processes.

### 2. Overview of the Spatial Layout of Ngwathe Local Municipality

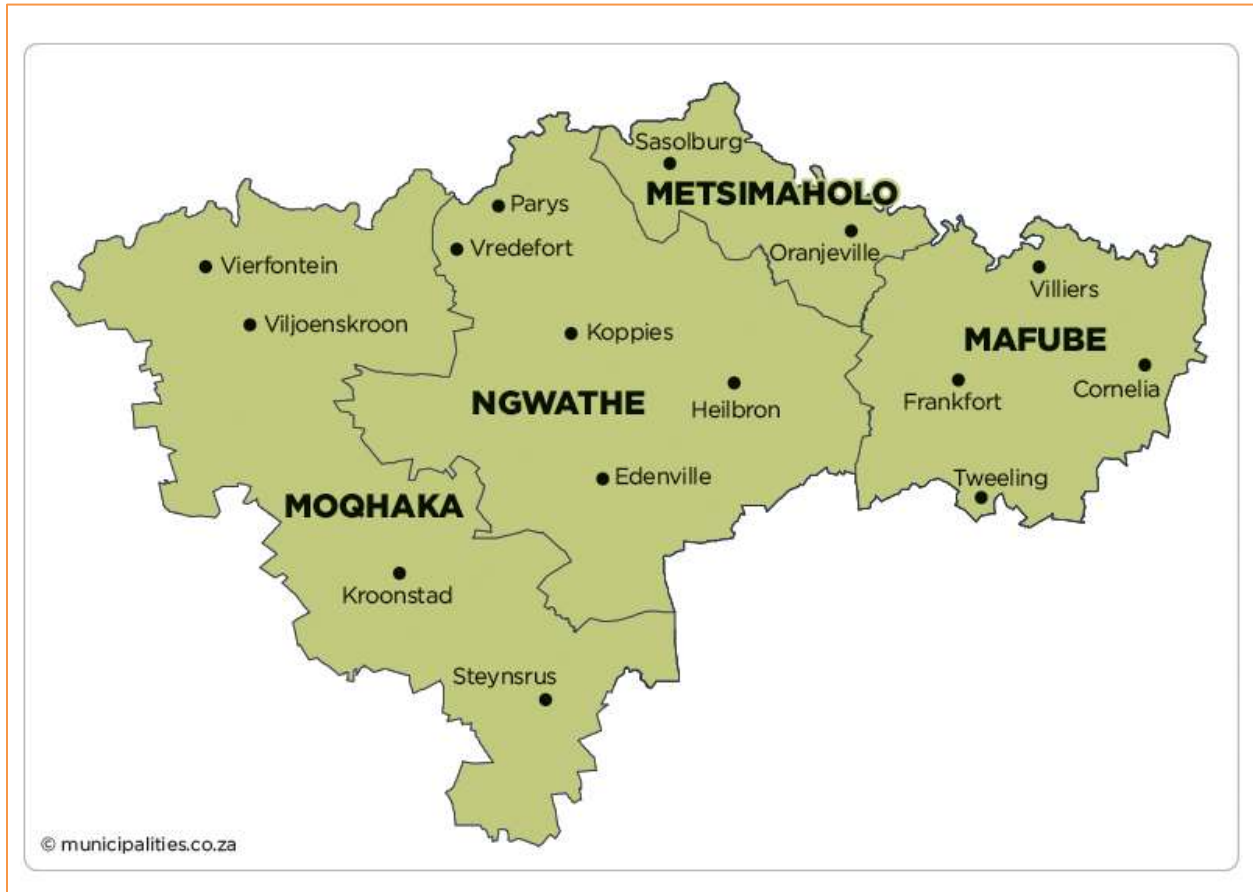
Ngwathe Local Municipality is situated in the northern part of the Fezile Dabi District Municipality. The Vaal River forms the northern boundary of the area, which also serves as the boundary between the Free State, Gauteng and North West provinces. The Renoster River also drains through the region and is dammed up in the vicinity of Koppies in a series of dams, namely the Weltevrede, Rooipoort and Koppies Dams. The rivers, together with the respective dams, are prominent water sources for agricultural purposes in the region.

Other prominent topographical features include the Vredefort Dome in Parys. The form of the dome consists of a central cone of granite surrounded by concentric ridges of quartzite belonging to the Witwatersrand System. The Parys District has unique natural and environmental assets, like the Vaal River, with several islands in the proximity of Parys, and the Vredefort Dome, that present exceptional tourism potential. Parys has a well-developed airfield that supports commercial and tourism development in the area. It has a strong commercial component and provides a wide range of services regarding health, education and professional services to the district. Prominent towns include Edenville, Heilbron, Koppies, Parys and Vredefort. Vredefort is the only town that formed the former Vredefort District. The former Heilbron District is predominantly an agricultural area, although major manufacturing industries contribute largely to the Gross Geographic Product of the district.

Koppies is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. The three well-established and developed irrigation schemes subsequently enhance the agricultural character of the area. The strategic location of Koppies between the larger centres of Kroonstad and Sasolburg influence growth and development within the community. The bentonite exploitation near Koppies and the initiative for coal mining in the vicinity of the town provide significant future growth potential. Koppies is becoming known for its tourist attractions. Specific reference is made to the R82 Battlefield Route, which consists of several historical battlefields. These that are envisaged to be further developed along with the Koppies Dam Nature Reserve.

Edenville is also located in an area of agricultural significance. The main road linking Kroonstad and Heilbron runs adjacent to the area. The main economic sectors include agricultural, mining, manufacturing, services.

**Figure E1: Area of Jurisdiction of Ngwathe Local Municipality within Fezile Dabi District**



### 3. Regional Economic Tendencies

**Parys** has a strong commercial component and provides a wide range of services regarding health, education and professional services to the district. The contribution of these sectors is therefore substantial. The Parys District has unique nature and environmental assets like the Vaal River with several islands in the proximity of Parys and the Vredefort Dome that present exceptional tourism potential. Large areas of the Parys District are underlain with undifferentiated granite that is exploited directly to the north of Parys that further contributes to Parys being a prominent service and economic centre. Parys has a well-developed airfield that supports commercial and tourism development in the area.

The most prominent economic sector in **Vredefort** is the agricultural sector. Commercial activities in the town are the only other sector that contributes to the Gross Geographical Product (GGP) of the district. When comparing the contribution of the district to the contribution of the other districts in the Fezile Dabi District, it is conspicuous how small it is. This is, however, attributed to the fact that in all the other districts, two or more towns contribute

to the GGP while Vredefort is the only town situated in the former Vredefort District. Because the agricultural sector is the most prominent economic sector, there are very limited work opportunities in town with the consequent high unemployment rate. This is aggravated by the population growth in specifically the Mokwallo residential area. It is envisaged that Vredefort will remain functioning only as a service town to the surrounding agricultural community.

**Heilbron** is predominantly an agricultural area although major manufacturing industries contribute largely to the GGP of the District. The agriculture and manufacturing industries have a direct influence on the per capita expenditure and employment opportunities of the urban area concerned. Industries such as Simba, Tudor, Peter's Knitwear and Michrochem are amongst other, producing in Heilbron. These industries are significant employment sectors in the community. The study area is also in close proximity to the coal mining and coal-related industries of Sasolburg.

**Koppies** is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. The three well-established and developed irrigation schemes subsequently enhance the agricultural character of the area. The strategic location of Koppies between the larger centres of Kroonstad and Sasolburg, mainly influence growth and development within the community. These factors contribute to the relatively low level of economic activity in the area. The current bentonite exploitation near Koppies and the current initiative for coal mining in the vicinity of Koppies provides significant future growth potential. Koppies is becoming well familiar for its tourist attractions. Specific reference is made to the R82 Battlefield Route that consists of several historical battlefields that are envisaged to be further developed as well as the Koppies Dam Nature Reserve. National annual angling competitions are held at the Koppies Dam.

**Edenville** is located in an area of agricultural significance and mainly provides basic services in this regard to the surrounding rural areas. The main road linking Kroonstad and Heilbron, stretches adjacent to the area. The area is influenced to a great extent by Kroonstad as a large service centre in close proximity. The most prominent economic sectors contributing to the Gross Geographical Product of the district, include general government, finance and real estate and transport. This is ascribed to the influence of Kroonstad, as a large service centre in the concerned district. The large contribution by general government is attributed to the prominent function of several Government institutions in Kroonstad. The prominence of these sectors is due to the large turnover in the real estate sector, specifically as a result of the above-mentioned. Future development of Edenville is not foreseen. Edenville will remain functioning as service town to the surrounding agricultural community.

#### 4. Key Principles for Future Spatial Economy and Development Rationale

In line with the Spatial Planning and Land Use Management Act 16 of 2013, the key principles of the future Spatial Economy and Development Rationale for the municipality are as follows:

- a) **Redressing Apartheid Legacy:** The IDP recognizes the impact of apartheid on spatial planning and aims to address inequalities in access to resources, services, and opportunities.
- b) **Spatial Development Framework (SDF):** The SDF is a crucial component of the IDP, outlining the municipality's vision for spatial development and guiding land use management.
- c) **Land Use Management Scheme:** The land use management scheme must provide detailed implementation of the SDF, specifying permitted land uses and development permissions.
- d) **Integrated Planning:** The IDP emphasizes integrated planning, ensuring coordination across different sectors and levels of government.
- e) **Focus on Access:** The IDP aims to improve access to urban advantages like jobs, livelihoods, services, and amenities for all residents, particularly the poor.
- f) **Community Participation:** The IDP process encourages community participation in identifying needs and priorities, ensuring that the plans reflect the aspirations of the people.
- g) **Sustainable Development:** The IDP aims to promote sustainable development, considering environmental, social, and economic dimensions.
- h) **Economic Development:** The IDP seeks to foster economic development within the municipality, attracting investment, creating jobs, and securing new markets.
- i) **Addressing Spatial Inequalities:** The IDP aims to address spatial inequalities, promoting more equitable distribution of resources and opportunities across different areas of the municipality.

## 5. Principles of the Ngwathe Spatial Development Framework (SDF)

Ngwathe SDF review is premised upon and gives effect to the following normative principles for spatial development framework stipulated by the Spatial Planning and Land Management Act, 2013:

**(a) Spatial Justice**

The unfair allocation of public resources between areas must be reversed to ensure that the needs of the poor are addressed first rather than last.

**(b) Spatial Sustainability**

Sustainable patterns of consumption and production must be supported, and ways of living promoted that do not damage the natural environment.

**(c) Spatial Resilience**

Vulnerability to environmental degradation, resource scarcity and climatic shocks must be reduced. Ecological systems should be protected and replenished.

The aesthetic and functional features of housing and the built environment need to be improved to create liveable, vibrant and valued places that allow for access and inclusion of people with disability.

**(d) Spatial Efficiency**

Productive activities and jobs should be supported and burdens on business minimised. Efficient commuting patterns and circulation of goods and services should be encouraged, with regulatory procedures that do not impose unnecessary costs on development.

**(e) Spatial Equality**

Productive activities and jobs should be supported and burdens on business minimised. Efficient commuting patterns and circulation of goods and services should be encouraged, with regulatory procedures that do not impose unnecessary costs on development.

**6. Objectives of the Ngwathe SDF**

Ngwathe SDF is to serve as a framework and manual for integrated spatial planning and land use management in accordance with the principles of sustainability and sustainable development. Embodied in this function are the following:

- Providing a spatial rationale and directive for future development in terms of sustainability principles.

- Giving effect to the directives of both provincial and national as expressed in PSDF and NDP.
- Enabling intergovernmental alignment and guiding the activities of the relevant role players and agencies (including provincial and national sectoral departments and other municipalities).
- Ensuring uniformity of application of planning processes and methodologies.
- Serving as the basis for ongoing monitoring and auditing performance and for continual improvement of land use methodologies, technologies and practices.

Below is a summary of the critical features of the Ngwathe Spatial Development:

- Due to the dominant regional role Parys and Heilbron play in terms of regional service providers and industrial and commercial development, the focus of urbanisation will probably be on these centres.
- Smaller towns such as Vredefort, Koppies and Edenville primarily accommodate farm workers migrating to these towns.
- Parys with its strong service character and prominent commercial and industrial components will remain the main town and growth point of the region and will continue to render various services to the surrounding smaller towns and rural areas.
- Koppies and Heilbron are located in areas of agricultural significance and mainly provide services in this regard to the surrounding rural areas.
- Heilbron also has a strong manufacturing component that is principally agricultural related.

Edenville and Vredefort are located in areas of agricultural significance and mainly provide restricted services in this regard to the surrounding rural communities. Substantial future growth of these towns is not foreseen. Future directions for residential extension, predominantly in the high density low cost residential areas, were identified for all urban areas and indicated on the Spatial Framework.

It is believed that Parys (including Sasolburg and Kroonstad) will remain growth points in the larger Fezile Dabi District.

Heilbron and Koppies additionally might serve as growth points if the existing manufacturing opportunities are exploited in Heilbron and the mining and tourism opportunities are extensively exploited in Koppies. Edenville and Vredefort will continue to serve as small towns with limited economic growth potential focusing on tourism and providing a service to the agricultural community.

Employment opportunities will mainly be created in Sasolburg, Kroonstad, Heilbron, Frankfort and Parys as continuous growth points.

Koppies also has the opportunity to create future employment opportunities based on the tourism potential as well as the possibility for coal mining in Koppies.

Employment opportunities in the other smaller towns will remain limited and agricultural orientated. A number of regional problems have surfaced over recent decades that have demanded the attention of planners and developer's in so far as economic development of small and rural towns, in the broader Free State context, is concerned. The "dying rural town syndrome" seems both the most intractable and the one that continues to capture the public's concern. Development initiatives, at large, do not focus on the plight of the Regional Free State, losing population or businesses, not thriving economically and there is widespread evidence that many urban towns are in trouble. These problems include:

- the sudden economic shocks caused by downturns in "urban areas" because of economic restructuring,
- the continued "emptying" of rural areas, o the ongoing (and increasing) domination of larger urban areas,
- Increasing disparities within and between regions across a wide range of social and economic indicators.

### 6.1 Influencing Factors

The following factors are determined as prominent influences that currently impact or will, in future, impact on development of the region:

- **Road Infrastructure:** An effective primary road network exists in the study area. The secondary road network provided effective access to the above primary road network.
- **Strategic location:** The Ngwathe is situated strategically in close proximity to the Gauteng and North West Provinces.
- **Tourism Potential:** Ngwathe has a significant weekend related tourism potential that could, in future, contribute to the GGP of the district and should be further exploited.
- **Agricultural Sector:** The agricultural sector of certain areas in the district is extremely prominent and contributes largely to the GGP of the Fezile Dabi District, which emphasize the agricultural significance of this district. The latter results to industrial development that is agricultural orientated.

- HIV/AIDS:** The impact of AIDS on economic growth patterns is still largely an unknown entity. An increase in mortality will, however, place a large burden on health services and the cost thereof that will influence future economic growth. The estimated overall HIV prevalence rate in South Africa is approximately 13.9%. The total number of people living with HIV was estimated at approximately 13,9 million in 2022. For adults aged 15–49 years, an estimated 19.6 % of the population is HIV positive<sup>1</sup>.
- Competition:** The impact of international trade and competition in agricultural products might result that the agricultural sector is internationally less competitive. The latter implies a negative effect on economic growth leading to a possible loss in employment.
- Pollution:** Impact of pollution on the Vaal River through high-density development.
- Influx:** Influx of residents’ form neighboring metropolitan areas (Gauteng and Vanderbijlpark and Vereeniging) is deemed a critical influencing factor. The continuous influx of migrant workers, using the towns of Sasolburg, Parys and Deneysville (Parys and Heilbron to a lesser extent) as satellite or “sleep towns” is a burden on the delivery of housing in the Fezile Dabi District. Migration therefore is an important demographic process in shaping the age structure and distribution of the provincial population.

| A: Core   |  |
|---|--|
| Status quo  | Future Development Framework   |
| The Parys district comprises an unique nature and environmental assets such as the Vredefort dome, landscapes associated with the dome, the Vaal river, its tributaries and riparian, also including several in stream islands (in the proximity of Parys). | Optimal development and utilisation of the unique tourism potential of the dome and Vaal river areas is proposed, but without compromising the outstanding universal value thereof and unduly impairing the safe, undisturbed and quiet enjoyment of the area. |
| The Parys islands system (Bok, Steyn and Woody islands) is unique, environmentally sensitive and subject to sporadic flooding.  | Significant surface water features (Vaal river), as well as their tributaries must be regarded as sensitive to activities that might further deteriorate their quality.  |
| The VDWS and associated buffer areas are located close to Parys. Due to the demarcated municipal boundaries (between Ngwathe and the Mophaka municipality) only 3 properties of the dome and its associated buffers (located on the free state side),       | Riparian areas to the Vaal river, Oudewerf spruit and their tributaries are an integral part of the river ecosystem and regarded as important ecological features, experiencing substantial development pressures.   |

| A: Core   |   |
|---|---|
| Status quo  | Future Development Framework  |
| are located in the Ngwathe municipality – most of the properties are located in the Moqhaka municipality.   | They must be regarded as sensitive to activities that threaten to severely degrade them.  |
| The Oudewerf spruit and several other smaller tributaries drain through the urban area into the Vaal river. A significant vlei area (s10) formed adjacent one of the tributaries (west of Parys).<br>S10: development further westward must take cognizance of an existing vlei area as it is deemed a sensitive ecological feature | Urban conservation areas, namely the in stream islands of the Vaal river, are deemed of significance for protection and must be retained. |

| B: Buffer   |  |
|---|--|
| Status quo  | Future development framework   |
| The Vaal river forms the northern boundary of the urban area that also serves as the boundary between the free state and Gauteng and north west province.<br>Most significantly, however, is the proposed 5 km buffer zone associated with the core properties of the VDWHS (refer to annexure 1), occupying farmland between Parys and Vredefort, amongst other, also the potential hinterland of Parys and Vredefort. | The practicality of the VDWHS buffer areas need to be investigated; especially in the immediate vicinity of Parys and Vredefort, as they impede on the natural hinterland of the involved urban areas. The tar road between Vredefort and Parys should preferably serve as buffer boundary and land to the east thereof released for urban development of Parys and Vredefort. The Vaal river and Oudewerf spruit and associated tributaries are significant natural resources and should be protected to minimise pollution thereof.<br>The areas within 32 m and 100 m of water courses, as defined in the national water act, and within 500 m of wetlands should be regarded as sensitive. |

| C: Agricultural Areas  |  |
|--|--|
| Status quo   | Future development framework   |
| Urban agriculture  |  |
| A substantial grazing camp system (f1) is located east of the urban area although usage thereof as the future hinterland is becoming immanent. | F1: the existing grazing camp system will be impeded on to accommodate new developments and access roads |

| C: Agricultural Areas   |  |
|---|--|
| Status quo  | Future development framework   |
| <p>The Pistorius rust smallholdings (r7), comprising of 12 plots are located west of Parys and are included in the TPS boundaries. Although small farm portions (of similar dimensions as the Neighbouring smallholdings) are situated opposite the Parys/Vredefort road, they are not included in the TPS boundaries. The properties are directly associated with the <i>island 13</i> wildlife estate on “groot eiland”.</p> <p>Areas annulled for urban development by approach angles and safety zones, associated with the Parys aerodrome, could purposefully be utilised for urban agriculture or a regional cemetery.</p> | <p>A1: access to the Parys/ Sasolburg road (through the exiting grazing camp system, F1) to accommodate long term developments further northeast, also allowing for longer term industrial development, linking with a major collector road in Tumahole (A2) providing access to Mandela, Lusaka &amp; Sisulu precincts and long term residential developments, further eastward (R10).</p> <p>Although residential extensions (R1, R2 and R3) are proposed to promote a more compact urban form, the existing grazing camps (F1) will be utilised for urban extension in the foreseeable future.</p> <p>R7: development of the Pistorius rust Smallholdings, in all probability, will be associated with the adjoining developments; that of high cost low density residential development and upmarket tourism development.</p> <p>R8: although small farm portions (of similar dimensions as the pistorius rust smallholdings) are situated opposite the parys/ vredefort road, these properties now included in the urban fringe. Must be included in the tps for urban extension as described above, to occur in this area.</p> |

**Commonage**

|   |   |
|---|---|
| <p>Several farms (F2 &amp; F3), acquired during 1998, to the southeast of Tumahole that are currently utilised as grazing for stock farmers, including: the farm Wildehondekop 396 the remainder of the farm Boschkop 220 the remainder of the farm Klipbos 445</p> | <p>F2 &amp; F3: continual extension in a north-easterly direction will necessitate purchasing of additional commonage to the east of Tumahole. It is proposed to acquire: subdivisions 3 &amp; 4 of the farm Boschkop 220<br/>The remainder of the farm Kliprug 344<br/>Subdivision 1 of the farm Wildehondekop 396</p> |
|---|---|

**D: URBAN RELATED**

The rural area comprises 2332 farms (excluding the subdivisions of agricultural land adjacent the Vaal River). The current tendency is for most rural families to rather reside in the urban areas with only the laborer’s residing on the farms during the week. A substantial migration occurred the past few years from the rural to the urban areas. Current housing needs and the provision of housing in the urban areas are illustrated below. The continuous expansion and growth of urban areas imply that additional land will have to be acquired for most of the urban area

## SECTION F: *Status Quo* Analysis

### 1. Introduction

This section deals with the *status quo* analysis for the municipality and examines the current state of various aspects, such as finances, infrastructure, social services, and environmental factors. It also aims to provide a comprehensive overview of the municipality's current condition, as a baseline for planning and improvement initiatives.

In line with the IDP Framework Guidelines 2012, the *status quo* analysis as contained in this section reflects overall challenges faced by a municipality in the following 5 key performance areas for local government as determined by the National Government:

- KPA1: Basic Service Delivery and Infrastructure Investment;
- KPA2: Local Economic Development;
- KPA3: Financial Viability and Financial Management;
- KPA4: Municipal Transformation and Institutional Development;
- KPA5: Good Governance and Community Participation

### 2. Analysis of Municipal Area of Jurisdiction

Ngwathe Local Municipality is situated in the northern part of the Fezile Dabi District Municipality. The Vaal River forms the northern boundary of the area, which also serves as the boundary between the Free State, Gauteng and North West provinces. The Renoster River also drains through the region and is dammed up in the vicinity of Koppies in a series of dams, namely the Weltevrede, Rooipoort and Koppies Dams. The rivers, together with the respective dams, are prominent water sources for agricultural purposes in the region.

Other prominent topographical features include the Vredefort Dome in Parys. The form of the dome consists of a central cone of granite surrounded by concentric ridges of quartzite belonging to the Witwatersrand System. The Parys District has unique natural and environmental assets, like the Vaal River, with several islands in the proximity of Parys, and the Vredefort Dome, that present exceptional tourism potential. Parys has a well-developed airfield that supports commercial and tourism development in the area. It has a strong commercial component and provides a wide range of services regarding health, education and professional services to the district. Prominent towns include Edenville, Heilbron, Koppies, Parys and Vredefort. Vredefort is the only town that formed the former Vredefort District. The former Heilbron District is predominantly an agricultural area,

although major manufacturing industries contribute largely to the Gross Geographic Product of the district.

Koppies is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. The three well-established and developed irrigation schemes subsequently enhance the agricultural character of the area. The strategic location of Koppies between the larger centres of Kroonstad and Sasolburg influence growth and development within the community. The bentonite exploitation near Koppies and the initiative for coal mining in the vicinity of the town provide significant future growth potential. Koppies is becoming known for its tourist attractions. Specific reference is made to the R82 Battlefield Route, which consists of several historical battlefields. These that are envisaged to be further developed along with the Koppies Dam Nature Reserve.

Edenville is also located in an area of agricultural significance. The main road linking Kroonstad and Heilbron runs adjacent to the area. The main economic sectors include agricultural, mining, manufacturing, services

### **3. Analysis of existing level of development**

This subsection focuses on a detailed status quo analysis of the municipal area as updated by Statistics South Africa with detailed outcomes of 2022 Census data.

It provides an analysis of the level of development and community needs. It aims at providing a comprehensive view of the municipality's acknowledgement and understanding of its own internal operations, strengths and weaknesses as well as the problems faced by the community of Ngwathe Local Municipality at large, particularly at the level of provision of basic services.

The assessment is presented according to the five KPA of local government in a manner that provides a detailed overview and analysis of the status quo on a basic service by basic service basis.

**3.1 KPA1: Basic Service Delivery and Infrastructure Investment**

**3.1.1 Water Provision**

**Table: Distribution of households by access to piped (tap) water**

| Distribution of households by access to piped water                                    |        |
|--|--------|
| Piped (tap) water inside the dwelling  | 19 719 |
| Piped (tap) water inside the yard  | 15 089 |
| Piped (tap) water on community stand: distance less than 200m from dwelling            | 942    |
| Piped (tap) water to community stand: distance less than 200m and 500m from dwelling   | 204    |
| Piped (tap) water to community stand: distance less than 500m and 1000m from dwelling  | 40     |
| Piped (tap) water on community stand: distance greater than 1000m (1 km) from dwelling | 224    |
| No access to piped (tap) water   | 576    |
| <b>Source: Stats SA, Census 2022</b>   |        |

**3.1.2 Access to Electricity**

**Table: Distribution of households by electricity use for lighting:**

| Distribution of households by energy used for lighting |        |
|--|--------|
| Electricity from mains                                 | 35 126 |
| Other source of electricity (e.g. generator etc.)      | 81     |
| Gas  | 62     |
| Paraffin   | 165    |
| Candles  | 1 137  |
| Solar  | 170    |
| Other  | 22     |
| None   | 31     |
| <b>Source: Stats SA, Census 2022</b>                   |        |

**3.1.3 Sanitation Provision**

**Table: Distribution of households by toilet facility, Ngwathe LM, 2022**

| Distribution of households by type of toilet facility       |        |
|---|--------|
| Flush toilet connected to a public sewerage system          | 32 328 |
| Flush toilet connected to a septic tank or conservancy tank | 474    |
| Chemical toilet   | 67     |
| Pit latrine/toilet with ventilation pipe (VIP)              | 1 018  |
| Pit latrine/toilet without ventilation pipe                 | 882    |
| Ecological toilet (e.g. urine diversion, enviroloo, etc)    | 33     |
| Bucket toilet (collected by municipality)                   | 1 122  |
| Bucket toilet (emptied by household)                        | 424    |
| None  | 270    |
| Other   | 177    |
| <b>Source: Stats SA, Census 2022</b>                        |        |

**3.1.4 Waste Management and Removal**

**Table: Distribution of households by refuse removal: Ngwathe LM, 2022**

| Distribution of households by refuse removal                                      |        |
|---|--------|
| Removed by local authority/private company/community members at least once a week | 3 3613 |
| Removed by local authority/private company/community members less often           | 394    |
| Communal refuse dump  | 99     |
| Communal container/central collection point                                       | 74     |
| Own refuse dump   | 1 553  |
| Dump or leave rubbish anywhere (no rubbish disposal)                              | 986    |
| Other   | 74     |
| <b>Source: Stats SA, Census 2022</b>  |        |

### 3.1.5 Land Fill Sites

The municipality has the following 5 land fill sites

| Town      | Status     | Register Number           | Responsibility |
|-----------|------------|---------------------------|----------------|
| Parys     | Unlicensed | Parys WML/EIA/06/2014     | MISA           |
| Vredefort |            | Vredefort WML/EIA/03/2014 |                |
| Koppies   |            | Koppies WML/EIA/07/2014   |                |
| Edenville |            | Edenville WML/EIA/02/2014 |                |
| Heilbron  | Licensed   | N/A                       | DESTEA         |

### 3.1.6 Household Tenure Status

| Distribution of households by tenure status                   |        |
|---|--------|
| Rented from private individual                                | 4 165  |
| Rented from other (including municipality and social housing) | 1 737  |
| Owned but not yet paid off                                    | 1 026  |
| Owned and fully paid off                                      | 16 459 |
| Occupied rent-free  | 7 082  |
| Other   | 519    |
| Source: Stats SA, Census 2022                                 |        |

### 3.1.7 Roads and Access Requirements

The road network in the region needs to be maintained. The road conditions are not so good and need attention. It is very important that Road and Access Requirements are met. Roads in the rural areas are the jurisdiction of the Provincial Government (Department of Public Works, Roads and Transport) who is also responsible for maintenance and upgrading.

It was calculated that 77% (1 298km) of the primary and secondary roads in the region are tarred and the remaining 23% (379km) are gravel. The figures exclude the vast number of tertiary gravel roads serving the farming community in the region. Sections of certain tertiary roads, parallel to the Vaal River and were identified as significant in view of their scenic nature and tourist potential. The major provincial road network is generally tarred and provides sufficient accessibility within the region.

However, the deteriorating condition of particularly tarred roads, as a result of irregular maintenance, is a tangible concern. Studying the major road network will indicate that primary arterials, both from a national and provincial perspective, run through the region and thus also play a significant role with regard to development.

Gravel roads, linking urban areas, ensuring administrative linking, is in a dilapidated and unsafe condition, contributing to the difficulties of integrating the Municipality.

| Region   | Road Requirements   | Access Requirements  |
|----------|---|--|
| Parys    | <p>R59: Continuous upgrading of the former N1 route (now R59) through the CBD</p> <p>R721: Completion of upgrading of Parys/ Kroonstad alternative road (for N1 toll road)</p> <p>R723 Upgrading of the gravel road between Parys and Heilbron.</p> | <p>A1: Access to the Parys/ Sasolburg road ( through the exiting grazing camp system, F1) to accommodate long term developments further northeast, also allowing for longer term industrial development, linking with a major collector road in Tumahole (A2) providing access to Mandela, Lusaka &amp; Sisulu precincts and long term residential developments, further eastward (R10).</p> <p>A3: Timely construction of a new access route through Oudewerfpark to Tumahole, to ensure appropriated accessibility the northern precincts and town centre of Tumahole.</p> <p>A4: Long-term future access is foreseen on the Parys/ Vredefort road (opposite the existing access to the Vaal De Grace golf estate and Island 13 (R12) wildlife estate; especially should urban extensions occur further westward.</p> <p>A5: Apart from the existing access to the Golf and Country estate, envisaged developments associated with the Parys Aerodrome (R3), will necessitated additional access onto the Parys Sasolburg/ Road.</p> |
| Heilbron |   | <p>A1, A2 and A3: Access to Heilbron via the three existing access roads is adequate.</p> <p>A4 &amp; A7: Additional collector roads are required to provide access to the previous extensions of Phiritona.</p> <p>A5: New access points proposed on the Oranjeville Road to provide adequate access to the eastern extensions of Phiritona</p>   |

| Region    | Road Requirements   | Access Requirements   |
|-----------|---|---|
|           |   | <p>A6: Imperative upgrading of the existing access between Phiritona and the Heilbron CBD via the nonnoxious industrial area, in view of new extensions further northeast.</p> <p>A8: Access between Sandersville and Phiritona must be established to connect urban collector roads and increase accessibility to Phiritona.</p> <p>A9: Long term extension north-eastward will necessitate new accesses onto the Moedersdeel Road.</p> <p>The latter will ensure more direct access onto the Heilbron /Frankfort Road.</p>  |
| Koppies   | <p>R82: Imperative upgrading of the Koppies / Kroonstad alternative road (for N1 toll road)</p> <p>Upgrading of the gravel road between Heilbron and Koppies also improving access to Koppies Dam Nature Reserve and newly established Koppies Dam Resort.</p> <p>Upgrading of sections of the present access road from Koppies to the Koppies Dam Nature Reserve and Resort.</p> <p>R720: Upgrading of the gravel road between Heilbron and Koppies.</p> | <p><i>Kwakwatsi is exceedingly isolated with limited access onto the provincial road network and access to the Koppies urban area</i></p> <p>A4: An additional access road to the western portions of Kwakwatsi (onto Station Street) will improve accessibility</p> <p>A5: Current proposed urban extension south- eastward will necessitate a new access onto the Koppies Dam Road</p> <p>Upgrading of the present access road from Koppies to the Koppies Dam Nature Reserve and Resort</p> <p>A6: Long-term extension further north will likely necessitate a new access onto the Koppies/ Sasolburg Road</p> |
| Vredefort | Continuous Upgrading of the former N1 route through the CBD.  | A1: A weak business corridor (Oranje Street east) main access and on route to Mokwallo/ Vredeshoop must be enhanced.  |

| Region    | Road Requirements   | Access Requirements   |
|-----------|---|---|
|           | <p>R721: Completion of upgrading of Vredefort/ Kroonstad alternative road (for N1 toll road).</p>   | <p>A2: A proper well-constructed access from the Greenland's Road to the Thambo and Mapetta precincts is deemed a priority.</p> <p>A3: Planning of the southern precincts of Mokwallo allowed for a direct link (crossing the Dover siding) to the existing main access road to Mokwallo.</p> <p>A4 &amp; A5: Additional and a more direct access from the Vredefort/ Parys road is proposed to the industrial area and the Vredeshoop precinct, ultimately also to the Mokwallo precinct.</p> <p>It will imply a crossing over the Lesotho Spruit but will further provide a more direct access to Vredeshoop, Mokwallo and cemetery.</p> <p>A6: Long term extension further north will necessitate a new access onto the Vredefort/ Viljoenskroon Road.</p>   |
| Edenville | <p>R34: Apart from the main road between Heilbron and Kroonstad, dividing the precinct of Ngwathe and Edenville, there are no major road requirements.</p> <p>R720: Upgrading of the gravel road between Heilbron and Koppies</p> | <p>A1, A2: There are two access roads to Edenville from the Kroonstad/ Heilbron Road. One access road is across the Ngwathe access road and the other access across the Heuning Spruit Road. The above-mentioned secondary roads to Steynsrus and Petrus Steyn, directly link to Edenville.</p> <p>A3: Only one access road exists to Ngwathe from the Kroonstad/ Heilbron Road.</p> <p>A4: An additional access to Ngwathe will improve accessibility from the major road network, specifically with the residential extension to the south of Ngwathe.</p> <p>A5: Existing informal accesses from the Heuning Spruit Road is proposed to be formalised, also allowing direct access to the proposed new cemetery.</p> <p>A6: Long- term extension further north will likely necessitate a new access onto the Edenville/ Heilbron Road.</p> |

## SECTION G: Development Objectives

### 1. Introduction

The strategy phase sets forth the destination of the municipality and the most appropriate ways to arrive at the intended destination. The Municipal Systems Act No 32 of 2000 requires that each municipality must formulate a vision. The vision constitutes the development framework and will inform the way Council will deliver in future.

The process of developing strategic objectives follows the following rigorous process:

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

### 2. The National Development Plan (NDP)

The South African Government, through the Ministry of Planning, has published a National Development Plan. The Plan aims to, amongst others, eliminate poverty and reduce inequality by 2030. The Plan has the target of developing people's capabilities to be improve their lives through education and skills development, health care, better access to public transport, jobs, social protection, rising income, housing and basic services, and safety.

It proposes to the following strategies to address the above goals:

- a) Creating jobs and improving livelihoods
- b) Expanding infrastructure
- c) Transition to a low-carbon economy
- d) Transforming urban and rural spaces
- e) Improving education and training
- f) Providing quality health care
- g) Fighting corruption and enhancing accountability
- h) Transforming society and uniting the nation

At the core of the Plan is to eliminate poverty and reduce inequality, special focus on the promotion gender equity and addressing the pressing needs of youth.

### **3. The Medium-Term Development Plan (MTDP) 2024 – 2029.**

Cabinet has approved the Medium Term Development Plan (MTDP) for the period 2024 – 2029, which outlines key priorities for the 7<sup>th</sup> administration.

The MDTP builds on the National Development Plan, the Statement of Intent of the Government of National Unity, and the consensus reached during the Cabinet Lekgotla held in January 2026.

Additionally, the MTDP incorporates three strategic priorities that were outlined by President Ramaphosa in his Opening of Parliament Address on February 2026, namely:

- Drive inclusive economic growth and job creation.
- Reduce poverty and tackle the high cost of living.
- Build a capable, ethical, and developmental state.

The Department of Planning, Monitoring and Evaluation (DPME) led and coordinated the whole of government to develop the MTDP as the five-year plan of the 7<sup>th</sup> Administration.

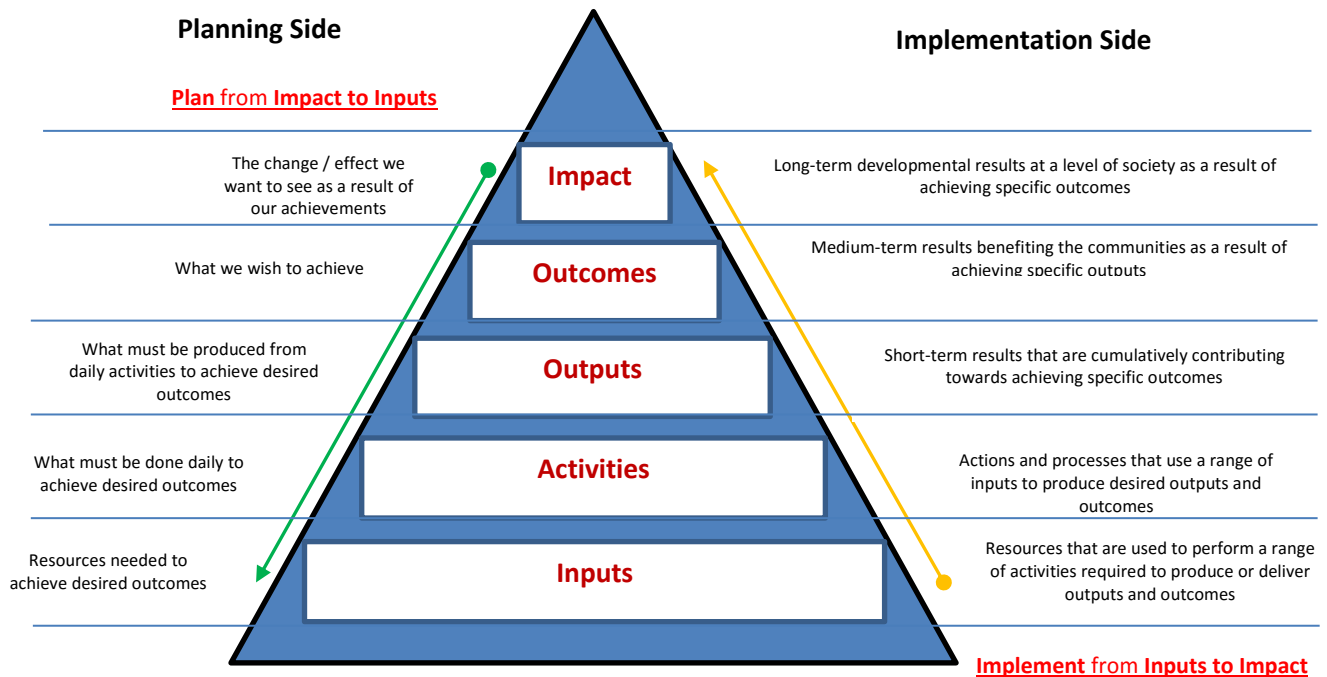
The MTDP 2024–2029 is a comprehensive framework guiding government action and priorities for this administration. It is rooted in principles of inclusivity, poverty eradication, economic growth and sustainable development. This Plan marks a critical phase in achieving the National Development Plan (NDP) Vision 2030, as it is the final medium-term plan before the 2030 deadline.

The implementation of the MTDP will follow a whole of government approach, which is being advanced by the 7th administration. The successful implementation of the MTDP will be demonstrated through the achievement of its set targets and improved living conditions of citizens. Effective delivery of services will enhance citizens’ trust and confidence in government institutions

The MTDP 2024-2029 will enable better alignment between plans and budgets by streamlining priorities and emphasising practical implementation. It establishes a clear link between the NDP’s transformative vision and tangible results on the ground. This governance approach prioritises impact and outcomes.

The whole concept of outcome-based approach to service delivery can be easily understood as depicted on the figure below:

**Figure G1: Illustration of Outcome based approach to service delivery**

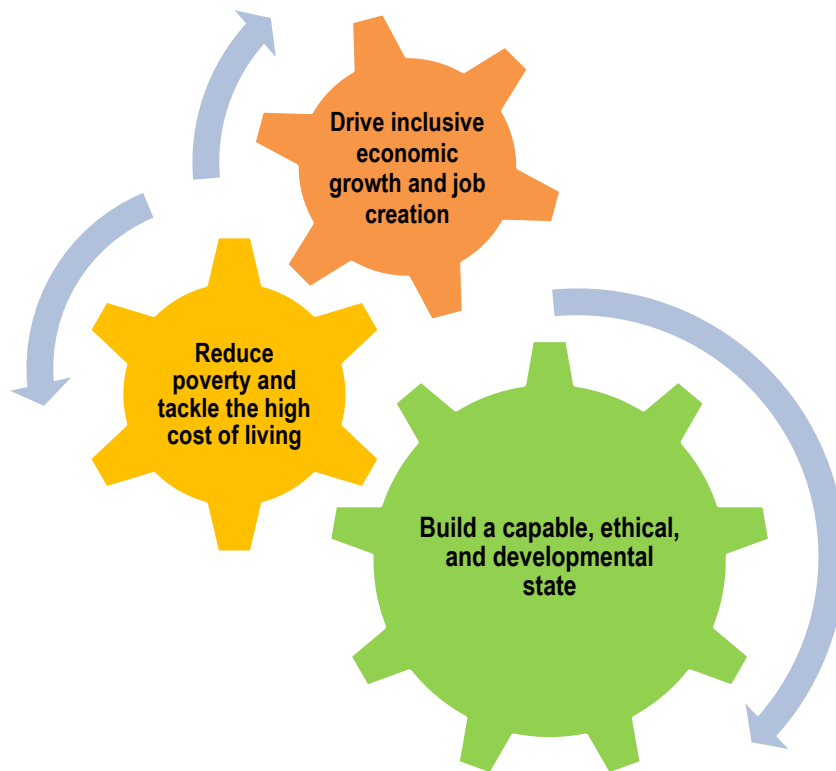


#### 4. Key National Priority Areas and Strategies

In his 2024 opening of parliament and the 2025 State of the Nation Address, the President outlined three strategic priorities that government will concentrate on in order to build a nation and society that works for all. The three strategic priorities consist of the following areas in which key interventions are required:

- Drive inclusive economic growth and job creation
- Reduce poverty and tackle the high cost of living
- Build a capable, ethical, and developmental state

**Figure G2: Illustration of three Strategic Priorities of Government**



Inclusive growth and job creation is considered an apex priority, and all spheres of government, including municipalities are expected to prioritise relevant interventions that support this priority.

Ngwathe Local Municipality, through its policies, plans and legislative instruments will endeavour to create an enabling environment for communities and the private sector to actively participate in the economy, create jobs and thereby contribute to more inclusive growth.

Key strategic initiatives / programs under each of these priorities are outlined below as follows:

**Drive inclusive economic growth and job creation**

- Economic Growth
- Employment
- Infrastructure

**Reduce poverty and tackle the high cost of living**

- Social Protection
- Development and Services

**Build a capable, ethical, and developmental state**

- Governance and Administration
- Local Government
- Safety and Security
- Peace and Stability in Africa and the world

In line with the National Government’s national priorities and programs / strategic interventions as outlined above, the municipality has identified its own priorities that can be aligned with the three strategic priorities. The municipality specific priorities as outlined below are internalized in a form of projects that will be able to be monitored and measured at regular intervals throughout their implementation.

**Table: Aligned National Government’s Priorities**

| National Government |   | Aligned Ngwathe LM Priorities |                             |
|---------------------|---|-------------------------------|-----------------------------|
| National Priority   | Strategic Intervention / Program / Focus Area                       | Priority                      | Active measures to be taken |
|                     | <ul style="list-style-type: none"> <li>• Economic Growth</li> </ul> |                               |                             |

| National Government |  | Aligned Ngwathe LM Priorities |   |  |
|---------------------|--|-------------------------------|---|--|
| National Priority   | Strategic Intervention / Program / Focus Area    | Priority                      | Active measures to be taken   |  |
| 1.                  | Drive inclusive economic growth and job creation | • Employment                  | To promote social and economic development.                                 | Collaborative approach across various departments within the municipality with an objective to ensure alignment of goals to ensure development of infrastructure and provision of basic service in a sustainable manner to make it easier for businesses to operate (i.e transport systems, roads, water and electricity etc) to support local economic growth and job creation.   |
|                     |  | • Infrastructure              | To ensure the provision of services to communities in a sustainable manner. | <p>Provision of easily accessible, uninterrupted and clean drinking water to all communities within the area jurisdiction of Ngwathe Local Municipality.</p> <p>Provision of safe and reliable electricity supply directly to all formalised households and businesses within the area jurisdiction of Ngwathe Local Municipality.</p> <p>Restoration and sustenance of dignity to communities by providing sanitation service that is at an acceptable standard and reliable across all communities within the municipality.</p> <p>Provision and maintenance of all internal roads in order to promote and enable ease movement of people,</p> |

| National Government |   | Aligned Ngwathe LM Priorities   |  |
|---------------------|---|---|--|
| National Priority   | Strategic Intervention / Program / Focus Area     | Priority  | Active measures to be taken  |
|                     |   |   | goods and services in order to support economic and social activity.   |
| 2.                  | Reduce poverty and tackle the high cost of living | <ul style="list-style-type: none"> <li>• Social protection</li> <li>• Development and Services</li> </ul> | <p>To ensure the provision of services to communities in a sustainable manner.</p> <p>Provision of improved array of social services with an objective to improve the social well-being of individuals and communities.</p> <p>Support national government's initiatives to integrate social protection with the broader poverty alleviation strategy, linking social assistance with livelihood opportunities to lift people out of poverty.</p>  |
| 3.                  | Build a capable, ethical, and developmental state | <ul style="list-style-type: none"> <li>• Governance and Administration</li> </ul>                         | <p>To provide democratic and accountable government for local communities.</p> <p>Compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and &amp; institutional policies pertaining to labour relations and also implement recruitment and retention strategies so as to provide for conducive working environment for employees &amp; acknowledgement of extra- ordinary performance, institutional stability and harmonious employer - employee relations, which are necessary to build a capable institution and administration for sustainable service delivery and ensure attraction and retention skilled and experienced human resources that</p> |

| National Government |   | Aligned Ngwathe LM Priorities   |  |
|---------------------|---|---|--|
| National Priority   | Strategic Intervention / Program / Focus Area   | Priority  | Active measures to be taken  |
|                     |   |   | is requisite to build a capable institution and professionalised administration  |
|                     | <ul style="list-style-type: none"> <li>Local Government</li> </ul>                            | To encourage the involvement of communities and community organisations in the matters of local government. | Uphold the highest level of corporate governance principles and standards and create sufficient platforms and mechanisms to ensure continuous direct and indirect engagement with communities on various matters of governance of the municipality, including plans to develop and uplift communities. |
|                     | <ul style="list-style-type: none"> <li>Safety and Security</li> </ul>                         | To promote a safe and healthy environment.  | Equitable allocation and distribution of resources across the municipality in an effort to take proactive preventive measures against potential adverse environment induced disasters and to ensure equitable and sustainable of environmental support where needed.                                   |
|                     | <ul style="list-style-type: none"> <li>Peace and Stability in Africa and the world</li> </ul> |   | Embrace all government diplomatic efforts to find a peaceful resolution of conflicts in Africa and the world.  |

5. The Municipality’s Strategic Goals

In line with its developmental mandate as outlined in section 152 (1) of the Constitution of the Republic of South Africa, 1996, Ngwathe Local Municipality understands its service delivery mandate as set out in the Constitution as follows:

- a) To provide democratic and accountable government for local communities
- b) To ensure the provision of services to communities in a sustainable manner
- c) To promote a safe and healthy environment
- d) To promote social and economic development
- e) To encourage the involvement of communities and community organizations in the matters of local government.

Therefore, this constitution mandated strategic goals; lay the basis for the municipality’s strategic objectives that are designed to support the municipality’s overall mission and vision in order to achieve the set constitutional goals /a mandate. The strategic objectives as espoused in this IDP are therefore outcomes oriented and directly linked to a specific developmental needs and objectives which are measured in the organizational Performance Management and Development System (PMDS), and give effect to Service Delivery and Budget Implementation Plan (SDBIP) targets/ goals.

The municipality’s strategic objectives are therefore, crafted within the context of ensuring that efforts are focused on delivering the expected outcomes of the developmental mandate of the local sphere of government.

Where appropriate, municipal service delivery targets are aligned with the national and provincial service delivery targets and priorities in order to ensure good cooperative governance and improved coordination of activities for service delivery.

The table below provides an overview of the above Strategic Goals (SGs) / constitutional mandates and their defining statements. These SGs focus broadly on the municipality as a whole, while the Strategic Objectives that will follow later focuses on each of the municipality’s main service-delivery areas.

**Table: Strategic Goals of the Municipality and Goal Statements**

| Goal No. | Strategic Goal Description  | Goal Statement  |
|----------|---|---|
| 1        | To provide democratic and accountable government for local communities. | This goal is about ensuring that the municipality is well governed and demonstrate good governance and administration, including sound financial management, prudent manage of resources, hiring competent staff, ensure transparency and accountability. |

| Goal No. | Strategic Goal Description   | Goal Statement  |
|----------|--|---|
| 2        | <b>To ensure the provision of services to communities in a sustainable manner.</b>                                 | This goal is about creating conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep, including the budgeting to do this. Ensure no failures in services and where there are, restore with urgency.  |
| 3        | <b>To promote social and economic development.</b>   | This goal is about putting measure in place to create an enabling environment for local economic development to stimulate competitive, inclusive and sustainable economies and integrating and densifying our communities to improve sustainability.  |
| 4        | <b>To promote a safe and healthy environment.</b>  | This goal is about creating safe, healthy and economically sustainable areas where citizens and people can work, live and socialize.  |
| 5        | <b>To encourage the involvement of communities and community organisations in the matters of local government.</b> | This goal is about improving transparency, accountability and regular engagements with communities by ensuring that governance structures are functional and meet regularly and implement responsive and accountable processes to communities. It is also about putting people and their concerns first and ensures constant contact with communities through effective public participation platforms. |

## 6. The Municipality’s Strategic Objectives

This sub-section covers the strategic objectives identified to achieve the set goals of the municipality. These strategic objectives are related to and discussed within the context of the Constitutional mandate of the municipality. Ngwathe Local Municipality has therefore adopted the following strategic objectives to inform its strategies, operational plans, annual performance indicators and targets.

These strategic objectives clearly indicates what the municipality intends to achieve in line with its mandate in terms of the Constitution (i.e strategic goals). Each strategic objective is aligned with envisaged outcomes that are stated as performance statements that allow for setting of performance indicators and targets in the SDBIP that the municipality can achieve by the end of the period of the IDP. These strategic objectives span for a period of five years that covers the current term of council, while the performance targets set in relation to those strategic objectives in the SDBIP must cover one financial year at a time.

In line with the IDP Framework Guide, these strategic objectives below are presented in line with 5 KPA’s of the 5 year Local Government Strategic Agenda as outlined in the Municipal Performance Regulations for Municipal

Manager and Managers Accountable to the Municipal Manger of 2006 as follows:

- KPA1: Basic Service Delivery and Infrastructure Investment;
- KPA2: Local Economic Development;
- KPA3: Municipal Transformation and Institutional Development;
- KPA4: Financial Viability and Financial Management; and
- KPA5: Good Governance and Public Participation

The integration of the objectives and the budgets were also being pursued throughout the planning process, which seeks to guide the development of the municipality. Each objective is ultimately vertically aligned with one or a number of related Key Performance Indicators (KPIs) and Targets, which on completion or when achieved, translates into the achievement of the outcome of the objective.

Therefore, the developmental objectives as espoused in this Business Plan, are directly linked to a specific developmental needs and priorities which must be measured in line with the organizational Performance Management System (PMS), and give effect to Service Delivery and Budget Implementation Plan (SDBIP) targets/ goals.

The following departments as outline below will be responsible for realisation of the strategic goals, objectives, indicators and targets set by the municipality:

**DEPARTMENT 1: Office of the Municipal Manager**

This department is responsible for the overall strategic direction, executive and administration leadership of the municipality. It is also responsible for facilitating accountability, good corporate governance and general oversight over administration.

**DEPARTMENT 2: Urban Planning and Local Economic Development**

This department is responsible for local economic development functions, urban planning and land use programs and initiatives of the municipality.

**DEPARTMENT 3: Corporate Support Services**

This department is responsible for the overall internal administrative support function to all the departments of the municipality, including all functions related to municipal transformation and institutional development.

**DEPARTMENT 4: Finance**

This department is responsible for various financial management and accounting functions of the municipality including budgeting, accounting, analysis, financial reporting, cash management, debt management, supply chain management, and also to advise the Executive Mayor, the Accounting Officer and other officials of the municipality in discharging their respective financial management duties assigned to them in terms of Municipal Finance Management Act.

**DEPARTMENT 5: Technical Services**

This department is responsible for, amongst others, development, refurbishment, and maintenance of municipal service delivery infrastructure such as roads infrastructure, water and electricity infrastructure, sanitation infrastructure, and it is also responsible for delivery of water & electricity services, control and optimisation of water and electricity distribution networks.

**DEPARTMENT 6: Community Services**

This department is responsible for provision of community services such as library services, sports and recreation facilities, cemeteries, refuse removal, etc. Its objective is to ensure that community services rendered by the municipality are as far as possible accessible to the community.

**Table: The Municipality’s Strategic Objectives**

| KPA1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT            |   |   |  |                                 |   |  |
|---|---|---|--|---------------------------------|---|--|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |   |   |  |                                 | Linkage / Alignment   |  |
| Objective ID  | Strategic Objective Description   | Objective Statement   | Justification  | Strategic Goals / Outcomes (SG) |   |  |
|   |   |   |  | Goal ID                         | SG Description  |  |
| 1   | To ensure sustainable provision of safe, reliable and quality water to the community. | Ensure provision of easily accessible, uninterrupted and clean drinking water to all communities within the area jurisdiction of Ngwathe Local Municipality.              | This objective will enable the municipality to take measures to ensure that all communities with the area of supply of the municipality have access to clean (blue drop status) and uninterrupted portable water supply. | 2                               | To ensure the provision of services to communities in a sustainable manner. |  |
| 2   | To ensure sustainable provision of electricity.                                       | Ensure provision of safe and reliable electricity supply directly to all formalised households and businesses within the area jurisdiction of Ngwathe Local Municipality. | This objective will enable the municipality to take measures to ensure that all communities with the area of supply of the municipality have access to safe, reliable and uninterrupted electricity supply.              | 2                               | To ensure the provision of services to communities in a sustainable manner. |  |
| 3   | To ensure the provision of sustainable sanitation to the community.                   | Ensure restoration and sustenance of dignity to communities by providing sanitation service that is at an acceptable standard and reliable                                | This objective will enable the municipality to take measures to speed up the provision of bulk sanitation infrastructure in order to provide services to communities and   | 2                               | To ensure the provision of services to communities in a sustainable manner. |  |

| KPA1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT            |  |   |   |                                 |   |  |
|---|--|---|---|---------------------------------|---|--|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |  |   |   |                                 | Linkage / Alignment   |  |
| Objective ID  | Strategic Objective Description  | Objective Statement   | Justification   | Strategic Goals / Outcomes (SG) |   |  |
|   |  |   |   | Goal ID                         | SG Description  |  |
|   |  | across all communities within the municipality.   | areas that are experiencing sanitation services backlog and also newly developed area.  |                                 |   |  |
| 4   | To ensure the provision of trafficable roads and storm-water infrastructure. | Ensure provision and maintenance of all internal roads in order to promote and enable ease movement of people, goods and services in order to support economic and social activity. | To upgrading of existing roads, and building of new roads where needed in order to ensure ease of movement of people, goods and services in order to support current economic and social activity and attraction of more new investment in our locality.  | 2                               | To ensure the provision of services to communities in a sustainable manner. |  |
| 5   | To ensure provision of social services to communities.                       | Ensure provision of various developmental social services that to all communities in an equitable and sustainable manner.   | To ensure the provision of improved array of social services with an objective to improve the social well-being of individuals and communities. This objective will also enable the municipality to collaborate with other stakeholders both at national and provincial levels of government to | 2                               | To ensure the provision of services to communities in a sustainable manner. |  |

| KPA1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT            |  |   |   |                                 |  |
|---|--|---|---|---------------------------------|--|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |  |   |   |                                 | Linkage / Alignment                        |
| Objective ID  | Strategic Objective Description                    | Objective Statement   | Justification   | Strategic Goals / Outcomes (SG) |  |
|   |  |   |   | Goal ID                         | SG Description                             |
|   |  |   | facilitate provision of services that are within their respective legislative mandates.   |                                 |  |
| 6   | To ensure environmental sustainability in Ngwathe. | Ensure equitable allocation and distribution of resources across the municipality in an effort to take proactive preventive measures against environmental degradation and potential adverse environmental induced disaster risks and to ensure equitable and sustainable preventive services and environmental support where needed. | This objective will ensure that the municipality take proactive, calculated and scientific measures not only to prevent potential adverse environmental shocks and setbacks caused by natural phenomenon as a result of climate change. | 4                               | To promote a safe and healthy environment. |

| KPA2: LOCAL ECONOMIC DEVELOPMENT                                      |   |   |   |                                 |   |
|---|---|---|---|---------------------------------|---|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |   |   |   | Linkage / Alignment             |   |
| Objective ID  | Strategic Objective Description   | Objective Statement   | Justification   | Strategic Goals / Outcomes (SG) |   |
|   |   |   |   | Goal ID                         | SG Description                              |
| 7   | To create an enabling environment that stimulates economic growth and creates jobs. | Ensure collaborative approach across various departments within the municipality with an objective to ensure alignment of goals to ensure development of infrastructure and provision of basic service in a sustainable manner to make it easier for businesses to operate (i.e transport systems, roads, water and electricity etc) to support local economic growth and job creation. | This objective will ensure enable a coherent approach to local economic development initiatives within the municipality and mobilisation of resources and establish Partnerships with relevant National and Provincial Departments, Private Sector and the District Municipality to develop and improve infrastructure necessary to attract investment into the municipality. | 3                               | To promote social and economic development. |

| KPA3: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT          |  |  |  |                                 |   |
|---|--|--|--|---------------------------------|---|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |  |  |  | Linkage / Alignment             |   |
| Objective ID  | Strategic Objective Description                                      | Objective Statement  | Justification  | Strategic Goals / Outcomes (SG) |   |
|   |  |  |  | Goal ID                         | SG Description  |
| 8   | To ensure effective organisational and management of human resources | Ensure compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations and also implement recruitment and retention strategies so as to provide for conducive working environment for employees & acknowledgement of extra-ordinary performance. | This objective will contribute to institutional stability and harmonious employer - employee relations, which are necessary to build a capable institution and administration for sustainable service delivery and ensure attraction and retention skilled and experienced human resources that is requisite to build a capable institution and administration | 1                               | To provide democratic and accountable government for local communities. |

| KPA4: FINANCIAL VIABILITY AND MANAGEMENT                              |   |   |   |                                 |   |  |
|---|---|---|---|---------------------------------|---|--|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |   |   |   |                                 | Linkage / Alignment   |  |
| Objective ID  | Strategic Objective Description   | Objective Statement   | Justification   | Strategic Goals / Outcomes (SG) |   |  |
|   |   |   |   | Goal ID                         | SG Description  |  |
| 9   | To ensure sound budgeting and accounting systems compliant with applicable legislation. | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | This objective will ensure that the municipality implement sound financial management practices to ensure functional financial management systems which include rigorous internal controls and prudent use of limited financial resources | 1                               | To provide democratic and accountable government for local communities. |  |
| 10  | To ensure a financially viable municipality.  |   |   | 1                               | To provide democratic and accountable government for local communities. |  |
| 11  | To ensure effective management of municipal expenditure.                                |   |   | 1                               | To provide democratic and accountable government for local communities. |  |
| 12  | To ensure effective financial reporting compliant with applicable legislation.          |   |   | 1                               | To provide democratic and accountable government for local communities. |  |

| KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION                        |   |  |   |                                 |   |
|---|---|--|---|---------------------------------|---|
| Strategic Objectives Identified To Achieve Strategic Goals / Outcomes |   |  |   | Linkage / Alignment             |   |
| Objective ID  | Strategic Objective Description                             | Objective Statement  | Justification   | Strategic Goals / Outcomes (SG) |   |
|   |   |  |   | Goal ID                         | SG Description  |
| 13  | To ensure effective mitigation of risks to the municipality | Ensure that risk management is inculcated as part of ongoing organisational culture so that various forms of risks can be assessed, evaluated and appropriately managed.   | This objective will ensure that the municipality is proactively aware of the kind and magnitude of risks that it is faced with and thus allow for mitigation plans to be developed, resourced and executed.   | 1                               | To provide democratic and accountable government for local communities.                                     |
| 14  | To ensure good governance and participation of communities. | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality. | This objective will ensure that the municipality upholds the highest level of corporate governance principles and standards and that it creates sufficient platforms and mechanisms to ensure continuous direct and indirect engagement with communities on various matters of governance of the municipality, including plans to develop and uplift communities. | 5                               | To encourage the involvement of communities and community organisations in the matters of local government. |

**7. Environmental Management Objectives and Strategies**

Environmental management objectives and strategies are crucial components of Integrated Development Plans (IDPs), ensuring sustainable development and environmental protection at the local level. IDPs, which are statutory requirements under the Municipal Systems Act, are designed to address diverse development challenges, including environmental ones, and are a key tool for local government planning.

The environmental objectives and strategies incorporated in the plan seek to focus on integrating environmental considerations into all planning and decision-making processes to achieve sustainable development. This includes managing natural resources, addressing climate change, and promoting a green economy.

The following are suggested environmental objectives and strategies which have to be incorporated into the IDP.

**Table: Environmental Management Objectives and Strategies**

| Objectives                                      | Strategies   |
|---|--|
| <b>Sustainable Resource Management</b>          | Conserving natural resources, managing water and land effectively, and promoting responsible resource extraction practices.                      |
| <b>Climate Change Adaptation and Mitigation</b> | Reduce greenhouse gas emissions, adapt to the impacts of climate change (like extreme weather events), and promote resilience.                   |
| <b>Green Economy</b>                            | Support the development of a low-carbon economy, promote renewable energy, and foster sustainable industries.                                    |
| <b>Environmental Impact Assessment</b>          | Incorporate mechanisms for assessing the environmental impact of development projects and ensuring that activities are managed responsibly.      |
| <b>Environmental Governance</b>                 | Establish clear environmental policies, regulations, and enforcement mechanisms to ensure that environmental objectives are achieved.            |
| <b>Community Engagement</b>                     | Involve local communities in environmental planning and decision-making processes for ensuring that these strategies are relevant and effective. |

## SECTION H: Sector Plans

### 1. Introduction

This IDP serves as a mechanism to facilitate integrated and coordinated delivery within the locality. It also seeks not only to mention projects that would be implemented by other government spheres within the municipality where applicable, but also demonstrate a linkage with other programmes.

This section outlines how sector plans relate to one another and each sector plan's strategic interventions that will be undertaken to make sure that the municipality broadly delivers service according to the strategic orientation of each such plan.

Therefore, the purpose of this section is to:

- Discuss critical sector plans and their significance;
- Demonstrate the sequence and relationship of the sector plans; and
- Outline the process to ensure proper integration.

### 2. IDP and Integration Process

The Municipal Systems Act provides that municipalities should undertake an integrated development planning process that integrates all sectors' strategies, programmes and projects to promote integrated development in communities.

Sector integration within the IDP process means ensuring that different departments and sectors within the municipality, as well as external stakeholders, work together to achieve common goals and address development priorities in a coordinated manner

Sector integration within this IDP seeks to achieve the following objectives:

- Coordinated Development:** coordinated development across the municipality prevents siloed operations and ensuring a holistic approach to development.
- Collaborative Planning:** collaboration between different municipal departments, sectors, and external stakeholders to develop shared goals and strategies is encouraged.
- Alignment with Other Plans:** alignment with other national and provincial plans and programs, foster a coordinated approach to development across different levels of government.

**3. Sector Plans and Integrated Development**

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

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

For the purpose of this IDP these sector plans are grouped into two main categories, namely:

- a) Sector Plans providing overall development vision of the municipality; and
- b) Sector Plans that are service oriented.

**4. Sector Plans providing for the overall developmental vision of the municipality:**

Most of these sector plans provide socio-economic vision and transformation vision of the municipality - they are mandatory as required by the Municipal Systems Act. In terms of the MSA the following sector plans must be part of the IDP:

- a) Spatial Development Framework (SDF);
- b) Local Economic Development Plan (LED Plan);
- c) Disaster Management Plan;
- d) Institutional Plan; and
- e) Financial Plan.

The table below provides an overview of existence and the status of these sector plans:

**Table: Sector Plans providing for the overall developmental vision of the municipality**

| Description of the Plan                    | In Place (Yes / No) | Current Status | Next Review Date | Lead Department / Authority |
|--|---------------------|----------------|------------------|-----------------------------|
| Spatial Development Framework (SDF)        | Yes                 | Needs Review   | 2027/28          | LED and Planning            |
| Local Economic Development Plan (LED Plan) | Yes                 | Needs Review   | 2027/28          | LED and Planning            |

| Description of the Plan  | In Place (Yes / No) | Current Status | Next Review Date | Lead Department / Authority |
|--------------------------|---------------------|----------------|------------------|-----------------------------|
| Disaster Management Plan | Yes                 | Needs Review   | 2027/28          | Community Services          |
| Institutional Plan       | No                  | N/A            | 2027/28          | Corporate Services          |
| Financial Plan           | Yes                 | Reviewed       | 2027/28          | Finance                     |

**5. Sector Plans provided for and regulated by sector-specific legislation and policies:**

Various national legislations and policies provide for the development of service delivery related sector plans to regulate and guide the delivery of certain services in municipalities. These plans include amongst others:

- a) Water Services Development Plan (WSDP).
- b) Integrated Waste Management Plan (IWMP).
- c) Integrated Transport Plan (ITP).
- d) Environmental Management Plan (EMP).
- e) Integrated Human Settlement Plan (IHS) / Housing Sector Plan (HSP).
- f) Integrated Energy Plan (IEP).
- g) Sports and Recreation Plan.
- h) Rural Development Plan.
- i) Fraud Prevention Plan.
- j) Sanitation Master Plan.

The table below provides an overview of existence and the status of these sector plans within the municipality:

**Table: Sector plans provided for and regulated by sector-specific legislation and policies**

| Description of the Plan  | In Place (Yes / No) | Current Status | Next Review Date | Lead Department / Authority |
|--|---------------------|----------------|------------------|-----------------------------|
| Water Services Development Plan (WSDP)                             | No                  | Draft          | 2027/28          | Technical Services          |
| Integrated Waste Management Plan (IWMP)                            | Yes                 | Draft          | 2027/28          | Technical Services          |
| Integrated Transport Plan (ITP)                                    | No                  | N/A            | 2027/28          | Technical Services          |
| Integrated Environmental Management Plan (IEMP)                    | Yes                 | Draft          | 2027/28          | Community Services          |
| Integrated Human Settlement Plan (IHS) / Housing Sector Plan (HSP) | No                  | N/A            | 2027/28          | LED & Planning              |
| Integrated Energy Plan (IEP).                                      | No                  | N/A            | 2027/28          | Technical Services          |
| Sports and Recreation Plan.  | No                  | N/A            | 2027/28          | Community Services          |
| Rural Development Plan   | Yes                 | Draft          | 2027/28          | DLRD                        |
| Fraud Prevention Plan  | Yes                 | Draft          | 2027/28          |                             |
| Sanitation Master Plan   | Yes                 | Draft          | 2027/28          |                             |

The two categories provide strategies, programmes and projects that form the basis for an IDP and budget. The section below outlines the relationship and hierarchy of various plans.

## 6. Hierarchy of Sector Plans

The first step to integrating sector plans is to understand the role of sector plans and establish how they relate to one another in an integrated development planning process. This relationship demonstrates how an integrated approach can contribute in achieving the outcomes of developmental local government.

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

### Level 1: Spatial Vision, Spatial Development Framework (SDF)

The SDF is a master development plan that provides the overall long-term development vision of a municipality. Given that the SDF is a long-term plan, it forms the basis for developing a five-year IDP.

**Level 2: Social, Economic and Environmental Vision**

The social, economic and environmental vision of a municipality is represented in the Integrated Human Settlement Plan (IHSP), Local Economic Development Plan (LEDP) and Environmental Management Plan (EMP). The three plans provide a pillar for attaining the objective of a sustainable development in a municipality. Ideally, the development of the three plans should follow the development of an SDF.

**Level 3: Input Sector Plans**

The third level of the plans constitutes of input sector plans which are directed at the delivery of specific services. These plans, also referred to as service-oriented plans, are developed to provide specific services such as water; waste management; sports and recreational facilities; and many more. This includes plans such as Water Services Development Plan, Integrated Waste Management Plan, Integrated Transport Plans, Integrated Energy Plans, Sports and Recreations Plan, etc. This set of plans support the vision and strategic intent of level 2 sector plans

**Level 4: Strategy Support Plans**

At this level the municipality develops plans that support implementation of level 2 and 3 plans. Some of such plans are the Disaster Management Plan (Risk Reduction Management) and Integrated Comprehensive Infrastructure Plan. These plans inform and are informed by plans in the previous levels.

**Level 5: Implementation Support Plans**

In order to ensure that organisational capability and financial resources to fund programmes and strategies exist to support the achievement of the vision, two plans area critical: Institutional Plan and Financial Management Plan.

The Institutional Plan outlines how the municipality organizes; structure itself and establish systems and processes to support the attainment of the municipal vision. This plan is developed after considering the vision, strategies, programmes, projects and operational requirements of a municipality as per the various plans above. When developing the Institutional Plan, a municipality should take into account the following guiding principles:

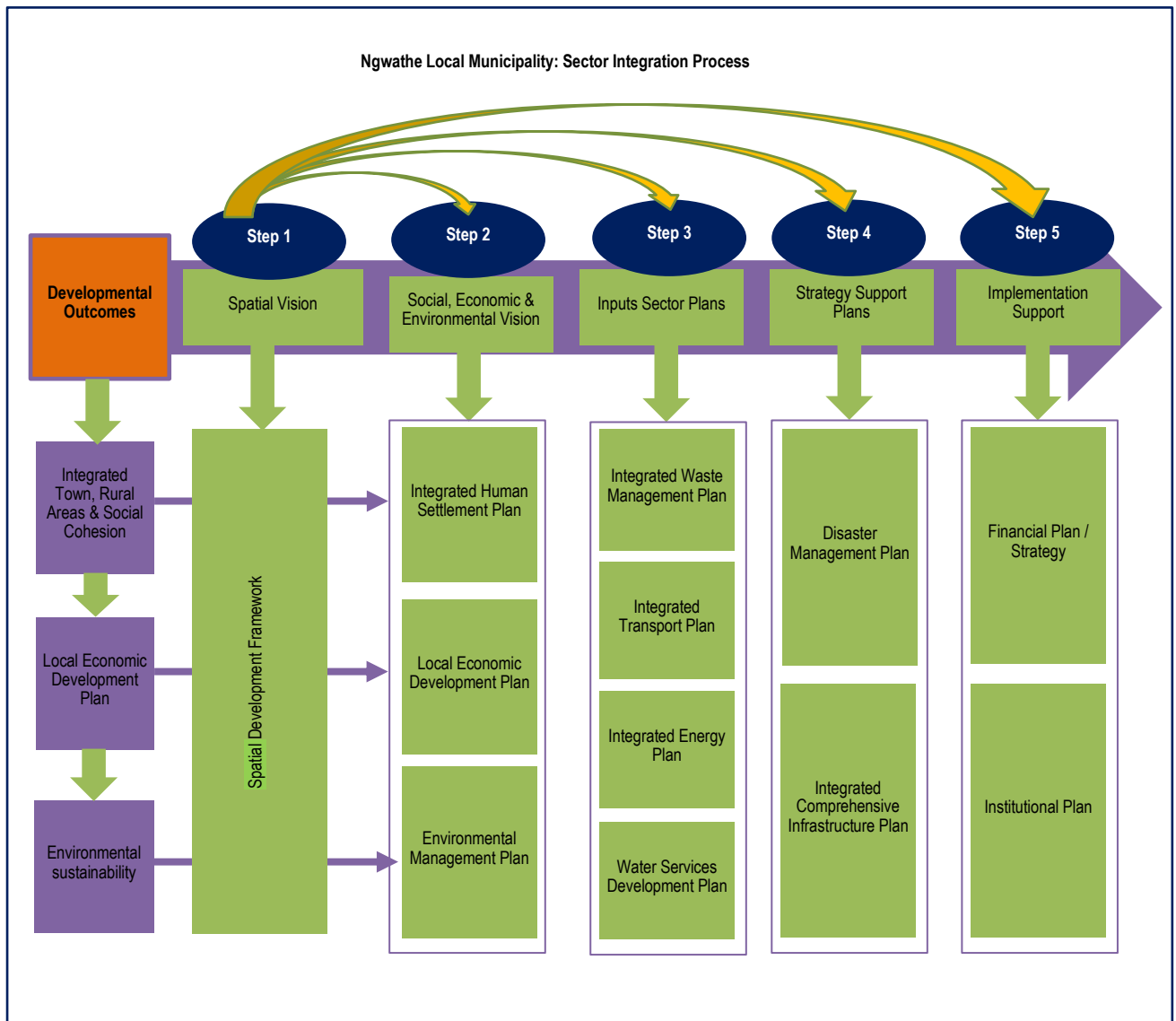
- The Institutional Plan should consider the capacity requirements to support the implementation of programmes and projects in the IDP.
- The plan must provide for all key systems, processes and structures to support governance and

operational efficiency.

For a municipality to implement various plans as outlined, it requires financial resources. A Financial Plan would, after considering the financial implications, outline strategies that would assist a municipality to raise and manage financial resources to support the realization of its vision.

The figure below provides a summary of various plans and how they are linked to each other.

**Figure H1: Ngwathe Local Municipality Sector Integration Process**



**7. Alignment Procedure followed to align this IDP and Sector Plans**

The Municipal Systems Act states and requires that development strategies must be aligned with national and provincial sector plans as well as their planning requirements. It also establishes that a single inclusive and strategic plan must be adopted which links, integrates and coordinates plans. The municipality acknowledges and recognizes the importance of ensuring alignment between its IDP, various sector departments' plans.

The municipality also realized that proper and effective alignment would result in successful implementation of the planning outcome, whilst a failure to align might result in waste of resources and a total collapse of the implementation of the IDP. More information on alignment is available hereunder in the IDP alignment Framework Plan below:

**Table: Strategic Framework Plan for Alignment**

| Phases                       | Strategic Input/Outcome   |
|------------------------------|---|
| <b>Phase 1: Preparation</b>  | <ul style="list-style-type: none"> <li>Reflection on information available at all levels, joint local and district spatial analysis, progress on previous commitments, confirm/change strategic direction of development in line with FSGDS, NDP and MTSF 2024-2029.</li> </ul>     |
| <b>Phase 2: Consultation</b> | <ul style="list-style-type: none"> <li>Strategic discussion based on information from phase 1- decisions on where investment would go or not, trade-offs. Indicative budgets (municipality &amp; sectors) and programmes based on consultation process with communities.</li> </ul> |
| <b>Phase 3: Drafting</b>     | <ul style="list-style-type: none"> <li>Sectors embark on strategic sessions and feed local analysis into sector strategic plans.</li> <li>Working sector commitments into draft IDP.</li> </ul>   |
| <b>Phase 4: Adoption</b>     | <ul style="list-style-type: none"> <li>Sectors confirm commitments (verify budgets) made in consultation phase.</li> <li>Final adopted IDP becomes true integration of government action in the municipal area</li> </ul>   |

**8. Alignment with Long-Term Infrastructure and Other Plans**

As a public institution with a limited revenue base, our major infrastructure projects and other service delivery needs are largely funded by grants and subsidies from the National Government. For this reason, our implementation plan for capital projects is aligned with the National Governments Grants' framework and conditions.

**9. District Planning Model**

The District Development Model (DDM) in South Africa is an integrated planning approach focused on improving service delivery and economic development at the district level. It aims to align planning across all three spheres of government (national, provincial, and local) and involve citizens and civil society. The model identifies 44 districts and 8 metros as development spaces, where a single "One Plan" guides strategic investments and projects.

**10. Sector Involvement**

Effective local government is a cornerstone of democratic government in South Africa, central to the realization of a better life for all. Municipalities provide basic services (such as electricity, municipal services that range from beaches, cemeteries, refuse removal, etc.) and perform other functions that have a direct impact on the sustainability of life, livelihoods, and economic development within our area of jurisdiction. In 2004, government committed itself to key objectives and a number of targets.

Key elements related to,

- Reducing unemployment by half through new jobs, assistance to small business, opportunities for self-employment and sustainable community livelihood;
- Reducing poverty by half through economic development, comprehensive social security, land reform and improving household and community assets;
- Creating a compassionate government service to the people, national, provincial and local representatives who are accessible; and citizens who know their rights and insist on fair treatment and effective service;
- Accelerating the delivery of basic services and increasing access to services became core priority for the term of government.

Table F1: Roles and Responsibilities of Government

| Sphere of Government      | Roles and Responsibilities  |
|---------------------------|---|
| <b>Municipalities</b>     |   |
| <b>Local Municipality</b> | <ul style="list-style-type: none"> <li>• Prepare and adopt IDP</li> </ul>   |
| <b>District</b>           | <ul style="list-style-type: none"> <li>• Prepare an IDP</li> <li>• Adopt an IDP</li> <li>• Provide Support to poor capacitated Local Municipalities</li> <li>• Facilitate the compilation of a framework to ensure integration between local IDP's</li> </ul>   |
| <b>Provincial</b>         |   |
| <b>CoGTA</b>              | <ul style="list-style-type: none"> <li>• Coordinate Training on the IDP</li> <li>• Provide financial support</li> <li>• Provide general IDP guidance</li> <li>• Monitor the IDP compilation process</li> <li>• Facilitate the District Wide alignment of the IDP's</li> <li>• Facilitate Disputes between Municipalities</li> <li>• Facilitate alignment of IDP's with Sector Department policies, projects and programmes</li> </ul> |

| Sphere of Government  | Roles and Responsibilities  |
|---|---|
|   | <ul style="list-style-type: none"> <li>Assess IDP's</li> </ul>  |
| Sector Departments  | <ul style="list-style-type: none"> <li>Provide and facilitate sector programmes and policies and supporting budget allocation of the envisaged projects identified/proposed</li> <li>Contribute Sector expertise and technical knowledge to the formulation of the Municipal strategies and policies</li> <li>Be guided by Municipal IDP projects in the allocation of resources, priority projects carry more weight.</li> </ul> |
| <b>National</b>   |   |
| National Department of Cooperative Governance and Traditional Affairs | <ul style="list-style-type: none"> <li>Issue Legislation and Policy support of the IDP's</li> <li>Issue IDP guidelines</li> <li>Financial assistance</li> <li>National Training framework</li> <li>Establishment of a Planning and Implementation Management support system</li> </ul>  |
| Other Sector Departments  | <ul style="list-style-type: none"> <li>Provide relevant information and data pertaining to the Sector Department's policies, programmes and budgets</li> <li>Contribute sector expertise and guidelines documents</li> <li>Be guided by Municipal IDP's in the allocation of resources at Local Level.</li> </ul>   |

## SECTION I: Development Strategies, Programmes and Projects

### 1. Introduction

This sub-section outlines concrete interventions that the municipality will implement to attain the strategic objectives highlighted in Section G. Therefore, priority needs / programmes and projects outlined below are informed by the outcomes of the *status quo* analysis as outlined in Section F above.

Development objectives, strategies, and programs are interconnected components that guide organizational growth and improvement. Development objectives define what the organization aims to achieve, while strategies outline the methods for reaching those objectives, and programs provide the specific initiatives and actions to implement the strategies.

The developmental strategies as outlined herein are directly linked to a specific developmental needs and objectives which are measured in the organizational Performance Management System (PMS), and give effect to Service Delivery and Budget Implementation Plan (SDBIP) targets/ goals.

To this effect, the three basic sets of developmental strategies are applicable as contained in this document, *viz.*

**Incremental Strategies:** These strategies are about measured but steady approach (without attempting a leap) in which an already conceived end result is aimed for.

**Evolutionary Strategies:** These strategies are about measured but steady approach (without attempting a leap) in which there is no pre-conceived end result but each successive outcome or project is a refinement of the previous one.

**Grand Design Strategies:** These strategies are about a total transformation through a right-the-first-time approach.

### 2. Linking the Plan and Budget

#### 2.1 Why should plans and budgets be linked?

The IDP and budget should be interrelated to improve operational effectiveness. It is important for the budget to be linked to the IDP to ensure that key objectives and priorities are budgeted for and achieved.

However, there is an inherent tension between strategic planning and budgeting, which often makes it difficult to achieve the desired level of integration, and this is due to limited financial resources at the disposal of the municipality.

While budgets tends to focus on the short term perspective (the next financial year, and the MTEF), Integrated development Planning generally takes a longer view (five years). Municipal System Act directs that IDP, as a strategic, long term plan needs to inform the allocation of resources so that historical inequities can be progressively addressed. However, operational plans (i.e SDBIP in the main), have to be developed within the context of limited resources, informed by longer term plans and priorities.

## **2.2 The relationship between the IDP and the Budgets**

The municipality's budget serves as the key link between the municipality's strategic objectives and the implementation plan (SDBIP). To provide this link the budget should reflect the main areas of responsibility or service delivery within the municipality's mandate.

The municipality's budget should provide a stable framework linking successive plans and strategic priorities to budget allocations and performance indicators that track delivery over the medium to long term.

When budget programme are determined, it should be noted that much of what the municipality do (i.e its mandate), does not change from one year to the next; or even from one five-year planning cycle to the next. So while the activities of a particular programme / priority needing funding may not be high on the municipality's strategic priority list in a particular planning cycle, they are still necessary. Consequently, the municipality should not change its budget structures to reflect a set of goals and objectives that are of high priority only in a particular period.

## **2.3 Activity-Based Budgeting: The link between Budgets and Performance Targets**

Various initiatives have sought to focus greater attention on the relationship between budgets and performance, and this is particularly becoming more important according to the mSCOA, which necessitate project based budgeting and the linking of identified projects in the IDP with specific budget line items as per the standard chart of accounts. The greater challenge though is for the municipality to improve the methodology they use to compile budgets using more sophisticated forms of activity-based costing and budgeting, thereby strengthening the link between budgets and performance targets. If, for example, a target level of performance increases by X, then by how much must the budget increase, or what changes in activity/productivity/efficiency are required within a given budget?

Moreover, the municipality need to define performance enhancing processes, cost those processes and establish the (unit) costs of delivery. This information should inform the calculation of budgets and the choice of performance targets.

## 2.4 Approach to project prioritisation

It is expected that each of the municipality's priority needs identified above will have programmes and projects associated with them. It is therefore important that the municipality put in place a predetermined process to help prioritise projects rationally. To this effect, the following principles should serve as guidelines in developing an approach to prioritise projects:

- a) Prioritise projects spatially to ensure access to areas without services at all;
- b) Project prioritisation balance technical consideration and community priority (e.g. a project may be a high priority technically but a low priority for the community or vice versa); and
- c) Prioritise high impact projects that will contribute to the local economy while improving access to services.

On the basis of above principles, the municipality can design a system or model that would allow the ranking of projects to ensure buy-in and decision making regarding projects that should be approved for implementation.

## 3. Developmental Strategies - Aligned to Strategic Objectives, KPIs and Priority Issues / Programmes

This sub-section outlines concrete interventions that the municipality will implement to attain the strategic objectives highlighted in section G. Therefore, priority needs / programmes and projects outlined below are informed by the outcomes of the situational analysis as contained under section B above.

In order to ensure further alignment with annual implementation plans (SDBIP), the priority needs / programmes and projects are packaged according to the 5 KPA's of Local Government as follows:

- KPA1: Basic Service Delivery and Infrastructure Investment;
- KPA2: Local Economic Development;
- KPA3: Financial Viability and Financial Management;
- KPA4: Municipal Transformation and Institutional Development;
- KPA5: Good Governance and Community Participation

**3.1 Development Strategies, Programmes and Projects for  
KPA 1: Basic Service Delivery and Infrastructure Investment**

| KPA1: Basic Service Delivery and Infrastructure Investment                            |       |   |  |  |  |           |
|---|-------|---|--|--|--|-----------|
| Programme: Water & Sanitation   |       |   |  |  |  |           |
| Strategic Objectives  | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)  | KPI ID/Ref. No.  | KPI Owner |
| To ensure the provision of sustainable sanitation to the community.                   | 3     | To guide the development and management of sanitation services, ensuring universal access and equitable distribution, while also addressing water resource management and environmental sustainability. | Development and / review of Sanitation Services Master Plan  | 1 (One) Credible Sanitation Master Plan developed by 30 June 2026                                    | KPI 05   | Dir: TS   |
| To ensure the provision of sustainable sanitation to the community.                   | 3     |   | 100% Completion of 3km Waterborne Sanitation network in Phiritona/Heilbron by 31 June 2026                                       | 100% Completion of 3km Waterborne Sanitation network in Phiritona/Heilbron by 30 June 2026           | KPI11  | Dir: TS   |
| To ensure the provision of sustainable sanitation to the community.                   | 3     |   | Completed Replacement of R59 Sewer line in Tumahole  | 100% Completion of Replacement of R59 Sewer line in Tumahole by 30 June 2026 (Schedule 6B)           | KPI15  | Dir: TS   |
| To ensure the provision of sustainable sanitation to the community.                   | 3     |   | Upgrading of existing Outfall sewer line in Mokwallo   | 50% Completion of Upgrading of existing Outfall sewer line in Mokwallo by 30 June 2026 (Schedule 6B) | KPI16  | Dir: TS   |
| To ensure the provision of sustainable sanitation to the community.                   | 3     |   | 96% Wastewater quality compliance rate according to the water use license  | Improved wastewater quality compliance rate according to the water use license by 30 June 2026       | KPI 20   | Dir: TS   |
| To ensure sustainable provision of safe, reliable and quality water to the community. | 1     |   | Ensure provision of easily accessible, uninterrupted and clean drinking water to all communities within the area jurisdiction of | Construction of 3km Pipeline& Elevated Tower Heilbron / Phiritona                                    | 100% Completion of Construction of 3km Pipeline& Elevated Tower Heilbron / Phiritona by 30 June 2026 | KPI18     |

| KPA1: Basic Service Delivery and Infrastructure Investment                            |       |                             |   |  |                 |           |
|---|-------|-----------------------------|---|--|-----------------|-----------|
| Programme: Water & Sanitation   |       |                             |   |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies      | Project(s)  | Key Performance Indicator (KPI)                                    | KPI ID/Ref. No. | KPI Owner |
| To ensure sustainable provision of safe, reliable and quality water to the community. | 1     | Ngwathe Local Municipality. | Refurbished Koppies WTW<br><br><b>KPI be removed from SDBIP</b> | 60% Completion of Refurbishment of Koppies WTW by 30 June 2026     | KPI19           | Dir: TS   |
| To ensure sustainable provision of safe, reliable and quality water to the community. | 1     |                             | Reduced water distribution losses                               | 25% water distribution losses by 30 June 2026                      | KPI 21          | Dir: TS   |
| To ensure sustainable provision of safe, reliable and quality water to the community. | 1     |                             | Conducting tests to measure water quality                       | 60 Sample tests conducted to measure water quality by 30 June 2025 | KPI 22          | Dir: TS   |
| To ensure sustainable provision of safe, reliable and quality water to the community. | 1     |                             | Conducting compliance rate of drinking water to SANS241         | 95% Compliance rate of drinking water to SANS241 by 30 June 2025   | KPI 23          | Dir: TS   |

| KPA1: Basic Service Delivery and Infrastructure Investment |       |   |  |  |                 |           |
|--|-------|---|--|--|-----------------|-----------|
| Programme: Energy & Electricity                            |       |   |  |  |                 |           |
| Strategic Objectives                                       | SO ID | Development Strategies  | Project(s)   | Outcome Indicator (OI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure sustainable provision of electricity.            | 2     | Ensure provision of safe and reliable electricity supply directly to all formalised households and businesses within the area jurisdiction of Ngwathe Local Municipality. | 571 of new household electricity connections completed by 30 June 2026 | More households in municipal supply area connected to electricity grid by 30 June 2026 | KPI 01          | Dir: TS   |

| KPA1: Basic Service Delivery and Infrastructure Investment |       |   |   |   |                 |           |
|--|-------|---|---|---|-----------------|-----------|
| Programme: Energy & Electricity                            |       |   |   |   |                 |           |
| Strategic Objectives                                       | SO ID | Development Strategies  | Project(s)  | Outcome Indicator (OI)                  | KPI ID/Ref. No. | KPI Owner |
| To ensure sustainable provision of electricity.            | 2     | Ensure provision of safe and reliable electricity supply directly to all formalised households and businesses within the area jurisdiction of Ngwathe Local Municipality. | 20% electricity distribution losses by 30 June 2026 | Reduced electricity distribution losses | KPI 02          | Dir: TS   |

| KPA1: Basic Service Delivery and Infrastructure Investment                   |       |   |   |  |                 |           |
|--|-------|---|---|--|-----------------|-----------|
| Programme: Roads & Storm Water Drainage Systems                              |       |   |   |  |                 |           |
| Strategic Objectives   | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure the provision of trafficable roads and storm-water infrastructure. | 4     | Ensure provision and maintenance of all internal roads in order to promote and enable ease movement of people, goods and services in order to support economic and social activity. | Patching of potholes  | 6 000 potholes patched by 30 June 2026   | KPI03           | Dir: TS   |
|  |       |   | Cleaning / maintaining storm water drainages                  | 60 storm water drainages cleaned / maintained by 30 June 2026                    | KPI 04          | Dir: TS   |
| To ensure the provision of trafficable roads and storm-water infrastructure. | 4     |   | Construction of level bridge in Phiritona                     | 50% Construction of level bridge in Phiritona (Ward 1) by 30 June 2026           | KPI06           | Dir: TS   |
| To ensure the provision of trafficable roads and storm-water infrastructure. | 4     |   | Construction of paved access road and storm water in Mokwallo | 100% Construction of 2km paved access road and storm water in Mokwallo by 30     | KPI07           | Dir: TS   |
| To ensure the provision of trafficable roads and storm-water infrastructure. | 4     |   | Construction of pedestrian bridge in Phiritona                | 50% Completion of Construction of pedestrian bridge in Phiritona by 30 June 2026 | KPI09           | Dir: TS   |

| KPA1: Basic Service Delivery and Infrastructure Investment                   |       |   |   |   |                 |           |
|--|-------|---|---|---|-----------------|-----------|
| Programme: Roads & Storm Water Drainage Systems                              |       |   |   |   |                 |           |
| Strategic Objectives   | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure the provision of trafficable roads and storm-water infrastructure. | 4     | Ensure provision and maintenance of all internal roads in order to promote and enable ease movement of people, goods and services in order to support economic and social activity. | Construction of paved road and storm water in Tumahole/ | 35% Completion of Construction of 1.5km paved road and storm water in Tumahole by 30 June 2026. | KPI12           | Dir: TS   |

| KPA1: Basic Service Delivery and Infrastructure Investment |       |   |  |   |                 |           |
|--|-------|---|--|---|-----------------|-----------|
| Programme: Integrated Social / Community Services          |       |   |  |   |                 |           |
| Strategic Objectives                                       | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure provision of social services to communities.     | 5     | Ensure provision of various developmental social services that to all communities in an equitable and sustainable manner. | Refurbishment of Mosepedi hall in Tumahole for sporting purposes<br><br><b>KPI be removed from SDBIP</b> | 50% Completion of Refurbishment of Mosepedi hall in Tumahole for sporting purposes (Phase 1) by 30 June 2026  | KPI10           | Dir: TS   |
| To ensure provision of social services to communities.     | 5     |   | Provision/procurement of tools of trade.   | Provision of one (1) Specialized Vehicle (Compaction Truck) in Mokwallo / Vredefort by 30 June 2026.          | KPI13           | Dir: TS   |
| To ensure provision of social services to communities.     | 5     |   | Refurbishment of Mosepedi hall in Tumahole for sporting purposes   | 100% Completion of Refurbishment of Mosepedi hall in Tumahole for sporting purposes (Phase 2) by 30 June 2026 | KPI17           | Dir: TS   |

| KPA1: Basic Service Delivery and Infrastructure Investment          |       |   |  |  |                 |           |
|---|-------|---|--|--|-----------------|-----------|
| Programme: Disaster Management, Climate Responsiveness & Resilience |       |   |  |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure environmental sustainability in Ngwathe.                  | 6     | Ensure equitable allocation and distribution of resources across the municipality in an effort to take proactive preventive measures against environmental degradation and potential adverse environmental induced disaster risks and to ensure equitable and sustainable preventive services and environmental support where needed. | Development and regular review of Disaster Management Plan.  | Disaster Management Plan for the municipality reviewed and approved by Council by 30 June 2026                       | KPI 29          | Dir: CS   |
| To ensure environmental sustainability in Ngwathe.                  | 6     |   | Conduct regular fire safety preventive inspections on identified high risk properties to ensure compliance with fire regulations | 300 premises inspected for fire safety and compliance by 30 June 2026  | KPI 30          | Dir: CS   |
| To ensure environmental sustainability in Ngwathe.                  | 6     |   | Improve response to all reported structural fires.   | 100% Compliance with the required attendance time for all reported structural firefighting incidents by 30 June 2026 | KPI 41          | Dir: CS   |

| KPA1: Basic Service Delivery and Infrastructure Investment |       |   |  |  |                 |           |
|--|-------|---|--|--|-----------------|-----------|
| Programme: Environmental Management                        |       |   |  |  |                 |           |
| Strategic Objectives                                       | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure environmental sustainability in Ngwathe.         | 6     | Ensure equitable allocation and distribution of resources across the municipality in an effort to take proactive preventive measures against environmental degradation and potential adverse environmental induced disaster risks and to ensure equitable and sustainable preventive services and environmental support where needed. | Eradication of illegal dumping spots within the areas of jurisdiction of Ngwathe Local Municipality.                             | 9 Illegal dumping spots removed in the area of jurisdiction of NLM by 30 June 2026                                       | KPI 24          | Dir: CS   |
| To ensure environmental sustainability in Ngwathe.         | 6     | Ensure equitable allocation and distribution of resources across the municipality in an effort to take proactive preventive measures  | Conduct cleaning and community awareness and educational campaigns around issues of environmental management and sustainability. | 4 Clean-up and environmental management awareness campaigns conducted in the area of jurisdiction of NLM by 30 June 2026 | KPI 25          | Dir: CS   |
| To ensure environmental sustainability in Ngwathe.         | 6     | against environmental degradation and potential adverse environmental induced disaster risks and to ensure equitable and sustainable preventive services and environmental support where needed.  | Provide weekly municipal refuse removal services to households and businesses across the municipality.                           | 42 000 households and businesses in municipal area with access to weekly refuse removal services by 30 June 2026         | KPI 26          | Dir: CS   |

**KPA1: Basic Service Delivery and Infrastructure Investment**

**Programme: Environmental Management**

| Strategic Objectives                               | SO ID | Development Strategies  | Project(s)                                 | Key Performance Indicator (KPI)                               | KPI ID/Ref. No. | KPI Owner |
|--|-------|---|--|---|-----------------|-----------|
| To ensure environmental sustainability in Ngwathe. | 6     | Ensure equitable allocation and distribution of resources across the municipality in an effort to take proactive preventive measures against environmental degradation and potential adverse environmental induced disaster risks and to ensure equitable and sustainable preventive services and environmental support where needed. | Planting of trees across the municipality. | Planting of 500 trees across the municipality by 30 June 2026 | KPI32           | Dir: CS   |

3.2 Development Strategies, Programmes and Projects for KPA 2: Local Economic Development

| KPA 2: Local Economic Development   |       |  |  |  |                 |           |
|---|-------|--|--|--|-----------------|-----------|
| Programme: Local Economic Development   |       |  |  |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies   | Project(s)                                       | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | Ensure enable a coherent approach to local economic development  | Update LED Plan                                  | Development of LED Strategy and submit it for Council approval by 30 June 2026   | KPI36           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | initiatives within the municipality and mobilisation of resources and establish Partnerships with relevant National and Provincial | Upgrade facilities for establishment of SME hub. | Upgrading of 4 facilities (i.e Parys Container Park, Vredefort / Mokwallo Bar, Heilbron / Phiritona Bar, Koppies Show Ground) for establishment of SME hub by 30 June 2026 | KPI37           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | Departments, Private Sector and the District Municipality to develop and improve   | Establish new SME hub                            | Establishment of 2 new SME hubs (i.e in Tumahole and Edenville) by 30 June 2026  | KPI38           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | infrastructure necessary to attract investment into the municipality.  | Provide dedicated support to SME                 | Support to 40 SMEs for growth by 30 June 2026  | KPI39           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | Ensure enable a coherent approach to local economic development initiatives within the   | Provide awareness and training to local SME      | 4 Quarterly reports on facilitation of workshops, trainings and meetings for agriculture and SME industries by 30 June 2026  | KPI44           | Dir: LED  |

| KPA 2: Local Economic Development     |       |  |            |   |                 |           |
|---------------------------------------|-------|--|------------|---|-----------------|-----------|
| Programme: Local Economic Development |       |  |            |   |                 |           |
| Strategic Objectives                  | SO ID | Development Strategies   | Project(s) | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
|                                       |       | municipality and mobilisation of resources and establish Partnerships with relevant National and Provincial Departments, Private Sector and the District Municipality to develop and improve infrastructure necessary to attract investment into the municipality. |            | 4 Quarterly reports on facilitation of workshops, trainings and meetings for tourism industry by 30 June 2026 | KPI45           | Dir: LED  |

| KPA 2: Local Economic Development   |       |   |  |  |                 |           |
|---|-------|---|--|--|-----------------|-----------|
| Programme: Urban Planning and Land Use  |       |   |  |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | To promote sustainable and equitable growth by restructuring inefficient settlements, channelling resources to areas of need, and stimulating economic development. | Review the Spatial Development Framework to ensure that it responds to the envisaged National spatial objective and norms. | Spatial Development Framework reviewed and approved by Council by 30 June 2026 | KPI 33          | Dir: LED  |
| To create an enabling environment that  | 7     | To ensure more responsiveness and accountability to the   | Review Land Use Management Plan  | Land Use Scheme reviewed and approved by Council by 31 March 2026              | KPI34           | Dir: LED  |

| KPA 2: Local Economic Development   |       |   |   |  |                 |           |
|---|-------|---|---|--|-----------------|-----------|
| Programme: Urban Planning and Land Use  |       |   |   |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| stimulates economic growth and creates jobs.  |       | needs of local communities, ultimately leading to faster and more efficient service   | Initiate marketing activities for the municipality  | 6 Investment marketing billboards erected on strategic locations of the municipality by 30 June 2026.  | KPI35           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | delivery.   | Provide for measures for performance reporting in relation to urban planning and land use issues. | 4 Quarterly reports on the progress of 2 000 municipal properties to be surveyed and registered by 30 June 2026  | KPI43           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | To ensure more responsiveness and accountability to the needs of local communities, ultimately leading to faster and more efficient service | Provide for measures for performance reporting in relation to urban planning and land use issues. | 4 Quarterly reports on identified vacant land, land use applications, formalisations, issued contravention notices and issued illegal land use charge notices by 30 June 2026  | KPI46           | Dir: LED  |
| To create an enabling environment that stimulates economic growth and creates jobs. | 7     | delivery.   |   | 4 Quarterly reports on compliance for approved building plans, issued contravention notices, issued compliance certificates, issued occupation certificates and issued illegal building charge notices by 30 June 2026 | KPI47           | Dir: LED  |

| KPA 2: Local Economic Development                      |       |   |   |   |                 |           |
|--|-------|---|---|---|-----------------|-----------|
| Human Settlements                                      |       |   |   |   |                 |           |
| Strategic Objectives                                   | SO ID | Development Strategies  | Project(s)                                    | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure provision of social services to communities. | 5     | Ensure provision of various developmental social services that to all communities in an equitable and sustainable manner. | Provide for integrated human settlement plan. | Development of Human Settlements Sector Plan and submit it for Council approval by 30 June 2026 | KPI42           | Dir: LED  |

**3.3 Development Strategies, Programmes and Projects for KPA 3: Municipal Transformation and Organisational Development**

| KPA 3: Municipal Transformation and Organisational Development |       |  |   |  |                 |           |
|--|-------|--|---|--|-----------------|-----------|
| Programme: Council Support and Administration                  |       |  |   |  |                 |           |
| Strategic Objectives   | SO ID | Development Strategies   | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure good governance and participation of communities.    | 14    | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in | Implement mechanisms and controls to ensure timeous distribution of agendas for council meetings to councillors and officials.            | 100% of agendas for scheduled Council meetings distributed to Councillors and officials at least 48 hours before the meeting by 30 June 2026 | KPI 50          | Dir: CpS  |
| To ensure good governance and participation of communities.    | 14    | matters relating to the business of the municipality   | Design and implement rigorous internal controls systems to ensure that council agendas are distributed within the prescribed time frames, | 87% of Council Resolutions implemented within prescribed timeframe stipulated on resolutions register by 30 June 2026                        | KPI 51          | MM        |

| KPA 3: Municipal Transformation and Organisational Development |       |   |   |  |                 |           |
|--|-------|---|---|--|-----------------|-----------|
| Programme: Council Support and Administration                  |       |   |   |  |                 |           |
| Strategic Objectives   | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure good governance and participation of communities.    | 14    | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality | including the design and implementation of controls and systems to ensure effective tracking and timeous implementation of council resolutions and reporting back to council. | 4 (Four) quarterly reports submitted to Council on the tracking of council resolutions by 30 June 2026 | KPI 52          | Dir: CpS  |

| KPA 3: Municipal Transformation and Organisational Development       |       |   |   |   |                 |           |
|--|-------|---|---|---|-----------------|-----------|
| Programme: Training and Development                                  |       |   |   |   |                 |           |
| Strategic Objectives   | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure effective organisational and management of human resources | 8     | Ensure compliance with Collective Agreements, Basic Conditions of Employment Act,   | Updated 2026/27 EE Plan and numerical goals and targets   | Reviewed and updated 2026/27 EE Plan and numerical goals and targets by 30 September 2026   | KPI 53          | Dir: CpS  |
| To ensure effective organisational and management of human resources | 8     | Labour Relations and & institutional policies pertaining to labour relations and also implement recruitment and retention strategies so as to provide for conducive working environment for employees & | Implement the approved Employment Equity Plan for all managerial positions in relation to all new recruitments. | 20% of new employees coming from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2026 | KPI 54          | Dir: CpS  |

**KPA 3: Municipal Transformation and Organisational Development**

**Programme: Training and Development**

| Strategic Objectives   | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
|--|-------|---|--|--|-----------------|-----------|
| To ensure effective organisational and management of human resources | 8     | acknowledgement of extra- ordinary performance.   | Develop and implement mechanisms to ensure compliance with reporting requirements to the Department of Labour and LGSETA on all applicable HR matters. | 1 (One) consolidated EE Report submitted to Department of Labour by 15 January 2026 [EEA2 and EEA4]            | KPI 55          | Dir: CpS  |
| To ensure effective organisational and management of human resources | 8     |   | Develop and implement mechanisms to ensure compliance with reporting requirements to the Department of Labour and LGSETA on all applicable HR matters. | WSP, annual training report (ATR) & PIVOTAL report compiled and submitted to LGSETA by 30 April 2026           | KPI 56          | Dir: CpS  |
| To ensure effective organisational and management of human resources | 8     | Ensure compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies                           | Implement the approved Workplace Skills Development Plan and regularly report on its outcomes internally and to the relevant external stakeholders.    | 3 (Three) skills development programmes implemented as per WSP by 30 June 2025                                 | KPI 57          | Dir: CpS  |
| To ensure effective organisational and management of human resources | 8     | pertaining to labour relations and also implement recruitment and retention strategies so as to provide for conducive working environment for employees & | Develop and implement mechanisms to ensure compliance with reporting requirements to the Department of Labour and LGSETA on all applicable HR matters. | 1 % of a municipality's personnel budget spent on implementing its Workplace Skills Plan (WSP) by 30 June 2025 | KPI 71          | Dir: CpS  |
| To ensure effective organisational and management of human resources | 8     | acknowledgement of extra- ordinary performance.   | Reports on implementation of OHS   | 4 Quarterly reports on implementation of OHS by 30 June 2026   | KPI58           | Dir: CpS  |

**KPA 3: Municipal Transformation and Organisational Development**

**Programme: Human Resource Management**

| Strategic Objectives   | SO ID | Development Strategies  | Project(s)                     | Key Performance Indicator (KPI)                            | KPI ID/Ref. No. | KPI Owner |
|--|-------|---|--------------------------------|--|-----------------|-----------|
| To ensure effective organisational and management of human resources | 8     | Ensure compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations and also implement recruitment and retention strategies so as to provide for conducive working environment for employees & acknowledgement of extra- ordinary performance. | Reports of wellness programmes | 4 Quarterly reports of wellness programmes by 30 June 2026 | KPI59           | Dir: CpS  |

**KPA 3: Municipal Transformation and Organisational Development**

**Programme: Labour Relations**

| Strategic Objectives   | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)                         | KPI ID/Ref. No. | KPI Owner |
|--|-------|---|--|---|-----------------|-----------|
| To ensure effective organisational and management of human resources | 8     | Ensure compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations and also implement recruitment and retention strategies so as to provide for conducive working environment for employees & acknowledgement of extra- ordinary performance. | Continuous meetings and engagement with organised labour on various labour related matters and implement resolutions and agreements taken. | 4 Quarterly LLF meetings held per annum by 30 June 2026 | KPI 60          | Dir: CpS  |

| KPA 3: Municipal Transformation and Organisational Development |       |  |   |   |                 |           |
|--|-------|--|---|---|-----------------|-----------|
| Programme: Information Communication Technology (ICT)          |       |  |   |   |                 |           |
| Strategic Objectives   | SO ID | Development Strategies   | Project(s)                                      | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure effective mitigation of risks to the municipality    | 13    | Ensure that risk management is inculcated as part of ongoing organisational culture so that various forms of risks can be assessed, evaluated and appropriately managed. | Convene regular ICT Steering Committee meetings | 4 Quarterly ICT Steering Committee meetings held by 30 June 2026                        | KPI62           | Dir: CpS  |
| To ensure effective mitigation of risks to the municipality    | 13    |  | Prepare regular ICT status reports              | 4 Quarterly ICT status reports by 30 June 2026  | KPI63           | Dir: CpS  |
| To ensure effective mitigation of risks to the municipality    | 13    |  | Upgrading of ICT data centre                    | Upgrading of ICT data centre:<br>Procurement and installation of server by 30 June 2026 | KPI64           | Dir: CpS  |

**3.4 Development Strategies, Programmes and Projects for KPA 4: Financial Viability and Management**

| KPA 4: Financial Viability and Management                                      |       |  |   |   |                 |           |
|--|-------|--|---|---|-----------------|-----------|
| Programme: Asset Management  |       |  |   |   |                 |           |
| Strategic Objectives   | SO ID | Development Strategies   | Project(s)  | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure effective financial reporting compliant with applicable legislation. | 12    | Plan, implement, monitor, control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | Update Fixed Asset Register in line with applicable GRAP standards annually | 2022/25 Fixed Asset Register (FAR) compiled and updated in line with GRAP requirements and submitted to the A-G on or before 31 August 2025 | KPI 65          | CFO       |
| To ensure effective financial reporting compliant with applicable legislation. | 12    |  | Implement measures to ensure consistent repairs and maintenance of assets.  | Improve expenditure on repairs and maintenance of assets to 8% of the total PPE and Investment property by 30 June 2026                     | KPI79           | CFO       |

| KPA 4: Financial Viability and Management                                      |       |   |  |   |                 |           |
|--|-------|---|--|---|-----------------|-----------|
| Programme: Financial Reporting   |       |   |  |   |                 |           |
| Strategic Objectives   | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure effective financial reporting compliant with applicable legislation. | 12    | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | Prepare and submit compliant monthly budget statements (MFMA sec. 71 reports) timeously. | 12 Monthly budget statements (s71 of MFMA) compiled and submitted to the Mayor not later than 10 working days after the end of each month by 30 June 2026 | KPI 66          | CFO       |
|  |       |   | Prepare and submit compliant quarterly National Treasury Returns timeously.              | 4 Quarterly National Treasury returns submitted by 30 June 2026   | KPI 67          | CFO       |
|  |       |   | Prepare and submit compliant Mid-Term Performance Assessment Report timeously.           | 2025/26 Mid-year budget and performance assessment (s72 of MFMA) report submitted to the Municipal Manager on or before 20 January 2026                   | KPI 68          | CFO       |
|  |       |   |  | 2025/26 Mid-year adjustment budget submitted to Council by 28 February 2026 (s54 MFMA)  | KPI 69          | CFO       |
| To ensure effective financial reporting compliant with applicable legislation. | 12    | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | Prepare and submit compliant Annual Financial Statements timeously.                      | Compiled 2024/25 Annual Financial Statement submitted to the Auditor-General by 31 August 2025  | KPI 71          | CFO       |

| KPA 4: Financial Viability and Management   |       |   |  |  |                 |           |
|---|-------|---|--|--|-----------------|-----------|
| Programme: Budgeting  |       |   |  |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies  | Project(s)   | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure sound budgeting and accounting systems compliant with applicable legislation. | 9     | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | Prepare and submit compliant Annual Budgets (MTREF) timeously. | Prepare 2026/27 annual budget (MTREF) compliant with MFMA and approved by Council by 31 May 2026 | KPI 70          | CFO       |

| KPA 4: Financial Viability and Management                |       |   |   |  |                 |           |
|--|-------|---|---|--|-----------------|-----------|
| Programme: Financial Management                          |       |   |   |  |                 |           |
| Strategic Objectives                                     | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure effective management of municipal expenditure. | 11    | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | Payment of undisputed and valid creditors' invoices paid with 30 days of receipt. | Undisputed and valid creditors' invoices paid with 30 days of receipt of invoice as per Sec 65(2)(e) of the MFMA by 30 June 2026 | KPI 72          | CFO       |
| To ensure a financially viable municipality.             | 10    | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting   | Implement revenue collection measures and initiatives.                            | 86% of consumer debtors revenue collected (actual total collections as a percentage of total levies/billings) by 30 June 2025    | KPI 73          | CFO       |

| KPA 4: Financial Viability and Management    |       |   |  |   |                 |           |
|--|-------|---|--|---|-----------------|-----------|
| Programme: Financial Management              |       |   |  |   |                 |           |
| Strategic Objectives                         | SO ID | Development Strategies  | Project(s)                                       | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
|  |       | norms and standards and National Treasury guidelines.   |  |   |                 |           |
| To ensure a financially viable municipality. | 10    | Plan, implement, monitor , control and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards and National Treasury guidelines. | Implement measure to improve financial liquidity | Reduce debt cost ration (i.e interest paid on Eskom, Rand Water and DWS) to 7% of total operating expenditure by 30 June 2026                                     | KPI74           | CFO       |
| To ensure a financially viable municipality. | 10    |   |  | Increase Cash/ Cost Ratio (Excluding Unspent Conditional Grants) to 1 – 2 weeks by 30 June 2026   | KPI75           | CFO       |
| To ensure a financially viable municipality. | 10    |   | Implement measure to improve financial liquidity | Reduce the average number of days required to receive payment from consumers to 120 days for outstanding debtors and 30 days for current accounts by 30 June 2026 | KPI77           | CFO       |
| To ensure a financially viable municipality. | 10    |   | Implement measure to improve financial liquidity | 100% Capital expenditure on approved total budget by 30 June 2026.  | KPI78           | CFO       |

**3.5 Development Strategies, Programmes and Projects for KPA 5: Good Governance & Public Participation**

| KPA 5: Good Governance and Public Participation             |       |  |   |   |                 |           |
|---|-------|--|---|---|-----------------|-----------|
| Programme: Municipal Manager’s Office                       |       |  |   |   |                 |           |
| Strategic Objectives  | SO ID | Development Strategies   | Project(s)  | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure good governance and participation of communities. | 14    | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality. | Implement mechanisms, systems and controls to process and resolve customer complaints within 24 hours | 90% of customer complaints handled / processed within 24 hrs by 30 June 2026        | KPI 80          | Mng: MMO  |
|   |       |  | Develop, implement and monitor Audit-Action Plan to reduce A-G’s repeat findings                      | Reduce repeat A-G audit findings in the 2024/25 audit report by 50% by 30 June 2026 | KPI 84          | Mng: MMO  |
|   |       |  |   | 100% Implementation of the approved audit action plan by 30 June 2026               | KPI 85          | Mng: MMO  |

| KPA 5: Good Governance and Public Participation                                 |       |  |   |   |                 |           |
|---|-------|--|---|---|-----------------|-----------|
| Programme: Performance Management & Integrated Development Planning (PMS & IDP) |       |  |   |   |                 |           |
| Strategic Objectives  | SO ID | Development Strategies   | Project(s)  | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure good governance and participation of communities.                     | 14    | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality. | Prepare and submit compliant Annual Report timeously.                 | 2024/25 Annual Report tabled in council on or before 31 January 2026                              | KPI 81          | Mng: PMS  |
|   |       |  | Review and submit compliant IDP timeously.                            | Annual review of IDP for 2026/27 financial year completed and submitted to Council by 31 May 2026 | KPI 82          | Mng: IDP  |
|   |       |  | Prepare and submit a compliant IDP process plan for timeous approval. | 2026/27 IDP Process plan adopted / approved by Council on or before 31 August 2026                | KPI 83          | Mng: IDP  |

**KPA 5: Good Governance and Public Participation**

**Programme: Performance Management & Integrated Development Planning (PMS & IDP)**

| Strategic Objectives  | SO ID  | Development Strategies   | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
|---|--|--|---|--|-----------------|-----------|
| To ensure good governance and participation of communities. | 14   | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality. | Prepare and submit a compliant SDBIP process for timeous approval.  | 2026/27 Top-Layer SDBIP submitted and approved by the Executive Mayor by 28 June 2026                              | KPI 90          | Mng: PMS  |
|   |  |  | Prepare and submit quarterly performance reports.   | 4 Quarterly reports submitted to council on the actual performance in terms of the Top Layer SDBIP by 30 June 2026 | KPI 91          | Mng: PMS  |
|   | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality. | Prepare and submit organisational Annual Report timeously.   | Submit the 2024/25 Annual Report to the Auditor-General by 31 August 2025   | KPI 92   | Mng: PMS        |           |
|   |  | Review PMS and submit to council for approval.   | Review of PMS and submit it to Council for approval by 30 June 2026   | KPI 93   | Mng: PMS        |           |
|   |  | Submit Annual report timeously for approval.   | Submit the previous year's (2024/25) Annual Report to the Municipal Manager by the 25 <sup>th</sup> January 2026 for the purpose tabling to council in terms of MFMA section 127(2) | KPI 94   | Mng: PMS        |           |
|   |  | Prepare and submit compliant Annual Performance Agreements for timeous approval.   | 6 Draft performance agreements for 2026/27 financial year for senior managers submitted to the Municipal Manager by 20 June 2026  | KPI 95   | Mng: PMS        |           |

| KPA 5: Good Governance and Public Participation             |       |  |   |   |                 |           |
|---|-------|--|---|---|-----------------|-----------|
| Programme: Internal Audit                                   |       |  |   |   |                 |           |
| Strategic Objectives  | SO ID | Development Strategies   | Project(s)  | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
| To ensure effective mitigation of risks to the municipality | 13    | Ensure that risk management is inculcated as part of ongoing organisational culture so that various forms of risks can be assessed, evaluated and appropriately managed.   | Develop a risk based Internal Audit Plan for timeous submission.                    | Develop a risk based internal audit plan (RBAP) (MFMA - Section 165(2) (a)) for 2025/26 financial year and submit to the Audit Committee by 31 August 2025. | KPI 86          | Mng: IA   |
| To ensure good governance and participation of communities. | 14    | Ensure well governed, accountable institution and effective meaningful and continuous engagement with communities in matters relating to the business of the municipality. | Secure Audit Committee meetings in line with the pre-approved schedule of meetings. | 4 Audit committee meetings held by 30 June 2026   | KPI 87          | Mng: IA   |
|   |       |  | Review the Internal Audit Charter for approval.                                     | 2026/27 Internal Audit charter reviewed and approved by the Audit Committee by 30 June 2026   | KPI 88          | Mng: IA   |
|   |       |  | Prepare Internal Audit Reports in line with the approved Internal Audit Plan.       | 4 Internal audit reports produced by 30 June 2026   | KPI 89          | Mng: IA   |

| KPA 5: Good Governance and Public Participation             |       |   |   |  |                 |           |
|---|-------|---|---|--|-----------------|-----------|
| Programme: Risk Management                                  |       |   |   |  |                 |           |
| Strategic Objectives  | SO ID | Development Strategies  | Project(s)  | Key Performance Indicator (KPI)  | KPI ID/Ref. No. | KPI Owner |
| To ensure effective mitigation of risks to the municipality | 13    | Ensure that risk management is inculcated as part of ongoing organisational culture | Compile institutional Risk Register for timeous approval. | 2025/26 Risk register compiled and approved by the Municipal Manager by 31 August 2025 | KPI 96          | CRO       |

**KPA 5: Good Governance and Public Participation**

**Programme: Risk Management**

| Strategic Objectives | SO ID | Development Strategies   | Project(s)   | Key Performance Indicator (KPI)   | KPI ID/Ref. No. | KPI Owner |
|----------------------|-------|--|--|---|-----------------|-----------|
|                      |       | so that various forms of risks can be assessed, evaluated and appropriately managed. | Prepare Risk Management reports in line with the approved Risk Management Plan for approval. | 4 Quarterly risk reports submitted to the Municipal Manager to monitor the progress of identified risks by 30 June 2026 | KPI 97          | CRO       |

## SECTION J: Alignment with National and Provincial Programmes and Projects

### 1. Introduction

This section indicates and demonstrates how strategies and programmes in the IDP are aligned to national and provincial development objectives and programmes.

An IDP (Integrated Development Plan) should be aligned with national and provincial programmes and projects to ensure effective development planning and resource allocation. This alignment is crucial for municipalities to leverage external resources and support, and to integrate their local plans with broader national and provincial goals.

### 2. Strategic National Flagship Programmes and Projects Impacting on Ngwathe Local Municipality

#### 2.1 Municipal Turnaround Strategy (MTAS)

Sector involvement in local government is crucial for effective service delivery, local economic development, and ensuring the active participation of citizens in the governance process. Key stakeholders, including private businesses, NGOs, and community organizations, contribute to municipal efforts by providing resources, expertise, and a sense of ownership, ultimately promoting community acceptance of projects and initiatives.

In order to bring all these active participants and stakeholders into the fold in a coordinated and effective manner into local government space, the Department of CoGTA introduced the Municipal Turnaround Strategy (MTAS) which aims to address the challenges faced by municipalities, focusing on improving service delivery, financial stability, and community engagement. It's a comprehensive approach involving various interventions, including financial assistance, capacity building, and community partnerships.

All stakeholders and various sector departments in government should therefore respond to the call of duty and functionally and structurally operate in such a way that they can positively, effectively, adequately and efficiently respond to the requirements and rigors of MTAS. Some of the roles and responsibilities that sector institutions have to play in local government include the following:

- The National and Provincial Sector representatives be informed by studying National, Provincial and Municipal reports and related documentation;
- Provide all relevant information to Municipalities in the process of preparing the MTAS; work with the existing IDP to incorporate interventions through the SDBIP. Ensure projects spatially identified via the SDF;

- Assess financial commitments for the MTAS and assist in sourcing additional skills and resources
- Provide “focal area” advice, guidance and support; and
- Improve oversight and support of Municipalities through MTAS process and beyond

From Ngwathe Local Municipality’s perspective, measures that will be taken to enhance sector involvement, cooperation and partnerships in order to realise the ideals of MTAS amongst others, will include, amongst others, the following:

a) **Active Community Participation:**

Local governments in South Africa are mandated to involve communities and community organizations in local governance. This participation is seen as a way to enhance service delivery, promote community ownership, and ensure that local needs are addressed.

b) **Private Sector Involvement:**

The private sector plays a vital role in local development through various partnerships and initiatives. Businesses can provide resources, invest in infrastructure, and offer employment opportunities, contributing to local economic growth and stability.

c) **NGO and Civil Society Involvement:**

Non-governmental organizations (NGOs) and civil society groups can act as a link between local governments and communities, providing expertise, advocacy, and support for social development projects.

d) **Infrastructure and Service Delivery:**

Local governments, with the help of various sectors, work to deliver essential services like water, sanitation, electricity, and transportation, ensuring the basic needs of the community are met.

e) **Local Economic Development:**

Local governments, in collaboration with businesses and other stakeholders, implement local economic development strategies to promote job creation, attract investment, and support small and medium-sized enterprises.

f) **Capacity Building:**

This will involve investing in training and capacity building programs through Workplace Skills Development Plan to equip our staff. We will also conduct various community awareness and educational campaigns aimed at capacitating community members with the skills needed to participate effectively in governance and development processes of the municipality.

g) **Financial and Governance Support:**

External support, such as from the Institute of Directors in South Africa (IoDSA), can help us improve governance, control, and accountability, ultimately leading to better financial management and service delivery.

**h) Legal Framework:**

South African legal system plays a crucial role in regulating local government, and for this reason, we will ensure that our actions are accountable and aligned with the Constitution.

**2.2 Operation Clean Audit Programme (OCAP)**

The primary objective of this programme is to address all issues raised by the Auditor General and reduce vulnerability to risks in the provincial departments and municipal financial management and governance processes and systems. The target is to assist all the municipalities, entities and provincial departments to achieve sustainable improvement in financial management and governance that will yield clean audit opinions by 2014.

With the introduction of this programme and during its subsequent reviews, CoGTA identified the general financial management challenges facing municipalities and municipal entities to be as follows:

- Inadequate skills on planning, budgeting, financial management, expenditure management, credit control, debt management, risk management and internal audit;
- Poor interface between financial and non-financial information (in-year-monitoring and quality annual reporting);
- Cash flow management;
- Lack of systems to manage audit queries and recommendations by both internal and external auditors;
- Inadequate systems to manage good governance practices (especially, conflict of interest and accountability frameworks) ;
- Leadership and management inaction, especially with regard to following on audit queries, both from internal and external auditors;
- Inadequate administrative and political oversight to strengthen accountability and responsibility.

The dominant specific financial management and non-financial management challenges facing Ngwathe Local Municipality and that must be resolved through a coherent and clear plan with regard to OCAP in line with 2023/24 Auditor-General's report are summarised as follows:

**Financial Management**

- No reliable data for estimations from sale of water and electricity;
- No adequate systems in place to account for consumer debtors;
- No adequate systems in place of record keeping to account for car allowances, other allowances and pension funds contributions included in employee related costs;
- Lack of supporting documents to confirm indigent registrations approvals;
- Unauthorised, Irregular, fruitless and wasteful expenditure;
- No accurate and complete records of contractual information to regarding financial commitments;
- Underspending and withholding of conditional grants;

### **Performance Management**

- No processes in place to consistently measure and reliably report on targets;
- Lack of adequate documentation and information to confirm the performance measurement processes and systems;
- Material misstatements in the annual performance report submitted for auditing;
- The municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets.
- The municipality is unable to keep and provide sufficient, appropriate audit evidence during audits
- Under / Non-achievement of a significant number of targets
- material misstatements in the annual performance report submitted for auditing

### **Compliance with Legislation**

- The financial statements not prepared in all material respects in accordance with the requirements of section 122 of the MFMA
- Sufficient, appropriate audit evidence could not be provided to the auditors regarding whether quotations accepted from suppliers, were from suppliers on the municipality's database of suppliers;
- Some quotations were accepted from bidders who did not make declarations whether they are employed by the state;
- A performance management system was not adopted as required by municipal planning and performance management regulations;
- No evidence that job descriptions were established for all positions in which appointments were made;
- Performance management system and related controls were inadequate;

- An adequate management, accounting and information system which accounts for revenue and debtors not in place.

**Other matters**

- Deficiencies in internal controls;
- Material irregularities;
- Poor management of Vredefort landfill site;

**2.3 Back to Basics (B2B) Programme for Local Government (CoGTA initiative)**

**2.3.1 Background**

The B2B programme was initially introduced and launched in September 2014 by department of Cooperative Governance and Traditional Affairs (CoGTA) in pursuit to address challenges faced by local government. The Back to Basics initiative is essentially about strengthening local government, instilling a sense of urgency towards improving citizens' lives by ensuring that each local government institution must perform its basic functions without compromise.

The Back to Basics approach calls for, at the most basic level, for local government to:

- Put people and their concerns first and ensure constant contact with communities through effective **public participation** platforms.
- Create conditions for decent living by consistently delivering municipal **services to the right quality and standard**. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep, including the budgeting to do this. Ensure no failures in services and where there are, restore with urgency.
- Be well **governed** and demonstrate good governance and administration - cut wastage, spend public funds prudently, hire competent staff, ensure transparency and accountability.
- Ensure sound **financial management** and accounting, and prudently manage resources so as to sustainably deliver services and bring development to communities.
- Build and maintain sound **institutional and administrative capabilities** administered and managed by dedicated and skilled personnel at all levels.

However, going forward, the second phase of the programme primarily be focused on to identifying the root causes of problems in each municipality.

The focus will also be on the identification of what needs to be done differently by all stakeholders to address the root causes and bring about the desired changes in municipalities. The implementation of the prioritized actions in municipalities should have the maximum measurable results in functionality, service delivery and citizen experience.

**Table: 10 Point Plan of B2B Priority Actions**

| Pont | Desired Outcome  | Support Actions to Achieve Desired Outcome  |
|------|--|---|
| 1    | Ensuring positive community experiences.   | Strengthen community engagement and local government accountability to citizens through innovative platforms such as the use of social media, and community radio stations.   |
| 2    | Reverse trends of municipalities consistently receiving Disclaimer Audit Opinions. | National Government will develop hands on programmes for each municipality which has been receiving disclaimers audit opinions over 5 years.  |
| 3    | Implement & support revenue enhancement programme.                                 | Municipal revenue management will be improved through a clearly defined process of intervention;  |
| 4    | Appointment of Senior Managers In Municipalities.                                  | National & Provincial government will guide municipalities in the appointment of senior managers, and ensure that their skills are fit for purpose.   |
| 5    | Improve delivery of services and infrastructure.                                   | National & Provincial government will provide support and interventions to increase access to quality, reliable and sustainable basic levels of services.   |
|      |  | Provision to be made for interim basic services to informal settlements.  |
|      |  | More funding will be provided for the replacement and refurbishing of ageing infrastructure.  |
| 6    | Implementation of Forensic Reports.  | The implementation of the recommendations of all forensic reports will be monitored.  |
| 7    | Metropolitan B2B Programme.  | The Metropolitan B2B programme will prioritize issues that have immediate impact on the citizens, as well as enforcement mechanisms for service norms and standards, quicker response times and improvement of communication to citizens.   |
| 8    | Strengthening roles of District Municipalities.                                    | The role of district municipalities will be strengthened through distribution of powers and functions between district and local municipalities, to foster regional integrated planning and the delivery of services, to establish a shared service model, and strong district support plans for weaker local municipalities; |

| Pont | Desired Outcome   | Support Actions to Achieve Desired Outcome   |
|------|---|--|
| 9    | Spatial Regional Integration Zones / Spatial Contracts.       | The development of a spatial development strategy for various localities and spaces is another priority area.                      |
|      |   | Development of an infrastructure development implementation plan to underpin the spatial development programme.                    |
| 10   | Strengthen capacity and role of Provincial CoGTA Departments. | Provincial CoGTA Departments' capacity to be strengthened as essential partners in the implementation of the of the B2B programme. |

### 2.3.2 Building blocks of B2B approach

The following are the building blocks aligned to the Back to Basics initiative which will serve as the guidance framework for the municipality in its effort to “**serve the community better**”:

#### 2.3.2.1 Good Governance:

Good governance is at the heart of the effective functioning of local government. Therefore, the following basics will have to be carried out in order to realise the good governance objective:

- Holding of Council meetings as legislated.
- Ensure functionality of oversight structures, (such as the Audit Committee)
- Continuous monitoring and evaluation of performance,
- Institute efficient and effective Anti-Corruption measures.
- Ensure compliance with legislation and the enforcement of by laws

#### 2.3.2.2 Public Participation

Take measures to ensure engagement with communities and develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information and also to enable communities to provide feedback on their experience of local government.

#### 2.3.2.3 Financial Management

Sound financial management is integral to the success of local government. National Treasury has legislated norms, standards and reporting requirements that must be complied with. The following are the basics that will be implemented to ensure sound financial management practices:

- Develop and implement a revenue enhancement strategy.

- Campaign for registration of all those who qualify for indigent support.
- Reduce historical debt.
- Be cautious and prudent with spending to fund necessary service delivery.
- Review current business practices that do not yield value for money.
- Undertake cost benefit analysis on expenditure.
- Evaluate possible benefits of owning rather than renting of plant and equipment.
- Reduce and minimize technical losses on water and electricity.
- Exercise strict fiscal discipline.

#### 2.3.2.4 Infrastructure Services

The planning, implementation and maintenance of basic infrastructure is critical for sustaining basic standards of living and economic activity. The municipality will develop service standards for each service, and will establish systems for monitoring adherence to these standards. The following basic activities will be performed, and the performance indicators will measure the ability of the municipality to do so:

- Develop fundable consolidated infrastructure plans.
- Ensure Infrastructure development maintenance and reduce water and electricity losses
- Increase access to quality, reliable and sustainable basic levels of services.

#### 2.3.2.5 Institutional Capacity

There has to be focus on building strong administrative systems and processes of the municipality. This includes ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. Targeted and measurable training and capacity building will be provided for councillors and officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes. The basic requirements to be implemented include:

- Ensuring that the senior management posts are filled by competent and qualified persons.
- That the municipality's organogram is realistic, underpinned by a service delivery model and affordable.
- Human resources development and management programmes.
- Ensuring existence of sustained platforms to engage organised labour to minimise disputes and disruptions.
- Ensure regular reporting on the B2B programme implementation and other performance indicators and targets.

## 2.4 National Municipal Revenue Enhancement Project

The purpose of this project is to provide support to municipalities and municipal entities to improve revenue collection and lack of internal capacity to improve realizations processes and systems. The project follow a two dimensional strategic approach which focuses on short-term solutions as well as long term solutions which will address four key intervention areas namely:

- Infrastructure;
- Processes;
- Systems; and
- Customer relations.

The objectives of the National Municipal Revenue Enhancement Project are to:

- Contain the current runaway debt;
- Enhance current revenue realization capacity;
- Eliminate stock shrinkage ( i.e. unaccounted for electricity); and
- Educate and mobilise the public to be good citizens by paying for the services they consume through the cultivation of a culture of “you-use-you-pay” to the local theme.

### 2.4.1 Our aligned Revenue Enhancement initiatives

- Develop Revenue Enhancement Strategy, annually review the strategy and submit it for council approval.
- Develop Indigent Management Strategy, annually review the strategy and submit it for council approval and update indigent register.
- Improve consumer debtors’ collection rate to 86% in 2025/26 and 95% in 2026/27.
- Ensure that actual revenue generated from billing equals to 100% of the annual /adjusted budgeted revenue from billing approved for each financial year.

## 2.5 Municipal Standard Chart of Accounts (mSCOA) Reform Programme

### 2.5.1 Background to the mSCOA initiative

Since the introduction of Municipal Finance Management Act, 56 of 2003 (MFMA), which serves as the fundamental arsenal for local government financial management reform in local government space, a number of achievements have been made to this effect, some of which include the following:

- Development of **budgeting system** for local government including the promulgation of the Municipal Budget and Reporting Regulations, supported by standardized formats for the compilation of municipal budgets;
- Development of **reporting system** for local government, which sought to institutionalized a culture of monthly budget reporting in terms of section 71 and 88 of MFMA.
- Development of a **grant monitoring system** to ensure compliance to Annual Division of Revenue Act (DoRA), by tracking of grant performance, providing certainty to municipalities as it relates to grant receipt, and publishing quarterly grant performance.
- Development and regular issuing of guideline in a form of **circulars** in terms of section 168 of MFMA as a guide to implement various reforms requirements.

However, despite all these and other achievements, the National Treasury continuously indicated that challenges still exist in the LG accountability cycle, particularly in so far as it relates to reliability, credibility and relevance of financial data that gets reported. The root cause of these financial data challenges can be summarised at a high level as follows:

- Each municipality was using a different municipal 'charts of accounts' (COA), and therefore the aggregation of budget and performance information by the National Treasury proves to be extremely difficult owing to inconsistent classification across the entire LG accountability cycle;
- The general quality of reported information is compromised due to lack of uniform classifications of revenue and expenditure items;
- Lack of consistent information across the Strategic Plans (i.e IDPs, MYBPs), Budgets, SDBIPs, IYM and AFS;
- Municipalities and municipal entities continuously change and amend detail COA – No consistency year-on-year.

These are the major challenges which impede transparency, accountability and overall governance in the daily, monthly and yearly activities of municipalities and municipal entities and consequently compromise monitoring and oversight the government's ability to formulate coherent policies affecting local government, and its ability to use the budget as a redistribution tool to address poverty and inequality.

Therefore, in order to address the above challenges comprehensively, the National Treasury introduced the mSCOA concept for local government in order to provide for standard business operating processes and procedures contributing to improved credibility and reliability of financial data, transparency, accountability and overall governance of local government institutions. The mSCOA initiative for local government hinges

on the broader local government budget and financial management reform agenda championed by the National Treasury.

### **2.5.2 Legislative Mandate behind mSCOA**

The Constitution of the Republic of South Africa, Act 108 of 1996, substituted by section 1(1) of Act 5 of 2005, of which section 216 deals with treasury control and determines that national legislation must establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government, by introducing generally recognised accounting practices, uniform expenditure classifications and uniform treasury norms and standards.

Section 168(1) of the MFMA 2003 on the other hand determines that the Minister of Finance, acting with the concurrence of the Cabinet member responsible for local government, may make regulations or guidelines applicable to municipalities and municipal entities, regarding any matter that may be prescribed in terms of the MFMA.

To this effect, the final Local Government: Municipal Finance Management Act, 56 of 2003: Municipal Regulations on municipal Standard Chart of Accounts were published in terms of Government Gazette No. 37577 of 22 April 2014. These Regulations also proposes the specification of minimum business process requirements for municipalities and municipal entities as well as the implementation of processes within an integrated transaction processing environment and took effect from 1 July 2017.

### **2.5.3 Primary Objectives of mSCOA**

The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of Local Government data. This will require a classification framework specific to Local Government.

In order to achieve this main objective, Ngwathe Local Municipality is required to adopt and align to the classification framework specific to Local Government as required by the regulations, incorporating all transaction types, appropriation of funds, spending on service delivery, capital and operating spending, policy outcomes and legislative reporting requirements to the maximum extent possible.

### **2.5.4 Benefits of mSCOA**

- The mSCOA design provides for alignment of spending and revenue collection based on classifications consistent with national/provincial departments within the uniqueness of local government;

- The framework provides for coding of transactions for classifying budgeting and financial reporting labels for revenue, expenditure, assets, liabilities and net assets;
- The mSCOA design provides for proper alignment between the budget, reporting and accountability and thereby informing financial sustainability & evidence based financial management.

## 2.5.5 mSCOA Project Resourcing Strategy

### 2.5.5.1 mSCOA Resource Plan in Context

The mSCOA Resource Plan (SRP) is a living plan that is expected to be continuously revised and updated as necessitated by changing circumstances throughout mSCOA project life cycle. At the very least, it is expected that this plan should be revised at each budgeting cycle.

This plan is aimed at effectively identifying all of the resources required for the implementation of the mSCOA project successfully. Using this resource plan, the municipality will be able to identify the quantity of financial and non-finical resources needed to deliver on the mSCOA Project.

### 2.5.5.2 Overview of the Resource Planning Process

Like all other municipalities, Ngwathe Local Municipality has limited resources to implement the mSCOA project. Therefore, the primary role of the designated mSCOA project manager is to find innovative ways to successfully execute the project within these resource constraints. Key to this resource planning is the establishment of a team that possesses the skills required to perform the tasks, as well as scheduling the non-labour resources such as funding, equipment, systems, etc that will enable the team to complete the project.

An overview of the Resource Planning Process (RPP) is provided in Figure 1 below and outlined more in detail in the ensuing paragraphs.

## Figure 2: Resource Planning Process



**2.5.5.3 Determining The Size Of The Team**

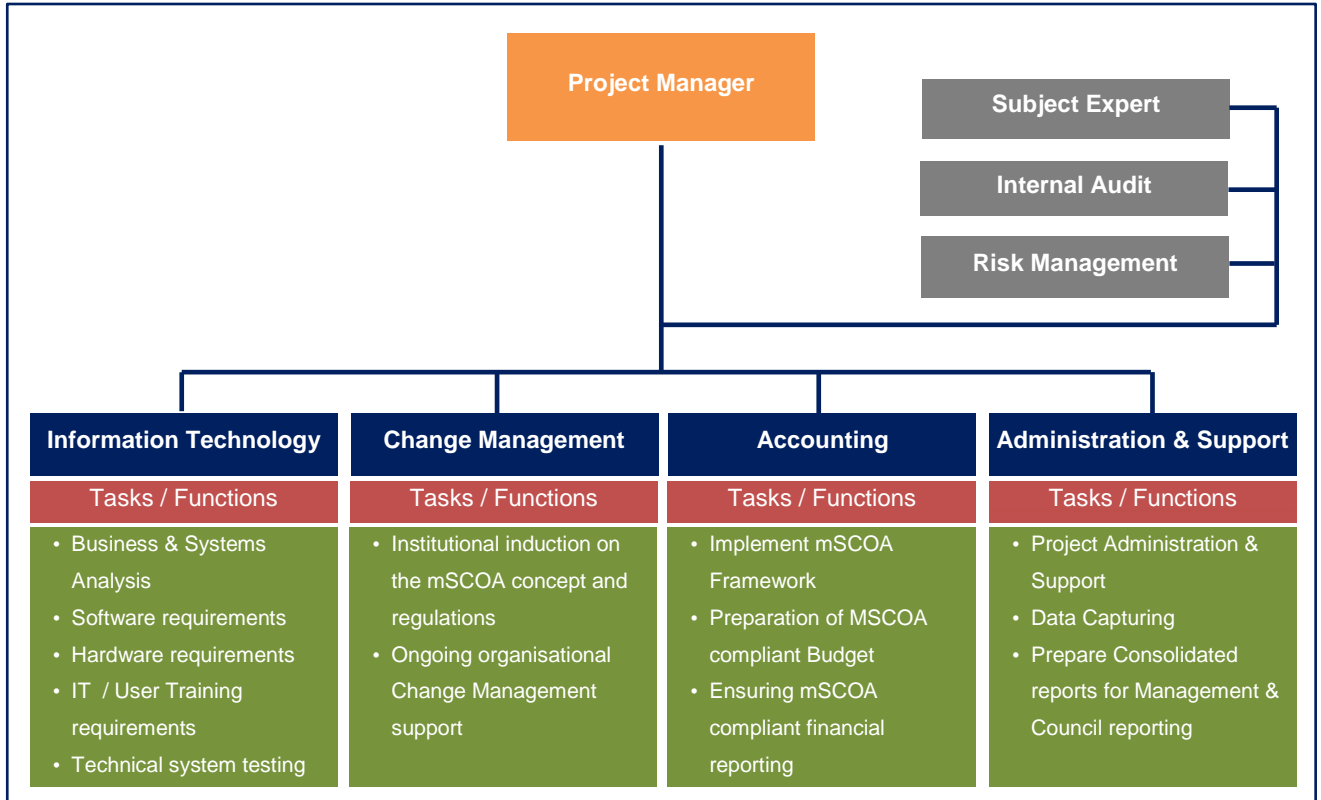
The determination of the optimal size of a project team for mSCOA should be driven by the following three principal factors:

- The total number of tasks to be performed,
- Types of tasks involved,
- The effort needed to perform the tasks, and
- The duration of the project (mSCOA implementation)

Given the above background, research shows that teams with fewer members are more likely to develop strong cohesive bonds that enable them to work cooperatively together, furthermore, the use of smaller teams greatly reduces the likelihood of social loitering, or free-riding on others’ efforts, on the other hand, larger teams have the benefit of utilizing a diverse range of strengths and skills and can brainstorm more effectively to identify a broader scope of problems and solutions. However, larger teams usually cannot effectively make reasonable decisions because interaction becomes more difficult and a phenomenon called groupthink, which is the tendency for individual members to suppress dissent in the interest of group harmony, is more prevalent. Doubling resources will not necessarily double productivity.

The following unique organizational structure is specifically designed for the mSCOA project and does not form part of the permanent organizational establishment and design of the municipality, however, it serves as part of the organization for the mSCOA project implementation and therefore this structure will automatically disband upon closure of the mSCOA project activities.

**Figure 3: SCOA Project Structure**



**2.5.5.4 Determining the Required Skills**

In principle, National Treasury introduced the mSCOA concept for local government in order to provide for standard business operating processes and procedures contributing to improvement in:

- a) credibility and reliability of financial data,
- b) transparency,
- c) accountability, and
- d) overall governance of local government institutions.

In essence, the mSCOA initiative hinges on the broader local government budget and financial management reform agenda. Given the foregoing background, it is evident that the gravity of the skills set required implementing the mSCOA project will predominantly be in the financial management discipline.

The following table outlines the critical areas of mSCOA implementation requirements and the associated skills required for initiation and execution of mSCOA as a project that will culminate into a successful implementation of the project and meeting the minimum business process requirements as outlined by the National Treasury.

**Table: SCOA implementation requirements and the skills required**

| Critical Requirements for mSCOA Implementation | Minimum Skills / Competencies Required  |
|--|---|
| <b>Project Management</b>                      | Planning, Communication, Problem Solving, Leadership, Resources Management, Reporting, Presentation, & Meeting Procedures, Project Accounting, Procurement, Corporate Governance, Performance Reporting, and Customer Care.   |
| <b>Subject Matter Expertise</b>                | In-depth knowledge of mSCOA, backed by National Treasury accredited training, in-depth knowledge of GRAP Standards, IFRS, Local Government Budgeting, Financial Management and Financial Reporting.   |
| <b>Internal Audit</b>                          | Planning and organisation, Communication & presentation, Problem identification and solution finding, conflict resolutions / negotiation skills, Accounting framework, tools and techniques, ICT / IT framework, tools and techniques, Change management skills, reporting. |
| <b>Risk Management</b>                         | Planning, designing and implementing, risk assessment, risk evaluations, risk quantifications, reporting  |
| <b>Information Technology</b>                  | Planning, Business Processes and Systems Analysis, Software / Systems Development, Software & Hardware Analysis and Maintenance.  |
| <b>Change Management</b>                       | Planning, Communication, Problem Solving, Leadership, Reporting, Presentation and Meeting Procedures  |
| <b>Accounting</b>                              | Budgeting, Planning, Costing, and Financial Modelling, Financial Reporting (GRAP), Business Processes Analysis, Financial Analysis and Financial Modeling   |
| <b>Administration and Support</b>              | Data processing, Records management, Data flow management, Good Verbal and Communication, Report writing.   |

In order to support this plan, a detailed schedule of activities in relation to execution of the project should be developed. Such schedule should serve as the basis to determine the types of personnel required for the project.

The Project Manager must pragmatically assess the skill of the available people for the project. Part of this assessment must include evaluation of risks associated with the available skills and compile a schedule that realistically accounts for those skills.

Where staff with the necessary skills is largely unavailable for the project, the municipality has an option to hire the necessary talent or contract competent service providers to perform the work.

### 2.5.5.5 Identifying Non-Labour Resources

In order to execute its duties successfully, the project implementation team will require sufficient amount of support equipment, technology, and other related resources in order to perform the tasks assigned.

Therefore, in scheduling resources, the project manager must ensure that both human resources and necessary non-labour resources to support human resources are available simultaneously.

The need for adequate work space is often overlooked, when projects are initiated, especially where external services providers are insourced to work from within the municipality's premises.

Ideally, and as far as possible, the project implementation team should be placed in contiguous space to facilitate interaction and communication.

### 2.5.5.6 Defining Resource Profiles

The resource profile aims to provide a general description of the major resources that will be needed in order to proceed with the execution of the project. These resources includes: roles (people), equipment, facilities, materials and services.

### 2.5.5.7 Developing Project Staffing Plan

The project staffing plan should be based on the skills and experience required for each element of the Project Breakdown Structure (PBS). If sufficient qualified resources are not available internally within the municipality, the project manager should consider growing the skills through training of currently employed staff, recruiting or potentially outsourcing to an entity with these skills to assist with the execution of the project.

The purpose of the staffing plan is therefore to make certain the project has sufficient staff with the right skills and experience to ensure a successful project completion. In developing the mSCOA Project Staffing Plan, the following should be taken into account:

- How the project staff will be acquired;
- Availability;
- How long the staff will be needed;
- The skills required
- What training is needed

The staffing plan should be updated with the names of assigned resources, as people are assigned to the project implementation team.

#### **2.5.5.8 Defining Resources Assumptions**

The assumptions made in relation to this plan are based on pre unique prevailing circumstances of Ngwathe Local Municipality as an organization, as well as the information available on hand as at the time of development of this plan. These assumptions are anticipated events or circumstances that are expected to materialize during the mSCOA project life cycle.

It should be cautioned however that much as assumptions are supposed to be real, they do not necessarily end up being real, and this can affect the project significantly. Therefore, the Project Manager should at all times be cognizant of the fact that assumptions add risks to the project because they may or may not be real.

The following assumptions were therefore made:

- That the Accounting Officer and his senior management team are familiar with the developments, requirements and expectations surrounding mSCOA as these developments are from time to time communicated by the National and Provincial Treasury.
- That all internal resources required for the mSCOA project will be made available, irrespective of the Department to which the resource is initially assigned.
- That where there is deficiency of resources internally, the Council will support proposals to source additional resources externally, either through recruitment of suitably qualified individuals, subcontracting of external service providers / consultants.
- That sufficient funding will be provided for in the budgets to cater for mSCOA planning, implementation, monitoring, reporting and review requirements.

Despite the above assumptions, there are also constraints that may be imposed on the SCOA project. For this reason, the Project Manager should be able to closely monitor the implementation activities and from time to time forecast new dynamics that will have to be considered and addressed throughout the project implementation activities.

#### 2.4.5.9 Defining Project Risks & Mitigations

The objective of defining the project risks and mitigations is to identify as many potential risks as possible and defining appropriate mitigation factors.

When all risks have been identified, they will then be evaluated to determine their probability of occurrence, and how the project will be affected if they do occur. Plans will then be made to avoid each risk, to track each risk to determine if it is more or less likely to occur, and to proactively plan for those risks should they occur.

It is the overall responsibility of the mSCOA project manager to perform risk mitigation, monitoring, and management in order to ensure the success of the project. The Project Manager should therefore always bear in mind that the quicker the risks can be identified and avoided, the smaller the chances of having to face that particular risk's consequence.

##### ***Project Team's risk management role***

Each member of the project will have to undertake risk management role within the scope of activities and tasks assigned to them. The Project Manager should consistently be monitoring progress and project status so as to identify present and future risks as quickly and accurately as possible.

With this said, any other project risks that may be identified and brought to the attention of the Project Manager, by other role players who are not directly involved in the project (e.g. the National Treasury, etc), should be considered, evaluated and immediately acted upon in order to prevent possible negative effect on the implementation of the project.

The generic risks associated with the mSCOA specific project will likely fall within the following categories:

- a) Project Size Risks
- b) Business Impact Risks
- c) Customer Related Risks
- d) Process Risks
- e) Technology Risks
- f) Project Team Size and Experience Risks

The above risk categories should therefore be used in determining the specific project risks, mitigation, monitoring and management strategies.

The table below provides typical criteria for assessing risks under each of the categories above. The responses should therefore be evaluated and the final outcomes be updated on the mSCOA and Organisational Risk Registers. It should however be noted that the framework as per the table below is not conclusive, therefore those who are charged with risk assessment responsibilities for this project should as far as possible endeavour to broaden their approach and ensure that they consider all other factors which may lead to effective identification of project risks throughout the project cycle.

**Table: mSCOA Project Risks Identification Framework**

| Project Size Risks     |   |
|------------------------|---|
| No.                    | Criteria  |
| 1                      | Will the municipality be able to complete the project well in time given the project size and the time to be fully compliant?   |
| 2                      | Has the municipality ever undertaken a project of similar magnitude and complexity before? If so was it successfully implemented?   |
| 3                      | If the project cannot be executed within the prescribed time frames, what is the likely impact of such delays on the municipality as a whole?   |
| 4                      | Are there sufficient funds available to implement this magnitude of the project?  |
| Business Impact Risks  |   |
| No.                    | Criteria  |
| 1                      | What is the likely impact of this project on the day to day operations of the municipality whilst being rolled out?   |
| 2                      | Will there be sufficient funding available to the municipality for the implementation of this project, including provision for any unforeseen expenditure?  |
| 3                      | What will be the impact of the project on other service delivery needs if resources were on an emergency basis had to be diverted to implement the project?   |
| 4                      | Are the project deadlines as set by the National Treasury considered reasonable by the municipality?  |
| 5                      | Is there positive buy-in across the company on the mSCOA and are all the role players sufficiently playing their part?  |
| 6                      | Does the reviewed organisational structure of the municipality take into account the mSCOA requirements fully aligned to give full effect to the 15 Minimum Business Process Requirements as outlined by the National Treasury? |
| 7                      | What measures are there to ensure that the focus on implementation of mSCOA will not distract the institution from its core mandate of service delivery?  |
| 8                      | Non-compliance with mSCOA implementation may trigger withholding of equitable share grants by the National Treasury, what will any withholding / delays in equitable share grants transfer have on the institution?             |
| Customer Related Risks |   |
| No.                    | Criteria  |
| 1                      | What measures are there to ensure continued provision of uninterrupted services (e.g enquiry services, metering services, billing services, etc) during the roll-out of the project?  |

| Process & Compliance Risks             |   |
|--|---|
| No.                                    | Criteria  |
| 1                                      | Has the recommendations been submitted to Council, that provide for the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of the mSCOA Regulations?   |
| 2                                      | Has the Accounting Officer formally delegated the necessary powers and duties to the appropriate official(s) for the purpose of implementation of mSCOA Regulations as required by regulation 13 (a)?   |
| 3                                      | Is there change management plan in place to effectively re-orientate all the officials of the municipality around the mSCOA pre and post implementation?  |
| 4                                      | Are all the identified mSCOA team members / potential members being capacitated with training or workshops provided by the National and Provincial Treasury?  |
| 5                                      | What processes have been put in place to ensure that the entity implement the minimum business process requirements by at least 1 July 2017 in line with regulation 1 of the mSCOA regulations?   |
| 6                                      | Is there a mSCOA implementation plan in place that specifically outline target dates for submitting reports and recommendations to the Council on the implementation of mSCOA?  |
| Technology Risks                       |   |
| No.                                    | Criteria  |
| 1                                      | Has an assessment been done of the sufficiency of the current IT infrastructure of the municipality to effectively enable compliance with the requirements in sub-regulation (2) of the mSCOA regulations?  |
| 2                                      | One of the objectives of mSCOA as outlined by the National Treasury is to ensure seamless integration of transactions from initiation up to reporting in an effort to improve the quality of data being reported. With this in mind, what measures are in place to ensure that the software application that will be in use will be able to interface with other systems / programmes that the municipality already has? (e.g Vending System) |
| 3                                      | Is there a dedicated and well experienced Information Technology official from the municipality's side working hand in hand with the System Vendors to ensure that firstly, all the IT technical aspects in relation to the project are well taken care of and secondly, to ensure that there is impartment of IT technical skills that will be required for continued operations of the dedicated mSCOA systems post implementations?        |
| Project Team Size and Experience Risks |   |
| No.                                    | Criteria  |
| 1                                      | Is the size of the project implementation team considered big enough to execute the project?  |
| 2                                      | Is the team composed of sufficiently qualified and experienced people?  |
| 3                                      | The mSCOA regulations require that people who are responsible for implementation of the mSCOA project and its regulations must attend training and workshops facilitated by the National Treasury. Are the officials responsible for implementation of SCOA attending / have attended the necessary training and workshops?   |
| 4                                      | What measures are in place to ensure that when the SCOA team members attend training and workshops, the actual project execution does not suffer / fall behind schedule as a result?  |
| 5                                      | Does the team have the right combination of skills in line with the project requirements? (e.g Accountants, Information Technology, Planning, etc)  |

|   |   |
|---|---|
| 6 | Will the team members be committed to the project for the duration of its implementation? |
|---|---|

## 2.5.6 mSCOA Project Implementation Strategy

### 2.5.6.1 Creating / Updating Work Breakdown Structure (WBS)

The WBS is the most important document generated during the project planning process. It is a hierarchical description of the project's scope, in terms of the activities required to achieve the high level project objectives.

Effective use of a WBS will ensure that the project contains the activities required to achieve the set objectives. Therefore, the WBS is a leading guide towards specific project milestones and should have the following key objectives:

- Defines the activities to be performed;
- Serves as a basis for estimating project cost and duration;
- Serves as a reference for measuring project progress
- Obliges project manager to think through the whole project, what is to be provided and how individual activities contribute to the whole.
- Facilitates communication between project stakeholders
- Facilitates allocation of resources to activities

### 2.5.6.2 Estimating duration of project activities

The estimated duration of activities should be outlined in the WBS and should take into account specific deadlines and milestones outlined by the National Treasury. If the estimated duration of the project is anticipated to overrun, the Project Manager should consider changing the resourcing level in order to ensure that the activities are completed within the set duration.

### 2.5.6.3 Defining activity sequence

The list of activities defined by the WBS should be arranged in an order of priority before the project schedule could be developed. Some activities can be performed in parallel; some activities have interdependencies that mean they have to be performed in series.

### 2.5.6.4 Creating project schedule

A project schedule should be created by calculating the overall duration of the project based on the sequence of the activities, and thus defining planned start and end dates for each activity. The project WBS should include the start and end date, and the resource required to execute each defined activity, and can thus serve as a project schedule.

#### **2.5.6.5 Risk management**

All the activities from the WBS should be conducted whilst considering the risks to the project. Risks can affect the scope, duration and cost of the project, and risk identification should be an activity that occurs throughout the execution of the project.

Once risks have been identified, their severity should be assessed, typically by evaluating their probability of occurrence and their likely impact. Risks that are judged to have significant severity should to be addressed by:

- Avoiding the risk by ensuring that it can't occur
- Reducing either the impact or the probability by defining a mitigating strategy
- Transferring the risk to someone else, for example through insurance or outsourcing

Each of these may require a change to the project plan, perhaps through a change to the WBS or the activity sequence.

Less severe risks may be accepted by applying appropriate mitigation strategies to deal with them if they occur.

#### **2.5.6.6 Change Control Planning**

The procedures to be followed when managing project changes during the execution phase of the project should be defined by the Internal Project Steering Committee when any changes to the scope, WBS, project costs, etc occur.

Any change procedures to be defined by Internal Project Steering Committee should be documented and should describe the authorisation required and the resulting actions when changes of varying magnitudes occur.

### **2.5.7 Roles & Responsibilities**

#### **2.5.7.1 Responsibilities of the Council**

In terms of regulation 12 of Standard Chart of Account for Local Government Regulations, 2014 (mSCOA) Regulations; the Council must take the necessary steps to ensure that the Regulations are implemented by the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.

#### **2.5.7.2 Responsibilities of the Accounting Officer**

In terms of regulation 13 of mSCOA Regulations, the Accounting Officer must take all necessary steps to ensure that the Regulations are implemented by at least:

- a) delegating the necessary powers and duties to the appropriate officials;
- b) ensuring that the responsible officials have the necessary capacity by providing for training and ensuring that they attend training or workshops provided by the National Treasury;
- c) ensuring that the financial and business applications of the municipal entity have the capacity to accommodate the implementation of the SCOA Regulations and that the required modifications or upgrades are implemented; and
- d) submitting reports and recommendations to the board of directors, as the case may be, that provide for the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.

#### **2.5.7.3 Roles and Responsibilities of the Project Manager**

Despite the above articulated technical skills that are required for the implementation of the mSCOA project, the most important skills that will certainly determine the overall success of the project implementation are those of the Project Manager.

The following are critical skills that the mSCOA Project Manager should possess in order to make the project successful:

##### **2.5.7.3.1 Knowledge of Subject Matter**

In order to be effective, the mSCOA project manager should thoroughly understand the inner workings of the municipality and know enough about mSCOA and its regulations in order to hold intelligent conversations about the project with:

- a) The Council;
- b) Other senior managers;
- c) Project Implementation Team Members,
- d) Stakeholders, and

- e) Suppliers, Consultants and Service providers.

#### **2.5.7.3.2 Good Communication**

The ability to communicate with people at all levels is almost always named as the second most important skill by project managers and team members. Therefore, the Project Manager will be expected to call for clear communication about goals, responsibilities, performance, expectations and feedback.

Because of the fact that the Project Manager will also be the teams' link to the municipality as a whole regarding the project, he / she must have the ability to effectively negotiate and use persuasion when necessary to ensure the success of the team and project. Through effective communication, the Project Manager will be able to support individual and team achievements by creating explicit guidelines for accomplishing results.

#### **2.5.7.3.3 Integrity**

One of the most important things the Project Manager must remember is that his / her actions, and not words, set the *modus operandi* for the team. Good leadership demands commitment to, and demonstration of, ethical practices. The Project Manager will be responsible for creating standards for ethical behavior for him/her and for the project team at large. The project manager will therefore be expected to show the level of integrity that will represent a set of values that can be shared by others.

#### **2.5.7.3.4 Enthusiasm**

The Project Manager should be an enthusiastic leader committed to the goals of the project and express this commitment through optimism. Leadership emerges as someone expresses such confident commitment to a project that others want to share his or her optimistic expectations.

Therefore, project team members will not appreciate a Project Manager who is negative. The negativity will certainly bring the entire project team down and consequently collapse the project itself. The enthusiasm of the Project Manager should inspire the entire project team to believe that they are part of an invigorating journey. Naturally, people tend to follow people with a can-do attitude, not those who give multitudes of reasons why something can't be done.

#### **2.5.7.3.5 Delegation of Tasks**

Trust is an essential element in the relationship of a Project Manager and his or her team. One demonstrates trust in others through one's actions - how much you check and control their work, how much you delegate and how much you allow people to participate. Individuals who are unable to trust other people

often fail as leaders and forever remain little more than micro-managers, or end up doing all of the work themselves. The Project Manager must therefore be able to delegate tasks to various team members according to their respective competencies and abilities

#### **2.5.7.3.6 Management of Project Resources**

Effective and efficient use of resources can often make or break the project. Because the municipality has limited resources at its disposal, resources to the mSCOA project will also be allocated based on this limitation. It is therefore the responsibility of the Project Manager to exercise stewardship over the project resources and ensure that allocated project resources are used optimally for the benefit of the project.

#### **2.5.7.3.7 Problem Solving**

Although the Project Manager will be expected to share problem-solving responsibilities with the team, it is expected that the Project Manager him/herself must have excellent problem-solving skills themselves. As part of problem solving, the project manager will also be responsible for managing the project risks.

#### **2.5.7.4 Roles and Responsibilities of the mSCOA Team Members (Project Steering Committee & project Implementation Committee)**

The mSCOA team members should be selected because they have particular skills that are required to execute the project successfully. Therefore, each team member's primary role should be to successfully perform the tasks that have been allocated, keeping the project manager informed of progress as well as any issues that may arise.

Team members are required to work on their own initiative in areas where they are the 'experts'. This therefore places the responsibility on them to manage their own day to day work, recognise the authority of the Project Manager and report to the Project Manager as appropriate. Team members are also expected to pay attention to the problems others may be facing within the project and contribute in finding solutions to the problems as far as possible.

Although the responsibilities assigned to individual team members may vary from time to time, the following however forms the core responsibilities of each team member:

- understanding the purpose and objectives of the project
- ensuring a correct balance between project and non-project work
- working to timescales and within cost constraints
- reporting progress against plan

- producing the deliverables to agreed specifications
- reviewing key project deliverables
- identifying issues
- identifying risks associated with the project
- working together as a team
- contributing towards successful communication
- contributing towards positive motivation

## 2.6 Government Grants for Infrastructure Development

### 2.6.1 The vision for Infrastructure Grants

The vision of the infrastructure grants allocated by government is to provide all South Africans with at least a basic level of service, through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor.

### 2.6.2 Key Principles of the Infrastructure Grants

The infrastructure grants complement the municipality's own generated income, however, it is provided conditionally to the municipality. The key principles underpinning the design of the infrastructure grants are outlined below:

- Focus on infrastructure required for a basic level of service:** The infrastructure grants are aimed at providing only basic infrastructure.
- Targeting the poor:** The programmes implemented from infrastructure grants must be aimed at providing services to the poor and funds will therefore be targeted to reach them.
- Maximizing economic benefits:** The programmes must be managed to ensure that the local economic spin-offs through providing infrastructure are maximized. This includes employment creation and the development of enterprises.
- Equity in the allocation and use of funds:** The mechanism for distributing funds must provide for equitable access to such funds by the poor in order to make uniform progress in closing the infrastructure gap.
- Decentralization of spending authority within national standards:** Decisions relating to the prioritization of infrastructure spending, such as the identification, selection and approval of

projects, should be taken through the IDP (MMM) and budgeting processes with the following provisions:

- The operating finance and management arrangements must be in place;
  - A degree of national and provincial influence over capital spending, expressed through clear norms, standards and spending conditions must be retained; and
  - Unintended consequences should be limited: the grants must promote sound management practices, not the reverse.
- f) **Efficient use of funds:** Funding must be used to provide the greatest possible improvement in access to basic services at the lowest possible cost. This implies the following:
- There should be an appropriate selection of service levels.
  - Incentives and conditions must ensure that other funds are mixed with grant funds to minimize leakage to non-eligible households and service levels.
  - The mechanism to disburse funds should be simple and easy to monitor, and the outcomes of municipal spending should be easy to evaluate.
- g) **Reinforcing local, provincial and national development objectives:** This implies the following:
- The funding mechanism must be consistent with the planning processes of local, provincial and national government.
  - Spatial integration must be promoted.
  - The emphasis placed on the selection of appropriate service levels.
  - The formula should promote appropriate municipal performance relative to policy objectives.

### 2.6.3 Integration of Infrastructure Grants into the Municipality's Budget

Section 36 and 37 of MFMA deals with, amongst others, national and provincial allocations to municipalities and how municipalities must consolidate such allocations into their budgets.

Consistent with the above stipulated legislative requirements, all grant allocation to the municipality are contained in the annual budget of the municipality. This implies that the process for funding an infrastructure project for the municipality must flow from the budget.

It is essential for infrastructure which is provided under the government infrastructure programme to be properly operated and maintained. Therefore one of the conditions of infrastructure funds is that the

municipality must prove that it has the capacity to manage the infrastructure. This requires a sound viability assessment of the planned infrastructure investment programme.

## 2.7 Comprehensive Infrastructure Planning

### 2.7.1 Objectives

Comprehensive Infrastructure Planning culminated into the National Comprehensive Infrastructure Plan (NCIP) 2050 as was gazetted in March 2022. The plan aims to achieve the following goals in line with the National Development Plan (NDP) 2030:

- a) Creating an integrated framework for sustainable service delivery, aligning developmental, financial and institutional aspects
- b) Defining action plans per sector to accelerate towards achieving the set targets
- c) Ensure that funding is available and accessible to achieve targets through life cycle costing, financing and access to grants
- d) Ensure that an Monitoring and Evaluation (M&E) framework to monitor delivery is available

### 2.7.2 How is the CIP Aligned to the IDP

The municipality's planning starts with Integrated Development Planning. The Integrated Development Planning is legally governed by the framework prescribed for the IDP. The municipality's IDP therefore should provide for a planning regime that ensures that all projects initiated and undertaken contribute to the medium and long term vision of the municipality.

The IDP should therefore build on the foundation and long-term vision laid in the NCIP where alignment exist in order to formulate a model for growth and development in the municipality. The CIP should, in particular, accommodate the following inputs from the IDP:

- Land Use Management
- Regional & Town Planning
- Human Settlement patterns
- Socio-economic modelling.
- Local Economic Development Strategies
- Regional, Provincial & National growth strategies
- Financial modelling over the MTREF budgeting cycles.
- Sectoral planning and modelling

All of these should provide inputs into the CIP and serve as sources for more detailed level information to give effect to programmatic development rather than project based planning.

## **2.8 Mainstreaming of HIV/AIDS and TB**

### **2.8.1 Background**

The need to respond to HIV/AIDS has been a priority for over three decades. Over time, various conceptual shifts have influenced the characteristics of the response. Initially, the primary interventions were driven through mass information and communication campaigns, backed up by a narrow biomedical focus. This was soon followed by a focus on behavioural aspects, including cultural issues that were identified as risks for HIV/AIDS acquisition, such as gender norms and resultant gender inequalities. Interventions shifted to behavioural change, with a strong focus on placing the onus on individuals to adopt healthy practices supported by available biomedical interventions.

Recognition of the limitations of the biomedical and behavioural paradigms emerged when the concept of the social determinants of ill health became better understood, leading to the established and accepted paradigm of also conceptualising HIV and TB as a development challenge. Such a developmental concept recognises the socio-economic context in which these epidemics occur and the inter-relatedness of HIV and TB with other development concerns, such as gender inequality, poverty, unemployment, inequity, lack of access to basic services and lack of social cohesion.

Almost from the beginning, HIV has also been understood as a human rights issue – the denial of human rights increases the risk of HIV infection, and HIV infection increases the risk of human rights violations. It is for this reason that a human-rights approach has been a core principle of the response to HIV.

A strategic approach to the mainstreaming of HIV/AIDS requires a broad understanding of national planning frameworks and priorities.

### **2.8.2 Why should the municipality address HIV/AIDS**

HIV/AIDS is one of the biggest challenges we face as a country. The rate of infection is rapidly increasing and more and more people are getting ill and dying from AIDS. South Africa has the biggest and most high profile HIV epidemic in the world, with an estimated 7,7 million people living with HIV in 2023.

Government, together with welfare and other organisations, has developed a response to the AIDS crisis, but without a coherent and collective approach at local level their efforts will not achieve as much as it could. Municipalities should ensure that all planning and projects take account of AIDS and its consequences. Our Integrated Development Plans must deal with the issues around poverty and development that assist in the

rapid spread of HIV and AIDS. As an employer we should also make sure that our own employees are adequately protected and that we have workplace policies and programmes that spread awareness, provide care and educate around prevention and non-discrimination.

However, our role goes far beyond adapting our own programmes and looking after our own personnel. As part of the lowest layer of government, we are ideally placed to play the coordinating and facilitating role that is needed to make sure that partnerships are built to bring prevention and care programmes to every community affected by AIDS

AIDS can affect the progress that has been made in our young democracy towards building a better life for our people. National and provincial government cannot fight this battle alone. They can provide health and welfare services, development programmes and information, but as a municipality, together with organizations on the ground; we have to provide the type of leadership and direction that will lead to real change in people's attitudes and behaviour.

### **2.8.3 Potential Impact on the Municipality**

If not sufficiently challenged and addressed, it is very likely that HIV/AIDS will have the following direct impact on our municipality over medium to long-term:

- a) With escalating HIV/AIDS related deaths, there will be fewer people living in the area in the future.
- b) People will not live for as long as projected (around 43 years instead of 60 years)
- c) Infant mortality will increase because of mother to child transmission as well as a higher death rate among orphans who lack parental care.
- d) There will be an increase in the need for health care.
- e) There will be an increase in the need for poverty alleviation.
- f) Existing inequalities between rich and poor areas will become worse.
- g) The number of orphans will grow dramatically.
- h) The make-up of our district population in terms of age distribution will change.
- i) The number of old people who need care will increase since many of them will lose the adult children who may have been helping to support them.
- j) Economic growth will shrink since less disposable income is available for spending.
- k) Productivity in the economy will be affected by increased absenteeism.
- l) It will cost more to recruit, train and provide benefits for employees because of loss of skilled staff and this could affect our ability to deliver key services.
- m) Expenditure meant for development may have to be spent on health and welfare support.

### 2.8.4 Development and Constitutional Framework

The cooperative nature of the three spheres of government (national, provincial and local), as espoused by the Constitution, has a critical bearing on dealing with issues of HIV/AIDS. The Intergovernmental Relations (IGR) Framework Act 2005 (Act 13 of 2005) aims to facilitate such cooperation. Since HIV/AIDS have an impact across all three spheres of government, the implementation of related programs should take place within the IGR framework.

At a macro level, the national government set the strategic mandate for the whole of government through MTSF. This mandate identifies strategic priorities and targets that serve as the basis for determining government's implementation plans.

### 3. Internal Capital Programmes and Project - Ngwathe Local Municipality

The table below provides details of projects directly initiated and implemented by the municipality. These projects are conditionally fully funded through various grants from the national government.

The national government grants sustain programmes that are an integral part of providing municipal services. The provision of municipal services is in most cases dependent on infrastructure. Part of planning municipal services is therefore planning for infrastructure. With this understanding in mind, Ngwathe Local Municipality view the grants funded programmes from a holistic perspective where they supports all municipal services.

The projects outlined below are aimed at providing at least a basic level of services by covering the capital cost of basic infrastructure as envisioned in the government grants objectives, particularly for poor communities within the municipality.

**Table: Capital Expenditure Schedule**

| Project Name   | MTREF Estimates    |                    |                    | Ward (where applicable) | New Asset / Renewal / Replacement |
|--|--------------------|--------------------|--------------------|-------------------------|-----------------------------------|
|  | 2025/26            | 2026/27            | 2027/28            |                         |                                   |
| Electrification Projects (INEP)                        | 11 135 000         | 20 000 000         | 20 904 000         |                         | New                               |
| Covid-19 Refurb Parys Water Treatment Works            | 2 272 154          | -                  | -                  | 7                       | Renewal                           |
| Provision-Specialized Vehicles-Mokwallo                | 2 800 000          | -                  | -                  | 14                      | N/A                               |
| Ngwathe Replace 15km Asbestos Pipes                    | 3 732 270          | -                  | -                  | 7                       | Renewal                           |
| Constr. 3km Waterborne Sanitation Network              | 6 442 696          | -                  | -                  | 4                       | New                               |
| Vredefort 2km Paving Roads                             | 7 024 240          | -                  | -                  | 15                      | New                               |
| Construction of Low Level Bridge In W1                 | 1 041 091          | 2 000 000          | -                  | 1                       | New                               |
| Mosepedi Community Hall Refurb. & Upgrade              | 3 461 412          | 2 483 460          | -                  | 10                      | Renewal                           |
| Phiritona/Sandersville: Constr. of Low Level Bridge    | 1 200 000          | 3 333 837          | -                  | 1                       | New                               |
| Mokwallo Upgrading of Existing Outfall Sewer           | -                  | 6 883 403          | -                  |                         | Renewal                           |
| Tumahole: Upgrading of 1,5km Paving Road               | 2 628 139          | 13 071 166         | -                  | 7                       | Renewal                           |
| Refurbishment: Koppies Sports Field                    | -                  | -                  | 2 595 105          | 16                      | Renewal                           |
| Vredefort: Upgrade Water Treatment Works               | 5 737 397          | 23 062 077         | 5 013 258          | 14                      | Renewal                           |
| Installation of Advance Telemetry System               | -                  | -                  | 9 204 775          | 4                       | New                               |
| Parys/Tumahole/Pump/Line Exist Reservoir               | -                  | 1 609 875          | 17 990 217         |                         | Replacement                       |
| Replace Heilbron AC Water Reticulation                 | -                  | -                  | 19 982 195         | 4                       | Replacement                       |
| Refurb: Vredefort Waste WTW                            | 8 432 965          | 4 539 809          | 4 766 800          |                         | Renewal                           |
| Heilbron/Phiritona: Cons 3km Pipeline & Elevated Tower | 7 000 035          | 7 460 191          | 7 833 200          |                         | New                               |
| Construct Pipeline Koppies - Edenville                 | 17 926 557         | 43 112 000         | 12 000 000         |                         | New                               |
| Parys WTW Upgrade and Refurbishment                    | 40 646 587         | 38 000 000         | 38 000 000         |                         | Renewal                           |
| Upgrading of Secondary Bulk Kwakwatsi                  | 1 426 856          | -                  | -                  |                         | Renewal                           |
| Upgrading of the Server (War Room)                     | 2 000 000          | 2 000 000          | 2 000 000          | N/A                     | Renewal                           |
| Tools of Trade: Computer Equip. - Personnel            | 2 000 000          | 2 000 000          | 2 000 000          | N/A                     | Renewal                           |
| Vehicle- for Roads Section                             | 1 000 000          | 1 000 000          | 1 000 000          |                         | New                               |
| Building of 1919 Bridge                                | 600 000            | 600 000            | 600 000            |                         | New                               |
| Parys Electricity Bulk Supply                          | 2 000 000          | 2 000 000          | 2 000 000          |                         | Renewal                           |
| Mini-Substation  | 2 500 000          | 2 500 000          | 2 500 000          |                         | Renewal                           |
| Generator 6.5 KVA On Wheels X1                         | 2 000 000          | 2 000 000          | 2 000 000          |                         | New                               |
| Two Way Radio System                                   | 1 000 000          | 1 000 000          | 1 000 000          |                         | New                               |
| Upgrading Of Mimosa                                    | 15 000 000         | -                  | -                  |                         | Renewal                           |
| Municipal Building Edenville Office                    | 2 000 000          | 2 000 000          | 2 000 000          |                         | Renewal                           |
| Pump   | 3 000 000          | 3 000 000          | 3 000 000          |                         | New                               |
| Yellow Fleet - Special Vehicle                         | 5 800 000          | 5 800 000          | 5 800 000          |                         | New                               |
| SMME All Towns - Business Hub                          | 9 400 000          | 7 500 000          | 7 500 000          |                         | New                               |
| <b>Total</b>   | <b>171 207 399</b> | <b>196 955 818</b> | <b>169 689 550</b> |                         |                                   |

### **Refuse Removal**

- Procurement of Solid waste compactor truck for Edenville
- Procurement of waste skips for illegal dumping sites.
- Procurement of Waste skip trucks for collection of waste skips from illegal dumping sites.
- Implement waste minimization projects such as recycling- Waste Separation at Source, to reduce waste to the landfill site, to promote greening and reduce greenhouse gases. Integration of waste pickers into the municipal system.
- Rehabilitation of Edenville and Vredefort landfill site.
- Development of a new licensed landfill site in Edenville and Vredefort.

### **Sports, Arts, Culture and Recreation**

- Construction or maintenance of sports facilities including Fezile Dabi Stadium.

### **Fire and Public Safety**

- Upgrading of Fire Station in Parys.
- Procurement of fire engines.
- Establishment of fire stations in Koppies, Edenville.

**SECTION K: Programmes and Projects of other spheres of government**

Sector departments at both national and provincial levels play a crucial role in supporting and overseeing local government, particularly in the delivery of municipal infrastructure and services. They provide policy, regulation, infrastructure development and capacity-building support to municipalities while ensuring sustainable service delivery and promoting social and economic development.

The tables that follow below relates to various sector departments that were confirmed by the respective departments as projects that are rolled out in Ngwathe Local Municipality. The validity and correctness of the details and information contained below vests with the respective sector departments and the municipality had no means of independently verifying the validity and correctness of any of the details other than to accept as provided.

The following are projects submitted by Sector Government Departments in during the beginning of 2025/26 FY. We are still awaiting updated and new capital projects earmarked for Ngwathe LM for 2026/27 Financial year.

**Table: Sector Department: Sports, Arts, and Culture Projects**

| District    | Municipality | Project Name                           | Sectors          | Project Cost  | Project Stage                 | Project Status | Progress  |
|-------------|--------------|--|------------------|---------------|-------------------------------|----------------|---|
| Fezile Dabi | Ngwathe      | Leister Skhosana Interpretative Centre | Arts and Culture | R7,500,000.00 | Stage 3: Design Development   | On Hold        | Deferred to the outer MTEF period   |
| Fezile Dabi | Ngwathe      | Fezile Dabi Art Centre Satelite Studio | Arts and Culture | R1,500,000.00 | Stage 4: Design Documentation | Design         | Specification issues at SCM have been solved. Tender will be re-advertised in the 2nd quarter of 2022/2023.                     |
| Fezile Dabi | Ngwathe      | Tumahole Library                       | Arts and Culture | R6,000,000.00 | Stage 4: Design Documentation | Design         | Sites identified, Plans drawn. Department to appoint contractors by December 2022 and construction to commence by February 2023 |
| Fezile Dabi | Ngwathe      | Leister Skhosana                       | Arts and Culture | R7,500,000.00 | Stage 3: Design Development   | On Hold        |   |

| District    | Municipality | Project Name   | Sectors          | Project Cost  | Project Stage                 | Project Status | Progress  |
|-------------|--------------|--|------------------|---------------|-------------------------------|----------------|---|
|             |              | Interpretative Centre                                      |                  |               |                               |                |   |
| Fezile Dabi | Ngwathe      | Fezile Dabi Art Centre Satelite Studio                     | Arts and Culture | R1,500,000.00 | Stage 4: Design Documentation | Design         |   |
| Fezile Dabi | Tumahole     | Implementation of Phase two (2) of the Fezile Dabi Stadium | Arts and Culture | R1 124 29865  |                               |                | Confirmed budget to Public Works for the remedial works and construction to commence on the 1st week of August 2022 |
| Fezile Dabi | Ngwathe      | Tumahole Library   | IEA              | 11063         |                               |                |   |

**Table: Sector Department: Energy**

| District    | Municipality | Project Name  | Sectors      | Project Cost   | Project Stage                              | Project Status | Progress              |
|-------------|--------------|---|--------------|----------------|--|----------------|-----------------------|
| Fezile Dabi | Ngwathe      | Koppies 2 x 10MVA/88/6.6kV (Ph1)                      | Energy       | R10,000,000.00 | Waiting for Eskom Quotation for bulk point | Design         |                       |
| Fezile Dabi | Ngwathe      | Koppies 2 x 10MVA/88/6.6kV (Ph1)                      | Energy       | R25,000,000.00 | Initial State Continuation from Ph1        |                |                       |
| Fezile Dabi | Ngwathe      | Heuningspruit PV1                                     | Energy       |                |  |                |                       |
| Fezile Dabi | Ngwathe      | Farm Dweller Houses                                   | Energy       | R 138,000.00   | Connected                                  | Completed      | Completion Stage 100% |
| Fezile Dabi | Ngwathe      | Heuningspruit PV1                                     | Energy       |                |  |                |                       |
| Fezile Dabi | Ngwathe      | Vredefort-Mokwallo Ext 7 Electrification of 224 Sites | Energy /INEP | R 4 362 000.00 |  |                |                       |
| Fezile Dabi | Ngwathe      | Vredefort-Mokwallo Ext 4 Electrification of 357 sites | Energy/INEP  | R 6 971 000.00 |  |                |                       |

| District    | Municipality | Project Name                                | Sectors     | Project Cost   | Project Stage | Project Status | Progress |
|-------------|--------------|---|-------------|----------------|---------------|----------------|----------|
| Fezile Dabi | Ngwathe      | Parys Abazimeli Electrification of 79 Sites | Energy/INEP | R 1 540 741.00 |               |                |          |
| Fezile Dabi | Ngwathe      | Parys-Tumahole Electrification of 139 Sites | Energy/INEP | R 2 711 259.00 |               |                |          |

**Table: Sector Department: Education**

| District    | Municipality | Project Name                      | Sectors   | Project Cost    | Project Stage                        | Project Status                   | Progress |
|-------------|--------------|-----------------------------------|-----------|-----------------|--------------------------------------|----------------------------------|----------|
| Fezile Dabi | Ngwathe      | LABORATORIES                      | Education | R32,988,082.00  | Packaged Programme                   | Other - Packaged Ongoing Project |          |
| Fezile Dabi | Ngwathe      | GRADE R FACILITIES                | Education | R52,744,734.00  | Stage 1: Initiation/ Pre-feasibility | Other - Packaged Ongoing Project |          |
| Fezile Dabi | Ngwathe      | FENCES                            | Education | R101,250,000.00 | Stage 1: Initiation/ Pre-feasibility | Other - Packaged Ongoing Project |          |
| Fezile Dabi | Ngwathe      | PARYS NEW PRIMARY                 | Education | R72,500,000.00  | Stage 4: Design Documentation        | Design                           |          |
| Fezile Dabi |              | Parys: New Primary (Father Balik) | Education | 30 000          | Design development                   |                                  |          |

**Table: Sector Department: Health**

| District    | Municipality | Project Name  | Sectors | Project Cost | Project Stage                 | Project Status     |
|-------------|--------------|---|---------|--------------|-------------------------------|--------------------|
| Fezile Dabi | Ngwathe      | PARYS HOSPITAL: Renovations                                   | Health  | R0.00        | Stage 2: Concept/Feasibility  | Project Initiation |
| Fezile Dabi | Ngwathe      | Sizabantu Clinic- Rehabilitation, Renovations & Refurbishment | Health  | R0.00        | Stage 2: Concept/ Feasibility | Feasibility        |
| Fezile Dabi | Ngwathe      | Tokollo Hospital - Renovations,                               | Health  | R0.00        | Stage 2: Concept/ Feasibility | Project Initiation |

| District    | Municipality | Project Name   | Sectors | Project Cost  | Project Stage   | Project Status                   |
|-------------|--------------|--|---------|---------------|---|----------------------------------|
|             |              | Rehabilitation and Refurbishment of Tokollo Hospital   |         |               |   |                                  |
| Fezile Dabi | Ngwathe      | Parys Hospital - Construction New Replacement District Hospital  | Health  | R0.00         | Stage 2: Concept/ Feasibility                           | Project Initiation               |
| Fezile Dabi | Ngwathe      | Kananelo CHC - Construction of New and Replacement CHC   | Health  | R0.00         | Stage 2: Concept/ Feasibility                           | Project Initiation               |
| Fezile Dabi | Ngwathe      | Health Technology Relebohile Clinic  | Health  | R0.00         | Stage 4: Design Documentation                           | Construction 51% - 75%           |
| Fezile Dabi | Ngwathe      | Relebohile Clinic Refurbishment  | Health  | R7,090,000.00 | Stage 5: Works  | Construction 76% - 99%           |
| Fezile Dabi | Ngwathe      | New Parys Clinic HT  | Health  | R2,000,000.00 | Stage 5: Works  | Construction 1% - 25%            |
| Fezile Dabi | Ngwathe      | Relebohile Clinic ( Heilbron) HT   | Health  | R1,470,813.00 | Stage 5: Works  | Construction 1% - 25%            |
| Fezile Dabi | Ngwathe      | Maintenance Other Facilities in Fezile Dabi District   | Health  | R0.00         | Stage 5: Works  | Other - Packaged Ongoing Project |
| Fezile Dabi | Ngwathe      | Relebohile Clinic_ Refurbishment works of Entire Clinic  | Health  | R7,089,149.00 | Stage 6a: Design documentation (Production information) | Final Completion                 |
| Fezile Dabi | Ngwathe      | Schonkenville Clinic - New and replacement of assets   | Health  |               |   |                                  |
| Fezile Dabi | Ngwathe      | Relebohile Clinic - Complete refurbishment of existing main clinic building including associated site works7 | Health  | 7 090 000.00  | Construction  |                                  |

Table: Sector Department: Human Settlements

| District    | Municipality | Project Name   | Sectors           | Project Cost   | Project Stage      | Project Status     | Progress   |
|-------------|--------------|--|-------------------|----------------|--------------------|--------------------|--|
| Fezile Dabi | Ngwathe      | Tumahole Ext 7 Water And Sewer (605 Consulting) (Phase)                    | Human Settlements | R35,116,546.00 | Packaged Programme | Project Initiation | Not listed in 2022/23 business plan. Scope: construction and installation of water and sewer network for 605 serviced sites. To date, 479 serviced sites completed. Expenditure: R32 169 308       |
| Fezile Dabi | Ngwathe      | Vredefort - 400 Superb Homes (2008/2009) (Phase)                           | Human Settlements | R22,329,187.00 | Packaged Programme | Project Initiation | Listed in 2022/23 business plan. Scope: construction of 400 housing units. To date, 53 properties transferred and 28 housing units completed. Expenditure: R19 812 198. Project done in two phases |
| Fezile Dabi | Ngwathe      | Ngwathe: Water and Sewer for 495 sites in Edenville, Ngwathe Ext 5 (Phase) | Human Settlements | R30,000,000.00 | Packaged Programme | Project Initiation | Not listed in 2022/23 business plan. Scope: construction and installation of water and sewer network for 495 serviced sites. To date, 463 serviced sites completed. Expenditure: R22 082 319.      |

| District    | Municipality | Project Name  | Sectors           | Project Cost   | Project Stage      | Project Status     | Progress  |
|-------------|--------------|---|-------------------|----------------|--------------------|--------------------|---|
|             |              |   |                   |                |                    |                    | Project nearing completion  |
| Fezile Dabi | Ngwathe      | Ngwathe: Water and Sewer for 310 sites in Vredefort, Mokwallo Ext 7 (Phase) | Human Settlements | R4,665,513.00  | Packaged Programme | Project Initiation | Not listed in 2022/23 business plan. Scope: construction and installation of water and sewer network for 310 serviced sites. To date, 309 serviced sites completed. Expenditure: R16 045 628. Project awaiting top structures |
| Fezile Dabi | Ngwathe      | Heilbron, Phiritona Ext 10 Water And Sewer 1356 Sites (Phase)               | Human Settlements | R43,435,249.00 | Packaged Programme | Project Initiation | Project approved on 01/04/2017. Listed in 2022/23 business plan. Scope: construction and installation of water and sewer network for 1356 serviced sites. To date, 788 serviced sites completed. Expenditure: R43 437 168     |
| Fezile Dabi | Ngwathe      | Ngwathe:  | Human             | R31,187,896.00 | Packaged           | Other -            | Project approved on 01/04/2017.   |

| District    | Municipality | Project Name  | Sectors           | Project Cost   | Project Stage                       | Project Status                   | Progress   |
|-------------|--------------|---|-------------------|----------------|-------------------------------------|----------------------------------|--|
|             |              | Water and Sewer for 1721 sites in Koppies, Kwakwatsi Ext 5 and 323 sites in Kwakwatsi Ext 6 | Settlements       |                | Programme                           | Packaged Ongoing Project         | Not Listed in 2022/23 business plan. Scope: construction and installation of water and sewer network for 2 220 serviced sites. To date, 1 509 serviced sites completed. Expenditure: R72 988 235 . Conducted water testing on site |
| Fezile Dabi | Moqhaka      | Moqhaka Tuinhof Gap Market W&s - Phase 1  | Human Settlements | R15,000,000.00 | Stage 1: Initiation/ Prefeasibility | Project Initiation               | In the 2022/23 business plan   |
| Fezile Dabi | Ngwathe      | Parys - 300 Project Superb Homes 2006/2007 (Phase)  | Human Settlements | R15,451,677.00 | Stage 1: Initiation/ Prefeasibility | Other - Packaged Ongoing Project | Project approved on 23/11/2003. Listed in 2022/23 business plan. Scope: construction of 300 housing units and 298 completed. To date: 189 properties transferred. Expenditure: R12 292 862   |
| Fezile Dabi | Ngwathe      | Parys - 200 Maono Incompl. 2013/15 (Terisano Housing Support Centre (Phase)                 | Human Settlements | R1,840,000.00  | Stage 1: Initiation/ Prefeasibility | Other - Packaged Ongoing Project | Project approved on 28/08/1998. Listed in 2022/23 business plan. Scope: construction of 200 incomplete housing units. To date: 03 properties   |

| District | Municipality | Project Name | Sectors | Project Cost | Project Stage | Project Status | Progress  |
|----------|--------------|--------------|---------|--------------|---------------|----------------|---|
|          |              |              |         |              |               |                | transferred.<br>Budget allocation<br>R 5 575 394.<br>Expenditure: R4<br>888 734 |

**Table: Sector Department: Public Works**

| District    | Municipality          | Project Name  | Sectors      | Project Cost            | Project Stage         | Project Status                    | Progress   |
|-------------|-----------------------|---|--------------|-------------------------|-----------------------|-----------------------------------|--|
| Fezile Dabi | Ngwathe               | KOPPIES TRP   | Public Works | R14,116,000.00          | Stage 5: Works        | Construction<br>76% - 99%         | Completion Stage   |
| Fezile Dabi | Ngwathe               | KOPPIES TRP<br>(Train)  | Public Works | R1,346,000.00           | Stage 7: Close<br>out | Final<br>Completion               | Completion Stage   |
| Fezile Dabi | Ngwathe               | Complete the<br>Koppies -<br>Schonkenville<br>Road                                  | Transport    | R212,000,000.00         | Stage 5: Works        | Construction<br>26% - 50%         | Contractor is on<br>site. Progress is at<br>35%                              |
| Fezile Dabi | Ngwathe               | Edenville Access<br>Route   | Transport    | R10,000,000.00          | Stage 6:<br>Handover  | Practical<br>Completion<br>(100%) | Completion Stage   |
| Fezile Dabi | Heilbron<br>Edenville | Implement the<br>Access<br>Road<br>Rehabilitation<br>Project Heilbron-<br>Edenville | Transport    | No budget<br>allocation |                       |                                   | Internal teams are<br>maintaining the<br>road as no budget<br>was allocated. |
| Fezile Dabi | Ngwathe               | Heilbron –<br>Sasolburg   |              | 30 000                  | 90%                   |                                   |  |
| Fezile Dabi | Ngwathe               | Schonkenville -<br>Koppies  |              | 49 102                  | 75%                   |                                   |  |

**Table: Sector Department: Environment**

| District    | Municipality | Project Name                            | Sectors     | Project Cost   | Project Stage              | Project Status                  | Progress   |
|-------------|--------------|---|-------------|----------------|----------------------------|---------------------------------|--|
| Fezile Dabi | Ngwathe      | DEA - Jobs in Waste for Youth Programme | Environment | R67,370,240.00 |                            | None project has been completed |  |
| Fezile Dabi | Ngwathe      | NRM FS Vredefort Dome_2                 | Environment | R3,346,232.00  | Execution / Implementation | Ongoing Project                 | 60 Participants in field<br><br>DBSA has been appointed to manage the whole project. |
| Fezile Dabi | Ngwathe      | NRM FS Vredefort 2                      | Environment | R1,625,087.00  | Execution / Implementation | Ongoing Project                 | 28 Participants in field   |

**Table: Sector Department: Water and Sanitation (RBIG & WSIG)**

| District    | Municipality | Project Name  | Sectors | Project Cost    | Project Stage | Project Status | Progress |
|-------------|--------------|---|---------|-----------------|---------------|----------------|----------|
| Fezile Dabi | Ngwathe      | Upgrading of Parys Outfall Sewer (Phase 1)                          |         | R 10 676 763,43 |               | Construction   |          |
| Fezile Dabi | Ngwathe      | Bulk Water Supply Phase 3 A (Parys, Koppies, Edenville & Vredefort) |         | R 52500 000     |               | Construction   |          |
| Fezile Dabi | Ngwathe      | Upgrading of Koppies Outfall Sewer                                  |         | R 19 124 264,43 |               | Construction   |          |
| Fezile Dabi | Ngwathe      | Refurbishment of Koppies Waste Water Treatment Works                |         | R 14 472 184,07 |               |                |          |

| District    | Municipality | Project Name  | Sectors | Project Cost   | Project Stage | Project Status | Progress |
|-------------|--------------|---|---------|----------------|---------------|----------------|----------|
| Fezile Dabi | Ngwathe      | Heilbron: Water Conservation and Water Demand Management  |         | R 2 473 901,56 |               |                |          |
| Fezile Dabi | Ngwathe      | Vredefort: Water Quality Management                       |         | R 1 956 453,25 |               |                |          |
| Fezile Dabi | Ngwathe      | Vredefort: Water Conservation and Water Demand Management |         | R2 156 895,23  |               |                |          |
| Fezile Dabi | Ngwathe      | Construction Koppies to Edenville pipeline                |         | R 86 459 862   |               | New            |          |
| Fezile Dabi | Ngwathe      | Phiritona. Installation of 1000 residential meters        |         | R 6 611 002    |               | New            |          |
| Fezile Dabi | Ngwathe      | Water Demand and Water Conservation in Parys              |         | R 3 500 000    |               | New            |          |
| Fezile Dabi | Ngwathe      | Water Quality Management in Parys                         |         | R 2 484 423    |               | New            |          |

**Table: Sector Department: Correctional Services**

| District    | Municipality | Project Name                               | Sectors               | Project Cost | Project Stage    | Project Status | Progress |
|-------------|--------------|--|-----------------------|--------------|------------------|----------------|----------|
| Fezile Dabi | Ngwathe      | Refurbishment of Parys Correctional Centre | Correctional Services |              | Initiation stage |                |          |

## SECTION K: Financial Plan

### 1. Introduction

Sound financial management practices are essential to the long-term sustainability of municipalities. They underpin the process of democratic accountability. Weak or opaque financial management results in the misdirection of resources and increases the risk of misappropriation of funds and consequently poor service delivery. In order to re-inforce sound financial management practices, modernise municipal financial management and establish a solid base for sustainable service delivery in local government, the Municipal Finance Management Act (2003) (MFMA) remains an overarching piece of legislation to drive these objectives.

Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The reforms introduced by the MFMA are the cornerstone of the broader reform package for local government outlined in the 1998 White Paper on Local Government. The MFMA, together with the

Municipal Structures Act (1998), the Municipal Systems Act (2000), the Municipal Property Rates Act (2004) and the Municipal Fiscal Powers and Functions Act (2007), sets out frameworks and key requirements for municipal operations, planning, budgeting, governance and accountability.

## **2. Overview of Key Mechanisms for Strengthening Sound Financial Management Practices and Accountability**

The set of legislation governing local government provides for a number of mechanisms for strengthening accountability. The first mechanism involves separating and clarifying roles and responsibilities of mayors, councillors and officials. This separation of political and management roles is critical for good governance.

The Council of Ngwathe Local Municipality is expected to provide political leadership, by proposing and approving policies, guiding the development of budgets and performance targets, and exercise oversight over their implementation by monitoring performance through in-year reports.

On the other hand, the Municipal Manager holds the primary legal accountability for financial management in terms of the MFMA and, together with other senior managers, is responsible for implementation and outputs. The Municipal Manager and his senior managers have a duty to act with fidelity, honesty and integrity and in the best interests of the municipality at all times.

The second mechanism involves developing a performance orientation. The legal framework introduces requirements and processes for establishing service delivery priorities and plans. The aim is to ensure alignment between the plans, budgets, implementation actions and reporting to ensure proper management accountability for the achievement of service delivery targets.

The third mechanism involves strengthening reporting and disclosure requirements. High quality and timely management information allows management to be proactive in identifying and solving problems as they arise. It also strengthens the separation of roles and supports a performance orientation in the municipality.

The following are the key operational requirements that must be met by the municipality in order to give effect to the key mechanisms as outlined above:

### **2.1 Funding compliance and benchmarking municipal budgets**

Section 18 of the MFMA requires that a municipality's annual budget must be "funded", and identifies three possible funding sources as follows:

- a) Realistically anticipated revenues to be collected,

- b) Cash-backed accumulated funds from previous years' surpluses not committed for other purposes, and
- c) Borrowed funds (but only for the capital budget).

The regulations require the presentation of all the information needed to evaluate whether a municipality's operating and capital budgets are 'funded' or not. The 'funding compliance' process is described in MFMA circular 42 and the Funding Compliance Guideline.

As the municipality draft the budget, it must assess whether the budget is funded or not in accordance with the funding compliance procedure.

## 2.2 Alignment of planning, budgeting and reporting

Section 153 of the Constitution requires that "a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community".

The MFMA, together with the Municipal Systems Act (2000), aims to facilitate compliance with this constitutional duty by ensuring that municipalities' priorities, plans, budgets, implementation actions and reports are properly aligned.

The paragraphs that follows below outlines the main components of the financial management and accountability cycle and how they ought to be aligned:

- a) **Integrated development plan (IDP):** This sets out the municipality's goals and development plans, which need to be aligned with the municipality's available resources. The Council must adopt the IDP and undertakes an annual review and assessment of performance based on the annual report.
- b) **Budget:** The three-year budget sets out the revenue raising and expenditure plan of the municipality for approval by council. The allocation of funds needs to be aligned with the priorities in the IDP.
- c) **Service delivery and budget implementation plan (SDBIP):** The SDBIP sets out monthly or quarterly service delivery and financial targets aligned with the annual targets set in the IDP and budget. As the municipality's "implementation plan", it lays the basis for the performance agreements of the municipal manager and senior management.
- d) **In-year reports:** The administration reports to council on the implementation of the budget and SDBIP through monthly, quarterly and mid-year reports. Council uses these reports to monitor both the financial and service delivery performance of the municipality's implementation actions.

- e) **Annual financial statements:** These report on the implementation of the budget, and reflect the financial position of the municipality. They are submitted to the Auditor-General, who issues an audit report indicating the reliance Council can place on the statements in exercising oversight.
- f) **Annual report:** It is the primary instrument of accountability, in which the mayor and municipal manager report on implementation performance in relation to the budget and the SDBIP, and the progress being made in realising the IDP priorities.
- g) **Oversight report:** Council produces an oversight report based on outcomes highlighted in the annual report and actual performance.

### 2.3 Meeting Deadlines for Tabling and Approving Budgets

The deadlines set out in the MFMA for tabling and approving budgets are minimum compliance requirements; the municipality may table and approve their budgets earlier. The budget must be tabled for consultation at least 90 days (31 March) before the start of the financial year (1 July). It must be considered for approval at least 30 days (31 May) before the start of that year, and it must be approved before the start of the financial year (1 July).

### 2.4 Strengthening Oversight through Improved Transparency

The system of reporting in the MFMA aims to ensure that municipalities produce financial and performance information that is timely and reliable. This enables managers to act proactively to identify and resolve problems and provide councils with the information they need to fulfil their oversight responsibilities.

The reports on the implementation of the budget and the SDBIP required by the MFMA include monthly and quarterly budget statements, a half-yearly performance assessment, annual financial statements and annual reports.

### 2.5 Audit Opinions issued by the Auditor-General

The Auditor-General's opinion is the most important part of the auditor's report provided to the municipality. The audit findings are based on an independent and often extensive verification process of the annual financial statements and the performance information in the annual report.

As part of improving financial management viability, management should take proactive action to develop credible Post-Audit Improvement Action Plans that seek to address all the issues and deficiencies raised by the Auditor-General in their audit reports. Post-Audit Improvement Action Plans must be developed taking into account the municipality's capacity as well as any other external support which may be sourced to support the municipality's own internal initiatives and corrective actions identified must form part of the

organisational and departmental SDBIPs key performance indicators and targets and must funded, implementation, monitored and reported on.

### 3. Recent and Future Financial Management Reforms

Reforming municipal financial management is not an event, but a process. The introduction of the MFMA in 2003 laid the foundation for this. Since then, regulations dealing with supply chain management, public private partnerships, the minimum competency requirements of municipal finance officials and asset transfers have been put in place. Each reform aims to build on the foundation laid by previous initiatives, taking into account the time needed for municipal systems and practices to change.

Since 2008, National Treasury has been giving specific attention to strengthening municipal budgeting and reporting practices. Key initiatives have been the introduction of the Municipal Budget and Reporting Regulations in 2009, the enforcement of in-year financial reporting processes and firmer management of conditional grants in accordance with the annual Division of Revenue Act.

Future reform initiatives National Treasury is currently working on include:

- a) Strengthening revenue and cash management policies, processes and procedures, with a particular emphasis on tariff setting
- b) Ensuring the better alignment of plans, budgets and reporting by paying attention to the structure and content of SDBIPs and annual reports, and aligning the format of annual financial statements to report against budgets
- c) Strengthening non-financial reporting, to facilitate evaluations of 'value for money'
- d) Implementation of interventions to address financial distress in municipalities, including financial assistance, monitoring, and restructuring.
- e) Modernizing financial management systems and processes through technology adoption can enhance efficiency and transparency.

These reforms are ongoing and require continuous effort from Ngwathe Local Municipality to ensure that its capabilities are improved to deliver sustainable and quality services to their communities.

### 4. Measures to ensure Credibility of the Municipality's Budget

Evaluating whether a municipal budget is credible is a complex exercise. The following activities must however be undertaken as a minimum in order to assess the credibility of the municipality's budget:

- a) Assessing whether the budget meets the constitutional requirement to prioritise basic services,
- b) Assessing whether it is aligned to the IDP, whether it is funded,

- c) Assessing whether the rates, tax and tariff increases are fair and sustainable are in line with parameters provided by the national Treasury from time to time,
- d) Assess whether the cash-flow projections are realistic, and
- e) Assess whether the budget provides adequately for the maintenance and renewal of existing infrastructure.

The information that municipality is required to present in the new budget formats allows each of these aspects to be evaluated.

The following instances will be used to conclude that the municipality's budget is not credible and thus necessitate revision and correction:

- a) If a municipal budget is unfunded,
- b) If the revenue projections are unrealistic,
- c) If the operating expenditures are too high, or
- d) If the capital budget is too ambitious.

Correcting any of the above problems will necessitate going back to basics – and ensuring that the municipality only budgets to spend what it will realistically collect and /or receive in revenue.

## 5. Funding Choices and Management Issues for Preparation of Annual Budgets

In every annual and adjustment budgeting cycle, the municipality should carefully consider the costs associated with service delivery while considering affordability and inflation when setting revenue raising measures. Approving tariffs that are far below levels representing cost of providing the services would negatively impact on the financial sustainability of the municipality while on the other hand projection of revenue to unrealistically high levels will result in a number of programs not being able to be implemented.

Furthermore, the municipality must consider the following when compiling annual budgets:

- improving the effectiveness of revenue management processes and procedures; and
- pay special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities.

## 6. Overview of the Financial Sector Plan

### 6.1 Introduction

For the municipality to implement various plans, it requires financial resources. The municipality's Financial

Plan would, after considering the financial implications, outline strategies that would assist to raise and manage financial resources to support the realization of its vision.

While the Financial Plan is an integral part of the municipality's overall developmental plan as informed by the IDP, it nevertheless stands alone as an inviolable foundation supporting the other strategic priorities aimed at meeting the municipality's service delivery goals.

In line with the Framework for Legally Compliant Framework, the municipality's Financial Plan, as part of other Sector Plans, should be annexed to this IDP when submitted to Council for approval. This section will therefore focus on the overview of the critical inputs process and framework that informs the municipality's integrated Financial Plan / Strategy.

## **6.2 Approach to sound Financial Management practices**

Municipal Finance Management Act, 56 of 2003 (MFMA) serves as the principal guiding legislation in Ngwathe Local Municipality in ensuring sound and sustainable management of its fiscal and financial affairs, by establishing norms and standards and other requirements for-

- a) ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;
- b) the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;
- c) budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government;
- d) borrowing;
- e) the handling of financial problems in municipalities;
- f) supply chain management; and
- g) other financial matters.

The municipality therefore recognizes sound financial management practices as an integral element for its success and sustainability. In order to achieve this, the municipality commits itself to undertaking and exercising the following initiatives in order to enhance financial management and viability:

### **6.2.1 Revenue Management Framework**

For the municipality to continue improving the spread and quality of services provided to its citizens it needs to broaden and sustain its revenue base. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with infrastructure and service delivery backlogs, unemployment, poverty and very low economic growth. The

financial resources required to address these challenges will inevitably always exceed available means; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues, and cost cutting measures must also be implemented without necessarily leaning more on austerity measures, especially in relation to infrastructure development and other key developmental spending.

In other to find a workable balance in order to simultaneously manage all of the above issues, the municipality's revenue management strategy is underpinned by the following key factors:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure an average of 86% to 95% annual collection rate for property rates and other key service charges over medium-term;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water tariffs increases in line with increments from Rand Water and Department of Water and Sanitation;
- Other services tariffs to be aligned to inflation target, except where input cost for services are beyond the control of the municipality.
- Regularly review, updated Budget Related Policies in order to provide for clear policy framework for enforcement credit control, debt collection, management and support for indigent consumers, etc;
- Continuous assessment of internal operations in order to identify areas of savings and where efficiencies can be improved.
- Regular updating of the General Valuation Roll through supplementary valuations.

### **6.2.2 Expenditure Management Expenditure Framework**

The municipality's expenditure management framework is informed by the following, amongst others:

- Balanced budget constraint (expenditure should not exceed revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term must always be informed by Section 18 and 19 of the MFMA;
- Zero Based Budgeting approach and incremental method based on historical information, plus inflation in line with Treasury guidelines
- All increases more than the inflation to be properly motivated and justified.
- Payment of suppliers within agreed upon timeframes in order to avoid interest charges which will result into wasteful expenditure, alternatively within 30 days in line with section 65 of MFMA;

- Thorough interrogation and reconciliation of legacy creditors such as Eskom, Rand Water and Department of Water and Sanitation in order to arrive at a substantiated balance and then negotiate repayment terms that will have a reducing effect on both capital and interest monthly.
- Filling only of critical post and where vacancies support an effort to resolve service delivery challenges identified. The organisational structure is in the process of being reviewed in line with Municipal Staff Establishment Regulations.

### 6.3 The Municipality's Approach to Budgeting (Financial Planning) Process

In order to be effective, the budget / financial plan must be constructed within the context of the municipality's operational needs, goals and legislative mandate. Key factors and / or input processes that have a significant bearing on the financial plan of the municipality are the following:

#### 6.3.1 IDP and SDBIP in Budgeting

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

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

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

On the other hand, the SDBIP is a plan that converts the IDP and Annual Budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality are implemented. It also allocates responsibility to a department to deliver the service in terms of the approved IDP and Annual Budget.

The SDBIP organisational SDBIP, from which departmental SDBIP are derived from for the 2025/26 period, shall be submitted to the Executive Mayor no later than the 20<sup>th</sup> June and will serve as an implementing and measuring tool for the budget.

### 6.3.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2025/26 MTREF, an extensive financial modelling exercise needs to be undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies should inform this process:

- a) Municipality's growth potential;
- b) Policy priorities and strategic objectives;
- c) Asset maintenance requirements;
- d) Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- e) Performance trends, including assessment of inefficiencies and gaps;
- f) Institutional capacity;
- g) The audited financial and performance information results for 2023/24;
- h) Cash Flow Management Strategy;
- i) Ownership versus lease/rental of assets;
- j) Debtor payment levels;
- k) Division of Revenue from national and provincial governments;
- l) The need for tariff increases versus the ability of the community to pay;
- m) Improved and sustainable service delivery;
- n) Water and electricity distribution and other losses;
- o) National and Provincial government's priorities;

### 6.3.3 National Treasury Directives and Guidelines

In addition to the financial modelling and identified key planning drivers as outlined above, the strategic guidance given in National Treasury's MFMA Circulars 64, 129, 130 and 131 have been taken into consideration in the financial planning process.

### 6.3.4 Annual Division of Revenue Act (DoRA)

Section 216 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DoRA) to assist them in exercising their powers and

performing their functions. These allocations are announced annually in the national budget and inform the municipality's budgets.

## **7. Overview of 2025/26 Financial Plan**

### **7.1 Introduction**

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

To this effect, section 21 of Municipal Finance Management Act 56 of 2003, supported by Municipal Budget and Reporting Regulations, 2009, gives a contextual framework to budget preparation process by a municipality, in a manner that seek to guarantee the said sustainable provision of services to the community and fulfilment of other prescribed constitutional mandates.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. Furthermore, in order to improve our revenue collection benchmarks and take a cost leadership approach in management of our expenditure, we have conducted a detailed analysis of our source of revenue from a completeness point of view, whilst at the same time we have also undertaken a review of expenditures on noncore items.

The outcomes of this process has helped us identify critical gaps that existed between our billing system and the General Valuation Roll, which is a primary credible source of data that identifies different categories of properties and owners within the municipality which is fundamental for billing purposes.

In Preparation of the 2025/26 MTREF, Management has also considered the guidelines of the National Treasury's MFMA Circular No. 129 of 07 December 2024 and other applicable previous budget and financial management guidelines, and also where possible, the 2024 – 2029 Medium Term Strategic Framework and the FSGDS.

Management has also considered the Division of Revenue Bill Gazette issued by the Cabinet, which provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2025/2026 Medium Term Revenue and Expenditure Framework.

The preparation of the 2025/26 MTREF was not without challenges, and some of the dominant challenges experienced during the process of compiling the 2025/2026 MTREF are summarized as follows:

- The need to reprioritize projects and expenditure within the existing resource given the cash flow realities and declining cash position of the municipality;
- Sharp increased cost of bulk water and electricity (due to tariff increases from Rand Water, DWS and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable;
- The ongoing difficulties in the national and local economy, leaving many more people without jobs and eroding revenue base for municipalities;
- Wage increases for municipal staff as per bargaining council, resulting in pressure on the budget; and
- Affordability of capital projects that are not funded by National Grants.

In order to navigate through the above stated challenges, we had to consider the following key factors and planning strategies in order to compile a workable, yet realistic and realistic budget:

- The need for tariff increases and cost reflectiveness thereof in order to ensure sustainability of the municipality versus the ability of the community to pay for services;
  - Identification of revenue gaps and practical measures to address these in order to ensure improve financial sustainability going forward;
  - New policy proposals in order to aid and support robust collection of revenue, whilst at the same time providing cover for indigent households within the prescribe limits;
  - There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Municipal growth
- Policy priorities and strategic objectives
  - Considerations to ensure preventive and regular maintenance of assets, renewal and upgrading in order to prolong their lifespan instead of buying new ones;
  - General National Provincial and Regional economic climate and trends in order to reasonably forecast and plan for any possible future scenarios; and
  - Assessment of our own performance trends and identification of areas where efficiencies and economies of scale can be improved.

With regard to tariffs, the following summary of increases in tariffs will apply with effect from 1 July 2025 in line with the 2025/2026 budget.

**Table 1: % Increase on Tariffs for 2025/26**

| Item | % Increase for 2025/26 |
|------|------------------------|
|------|------------------------|

|                    |   |
|--------------------|---|
| Water              | 9.85% (15.3% Rand water and DWS proposed tariff 4.4%)                                   |
| Electricity        | 11.32%  |
| Sanitation         | 4.4%  |
| Refuse Removal     | 4.4%  |
| Rates and Taxes    | 4.4% (With rebates of 10% residential, 5% on business, 5% on industrial and 40% on PBO) |
| Cemeteries         | 4.4%  |
| Hiring of Halls    | 4.4%  |
| All other Sundries | 4.4%  |

With all of the above considered, we have managed to put together an ambitious, yet pragmatic and realistic budget that seeks to set a new trajectory in taking Ngwathe Local Municipality forward as set out in more detail in the rest of this financial plan.

### 7.2 Annual Budget Tables

The budget tables provide a perspective and detailed breakdown of the municipality's revenue and expenditure plans for the upcoming financial year. They serve as key documents in the budget process, detailing how the municipality plans to allocate its resources to meet service delivery obligations and other needs. These schedules must be read together with the foregoing executive summary as well as other supporting documents and details contained herein.

The order of the tables and summarised explanation of what each table entails is provided herewith as follows:

Table A1 – Budget Statement Summary

Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A4 – Budgeted Financial Performance (revenue and expenditure)

Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table A6 – Budgeted Financial Position

Table A7 – Budgeted Cash Flows

Table A8 – Cash Backed Reserves / Accumulated Surplus Reconciliation

Table A9 – Asset Management

Table A10 – Basic Service Delivery Measurement

**Table A1 – Budget Statement Summary:** Summarises the whole of municipality’s financial performance, financial position and cash flow for the period under review. For the 2025/26 financial year, the **proposed total budget is R 2,099 billion.**

**Table: Abridged Budget Statement Summary**

| Vote Description<br><br>R thousand | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|------------------------------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                    | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| Total Revenue                      | 1 176 917            | 1 188 013       | 1 188 013          | 2 098 678   | 2 304 469              | 2 385 437              |
| Total Operating Expenditure        | 1 098 745            | 1 253 897       | 1 253 897          | 1 383 477   | 1 460 518              | 1 551 798              |
| Total Capital Expenditure          | 139 254              | 145 554         | 145 554            | 171 207   | 209 195                | 183 020                |
| Surplus/(Deficit) for the year     | (61 082)             | (211 438)       | (211 438)          | 543 994   | 634 756                | 650 619                |

The 2025/26 annual budget is 59% more than the 2024/25 final adjusted budget and this increase is justifiable and is attributable to the following factors that have been taken into account during the budgeting process:

**Correction in Budgeting Approach:** Previously, the budgeting approach was simply based on taking prior / current year’s actual performance of the budget and then a CPI increase as directed by the National Treasury would be applied to arrive at a budgeted figure. This approach was fundamentally flawed in a sense that it was simply carrying over a lot of inefficiencies embedded in the actual figures, which were simply carried over from one year to another. A classic example is for instance where our revenue collection rate has been around 45% and over 13 098 pre-paid electricity meters (which make up 44% of all installed pre-paid electricity meters) which are not showing any record of purchase activity for up to six years in some instances. The budgeting approach based on actual past performance (i.e actual revenue) ignored these obvious revenue leakages.

To correct this, we approached the budget from firstly on the basis of the latest General Valuation Roll, which is a credible source of all formal properties that exist within the municipality, and from this basis, we were able to identify all different categories of properties within the municipality which must be billed for rates and taxes and secondly, we had to rely on our thoroughly assess and analyse various internal records and reports in order to identify which properties are receiving what type of services, through which channel and finally we have then assessed the completeness of our revenue forecast based on the outcome of these processes, the results which ultimately did not only inform our revenue forecast, but also helped us identify for instance consumers who were using municipal service without paying such as the 13 098 pre-paid electricity users.

**Targeted Revenue and Debt Collection Assumption:** Previously, the projected revenue collection rate that was used as part of budget assumptions was based on a blanket, average rate that did not have specific focus on different consumer groups and their ability to pay. For the 2025/26 MTREF and beyond, we have refined this approach assumed a targeted revenue collection approach, which for instance, focus of 100% collection rate on current and arrear accounts for businesses, state owned properties, agricultural properties and approximately 40% collection rates from residential consumers based on, with an understanding of the prevailing socio-economic challenges faced by households.

Revenue Protection Measures: As already indicated above, there are 13 098 electricity meters that are potentially breached, thus creating a massive revenue leak for the municipality. Therefore, in order to address transgressions such as these and ensuring sustainable revenue generation for the municipality for the services provided, the budget takes an assumption that various measures would be implemented going forward in order to ensure protection of revenue base and sources from erosion, this would include measures such as:

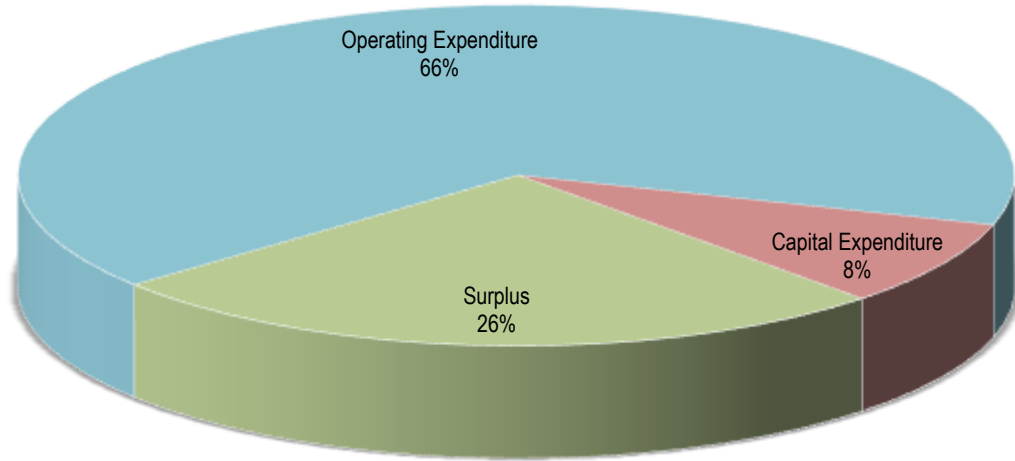
- regular meter audits (both water and electricity);
- conducting regular interim valuations of properties;
- regular reconciliation of billing system and the valuation rolls; and
- using technology to identify credit activity and profiles during Indigent verification processes in order to ensure that those how can afford to pay, do not unduly benefit from the indigent support.
- use from fines and penalties for various transgressions such as breaching of meters, land used violations, etc to finance revenue protection initiatives.

**National Treasury's Budget Parameters:** Included in the 59% increase in the 2025/26 budget is the 4,3% proposed CPI increase as proposed by the National Treasury.

**Identification of Operational Inefficiencies:** Lastly, we also re-assessed some of the major expenditure items such as employee related costs for example, in which case we have identified possible inefficiencies which led to ever increasing costs against ever shrinking revenue. To this effect, we have conceptualized improvement measures that are needed, which amongst others will result in approximately R10 million rand savings in overtime.

#### **Chart 1: 2025/26 Total Budget**

**Ngwathe Local Municipality - 2025/26 Total Budget**



**Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification):**

Table A2 focuses solely on operating revenue and expenditure based on the functions carried out by the municipality, but also provides a more detailed breakdown of how revenue and expenditure as summarised on table A are driven by / from various functions within the municipality.

**Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote):**

Table A3 is almost similar to table A 3 in that it also provides details a more detailed breakdown of how revenue and expenditure as summarised on table A are driven by / from various votes (departments) within the municipality.

Looking at this table, it is evident that the Financial Services Department will be responsible for most of the revenue of the municipality (R 1,279 billion) which makes up 61% of the total revenue for 2025/25 and this is higher revenue margins compared to 2024/25 financial year for the reasons already outlined under the analysis of total budget (table A) above.

**Table A4 – Budgeted Financial Performance (revenue and expenditure):**

Similar to table A2 and A3, table A4 also provides a detailed presentation of the Summary Budget as outlined in table A1. This table however provides details of revenue and expenditure by revenue source and expenditure type. From the revenue point of view, the biggest revenue contributor is property rates and taxes at 887 million, followed by electricity service charges at R 424 million, which both makes up 45% and 22% of the total operating revenue respectively.

On the expenditure side, electricity bulk purchases of R 466 million and employee related costs of R 342 million are the two highest operating expenditure items, taking up 34% and 25% of the operating budget respectively.

Bulk water purchases of R 64,6 million is included in the Inventory Consumed total of R 148 million, which makes up 5% of the total operating budget. All the expenditure items are fully funded as outlined earlier.

**Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding:** This schedule presents a three dimensional information about planned expenditure on capital projects by vote (department), function and funding.

The data indicates that bulk of capital projects will be driven from the Technical Services Department, and from the functional classification point of view, the allocations will be impacting on basic services infrastructure such as water, electricity and sanitation, followed by spending on internal roads infrastructure. From funding point of view, 72% of capital expenditure will be funded through grants allocations from the National Government and the balance of 28% will be funded from own generated income.

**Table A6 – Budgeted Financial Position:** Table 6 takes lead from table 5 in that once capital assets are budgeted for and acquired as outlined in table 5, they eventually become assets that are eventually under the ownership and / or control of the municipality and are then reflected as this table (i.e Table 5). In traditional accounting terms, table 5 provides details about the Balance Sheet of the municipality, and from the information presented on the table below, the following can be deduced:

- **Current Assets:** Cash and cash equivalents for 2025/26 is derived primarily from projected surplus for the year and this increases marginally for each of the two outer years based on projected consistent revenue collection drive.
- **Current Liabilities:** The municipality does not have any financial liabilities in a form of overdrafts and loans and there are no intentions of acquiring these financial liabilities over the 2025/26 MTREF period and in the foreseeable future.
- **Trade and other payables from exchange transactions:** Included in traded and other payables from exchange transactions under current liabilities are outstanding accounts for Eskom, Rand Water and Department of Water and Sanitation accounts. A provision has already been made in the budget to start repaying the capital amounts of these balances in order to prevent further accumulation of interest. Once other issues such as billing reconciliation and final arrangements being made on the final reconciled balances, the any portion of the liability that will be payable

beyond twelve months will be transferred into long-term portion of the debt under non-current liabilities.

**Table A7 – Budgeted Cash Flows:** Table 7 provides a detailed view of the projected inflows and outflows of cash, helping to understand the municipality’s anticipated liquidity position and ability to meet its obligations.

From this table, the following can be deduced:

- Operating activities: The operating activities of the generate positive cash flows over the MTREF period;
- Most of the revenue will derived from property rates and taxes and this in line with our approach of budgeting and projecting our revenue on the basis of ratable properties on the valuation roll, less provision for non-payment.
- Form the investing activities, there no revenue anticipated for 2025/26 financial year, however, the anticipated revenue for 2026/27 of R 63 million relates to anticipated sale of land for development.
- The anticipated outflow of R 196 million relates directly to the capital expenditure on capital projects relating to infrastructure.
- There is not borrowing of cash or funds planned over the MTREF period and there are not repayment obligations as the municipality does not have loans or borrowings obligations.

**Table A8 – Cash Backed Reserves / Accumulated Surplus Reconciliation:** This schedule is essentially detailing any deficit or surplus that will arise from the budget.

From the details available, the municipality is anticipating to generate surplus over the MTREF period, consistent with the budget objectives set to ramp up and sustain revenue collection from those who have the ability to pay for services.

From the table, there’s an anticipation of positive cash and cash equivalents for 2025/26 and the two outer years, this is consistent with the anticipated surplus that we be derived from the statement of financial performance as budgeted.

The unspent conditional grants amount represents the balance of commitments that would still need to be settled as at the end of each reporting period.

Other working capital requirements represents cash that is required and planned for operations as outlined in detail in the statement of financial performance.

**Table A9 – Asset Management:** table A9 provides a detailed analysis of budgeted capital expenditure, for various categories of capital expenditure such as acquisition of new assets, renewal and upgrading of existing assets, etc. It also provides a summarised overview of the capital assets of the municipality.

From this data, it is evident that renewals and upgrading of existing assets will take a greater proportion of the capital budget, constituting 63,7% for the 2025/26, then 60% and 63.7% for 2026/27 and 2027/28 respectively. This pattern is consistent with the past few years as the municipality has been sourcing and allocating resources to upgrade and renew existing assets, and most of these assets are service delivery infrastructure assets.

Water supply, sanitation infrastructure and electrification of households are the highest three ranking capital expenditure items, collectively making up 65% of the total capital budget, with the balance (i.e 35%) being allocated to roads infrastructure, clearly demonstrating the municipality’s commitment to improve service delivery and widening access to all communities within the municipality.

**Table A10 – Basic Service Delivery Measurement:** table A10 focus on providing quantitative data about the number of households that are provided with basic services within the municipality, and the level of such services. It must be noted however that the numerical data relating to is based on census data of 2022 from Statistics South Africa as municipalities and the whole of government are required to use on data from Statistics South Africa as an authoritative source for planning purposes. This therefore means that the will always be a timing gap between the Census data and the actual data that is presently available. To this effect, the number of households, and consequently consumers of municipal services as per the municipality’s latest valuation roll indicates a proportionally higher number than that presented from 2022 Census data.

Nevertheless, from the this table, it is evident that the majority of households within the municipality are provided with service that is above minimum service level across all categories of services and we anticipate more and more households having access to improve level of services as we work towards completing most of the currently work-in-progress that are aimed at improving and widening provision of basic services.

Moreover, the data also shows that more and more households are receiving free basic services as compared to prior years. Although this is a much needed intervention to cushion vulnerable communities against the hardship of unemployment, it is also for us an indicator for a need to do more to improve the local conditions to enable inflow of investments from the private sector which will unlock employment opportunities for most of our residents, particularly young people.

FS203 Ngwathe - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description  | Ref | 2021/22         | 2022/23         | 2023/24          | Current Year 2024/25 |                  |                    |                   | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome  | Original Budget      | Adjusted Budget  | Full Year Forecast | Pre-audit outcome | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b>Revenue</b>   |     |                 |                 |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Exchange Revenue</b>  |     |                 |                 |                  |                      |                  |                    |                   |   |                        |                        |
| Service charges - Electricity  | 2   | 234 321         | 209 148         | 294 869          | 280 426              | 280 426          | 280 426            | 230 735           | 424 305   | 620 634                | 617 414                |
| Service charges - Water  | 2   | 74 319          | 66 897          | 117 753          | 79 574               | 79 574           | 79 574             | 52 160            | 68 991  | 71 911                 | 101 986                |
| Service charges - Waste Water Management                             | 2   | 56 228          | 56 316          | 56 931           | 62 922               | 62 922           | 62 922             | 51 572            | 56 038  | 58 504                 | 70 363                 |
| Service charges - Waste Management                                   | 2   | 43 726          | 40 009          | 40 627           | 44 973               | 44 973           | 44 973             | 37 200            | 28 511  | 29 766                 | 52 989                 |
| Sale of Goods and Rendering of Services                              |     | 1 334           | 1 459           | 1 607            | 2 385                | 2 385            | 2 385              | 1 714             | 2 127   | 2 223                  | 2 278                  |
| Interest earned from Receivables                                     |     | 43 155          | 69 357          | 92 644           | 96 500               | 106 910          | 106 910            | 90 286            | 55 807  | 50 227                 | 42 693                 |
| Interest earned from Current and Non-Current Assets                  |     | 1 407           | 2 836           | 6 537            | 6 514                | 6 857            | 6 857              | 5 490             | 7 159   | 8 229                  | 7 668                  |
| Dividends  |     | -               | (7)             | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Rental from Fixed Assets   |     | 349             | 272             | 343              | 366                  | 366              | 366                | 362               | 382   | 400                    | 410                    |
| Operational Revenue  |     | 83              | 1 739           | 302              | 58 642               | 58 642           | 58 642             | 349               | 98  | 63 971                 | 65 571                 |
| <b>Non-Exchange Revenue</b>  |     |                 |                 |                  |                      |                  |                    |                   |   |                        |                        |
| Property rates   | 2   | 104 441         | 96 969          | 103 832          | 126 597              | 126 597          | 126 597            | 100 714           | 887 483   | 927 324                | 966 258                |
| Fines, penalties and forfeits  |     | 229             | 42              | 148              | 294                  | 368              | 368                | 324               | 148 590   | 1 045                  | 1 071                  |
| Transfer and subsidies – Operational                                 |     | 233 097         | 247 197         | 266 938          | 285 168              | 285 437          | 285 437            | 227 978           | 296 280   | 304 681                | 318 447                |
| Gains on disposal of Assets  |     | -               | (429)           | 97 333           | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Other Gains  |     | 6 775           | 7 697           | (6 032)          | -                    | -                | -                  | -                 | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>799 466</b>  | <b>799 500</b>  | <b>1 073 832</b> | <b>1 044 363</b>     | <b>1 055 460</b> | <b>1 055 460</b>   | <b>798 883</b>    | <b>1 975 771</b>                                    | <b>2 138 913</b>       | <b>2 247 148</b>       |
| <b>Expenditure</b>   |     |                 |                 |                  |                      |                  |                    |                   |   |                        |                        |
| Employee related costs   | 2   | 259 537         | 259 780         | 282 497          | 293 009              | 325 736          | 325 736            | 269 251           | 342 185   | 328 145                | 336 541                |
| Remuneration of councillors  |     | 15 589          | 16 679          | 17 782           | 18 394               | 19 329           | 19 329             | 15 376            | 20 295  | 21 310                 | 22 375                 |
| Bulk purchases - electricity   | 2   | 273 182         | 247 198         | 305 475          | 316 816              | 344 393          | 344 393            | 258 488           | 465 959   | 539 452                | 607 840                |
| Inventory consumed   | 8   | 883             | 737             | 881              | 89 955               | 106 573          | 106 573            | 1 114             | 147 875   | 143 306                | 147 377                |
| Debt impairment  | 3   | -               | -               | -                | 165 269              | 165 269          | 165 269            | -                 | 103 707   | 108 374                | 108 374                |
| Depreciation and amortisation  |     | 88 492          | 72 427          | 59 212           | 54 382               | 51 507           | 51 507             | 43 675            | 53 774  | 56 193                 | 57 598                 |
| Interest   |     | 36 709          | 78 303          | 105 714          | 34 824               | 69 648           | 69 648             | 46 039            | 69 648  | 69 648                 | 69 648                 |
| Contracted services  |     | 48 121          | 33 141          | 52 153           | 26 708               | 45 494           | 45 494             | 38 313            | 60 854  | 73 180                 | 85 152                 |
| Transfers and subsidies  |     | 150             | 178             | 176              | 180                  | 180              | 180                | 150               | 180   | 180                    | 180                    |
| Irrecoverable debts written off                                      |     | 165 819         | 202 116         | 243 218          | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Operational costs  |     | 37 956          | 37 914          | 48 860           | 99 209               | 125 769          | 125 769            | 73 021            | 117 089   | 117 970                | 120 733                |
| Losses on disposal of Assets   |     | 58 678          | -               | 205              | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Other Losses   |     | -               | 3               | 18               | -                    | -                | -                  | -                 | -   | -                      | -                      |
| <b>Total Expenditure</b>   |     | <b>985 116</b>  | <b>948 475</b>  | <b>1 116 193</b> | <b>1 098 745</b>     | <b>1 253 897</b> | <b>1 253 897</b>   | <b>745 427</b>    | <b>1 381 565</b>                                    | <b>1 457 758</b>       | <b>1 555 818</b>       |

| Description  | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    |                   | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b>Surplus/(Deficit)</b>   |     | (185 650)       | (148 975)       | (42 361)        | (54 382)             | (198 437)       | (198 437)          | 53 456            | 594 206   | 681 155                | 691 330                |
| Transfers and subsidies - capital (monetary allocations)             | 6   | 100 845         | 54 737          | 81 539          | 132 554              | 132 554         | 132 554            | 104 017           | 122 907   | 165 556                | 138 290                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> |     | (84 805)        | (94 239)        | 39 178          | 78 172               | (65 883)        | (65 883)           | 157 472           | 717 114   | 846 711                | 829 620                |
| Income Tax   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) after income tax</b>                            |     | (84 805)        | (94 239)        | 39 178          | 78 172               | (65 883)        | (65 883)           | 157 472           | 717 114   | 846 711                | 829 620                |
| <b>Surplus/(Deficit) attributable to municipality</b>                |     | (84 805)        | (94 239)        | 39 178          | 78 172               | (65 883)        | (65 883)           | 157 472           | 717 114   | 846 711                | 829 620                |
| <b>Surplus/(Deficit) for the year</b>                                | 1   | (84 805)        | (94 239)        | 39 178          | 78 172               | (65 883)        | (65 883)           | 157 472           | 717 114   | 846 711                | 829 620                |

FS203 Ngwathe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

| Vote Description   | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    |                   | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b><u>Capital expenditure - Vote Multi-year expenditure to be appropriated</u></b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 01 - Corporate Services   |     | -               | -               | -               | -                    | -               | -                  | -                 | 2 000   | 2 000                  | 2 000                  |
| Vote 02 - Municipal Manager  |     | -               | -               | -               | -                    | -               | -                  | -                 | 2 000   | 1 000                  | 1 000                  |
| Vote 03 - Financial Services   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 04 - Technical Services   |     | -               | -               | 12 750          | -                    | 40 500          | 40 500             | 32 184            | 52 375  | 57 171                 | 53 305                 |
| Vote 05 - Community Services   |     | -               | -               | 83              | -                    | -               | -                  | 30                | -   | -                      | -                      |
| Vote 06 - Local Economic Development   |     | -               | -               | -               | -                    | -               | -                  | -                 | 24 400  | 23 739                 | 24 830                 |

| Vote Description<br>R thousand                           | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    |                   | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b>Capital multi-year expenditure sub-total</b>          | 7   | -               | -               | 12 833          | -                    | 40 500          | 40 500             | 32 214            | 80 775  | 83 910                 | 81 135                 |
| <b><u>Single-year expenditure to be appropriated</u></b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 01 - Corporate Services                             |     | 1 217           | 5 215           | 1 977           | -                    | -               | -                  | 1 028             | 2 000   | 2 000                  | 2 000                  |
| Vote 02 - Municipal Manager                              |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 03 - Financial Services                             |     | -               | 3 205           | -               | -                    | -               | -                  | 5 048             | -   | -                      | -                      |
| Vote 04 - Technical Services                             |     | 81 206          | (0)             | 101 019         | 130 254              | 92 168          | 92 168             | 63 364            | 75 371  | 114 001                | 90 490                 |
| Vote 05 - Community Services                             |     | 1 797           | -               | -               | 9 000                | 12 885          | 12 885             | 2 158             | 13 061  | 9 283                  | 9 395                  |
| Vote 06 - Local Economic Development                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b>         |     | <b>84 221</b>   | <b>8 421</b>    | <b>102 995</b>  | <b>139 254</b>       | <b>105 054</b>  | <b>105 054</b>     | <b>71 597</b>     | <b>90 433</b>                                       | <b>125 285</b>         | <b>101 885</b>         |
| <b>Total Capital Expenditure – Vote</b>                  |     | <b>84 221</b>   | <b>8 421</b>    | <b>115 828</b>  | <b>139 254</b>       | <b>145 554</b>  | <b>145 554</b>     | <b>103 811</b>    | <b>171 207</b>                                      | <b>209 195</b>         | <b>183 020</b>         |
| <b><u>Capital Expenditure - Functional</u></b>           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b><u>Governance and administration</u></b>              |     | <b>1 217</b>    | <b>8 421</b>    | <b>1 977</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>6 075</b>      | <b>6 000</b>  | <b>5 000</b>           | <b>5 000</b>           |
| Executive and council                                    |     | -               | -               | -               | -                    | -               | -                  | -                 | 2 000   | 1 000                  | 1 000                  |
| Finance and administration                               |     | 1 217           | 8 421           | 1 977           | -                    | -               | -                  | 6 075             | 4 000   | 4 000                  | 4 000                  |
| <b><u>Community and public safety</u></b>                |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>9 000</b>         | <b>12 885</b>   | <b>12 885</b>      | <b>2 158</b>      | <b>13 061</b>                                       | <b>9 283</b>           | <b>9 395</b>           |
| Community and social services                            |     | -               | -               | -               | 9 000                | 12 885          | 12 885             | 2 158             | 13 061  | 9 283                  | 6 800                  |
| Sport and recreation                                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | 2 595                  |
| Public safety  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b><u>Economic and environmental services</u></b>        |     | <b>13 095</b>   | <b>-</b>        | <b>11 431</b>   | <b>27 391</b>        | <b>16 249</b>   | <b>16 249</b>      | <b>13 029</b>     | <b>37 893</b>                                       | <b>43 744</b>          | <b>26 430</b>          |
| Planning and development                                 |     | -               | -               | 83              | -                    | -               | -                  | 30                | 24 400  | 23 739                 | 24 830                 |
| Road transport   |     | 13 095          | -               | 11 347          | 27 391               | 16 249          | 16 249             | 12 999            | 13 493  | 20 005                 | 1 600                  |
| <b><u>Trading services</u></b>                           |     | <b>69 909</b>   | <b>(0)</b>      | <b>102 421</b>  | <b>102 863</b>       | <b>116 419</b>  | <b>116 419</b>     | <b>82 549</b>     | <b>114 253</b>                                      | <b>151 167</b>         | <b>142 194</b>         |
| Energy sources   |     | 492             | -               | 4 719           | 15 585               | 18 085          | 18 085             | 14 904            | 17 635  | 26 500                 | 27 404                 |
| Water management   |     | 56 931          | (0)             | 80 778          | 81 876               | 81 378          | 81 378             | 56 444            | 78 742  | 113 244                | 110 024                |
| Waste water management                                   |     | 10 688          | -               | 16 924          | 5 402                | 16 956          | 16 956             | 11 200            | 17 876  | 11 423                 | 4 767                  |
| Waste management   |     | 1 797           | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b><u>Other</u></b>                                      |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>          | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Total Capital Expenditure – Functional</b>            | 3   | <b>84 221</b>   | <b>8 421</b>    | <b>115 828</b>  | <b>139 254</b>       | <b>145 554</b>  | <b>145 554</b>     | <b>103 811</b>    | <b>171 207</b>                                      | <b>209 195</b>         | <b>183 020</b>         |

| Vote Description                      | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    |                   | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|---------------------------------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|                                       |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b>Funded by:</b>                     |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government                   |     | 83 196          | 3 205           | 92 720          | 132 554              | 132 554         | 132 554            | 96 211            | 122 907   | 165 556                | 138 290                |
| Provincial Government                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| District Municipality                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Transfers recognised – capital</b> | 4   | <b>83 196</b>   | <b>3 205</b>    | <b>92 720</b>   | <b>132 554</b>       | <b>132 554</b>  | <b>132 554</b>     | <b>96 211</b>     | <b>122 907</b>                                      | <b>165 556</b>         | <b>138 290</b>         |
| <b>Borrowing</b>                      | 6   | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>          | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Internally generated funds</b>     |     | <b>1 025</b>    | <b>5 215</b>    | <b>14 810</b>   | <b>6 700</b>         | <b>17 500</b>   | <b>17 500</b>      | <b>7 600</b>      | <b>48 300</b>                                       | <b>43 639</b>          | <b>44 700</b>          |
| <b>Total Capital Funding</b>          | 7   | <b>84 221</b>   | <b>8 421</b>    | <b>107 529</b>  | <b>139 254</b>       | <b>145 554</b>  | <b>145 554</b>     | <b>103 811</b>    | <b>171 207</b>                                      | <b>209 195</b>         | <b>183 020</b>         |

FS203 Ngwathe - Table A9 Asset Management

| Description                        | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|------------------------------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                    |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b>CAPITAL EXPENDITURE</b>         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total New Assets</b>            | 1   | <b>40 764</b>   | <b>8 421</b>    | <b>31 587</b>   | <b>46 168</b>        | <b>50 609</b>   | <b>50 609</b>      | <b>62 156</b>                                       | <b>83 640</b>          | <b>66 450</b>          |
| <i>Roads Infrastructure</i>        |     | 12 519          | -               | -               | 7 575                | -               | -                  | 2 841   | 5 934                  | 600                    |
| <i>Electrical Infrastructure</i>   |     | 581             | -               | 4 719           | 15 585               | 18 085          | 18 085             | 13 135  | 22 000                 | 22 904                 |
| <i>Water Supply Infrastructure</i> |     | 18 715          | -               | 10 459          | 10 906               | 5 067           | 5 067              | 12 737  | 30 522                 | 12 846                 |
| <i>Sanitation Infrastructure</i>   |     | 6 127           | -               | 8 479           | 5 402                | 16 956          | 16 956             | 9 443   | 6 883                  | 9 205                  |

| Description                               | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <i>Solid Waste Infrastructure</i>         |     | 1 797           | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Infrastructure</b>                     |     | <b>39 739</b>   | -               | <b>23 657</b>   | <b>39 468</b>        | <b>40 109</b>   | <b>40 109</b>      | <b>38 156</b>                                       | <b>65 340</b>          | <b>45 555</b>          |
| Sport and Recreation Facilities           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | 2 595                  |
| <b>Community Assets</b>                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | <b>2 595</b>           |
| <b>Investment properties</b>              |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Operational Buildings                     |     | -               | -               | -               | -                    | -               | -                  | 11 400  | 8 500                  | 8 500                  |
| <b>Other Assets</b>                       |     | -               | -               | -               | -                    | -               | -                  | <b>11 400</b>                                       | <b>8 500</b>           | <b>8 500</b>           |
| <b>Computer Equipment</b>                 |     | <b>1 217</b>    | <b>885</b>      | <b>421</b>      | -                    | -               | -                  | <b>2 000</b>  | <b>2 000</b>           | <b>2 000</b>           |
| <b>Furniture and Office Equipment</b>     |     | -               | <b>326</b>      | <b>30</b>       | -                    | -               | -                  | -   | -                      | -                      |
| <b>Machinery and Equipment</b>            |     | <b>(192)</b>    | <b>4 005</b>    | <b>7 479</b>    | -                    | <b>800</b>      | <b>800</b>         | <b>1 000</b>  | <b>1 000</b>           | <b>1 000</b>           |
| <b>Transport Assets</b>                   |     | -               | <b>3 205</b>    | -               | <b>6 700</b>         | <b>9 700</b>    | <b>9 700</b>       | <b>9 600</b>  | <b>6 800</b>           | <b>6 800</b>           |
| <b>Living Resources</b>                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Renewal of Existing Assets</b>   | 2   | <b>41 868</b>   | <b>(0)</b>      | <b>72 894</b>   | <b>69 047</b>        | <b>69 594</b>   | <b>69 594</b>      | <b>79 293</b>                                       | <b>103 223</b>         | <b>59 267</b>          |
| <i>Roads Infrastructure</i>               |     | -               | -               | -               | -                    | -               | -                  | 2 628   | 13 071                 | -                      |
| <i>Water Supply Infrastructure</i>        |     | 41 868          | (0)             | 72 810          | 69 047               | 69 594          | 69 594             | 66 232  | 83 612                 | 52 500                 |
| <i>Sanitation Infrastructure</i>          |     | -               | -               | -               | -                    | -               | -                  | 8 433   | 4 540                  | 4 767                  |
| <i>Solid Waste Infrastructure</i>         |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Infrastructure</b>                     |     | <b>41 868</b>   | <b>(0)</b>      | <b>72 810</b>   | <b>69 047</b>        | <b>69 594</b>   | <b>69 594</b>      | <b>77 293</b>                                       | <b>101 223</b>         | <b>57 267</b>          |
| Operational Buildings                     |     | -               | -               | 83              | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other Assets</b>                       |     | -               | -               | <b>83</b>       | -                    | -               | -                  | -   | -                      | -                      |
| <b>Machinery and Equipment</b>            |     | -               | -               | -               | -                    | -               | -                  | <b>2 000</b>  | <b>2 000</b>           | <b>2 000</b>           |
| <b>Living Resources</b>                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Upgrading of Existing Assets</b> | 6   | <b>1 589</b>    | -               | <b>11 347</b>   | <b>24 039</b>        | <b>25 351</b>   | <b>25 351</b>      | <b>29 758</b>                                       | <b>22 333</b>          | <b>57 303</b>          |
| <i>Roads Infrastructure</i>               |     | 576             | -               | 11 347          | 19 816               | 16 249          | 16 249             | 7 024   | -                      | -                      |
| <i>Water Supply Infrastructure</i>        |     | 1 013           | -               | -               | 1 923                | 6 716           | 6 716              | 2 272   | 1 610                  | 37 972                 |
| <b>Infrastructure</b>                     |     | <b>1 589</b>    | -               | <b>11 347</b>   | <b>21 739</b>        | <b>22 965</b>   | <b>22 965</b>      | <b>9 296</b>  | <b>1 610</b>           | <b>37 972</b>          |
| Community Facilities                      |     | -               | -               | -               | 2 300                | 2 385           | 2 385              | 18 461  | 18 723                 | 17 330                 |
| Sport and Recreation Facilities           |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Community Assets</b>                   |     | -               | -               | -               | <b>2 300</b>         | <b>2 385</b>    | <b>2 385</b>       | <b>18 461</b>                                       | <b>18 723</b>          | <b>17 330</b>          |
| <b>Computer Equipment</b>                 |     | -               | -               | -               | -                    | -               | -                  | <b>2 000</b>  | <b>2 000</b>           | <b>2 000</b>           |
| <b>Living Resources</b>                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Capital Expenditure</b>          | 4   | <b>84 221</b>   | <b>8 421</b>    | <b>115 828</b>  | <b>139 254</b>       | <b>145 554</b>  | <b>145 554</b>     | <b>171 207</b>                                      | <b>209 195</b>         | <b>183 020</b>         |
| <i>Roads Infrastructure</i>               |     | 13 095          | -               | 11 347          | 27 391               | 16 249          | 16 249             | 12 493  | 19 005                 | 600                    |
| <i>Electrical Infrastructure</i>          |     | 581             | -               | 4 719           | 15 585               | 18 085          | 18 085             | 13 135  | 22 000                 | 22 904                 |

| Description                                     | Ref | 2021/22          | 2022/23          | 2023/24          | Current Year 2024/25 |                  |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome  | Audited Outcome  | Audited Outcome  | Original Budget      | Adjusted Budget  | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <i>Water Supply Infrastructure</i>              |     | 61 595           | (0)              | 83 269           | 81 876               | 81 378           | 81 378             | 81 242  | 115 744                | 103 319                |
| <i>Sanitation Infrastructure</i>                |     | 6 127            | -                | 8 479            | 5 402                | 16 956           | 16 956             | 17 876  | 11 423                 | 13 972                 |
| <i>Solid Waste Infrastructure</i>               |     | 1 797            | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Infrastructure</b>                           |     | <b>83 196</b>    | <b>(0)</b>       | <b>107 815</b>   | <b>130 254</b>       | <b>132 668</b>   | <b>132 668</b>     | <b>124 746</b>                                      | <b>168 172</b>         | <b>140 794</b>         |
| Community Facilities                            |     | -                | -                | -                | 2 300                | 2 385            | 2 385              | 18 461  | 18 723                 | 17 330                 |
| Sport and Recreation Facilities                 |     | -                | -                | -                | -                    | -                | -                  | -   | -                      | 2 595                  |
| <b>Community Assets</b>                         |     | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>2 300</b>         | <b>2 385</b>     | <b>2 385</b>       | <b>18 461</b>                                       | <b>18 723</b>          | <b>19 925</b>          |
| Operational Buildings                           |     | -                | -                | 83               | -                    | -                | -                  | 11 400  | 8 500                  | 8 500                  |
| <b>Other Assets</b>                             |     | <b>-</b>         | <b>-</b>         | <b>83</b>        | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>11 400</b>                                       | <b>8 500</b>           | <b>8 500</b>           |
| <b>Computer Equipment</b>                       |     | <b>1 217</b>     | <b>885</b>       | <b>421</b>       | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>4 000</b>  | <b>4 000</b>           | <b>4 000</b>           |
| <b>Furniture and Office Equipment</b>           |     | <b>-</b>         | <b>326</b>       | <b>30</b>        | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Machinery and Equipment</b>                  |     | <b>(192)</b>     | <b>4 005</b>     | <b>7 479</b>     | <b>-</b>             | <b>800</b>       | <b>800</b>         | <b>3 000</b>  | <b>3 000</b>           | <b>3 000</b>           |
| <b>Transport Assets</b>                         |     | <b>-</b>         | <b>3 205</b>     | <b>-</b>         | <b>6 700</b>         | <b>9 700</b>     | <b>9 700</b>       | <b>9 600</b>  | <b>6 800</b>           | <b>6 800</b>           |
| <b>Living Resources</b>                         |     | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>  |     | <b>84 221</b>    | <b>8 421</b>     | <b>115 828</b>   | <b>139 254</b>       | <b>145 554</b>   | <b>145 554</b>     | <b>171 207</b>                                      | <b>209 195</b>         | <b>183 020</b>         |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>       | 5   | 1 530 420        | 1 610 941        | 1 777 542        | 2 031 146            | 2 037 446        | 2 037 446          | 2 051 269   | 2 421 997              | 2 402 987              |
| <i>Roads Infrastructure</i>                     |     | 472 188          | 610 067          | 595 233          | 56 200               | 45 059           | 45 059             | 41 303  | 47 815                 | 29 410                 |
| <i>Storm water Infrastructure</i>               |     | -                | -                | (605)            | -                    | -                | -                  | -   | -                      | -                      |
| <i>Electrical Infrastructure</i>                |     | 93 889           | 132 901          | 132 536          | 195 697              | 198 197          | 198 197            | 195 747   | 204 612                | 205 516                |
| <i>Water Supply Infrastructure</i>              |     | 174 092          | 142 265          | 230 545          | 469 506              | 469 008          | 469 008            | 794 882   | 848 593                | 836 167                |
| <i>Sanitation Infrastructure</i>                |     | 294 640          | 304 579          | 296 469          | 329 555              | 341 109          | 341 109            | 17 229  | 324 309                | 334 022                |
| <i>Solid Waste Infrastructure</i>               |     | 1 797            | -                | (6 691)          | 1 797                | 1 797            | 1 797              | 1 797   | 1 797                  | 1 797                  |
| <b>Infrastructure</b>                           |     | <b>1 036 606</b> | <b>1 189 812</b> | <b>1 247 488</b> | <b>1 052 755</b>     | <b>1 055 170</b> | <b>1 055 170</b>   | <b>1 050 957</b>                                    | <b>1 427 125</b>       | <b>1 406 912</b>       |
| <b>Community Assets</b>                         |     | <b>215 010</b>   | <b>197 972</b>   | <b>197 651</b>   | <b>634 772</b>       | <b>634 857</b>   | <b>634 857</b>     | <b>662 333</b>                                      | <b>659 695</b>         | <b>660 897</b>         |
| <b>Investment properties</b>                    |     | <b>238 300</b>   | <b>172 881</b>   | <b>285 809</b>   | <b>172 881</b>       | <b>172 881</b>   | <b>172 881</b>     | <b>172 881</b>                                      | <b>172 881</b>         | <b>172 881</b>         |
| <b>Other Assets</b>                             |     | <b>32 797</b>    | <b>27 446</b>    | <b>24 434</b>    | <b>15 541</b>        | <b>15 541</b>    | <b>15 541</b>      | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Intangible Assets</b>                        |     | <b>-</b>         | <b>(0)</b>       | <b>(0)</b>       | <b>133 202</b>       | <b>133 202</b>   | <b>133 202</b>     | <b>133 202</b>                                      | <b>133 202</b>         | <b>133 202</b>         |
| <b>Computer Equipment</b>                       |     | <b>1 522</b>     | <b>2 605</b>     | <b>2 557</b>     | <b>(4 932)</b>       | <b>(4 932)</b>   | <b>(4 932)</b>     | <b>(932)</b>  | <b>(932)</b>           | <b>(932)</b>           |
| <b>Furniture and Office Equipment</b>           |     | <b>1 130</b>     | <b>1 683</b>     | <b>1 346</b>     | <b>1 683</b>         | <b>1 683</b>     | <b>1 683</b>       | <b>1 683</b>  | <b>1 683</b>           | <b>1 683</b>           |
| <b>Machinery and Equipment</b>                  |     | <b>1 312</b>     | <b>8 474</b>     | <b>7 629</b>     | <b>8 474</b>         | <b>9 274</b>     | <b>9 274</b>       | <b>11 474</b>                                       | <b>11 474</b>          | <b>11 474</b>          |
| <b>Transport Assets</b>                         |     | <b>3 744</b>     | <b>10 070</b>    | <b>10 629</b>    | <b>16 770</b>        | <b>19 770</b>    | <b>19 770</b>      | <b>19 670</b>                                       | <b>16 870</b>          | <b>16 870</b>          |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b> | 5   | <b>1 530 420</b> | <b>1 610 941</b> | <b>1 777 542</b> | <b>2 031 146</b>     | <b>2 037 446</b> | <b>2 037 446</b>   | <b>2 051 269</b>                                    | <b>2 421 997</b>       | <b>2 402 987</b>       |

| Description  | Ref | 2021/22         | 2022/23         | 2023/24         | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b>EXPENDITURE OTHER ITEMS</b>   |     | <b>155 372</b>  | <b>136 380</b>  | <b>117 270</b>  | <b>69 650</b>        | <b>72 016</b>   | <b>72 016</b>      | <b>70 164</b>                                       | <b>70 941</b>          | <b>72 379</b>          |
| <u>Depreciation</u>  | 7   | 88 492          | 72 427          | 59 212          | 54 382               | 51 507          | 51 507             | 53 774  | 56 193                 | 57 598                 |
| <u>Repairs and Maintenance by Asset Class</u>                                  | 3   | <b>66 880</b>   | <b>63 953</b>   | <b>58 058</b>   | <b>15 268</b>        | <b>20 508</b>   | <b>20 508</b>      | <b>16 391</b>                                       | <b>14 748</b>          | <b>14 781</b>          |
| Electrical Infrastructure  |     | 3 277           | 6 046           | 6 448           | 3 260                | 3 260           | 3 260              | 5 383   | 3 535                  | 3 624                  |
| Water Supply Infrastructure  |     | 3 495           | (390)           | 3 194           | 5 500                | 7 500           | 7 500              | 6 400   | 6 400                  | 6 400                  |
| <b>Infrastructure</b>  |     | <b>6 773</b>    | <b>5 655</b>    | <b>9 642</b>    | <b>8 760</b>         | <b>10 760</b>   | <b>10 760</b>      | <b>11 783</b>                                       | <b>9 935</b>           | <b>10 024</b>          |
| Community Facilities   |     | 304             | 336             | 205             | 100                  | 100             | 100                | 200   | 209                    | 214                    |
| <b>Community Assets</b>  |     | <b>304</b>      | <b>336</b>      | <b>205</b>      | <b>100</b>           | <b>100</b>      | <b>100</b>         | <b>200</b>  | <b>209</b>             | <b>214</b>             |
| Operational Buildings  |     | 97              | -               | -               | 600                  | 600             | 600                | 2 500   | 2 610                  | 2 500                  |
| <b>Other Assets</b>  |     | <b>97</b>       | <b>-</b>        | <b>-</b>        | <b>600</b>           | <b>600</b>      | <b>600</b>         | <b>2 500</b>  | <b>2 610</b>           | <b>2 500</b>           |
| Furniture and Office Equipment   |     | 871             | 3 082           | 1 000           | 2 487                | 3 437           | 3 437              | 1 144   | 1 195                  | 1 225                  |
| Machinery and Equipment  |     | 57 838          | 53 851          | 45 711          | 2 111                | 3 043           | 3 043              | -   | -                      | -                      |
| Transport Assets   |     | 998             | 1 030           | 1 500           | 1 210                | 2 568           | 2 568              | 763   | 798                    | 818                    |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>   |     | <b>155 372</b>  | <b>136 380</b>  | <b>117 270</b>  | <b>69 650</b>        | <b>72 016</b>   | <b>72 016</b>      | <b>70 164</b>                                       | <b>70 941</b>          | <b>72 379</b>          |
| <i>Renewal and upgrading of Existing Assets as % of total capex</i>            |     | 51.6%           | 0.0%            | 72.7%           | 66.8%                | 65.2%           | 65.2%              | 63.7%   | 60.0%                  | 63.7%                  |
| <i>Renewal and upgrading of Existing Assets as % of depreciation</i>           |     | 49.1%           | 0.0%            | 142.3%          | 171.2%               | 184.3%          | 184.3%             | 202.8%  | 223.4%                 | 202.4%                 |
| <i>R&amp;M as a % of PPE &amp; Investment Property</i>                         |     | 4.4%            | 4.0%            | 3.3%            | 0.8%                 | 1.1%            | 1.1%               | 0.9%  | 0.6%                   | 0.7%                   |
| <i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Property</i> |     | 7.2%            | 4.0%            | 8.0%            | 5.7%                 | 6.1%            | 6.1%               | 6.5%  | 6.1%                   | 5.8%                   |

FS203 Ngwathe - Table A10 Basic service delivery measurement

| Description                      | Ref | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------|-----|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                  |     | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <u>Household service targets</u> | 1   |                      |                 |                    |   |                        |                        |

| Description                                      | Ref | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| <b><u>Water:</u></b>                             |     |                      |                 |                    |   |                        |                        |
| Piped water inside dwelling                      |     | 19 719               | 19 719          | 19 719             | 19 719  | 19 719                 | 19 719                 |
| Piped water inside yard (but not in dwelling)    |     | 15 089               | 15 089          | 15 089             | 15 089  | 15 089                 | 15 089                 |
| Using public tap (at least min.service level)    | 2   | 942                  | 942             | 942                | 942   | 942                    | 942                    |
| Other water supply (at least min.service level)  | 4   | -                    | -               | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i> |     | 35 750               | 35 750          | 35 750             | 35 750  | 35 750                 | 35 750                 |
| Using public tap (< min.service level)           | 3   | 468                  | 468             | 468                | 468   | 468                    | 468                    |
| Other water supply (< min.service level)         | 4   | -                    | -               | -                  | -   | -                      | -                      |
| No water supply                                  |     | 576                  | 576             | 576                | 576   | 576                    | 576                    |
| <i>Below Minimum Service Level sub-total</i>     |     | 1 044                | 1 044           | 1 044              | 1 044   | 1 044                  | 1 044                  |
| <b>Total number of households</b>                | 5   | <b>36 794</b>        | <b>36 794</b>   | <b>36 794</b>      | <b>36 794</b>                                       | <b>36 794</b>          | <b>36 794</b>          |
| <b><u>Sanitation/sewerage:</u></b>               |     |                      |                 |                    |   |                        |                        |
| Flush toilet (connected to sewerage)             |     | 32 328               | 32 328          | 32 328             | 32 328  | 32 328                 | 32 328                 |
| Flush toilet (with septic tank)                  |     | 474                  | 474             | 474                | 474   | 474                    | 474                    |
| Chemical toilet                                  |     | 67                   | 67              | 67                 | 67  | 67                     | 67                     |
| Pit toilet (ventilated)                          |     | 1 018                | 1 018           | 1 018              | 1 018   | 1 018                  | 1 018                  |
| Other toilet provisions (> min.service level)    |     | -                    | -               | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>     |     | 33 887               | 33 887          | 33 887             | 33 887  | 33 887                 | 33 887                 |
| Bucket toilet                                    |     | 1 546                | 1 546           | 1 546              | 1 546   | 1 546                  | 1 546                  |
| Other toilet provisions (< min.service level)    |     | 1 092                | 1 092           | 1 092              | 1 092   | 1 092                  | 1 092                  |
| No toilet provisions                             |     | 270                  | 270             | 270                | 270   | 270                    | 270                    |
| <i>Below Minimum Service Level sub-total</i>     |     | 2 908                | 2 908           | 2 908              | 2 908   | 2 908                  | 2 908                  |
| <b>Total number of households</b>                | 5   | <b>36 795</b>        | <b>36 795</b>   | <b>36 795</b>      | <b>36 795</b>                                       | <b>36 795</b>          | <b>36 795</b>          |
| <b><u>Energy:</u></b>                            |     |                      |                 |                    |   |                        |                        |
| Electricity (at least min.service level)         |     | 35 126               | 35 126          | 35 126             | 35 126  | 35 126                 | 35 126                 |
| Electricity - prepaid (min.service level)        |     | -                    | -               | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i> |     | 35 126               | 35 126          | 35 126             | 35 126  | 35 126                 | 35 126                 |
| Electricity (< min.service level)                |     | -                    | -               | -                  | -   | -                      | -                      |
| Electricity - prepaid (< min. service level)     |     | -                    | -               | -                  | -   | -                      | -                      |
| Other energy sources                             |     | 1 637                | 1 637           | 1 637              | 1 637   | 1 637                  | 1 637                  |
| <i>Below Minimum Service Level sub-total</i>     |     | 1 637                | 1 637           | 1 637              | 1 637   | 1 637                  | 1 637                  |
| <b>Total number of households</b>                | 5   | <b>36 763</b>        | <b>36 763</b>   | <b>36 763</b>      | <b>36 763</b>                                       | <b>36 763</b>          | <b>36 763</b>          |
| <b><u>Refuse:</u></b>                            |     |                      |                 |                    |   |                        |                        |
| Removed at least once a week                     |     | 33 613               | 33 613          | 33 613             | 33 613  | 33 613                 | 33 613                 |
| <i>Minimum Service Level and Above sub-total</i> |     | 33 613               | 33 613          | 33 613             | 33 613  | 33 613                 | 33 613                 |
| Removed less frequently than once a week         |     | 394                  | 394             | 394                | 394   | 394                    | 394                    |
| Using communal refuse dump                       |     | 99                   | 99              | 99                 | 99  | 99                     | 99                     |
| Using own refuse dump                            |     | 1 553                | 1 553           | 1 553              | 1 553   | 1 553                  | 1 553                  |
| Other rubbish disposal                           |     | 1 134                | 1 134           | 1 134              | 1 134   | 1 134                  | 1 134                  |

| Description   | Ref | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| No rubbish disposal   |     | -                    | -               | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>  |     | 3 180                | 3 180           | 3 180              | 3 180   | 3 180                  | 3 180                  |
| <b>Total number of households</b>   | 5   | <b>36 793</b>        | <b>36 793</b>   | <b>36 793</b>      | <b>36 793</b>                                       | <b>36 793</b>          | <b>36 793</b>          |
| <b><u>Households receiving Free Basic Service</u></b>   | 7   |                      |                 |                    |   |                        |                        |
| Water (6 kilolitres per household per month)  |     | 13 171               | 13 171          | 13 171             | 13 171  | 13 171                 | 13 171                 |
| Sanitation (free minimum level service)   |     | 12 765               | 12 765          | 12 765             | 12 765  | 12 765                 | 12 765                 |
| Electricity/other energy (50kwh per household per month)  |     | 13 197               | 13 197          | 13 197             | 13 197  | 13 197                 | 13 197                 |
| Refuse (removed at least once a week)   |     | 13 197               | 13 197          | 13 197             | 13 197  | 13 197                 | 13 197                 |
| Informal Settlements  |     | 51 239               | 51 239          | 61 842             | 64 526  | 60 506                 | -                      |
| <b><u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u></b>                             |     |                      |                 |                    |   |                        |                        |
| Water (6 kilolitres per indigent household per month)   |     | 14 703               | 15 665          | 15 665             | 18 798  | 19 588                 | 20 077                 |
| Sanitation (free sanitation service to indigent households)   |     | 15 965               | 16 677          | 16 677             | 21 686  | 22 640                 | 18 649                 |
| Electricity/other energy (50kwh per indigent household per month)   |     | 20 789               | (9 298)         | (9 298)            | 456   | 475                    | 487                    |
| Refuse (removed once a week for indigent households)  |     | 18 485               | 18 897          | 18 897             | 21 359  | 22 298                 | 21 780                 |
| <b><u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u></b>                    |     | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total cost of FBS provided</b>   | 8   | <b>69 941</b>        | <b>41 941</b>   | <b>41 941</b>      | <b>62 298</b>                                       | <b>65 001</b>          | <b>60 993</b>          |
| <b><u>Highest level of free service provided per household</u></b>  |     |                      |                 |                    |   |                        |                        |
| Property rates (R value threshold)  |     | 15 000               | 15 000          | 15 000             | 15 000  | 15 000                 | 15 000                 |
| Water (kilolitres per household per month)  |     | 6                    | 6               | 6                  | 6   | 6                      | 6                      |
| Sanitation (kilolitres per household per month)   |     | 6                    | 6               | 6                  | 6   | 6                      | 6                      |
| Sanitation (Rand per household per month)   |     | 136                  | 136             | 136                | 142   | 148                    | 155                    |
| Electricity (kwh per household per month)   |     | 50                   | 50              | 50                 | 50  | 50                     | 50                     |
| Refuse (average litres per week)  |     |                      |                 |                    |   |                        |                        |
| <b><u>Revenue cost of subsidised services provided (R'000)</u></b>  | 9   |                      |                 |                    |   |                        |                        |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)                            |     | -                    | -               | -                  | -   | -                      | -                      |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) |     | -                    | -               | -                  | -   | -                      | -                      |

| Description   | Ref | Current Year 2024/25 |                 |                    | 2025/26 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2025/26                                 | Budget Year +1 2026/27 | Budget Year +2 2027/28 |
| Water (in excess of 6 kilolitres per indigent household per month)              | 6   | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation (in excess of free sanitation service to indigent households)        |     | -                    | -               | -                  | -   | -                      | -                      |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) |     | -                    | -               | -                  | -   | -                      | -                      |
| Refuse (in excess of one removal a week for indigent households)                |     | -                    | -               | -                  | -   | -                      | -                      |
| Municipal Housing - rental rebates  |     | -                    | -               | -                  | -   | -                      | -                      |
| Housing - top structure subsidies   |     | -                    | -               | -                  | -   | -                      | -                      |
| Other   |     | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total revenue cost of subsidised services provided</b>                       |     |                      | -               | -                  | -   | -                      | -                      |

### 7.3 Overview of the Budget Process

Section 21 of Municipal Finance Management Act 56 of 2003 (MFMA), read together with regulation 9 of Municipal Budget and Reporting Regulations, 2009 (MBRR) gives a contextual framework for budget preparation process and format of annual budget respectively for municipalities.

To this effect, section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. by end of August) a time schedule that sets out the process to revise the IDP and prepare the budget. In light of the above, Council approved an Integrated Process Plan as required by Section 21 of the Municipal Finance Management Act and section 34 of the Municipal Systems Act (MSA). The plan outlined key deadlines for the review of the Integrated Development Plan (IDP), Budget and other processes required by municipal legislation.

In line with the legislative framework, the annual budget preparation process for the 2025/26 MTREF must also involve other processes such as final consultations with stakeholders, council approval, public consultation, and budget execution, all guided by the municipality's Integrated Development Plan (IDP) and Medium Term Revenue and Expenditure Framework (MTREF). The process culminates in the approval of the budget before the start of the financial year, which runs from July 1st to June 30th.

Below is a more comprehensive overview of the process:

**(i) Budget Preparation:**

The preparation process involves the development of our annual budget based on the IDP and MTREF, ensuring alignment with the national government's priorities and the municipality's vision and mission. This involves detailed planning, including revenue forecasting, expenditure projections, and identifying capital projects. The budget is divided into operating and capital components.

**(ii) Public Consultation and Engagement:**

The draft budget is subjected to public consultation, allowing for community input and feedback. This ensures that the budget reflects the needs and priorities of the community.

**(iii) Council Approval:**

The municipality's council reviews the draft budget, considers public input, and makes necessary adjustments. The budget must be approved by the council at least 30 days before the start of the financial year (i.e by the end of May).

**(iv) Budget Implementation:**

Once approved, the budget is implemented by the municipality, with the Chief Financial Officer (CFO) playing a key role in ensuring its effective implementation. This includes managing revenue collection, allocating funds to various departments, and monitoring spending.

The table hereunder presents an activity plan / programme specifying timeframes for different phases followed during the Development of the IDP and Budget.

The process plan, which incorporated this activity plan, was tabled by the Executive Mayor to Council for adoption during August 2024. The process plan further outlined the planning process and indicates the timeframes and community participation process. This was done in line with the guidelines set out in the Municipal Systems Act, 32 of 2000.

**Table: Summarised Activity Plan for 2025/26 MTREF Preparation**

| Time-lines                | Summary of Activities and Key Deliverables   |
|---------------------------|--|
| October and November 2024 | Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;   |
| January and February 2025 | Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations  |
|                           | Council considers the 2024/25 Mid-year Budget and Performance Review   |
|                           | Multi-year budget proposals are submitted to the Portfolio Committee.  |
| March 2025                | Recommendations are communicated to the respective departments   |
|                           | Recommendations are communicated to Informal Council Meeting, and on to the respective departments. The draft 2025/26 MTREF is revised accordingly;  |
|                           | Tabling in Council of the draft 2025/26 IDP and MTREF for public consultation.   |
| April 2025                | Further public consultations   |
|                           | Budget Bilateral with the Provincial Treasury on tabled Draft 2025/26 MTREF  |
| May 2025                  | Closing date for written comments;   |
|                           | Finalisation of the 2025/26 IDP and 2025/26 MTREF, taking into consideration comments received from the public, comments from the Provincial Treasury, and updated information from the most recent Division of Revenue Bill and financial framework |
|                           | MAYCO meeting to consider the final draft IDP and the Budget   |
|                           | Tabling of the 2025/26 MTREF before Council for consideration and approval.  |

**7.4 Overview of Alignment of the Budget with the IDP**

The Municipal IDP is the principal strategic planning document, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan (SDBIP), which is effectively an interface between the IDP and the Budget.

The IDP therefore serves as a strategic framework for development, while the budget provides the financial resources to implement the IDP's objectives. Alignment between the two ensures that municipal resources are effectively allocated to support the municipality's development priorities.

During the preparation of the 2025/26 MTREF, the following key aspects of alignment of the Budget and IDP were considered and taken into account:

- a) The IDP outlines the municipality's vision, mission, goals, and objectives for development and therefore informed the strategic intent and focus of the budget.
- b) The budget took lead from the vision, mission, goals and strategic objectives of the municipality so as to ensure appropriate allocation of financial resources to programs and projects that support the IDP's objectives.
- c) Ultimately, the budget is used to implement the IDP by providing the necessary funding for projects and activities.
- d) The budget also supports performance management as it enables formulation, implementation, monitoring and evaluation of Key Performance Indicators (KPIs) and by Targets formulated through the SDBIP.

**7.5 Proposed Amendments to the IDP**

There are no revisions to the strategic objectives and outcome oriented goals of Council that will have material financial impact on the MTREF. The reviewed IDP is a continuation and updated version of the prior years' IDP.

**7.6 Breakdown of Revenue, Operating and Capital Expenditure Aligned to Goals of the IDP**

The table below provides an overview analysis of reconciliation of the goals of the IDP and the budget. Essentially, it demonstrates how the resources will be distributed in order to address the strategic goals set by Council in terms of the IDP.

From this table it can be deduced that most of the operating and capital budget will be channelled towards the goal of ensuring the provision of services to communities in a sustainable manner.

**Table: Alignment of IDP Goals and the Budget**

| Goal No. | Strategic Goal Description  | 2025/26 Budget |              |         |             |               |              |
|----------|---|----------------|--------------|---------|-------------|---------------|--------------|
|          |   | Operating      |              | Capital |             | Total         |              |
|          |   | Revenue        | Expenditure  | Revenue | Expenditure | Revenue       | Expenditure  |
| 1        | To provide democratic and accountable government for local communities. | R 215 795 245  | R 69 733 999 | -       | -           | R 215 795 245 | R 69 733 999 |

| Goal No.            | Strategic Goal Description  | 2025/26 Budget         |                        |                      |                      |                        |                        |
|---------------------|---|------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|
|                     |   | Operating              |                        | Capital              |                      | Total                  |                        |
|                     |   | Revenue                | Expenditure            | Revenue              | Expenditure          | Revenue                | Expenditure            |
| 2                   | To ensure the provision of services to communities in a sustainable manner.                                 | R 1 759 975 547        | R 584 321 816          | R 113 507 400        | R 113 507 400        | R 1 873 482 947        | R 697 829 216          |
| 3                   | To promote social and economic development.   | -                      | R 37 610 044           | R 9 400 000          | R 9 400 000          | R 9 400 000            | R 47 010 044           |
| 4                   | To promote a safe and healthy environment.  | -                      | -                      | -                    | -                    | -                      | -                      |
| 5                   | To encourage the involvement of communities and community organisations in the matters of local government. | -                      | R 20 294 967           | -                    | -                    | -                      | R 20 294 967           |
| 6                   | Allocation to other priorities  | -                      | R 671 516 287          | -                    | -                    | -                      | R 671 516 287          |
| <b>Total Budget</b> |   | <b>R 1 975 770 792</b> | <b>R 1 383 477 113</b> | <b>R 122 907 400</b> | <b>R 122 907 400</b> | <b>R 2 098 678 192</b> | <b>R 1 506 384 513</b> |

**7.7 Measurable Performance Objectives and Indicators**

Through alignment with the IDP and guided by the municipality’s Performance Management and Development System, this budget is informed by and seeks to deliver on the outcome based Development Objectives, Programmes and Programmes and Projects as outlined in Section H of the reviewed 2025/26 IDP as well as the Performance Objectives and Indicators as outlined in the 2025/26 SDBIP and are aligned with national priorities and local needs. These objectives and targets are then monitored and evaluated regularly, with the results reported in annual reports.

The following key aspects of Performance Objectives and Indicators were considered in formulating the 2025/26 MTREF:

**Alignment with IDP and SDBIP:** The budget must be informed by the IDP that outline the strategic direction and objectives of Council, which are then translated into quantifiable budget and specific service delivery targets within the SDBIP.

**Service Delivery Focus:** Performance objectives and indicators should focus on improving service delivery, such as infrastructure development, water and sanitation, and social programs, and so will the budget.

**Financial Sustainability:** Performance objectives, indicators and targets should also ensure that the municipality maintains long-term financial stability and avoid unsustainable debt.

**Measurable Indicators:** Objectives must be defined using quantifiable indicators that can be tracked and assessed, such as the number of households with access to water, waste collection rates, or the percentage of budget expenditure aligned with IDP objectives in order to ensure appropriately quantifiable and justifiable allocations in the budget.

**7.7.1 Key Financial Indicators and Ratios**

In line with Schedule A, sub regulation 2 of MBRR, the following financial indicators forms part of the measurable financial performance objective and indicators for the 2025/26 MTREF period.

**7.7.1.1 Liability Management**

**a) Debt Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure**

**Purpose/ Use of the Ratio:** The ratio indicates the cost required to service the debt. It assesses the Debt or Payment obligation expressed as a percentage of Total Operating Expenditure. This formula is particularly important in relation to measurement of Eskom, Rand Water and Department of Water and Sanitation outstanding debts.

| Details  |          | Target  |         |         |
|--|----------|---------|---------|---------|
| Formula  | Norm     | 2025/26 | 2026/27 | 2027/28 |
| Debt Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100 | 6% to 8% | 7%      | 7% - 8% | 7% - 8% |

**7.7.1.2 Liquidity**

**a) Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)**

**Purpose/ Use of the Ratio:** The Ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to-day operational expenditure but rather reserved for Grant related expenditure.

| Details  |            | Target    |           |         |
|--|------------|-----------|-----------|---------|
| Formula  | Norm       | 2025/26   | 2026/27   | 2027/28 |
| $((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))$ . | 1-3 Months | 1-2 Weeks | 2-3 Weeks | 1 Month |

**7.7.1.3 Debtors and Creditors Management**

**a) Revenue Collection Rate**

**Purpose/ Use of the Ratio:** The Ratio indicates the collection rate; *i.e.* level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. In addition, in order to determine the real collection rate bad debts written-off is taken into consideration.

| Details   |      | Target  |         |         |
|---|------|---------|---------|---------|
| Formula   | Norm | 2025/26 | 2026/27 | 2027/28 |
| $\text{Gross Debtors Opening Balance} + \text{Billed Revenue} - \text{Gross Debtors Closing Balance} - \text{Bad Debts Written Off} / \text{Billed Revenue} \times 100$ | 95%  | 86%     | 90%     | 95%     |

**b) Net Debtors Days**

**Purpose/ Use of the Ratio:** This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for the municipality to receive payment from its Consumers for bills/invoices issued to them for services.

| Details   |         | Target   |         |         |
|---|---------|----------|---------|---------|
| Formula   | Norm    | 2025/26  | 2026/27 | 2027/28 |
| $((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$ (on arears)           | 30 days | 120 days | 60 days | 30 days |
| $((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$ (on current accounts) |         | 30 days  | 30 days | 30 days |

**c) Growth in Number of Active Consumer Accounts**

**Purpose/ Use of the Ratio:** The ratio measures the actual growth in the Revenue base of the municipality brought about by an increase in the Consumer base rather than tariff increases.

| Details  |      | Target  |         |         |
|--|------|---------|---------|---------|
| Formula  | Norm | 2025/26 | 2026/27 | 2027/28 |
| (Period under Review's Number of Active Debtor Accounts - Previous Period's Number of Active Debtor Accounts) / Previous Period Number of Active Debtor Accounts x 100 | N/A  | 44%     | 10%     | 5%      |

**d) Capital Expenditure Budget Implementation Indicator**

**Purpose/ Use of the Ratio:** This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

| Details   |      | Target  |         |         |
|---|------|---------|---------|---------|
| Formula   | Norm | 2025/26 | 2026/27 | 2027/28 |
| Actual Capital Expenditure / Budget Capital Expenditure x 100 | N/A  | 100%    | 100%    | 100%    |

**7.7.1.4 Asset Management**

**a) Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)**

**Purpose/ Use of the Ratio:** The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.

| Details  |      | Target  |         |         |
|--|------|---------|---------|---------|
| Formula  | Norm | 2025/26 | 2026/27 | 2027/28 |
| Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100 | 8%   | 4%      | 6%      | 8%      |

7.7.1.5 Unaccounted for Water and Electricity Losses

**a) Electricity Distribution Losses (Percentage)**

**Purpose/ Use of the Ratio:** The purpose is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold as a result of losses incurred through theft (illegal connections), non or inaccurate metering or wastage. It is expected that implementation of the free basic service policy is included in the calculation for sale of electricity.

| Details  |           | Target  |         |         |
|--|-----------|---------|---------|---------|
| Formula  | Norm      | 2025/26 | 2026/27 | 2027/28 |
| $(\text{Number of Electricity Units Purchased and / or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and / or Generated} \times 100$ | 7% to 10% | 30%     | 25%     | 15%     |

**b) Water Distribution Losses (Percentage)**

**Purpose/ Use of the Ratio:** The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure. It is expected that implementation of the free basic service policy is included in the calculation for sale of water.

| Details   |            | Target  |         |         |
|---|------------|---------|---------|---------|
| Formula   | Norm       | 2025/26 | 2026/27 | 2027/28 |
| $((\text{Number of Kiloliters Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kiloliters Water Purchased or Purified}) \times 100$ | 15% to 30% | 35%     | 28%     | 20%     |

The following Free Basic Services (FBE) measurable performance objectives are also applicable for the 2025/26 MTREF period.

**Table: Free Basic Services Data**

| Service                                 | INDIGENT SUBSIDY – 205/26 |                           |                      |                   |   |                      |
|---|---------------------------|---------------------------|----------------------|-------------------|---|----------------------|
|   | Offer per Month           | Level of Service Provided | Number of Households | Budgeted Cost p.a | Cost per unit / Month (Incl. Availability Charge) | Revenue Foregone p.a |
| Water                                   | 6 Kl                      | Minimum level and >       | 13 171               | R 18 798 119      | R 167.76  | R 26 514 804         |
| Electricity (pre-paid and conventional) | 50 kWh                    | Minimum level and >       | 13 197               | R 455 971         | R 118.00  | R 18 686 952         |
| Sewerage                                | 100%                      | Minimum level and >       | 12 765               | R 21 685 693      | R 141.57  | R 21 685 693         |
| Refuse                                  | 100%                      | Minimum level and >       | 13 197               | R 21 358 553      | R 134.87  | R 21 358 553         |

The municipality has made a provision of a total amount of R 62,2 million for 2025/26 for provision of free basic services as outlined above. This is 49% more than what was budgeted for in 2025/26 financial year mainly due to a thorough analysis of the actual cost of FBS especially in relation to sanitation and refuse removal services which were previously underestimated.

Whilst the actual indigent subsidy is based only on the actual cost of consumption for water and electricity, the revenue foregone element includes both the actual consumption and the applicable availability charges for service which would have constituted revenue under normal circumstances.

**7.8 Overview of Budget Related-Policies**

In terms of regulation 7 of the Municipal Budget and Reporting Regulations (MBRR), the Municipal Manager must take all reasonable steps to ensure the preparation and / or amendment of budget related policies for tabling in council together with the annual budget.

In line with regulation 7 of MBRR, the following policies have been reviewed as part of budget preparation process:

- a) Credit Control and Debt Collection Policy;
- b) Municipal Property Rates Policy;
- c) Tariff Policy,
- d) Supply Chain Management

- e) Borrowing Policy;
- f) Indigent subsidy Policy
- g) Subsistence and Traveling Policy
- h) Budget Policy
- i) Transfer and Virement Policy
- j) Funding and Reserves Policy
- k) Asset Management Policy
- l) Banking and investment Policy
- m) Unauthorised, Irregular, Fruitless and Wasteful Policy
- n) Cellphone Allowance

The following new budget related policies were also developed as part of the budget preparation process in order to give full effect to the objectives and goals of the 2025/26 MTREF and beyond. These policies did not previously exist and are an addition to the existing budget related polices:

- a) Customer Care Policy;
- b) Disconnection and Connection of Services Policy;
- c) Estimation of Consumption Policy;
- d) Long-Term Debtors Policy;
- e) Prepaid Electricity Vending Policy;
- f) Revenue Policy;
- g) Sundry Income Policy;
- h) Value Added Tax (VAT) Policy; and
- i) Cost Containment Policy

*A detailed Financial Plan shall be annexed to this IDP in line with legislation and the regulation as part of this IDP and can also be accessed at the municipality's website, [www.ngwathe.fs.gov.za](http://www.ngwathe.fs.gov.za) or at the Office of the Chief Financial Officer, Liebenberg Street, Parys.*

## **SECTION M: Overview of Performance Management**

### **1. Introduction**

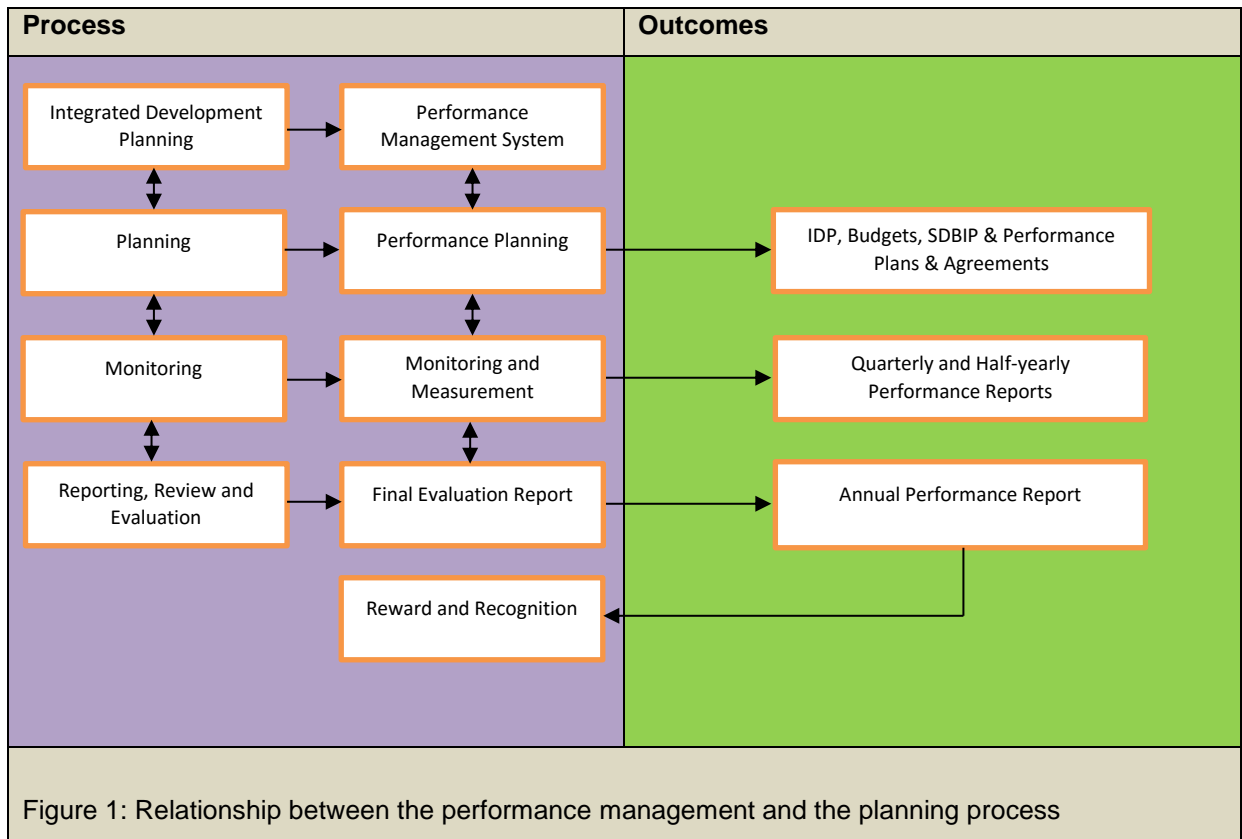
Municipalities deliver services essential to the well-being and development of communities. To ensure that municipal service delivery is as efficient and economical as possible, all municipalities are required to formulate Integrated Development Plans, allocate resources to the implementation of those plans, and monitor and report the results.

Performance information is therefore essential to focus the attention of the public and oversight bodies on whether the municipality is delivering value for money, by comparing its performance against its budgets and service delivery plans, and to alert managers to areas where corrective action is required.

It is envisaged in the Municipal System Act (2000 as amended in 2002) that the municipality shall establish and develop Performance Management and Development System (PMDS) that commensurate with its resource capacity, suited to its unique circumstances, that lays a solid foundation for accountability to Council and critical also, stakeholders. This will ultimately contribute towards economical, effective, efficient management of municipal affairs.

### **2. Ngwathe Local Municipality's Approach to Performance Management**

Ngwathe Local Municipality's performance management approach is part of a broader system of strategic management. This strategic management system must ensure that the municipality is directed through the integration of planning, budgeting and performance management processes. The figure below shows how the performance management processes both mirrors and integrates with the planning process.



As can be seen from the figure above, the performance management process then unfolds at a number of different levels, each aligned to the next.

The legislative framework provides for performance management at various levels in a municipality including strategic (sometimes also referred to as municipal, organisational, institutional or corporate) level, operational (also referred to as services, departmental or section/team) level and lastly, individual level.

- a) At strategic level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives and outcomes.
- b) A SDBIP on the other hand, is more short-term in nature and the measures set in terms of the SDBIP, are focused at reviewing the progress made with implementing the current budget and achieving annual service delivery targets.
- c) The key performance indicators and performance targets set for NLM as an organisation must be captured in the top-layer SDBIP, containing the national key performance indicators set by the Minister responsible for Local Government.

- d) On the other hand, departmental SDBIP for each department must contain the performance indicators and targets set for each departments based on the objectives set in the IDP.

By cascading performance measures from strategic to operational level, both the IDP and the SDBIP, form the link to individual performance management. This ensures that performance management at the various levels relate to one another as required by the Municipal Planning and Performance Regulations. Once the municipality has finalised the SDBIP it should be integrated with the performance management system to ensure the cascading of performance measures into the performance agreements of the Municipal Manager, Senior Managers, Line Managers and the rest of the employees.

The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP and the measurable performance objectives approved with the budget.

The municipality's performance management system is therefore both dynamic and evolving. It must be premised on principles of continuous need for improvement. In ensuring continuous improvement to the municipality's system, a number of initiatives should be undertaken to nurture and harness the system's capability at all levels, including but not limited to:

- a) Cascading of the performance management to individuals within the municipality should be seen as a cornerstone of this performance management and development system. The performance management and development system at the individual level is aimed at clearly identifying what it takes to achieve the strategic agenda and political priorities.
- b) Ensuring that management and staff understand what they are responsible for in achieving the municipality's goals. The following initiatives should be undertaken to ensure that accountability for performance is constantly assigned and well understood:
  - (i) The municipality should aim to fully automate its performance management and development system. Managers and strategic support officials will then need to be capacitated on the utilization of the automated system to simplify performance management and performance reporting;
  - (ii) Performance agreements of all employees must be concluded within the stipulated time frames;
  - (iii) Scorecards must outline both the annual as well as quarterly targets to accommodate the automated performance tracking system developed by the municipality
  - (iv) All employees must be encouraged to develop individual development plans in order to acquire competencies necessary to ensure higher levels of performance on their key performance areas.

### 3. Preferred Performance Management and Development Model

A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organisation to manage and analyse its performance. As such a model provides a common framework for what aspects of performance is going to be measured and managed.

It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

A number of performance management models are available and any of them could be applied by the municipality. The available models include the Municipal Scorecard, Balanced Scorecard, Performance Excellence Model and the Key Performance Area Model.

In order to align with the provisions of Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager, 2006, this Performance Management and Development System is based on the Key Performance Area (KPA) model. The KPA model is in with the Integrated Development Plan Framework Guide, which requires that the municipality must present its strategic objectives and goals in line with 5 KPA's of the 5 year Local Government Strategic Agenda as outlined in the Municipal Performance Regulations for Municipal Manager and Managers Accountable to the Municipal Manger of 2006, which are as follows:

**KPA: Basic Service Delivery and Infrastructure Investment;**

**KPA: Local Economic Development;**

**KPA: Financial Viability and Financial Management;**

**KPA: Municipal Transformation and Institutional Development;**

**KPA: Good Governance and Community Participation**

The KPA model is therefore a unique concept for local government that helps to translate strategy into action. It is a performance measurement system, derived from vision and strategy, and reflecting the most important aspects of the organisation. The KPA model supports strategic planning and implementation by merging the actions of all parts of an organisation around a common understanding of its goals, by facilitating the assessment and upgrade of strategy.

A KPA concept for the municipality will ordinarily encompass the five Key Performance Areas (KPA's) grouped together as outlined above.

The KPA model stresses the importance of being able to assess the municipality from all five perspectives (KPAs) at the same time. A KPA is represents a group of related Key Performance Indicators (KPIs). KPAs also represent a focus area or a group of operations the municipality wish to categorise its achievements and must inform the municipality’s strategic objectives.

**4. Adoption of Performance Management and Development System**

A performance management system must be adopted annually before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its Integrated Development Plan.

**5. Performance Management Process Plan**

The following table details the timing and activities (i.e process plan) required for each of the four key phases in the performance management cycle:

**Table: Overview of the performance management process plan**

| Phase                | Time Frames           | Summary of Activities  |
|----------------------|-----------------------|--|
| Performance Planning | By 1 July annually    | a) Start with the preparation of a time schedule outlining key deadlines for performance planning for the forthcoming financial year.  |
|                      |                       | b) Supervisor schedules a meeting with a staff member or team to discuss and agree on the performance objectives and targets a staff member or team is expected achieve for the year, which must also include:<br>(i) specific performance standards, weightings for performance targets and indicators for measuring performance achievements against set targets;<br>(ii) job specific competencies to be assessed for the year. |
|                      |                       | c) Both the supervisor and the employee or team must develop and agree on a Performance Plan and Performance agreement must be signed or processed electronically where applicable.<br><i>(Supervisor and a staff member or team are required to prepare for this meeting.)</i>  |
|                      | By 15 August annually | a) Submit the final schedule outlining key deadlines for performance planning for the following financial year to the Municipal Manager for alignment and inclusion in the IDP process.  |

| Phase  | Time Frames  | Summary of Activities   |
|--|--|---|
| Performance and Monitoring, Measuring        | On-going throughout the year and occurs formally and informally.   | a) The supervisor will complete on- the-job monitoring of the performance of an employee or team.   |
|  |  | b) The supervisor may create formal and informal opportunities to provide feedback or coaching support to an employee or team in relation to progress made towards agreed performance objectives and on areas requiring implementation; and   |
|  |  | c) An employee or team may request feedback and support at any time during the performance cycle.   |
| Performance Reporting, Review and Evaluation | <p><u>Quarterly</u>: within seven (7) working days after the end of the quarter</p> <p><u>Mid-yearly</u>: not later than 25 January</p> <p><u>Annually</u>: not later than 31 August</p> | <p>a) The supervisor must formally provide verbal and written performance feedback to the employee or team.</p> <p>b) The supervisor must set up a formal mid-year evaluation with an employee or team within one (1) month after the end of quarter two (2), inclusive of formal documented engagement to provide feedback on targets achieved to date of a staff member or team.</p> <p>c) The supervisor must set up the formal final performance evaluation with an employee or team after the end of the fourth quarter.</p> <p>d) At mid-year review, interventions and corrective actions must be identified in relation to achievement /under-achievement of performance outputs/ outcomes;</p> <p>e) During annual performance evaluation, each employee must be afforded an opportunity to complete self-rating and provide evidence to support ratings. <sup>3</sup></p> <p>f) The final performance evaluation scores must be recorded as a formal engagement between an employee and supervisor.</p> <p>g) The details of the performance evaluation must be must be in writing clearly outlining the employee’s career development needs.</p> |

<sup>3</sup> This requirement is not applicable to the Municipal Manager and Managers Reporting directly to the Municipal Manager as their performance evaluation is conducted in line with Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Mangers, 2006.

| Phase                              | Time Frames   | Summary of Activities                                    |
|------------------------------------|---|--|
| Performance Reward and Recognition | After the formal annual performance assessment; and After moderation by the Municipal Moderation Committee and approval by Municipal Manager. | Rewards shall be dealt with as stipulated in the policy. |

## 6. Setting of Key Performance Indicators

The municipality must set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and performance objectives for the council's elected term, including its local economic development aims and its internal transformation needs.

In setting key performance indicators, the municipality must ensure that:

- a) the community is involved; and
- b) the key performance indicators inform the indicators set for all its administrative units and employees;

Suitable key performance indicators need to be specified to measure performance in relation to **inputs, activities, outputs, outcomes and impacts**. The challenge is to specify indicators that measure things that are useful from a management and accountability perspective. This means supervisors need to be selective when defining indicators.

Defining a good performance indicator requires careful analysis of what is to be measured. The supervisor and the employee or team need to have a **thorough understanding of the nature of the input or output, the activities, the desired outcomes and impacts**.

A good performance indicator should be:

- a) **Reliable**: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

- b) **Well-defined**: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.
- c) **Verifiable**: it must be possible to validate the processes and systems that produce the indicator.
- d) **Cost-effective**: the usefulness of the indicator must justify the cost of collecting the data.
- e) **Appropriate**: the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.
- f) **Relevant**: the indicator must relate logically and directly to an aspect of the municipality's mandate, and the realisation of strategic goals and objectives.

Where possible, indicators that directly measure inputs, activities, outputs, outcomes and impacts should be sought. This is not always possible and in such instances, proxy indicators may need to be considered.

Typical direct indicators include **cost or price, distribution, quantity, quality, dates and time frames, adequacy, accessibility, economy, efficiency, effectiveness and equity**. These indicators are explained hereunder and how they can be used:

- a) **Cost or Price indicators** are both important in determining the economy and efficiency of service delivery.
- b) **Distribution indicators** relate to the distribution capacity to deliver services and are critical to assessing equity across geographical areas, urban-rural divides or demographic categories. Such information could be presented using geographic information systems.
- c) **Quantity indicators** relate to the number of inputs, activities or outputs. Quantity indicators should generally be time-bound; e.g. the number of inputs available at a specific point in time, or the number of outputs produced over a specific time period.
- d) **Quality indicators** reflect the quality of that which is being measured against predetermined standards. Such standards should reflect the needs and expectations of affected parties while balancing economy and effectiveness. Standards could include legislated standards and industry codes.
- e) **Dates and timeframe indicators** reflect timeliness of service delivery. They include service frequency measures, waiting times, response time, turnaround times, time frames for service delivery and timeliness of service delivery.
- f) **Adequacy indicators** reflect the quantity of input or output relative to the need or demand - they respond to the question *"Is enough being done to address the problem?"*
- g) **Accessibility indicators** reflect the extent to which the intended beneficiaries are able to access services or outputs. Such indicators could include distances to service points, travelling time, waiting time, affordability, language, accommodation of the physically challenged.

- h) **Economy indicators** explore whether specific inputs are acquired at the lowest cost and at the right time; and whether the method of producing the requisite outputs is economical. Economy indicators only have meaning in a relative sense.
- i) **Efficiency indicators** explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output. Efficiency indicators are usually measured by an input: *output ratio* or an *output: input ratio*. These indicators also only have meaning in a relative sense. To evaluate whether the municipality is efficient, its efficiency indicators need to be compared to similar indicators elsewhere or across time. The municipality's efficiency can also be measured relative to predetermined efficiency targets.
- j) **Effectiveness indicators** explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of the municipality's strategic objectives and goals. Such a model also needs to account for other factors that may affect the achievement of the outcome. Changes in effectiveness indicators are only likely to take place over a period of years, so it is only necessary to evaluate the effectiveness of the municipality every three to five years.
- k) **Equity indicators** explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which the municipality has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, etc.

Even the best performance indicator information is of limited value if it is not used to identify service delivery and performance gaps, to set targets and to work towards better results. Determining a set of appropriate performance indicators must be in accordance with the municipality's constitutional mandate.

## 7. Reporting on Performance

Reporting requires that the municipality takes the priorities of the organization, its performance objectives, indicators, targets, measurements and analysis, and presents this information in a simple and accessible format, relevant and useful to the specific target group, for review. The Service Delivery and Budget Implementation Plan (SDBIP) is the basis for the Municipality's reporting. Generally four reports are submitted per annum to Council. Spisys Management Reports (dashboards can be used as a Performance management Tool which can be used as a live system indication project progress and up to date statistics for reporting)

### Table: Performance Reporting

| Report Type                              | Description  |
|--|--|
| <p>Quarterly IDP and SDBIP Reporting</p> | <p>The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through Section 71 monthly reports, and evaluated through the annual report process.</p> <p>The SDBIP information on revenue will be monitored and reported monthly by the municipal manager in terms of Section 71(1)(a) and (e). For example, if there is lower than anticipated revenue and an overall cash shortage in a particular month the municipality may have to revise its spending downwards to ensure that it does not borrow more than anticipated. More importantly, such information requires the municipality to take urgent remedial steps to ensure it improves on its revenue collection capacity if the municipality wants to maintain its levels of service delivery and expenditure.</p> <p>Section 1 of the MFMA, Act 56 of 2003 states that the SDBIP as a detailed plan approved by the mayor of a municipality in terms of service delivery should make projections for each month of the revenue to be collected, by source, as well as the operational and capital expenditure, by vote. The service delivery targets and performance indicators need to be reported on quarterly (MFMA, 2003).</p> |
| <p>Mid-Year Reporting</p>                | <p>Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.</p>  |
| <p>Annual Performance Reporting</p>      | <p>Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:</p> <ul style="list-style-type: none"> <li>• The performance of the municipality and of each external service provided during that financial year;</li> <li>• A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and</li> <li>• Measures to be taken to improve on the performance</li> </ul> <p>The performance report must be submitted at the end of the financial year and will be made public as part of the annual report in terms of chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.</p>   |

| Report Type   | Description  |
|---------------|--|
| Annual Report | <p>Every municipality and every municipal entity under the municipality’s control is required by Section 121 to prepare an annual report for each financial year, which must include:</p> <ul style="list-style-type: none"> <li>• the annual financial statements of the municipality or municipal entity as submitted to the Auditor-General for audit (and, if applicable, consolidated annual financial statements);</li> <li>• the Auditor-General’s audit report on the financial statements;</li> <li>• an assessment by the accounting officer of any arrears on municipal taxes and service charges;</li> <li>• particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;</li> <li>• any explanations that may be necessary to clarify issues in connection with the financial statements;</li> <li>• any information as determined by the municipality, or, in the case of a municipal entity, the entity or its parent municipality;</li> <li>• any recommendations of the municipality’s audit committee, or, in the case of a municipal entity, the audit committee of the entity or of its parent municipality</li> <li>• an assessment by the accounting officer of the municipality’s performance against the measurable performance objectives for revenue collection and for each vote in the municipality’s approved budget for the relevant financial year;</li> <li>• an assessment by the accounting officer of the municipality’s performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality;</li> <li>• the annual performance report prepared by a municipality; and</li> <li>• any other information as may be prescribed.</li> </ul> <p>Section 127 prescribes the submission and tabling of annual reports. In terms of this section:</p> <ul style="list-style-type: none"> <li>• The accounting officer of a municipal entity must, within six months after the end of a financial year, submit the entity’s annual report for that financial year to the municipal manager of its parent municipality.</li> <li>• The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.</li> <li>• If the mayor, for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality’s sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must:</li> </ul> |

| Report Type      | Description  |
|------------------|--|
|                  | <ul style="list-style-type: none"> <li>- submit to the council a written explanation setting out the reasons for the delay, together with any components of the annual report that are ready; and</li> <li>- submit to the council the outstanding annual report or the outstanding components of the annual report as soon as may be possible</li> </ul>  |
| Oversight report | <p>The council of a municipality must consider the municipality's annual report (and that of any municipal entity under the municipality's control), and in terms of Section 129, within two months from the date of tabling of the annual report, must adopt an oversight report containing the council's comments, which must include a statement whether the council:</p> <ul style="list-style-type: none"> <li>• has approved the annual report with or without reservations;</li> <li>• has rejected the annual report; or</li> <li>• has referred the annual report back for revision of those components that can be revised.</li> </ul> <p>In terms of Section 132, the following documents must be submitted by the accounting officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report:</p> <ul style="list-style-type: none"> <li>• the annual report (or any components thereof) of each municipality and each municipal entity in the province; and</li> <li>• all oversight reports adopted on those annual reports. It is important to note that the oversight committee working with these reports should be chaired by the opposition party.</li> </ul> |