

5. MUNICIPAL CONTEXT OF PRIORITY ISSUES

5.1. SERVICE DELIVERY PRIORITY ISSUES

Services are prioritized in the following order:

- Infrastructure and Services
- Economic Development
- Social Development

5.1.1. Infrastructure and Services

Water: The Umjindi municipality has implemented a policy with regard to the provision of free basic water to its communities. In terms of the socio-economic profile, water has been supplied to most of the urban and dense rural settlements within the municipality. However, a number of rural villages such as Lomshiyo, Shiyalongubo, Sheba Siding and Emjindini Trust, have to be provided with free basic water services. In terms of the Umjindi Water Services Development Plan (UWSDP), the municipality has developed water supply schemes within its area of jurisdiction through the following measures:

- The Barberton Water Supply Scheme that provide portable water to Barberton, Emjindini and the Prison farm from the Lomati dam and the Suid Kaap River.
- Low's Creek Irrigation Scheme that draws water from the Shiyalongubo dam and the Kaap River.
- Water supply schemes for the Agnes, fair view, Consort and Sheba gold mines.
- River pumping installations of several farmers associated with the Noord Kaap, Suid Kaap, Queens River, Eureka and Low's Creek Irrigation Boards.

Sanitation: Water-borne sanitation systems are lacking in most rural communities of the Umjindi municipality. However, the establishment of the UWSDP is expected to control this backlog in the near future within the municipality. In addition, the municipality has identified a number of sustainable projects to address this need including, among others, sewerage upgrading and reticulation system, in Extension 11, 12, 13 and 14, provision of water-borne sewer at all proclaimed stands and VIP toilets, reconstruction of sagging sewage pipeline (For further details refer to Section 8). All these initiatives are aimed at ensuring an efficient sewerage system for the entire region within the Umjindi local municipality.

Electricity: Most rural areas and isolated farm neighbourhoods are not electrified. Although the municipality has been licensed to distribute electricity within its area of jurisdiction, it is restricted from serving areas serviced by Eskom. However, the municipality has initiated projects such as extension of streetlights to T-junction Barberton/Nelspruit by-pass road, cashier pre-paid contour system (For more details refer to Section 8).

Roads and Storm-water: Public transport facilities are not well developed especially in rural and farm areas. There is inadequate public transport provision for scholars. There is a need to upgrade existing taxi ranks and establish more taxi ranks as nodal points in rural areas. A road master plan will be compiled. In as far as the provision of storm water, there is deficiency in proper management systems. In most cases, stormwater facilities have been poorly constructed during road construction. The municipality is eager to conduct professional storm water study for the entire region as one of its core projects with a view

to improving the present status quo in this regard (Also refer to section 8 for more projects).

Waste management: In rural communities of the Umjindi municipality, there is no organized waste management system. Waste is disposed on properties by landowners creating serious environmental concerns. It is crucial that the municipality should seriously attend to the matter as waste disposal may impact negatively on the environment and peoples' health. The municipality has identified, as one of its key ventures, recycling solid waste and waste removal in rural villages. However, at this stage there is no clear strategy in place as to how this will be carried out. Once the township has been established in the rural areas proper refuse removal services will be done.

Public Transport: The area is accessible by taxi and therefore public transport is not a major problem. However, it is necessary that the existing transport facilities be improved for more efficiency in public transport system. For example, introducing bus system at eMjindini Trust, Mlambongwane and Glen thorpe and ensuring reliability and safety.

Housing: This constitutes one of the most pressing needs of the local municipality also largely constrained by land deficiencies. The municipality should facilitate the completion of all half-finished RDP houses and speed up the process of constructing new RDP houses and ensuring that more land is made available to address housing needs.

Cemeteries: There is necessity to provide more land to cater for burial sites and especially because of the prevalence of the HIV/AIDS epidemic in the recent years. It is quite important that existing cemeteries be properly maintained through the provision of security at cemeteries, for instance, by fencing. The municipality has endeavored to conduct a feasibility study on the lifespan of rural and urban cemeteries.

Telecommunication: About 20% of the population has access to telephones in their dwellings. The community's access to telephone services is higher in urban than rural areas. Most of the population in rural villages and farm areas has no access to telephone system. However, the easy access to cellular telephones has made telecommunication no longer an issue as they are possessed by almost more than one person in a household. A few of these rural areas are still experiencing problems regarding cellular network services.

Township establishment and land reform: the slow pace at which the land reform programme is carried out largely has a bearing on township establishment especially in informal settlements. Tenure upgrading is further complicated by inadequate funds and poor coordination between departments, which delay the transfer of land from current owners to land restitution beneficiaries.

5.1.2. Economic Development

The economy of Umjindi is dominated by agriculture, mining and manufacturing activities. More than half of all households in Umjindi have an annual income of less than R12 000/year (R1 000/month). Of the people in the rural wards, most are employed in the agriculture sector, with mining also quite dominant. In the urban areas manufacturing is predominant.

Agriculture and forestry are the sectors with the highest growth potential and contribute 30, 8% in the local economy. The area is active in the mining and quarrying of metallic minerals. The mining industry contributes 11, 2% to the local economy. The trade, catering and accommodation sectors each contribute approximately 10% or more in the local economy (Source: Gaffney's Local Government in South Africa 2002-2004, p553).

LED: The major economic spin-offs of this vibrant activity are engineered by the rich repertoire of the tourist industry of which the Umjindi municipality boasts. Agriculture also forms the backbone of local economic development within the greater local municipality.

Tourism development: The municipality has huge potential to grow into a major tourism destination. However, much still needs to be done to enhance the growth of this industry. Local communities, for instance, should be actively involved in tourism activities and opportunities identified and performed in the region. Tourism officials are to be empowered to develop and implement a generic marketing strategy and network with other organisations with the same objective.

5.1.3. Social Development

Health and welfare: The area is hard-hit by the prevalence of HIV/AIDS epidemic which has greatly impacted on household economies placing a heavy burden on welfare systems currently operational throughout the country. Possible financing in the form of grants must be explored as far as possible on condition that it does not create a burden on the Operating Account. This actually means that such funds must be spent on productive services (income generating) and not on services which create additional operating expenditure (e.g. halls, roads, libraries, etc.).

Education: Education is the key for development in every society. The municipality should upgrade existing educational institutions and ensure that communities have access to these establishments for skills acquisition and improvement and reduction in illiteracy levels. 20% of the population has no formal education while 28% only has primary school education with +/- 25% secondary school education or less.

Public Safety: Criminal activities are rife in the municipal area. These are a result of many social factors such as spiraling unemployment rate, lack of adequate police stations and capacity within the existing ones. In addition, poor access routes to public phones are a further constraining factor particularly for reporting emergencies. Moreover, lack of proper community/street lighting hampers valuable crime prevention in rural areas. It is crucial that strategies be initiated to restore peace and public safety, of especially the rural communities, within the local municipality. Local police forums have been established in some areas; however, there is still need of urgency in ensuring that they are operational.

Sports and recreation: Provision of these facilities benefits the welfare of communities as it lowers crime rates, alcohol abuse and most likely violence on women and children. Appropriate sporting activities in line with community needs should be provided. Due to financial constraints it won't be possible to provide sport facilities for every rural community, hence the need to develop a centrally located sports centre.

Emergency services: Lack of telecommunication facilities, such as public telephones in Most rural communities are a hindrance to the provision of emergency services such as ambulance and fire extinguishers. Rural villages have the least access to emergency services due to the distance from Barberton, where these services are located. Moreover, the existing emergency services are inadequate to service the whole region. Additionally, the fire brigade vehicles of Umjindi are outdated and need replacement.

Environmental management: Lack of proper engineering services like sanitation, roads and stormwater causes serious environmental degradation especially around the informal rural villages. A priority issue is environmental management to ensure optimum utilisation of the

resources in the area without endangering the regions suitable for nature based tourism development. Conservation of biodiversity of the area is crucial to Umjindi's future economic development.

5.2 INSTITUTIONAL PRIORITY ISSUES

5.2.1. Institutional Transformation

Training and skills development: Very few people possess necessary skills for development due to the excessively low literacy levels within the Umjindi municipality. The municipality should provide accessible training fraternities to its local people to afford them competencies for growth and development. The municipality is tasked with a responsibility to provide entrepreneurial training for the informal business and agricultural development to stimulate job creation. People need to be capacitated to be self-employed using the SMME/beehives. It is anticipated that once people are given the necessary skills unemployment and poverty will be reduced and hopefully eradicated in the long run.

Staff component and appointments: Improvement of skills which is in line with the stipulations of the Skills Development Act, knowledge and attitude of all staff members will form part of an integrated and well directed transformation process and will include aspects such as implementation of a work skills plan and Employment Equity measures as prescribed by the recent applicable legislations.

Organisational infrastructure/assets: The organisational structure represents a functional structure, grouping activities belonging to each management function together.

Herewith is the Approved organogram for Umjindi Local Municipality as per item no:

5.2.2. Democracy and Governance

Service Delivery Standards (Batho Pele Principles): The Umjindi Municipality believes in the adoption of all reasonable measurements (plans/policies) to promote social and economic development and to provide services to communities in an efficient and sustainable manner.

5.2.3. Financial Management

5.2.3.1. General

The aim of this financial plan is to inform the council and the community **firstly** on the financial situation of the council regarding the budget and forecasts on the budget for the future. **Secondly** to set the council's guidelines and policies that were set (approved) by the council, to enable the council to recover costs to render an effective, efficient and sustainable service to the community of Umjindi, together in one document. Various consultation meetings with the residents of Umjindi will be held throughout the municipality regarding the budget before the council will finally approve the budget to ensure that the inputs and views of the residents of Umjindi inform the spending plans of the municipality.

5.2.3.2. Budget

Table 4 reflects the summary of the operating budget for Umjindi municipality regarding the approved operating budget for 2006/2007, the draft-operating budget for 2007/2008 with a forecast regarding the 2008/2009 budget.

	Approved budget	Difference	%	Budget	Budget
	2006/2007			2007/2008	2008/2009
Income	97,284,957	9,146,471	9.40	106 431 428	110 320 214
Expenditure	97,878,524	6,672,827	6.80	104 551 351	108 794 466

Table 5 reflect the summary of the operating budget (income and expenditure) for Umjindi municipality regarding the approved operating income and expenditure for 2006/2007, the draft-operating income and expenditure for 2007/2008 with a forecast regarding to the 2008/2009 financial years.

TABLE 5: SUMMARY OF INCOME AND EXPENDITURE						
	Approved Budget	Approved Budget	Difference	%	Budget	Budget
INCOME	2005/2006	2006/2007			2007/2008	2008/2009
Service Charges:						
Property rates	9,366,694	10,148,908	608,934	8,35	10,757,842	11,403,313
Electricity	26,491,498	27,163,503	355,442	2,54	27,518,945	27,518,945
	3,900,577	5,181,888	310,913	32,85	5,492,801	5,822,369
Refuse removal						
Sewerage	3,134,247	3,743,699	224,622	19,44	3,968,321	4,206,420
Water	11,354,500	12,317,099	739,026	8,48	13,056,125	13,839,492
Housing	610172					
Government grants and subsidies	19,157,106	34,408,000	-3,538,000	79,61	30,870,000	33,501,000
Other income	3,516,000	2,162,419	10,090,268	-38,50	12,252,687	11,953,086
Total operating income generated	78,322,622	97,582,786	8,848,642	24,59	106,431,428	110,320,214
EXPENDITURE						
Salaries and wages	30,316,733	33,002,027	1,980,122	8,86	34,982,149	36,903,424
<i>General expenses:</i>						
Councillors remuneration	1087879					
Free basic services	2796911					
Electricity purchases	12,855,930	13,135,705	788,142	2,18	13,923,847	13,923,847
Internal transfers(admin costs)	12757410					
Other general expenses	36,939,564	37,202,155	2,251,944	0,71	39,454,099	41,653,065
Repair and maintenance	6,848,741	6,900,000	3,011,193	26,33	9,911,193	9,546,593
Capital costs:						
External Interest	1,017,554	999,611	59,976	-1,76	1,059,587	1,096,483
Redemption of external debt	1,416,511	1,416,511	46,230	-2,58	1,462,741	1,537,935
Contribution to capital	3,516,000	18,414,336	2,231,660	423,73	20 645,996	20,990,796
Contributions:	2838068					
Less: allocated elsewhere	16,779,418	18,485,902	1,087,954	10,17	19,573,856	20,543,928
Total operating Expenditure	78,321,615	76,606,065	27,945,286	24,59	104,551,351	108,794,466
Operating surplus/(deficit)	1,007	2,091	1,877,986	107,65	1,880,077	1,525,748

5.2.3.3. **The implementation of GAMAP**

A new accounting standard, Generally Accepted Municipal Accounting Practice (GAMAP), has been developed for local government. The National Treasury has over the past two years hosted training sessions and workshops relating to the implementation of GAMAP. At present it is planned that GAMAP will be introduced in phases, with all municipalities preparing their 2004/2005 budgets and financial statements "completely compliant with GAMAP". The National Treasury Circulars over the past 2 years recommends that municipalities prepare for the full implementation of GAMAP by "immediately beginning the major work necessary". Until the Accounting Standards Board and the National Treasury ratifies GAMAP municipalities are required to prepare budgets in the currently prescribed formats.

5.2.3.4 **Collection Procedure /Process**

5.2.3.4.1 **Indigent Debtor Policy (Sec 97 (1) © of Municipal Systems Act**

An indigent debtor will be any household earning less than R1 100.00 per month. Where two pensioners (man and wife) stay together and each receive pension the total income amounts to R1 400.00 per household will qualify as an Indigent Debtor (A.71 March 2005)

The Council will have to keep on providing annually funds on the budget for the subsidizing of indigent debtors on rates, taxes, refuse removal and sewerage consumption.

Indigent debtors will only be entitled to free basic services/subsidy as annually approved by the council on rates, taxes, refuse removal and sewerage consumption except electricity and water consumption due to the free basic services provided by the council (municipality) on both services.

5.2.3.4.2 Indigent **Debtor**

An indigent debtor (consumer) must apply for the subsidy (writing off of rates, taxes, refuse removal and sewerage consumption) by completing an application form (For 12 month period) where after the Ward Councillor will have to certify the applicant as an indigent debtor and forward the application for approval to the management (administration) for further processing.

All consumption of services (electricity and water) above the approved free basic services as approved by the council can and will not be subsidized by the council (municipality) and must be paid by the debtor him/her self.

5.2.3.4.3 on **approval as an Indigent Debtor**

All arrear amounts regarding to rates, taxes, refuse removal, sewerage consumption and interest on the indigent account will be written off.

Interest levies on the account to be stopped.

Monthly levies for property tax refuse removal and sewerage consumption will be subsidized once approved as Indigent Debtor out of the Indigent Debtor provision.

5.2.3.4.4 **Re- Application for Subsidy**

All indigent debtors will have to re-apply for subsidy on an annual basis as the subsidy is only approved for a twelve-month (Financial year council) period. Next application will not be approved if the consumer's account for services (water and electricity consumption is higher than the free basic services approved by Council of Umjindi Municipality) is not paid up to date.

5.2.3.4.5 **Suspension of Services: Prepaid Meters**

No prepaid services will be given to an indigent debtor if the account of services (water and electricity consumption) is not paid in full. No arrangements will be applicable on Indigent debtor accounts for services (Water and electricity consumption).

5.2.3.4.6 **Payment of a Deposit for Unemployed RDP Beneficiaries**

When a consumer is identified as an indigent, a consumer account can be opened with exemption on paying a deposit.

5.2.3.4.7 Indigents **Family Units Tenants**

Tenants at the family units who have a maximum income of R500.00 per month be exempted of rental charges. Tenants at the family units who have an income between R501.00 and R1 100.00 only pay 50% of the rental charge.

5.2.3.5 Income **Generated Strategy**

Umjindi Municipality has none at present.

5.3. **CONCLUSION**

To have an idealistic IDP on paper that is not executable will be a futile exercise. It is therefore essential to be realistic and apply the said guidelines in order to have a workable development plan, which at the end will be proof of sensible management and progress.