

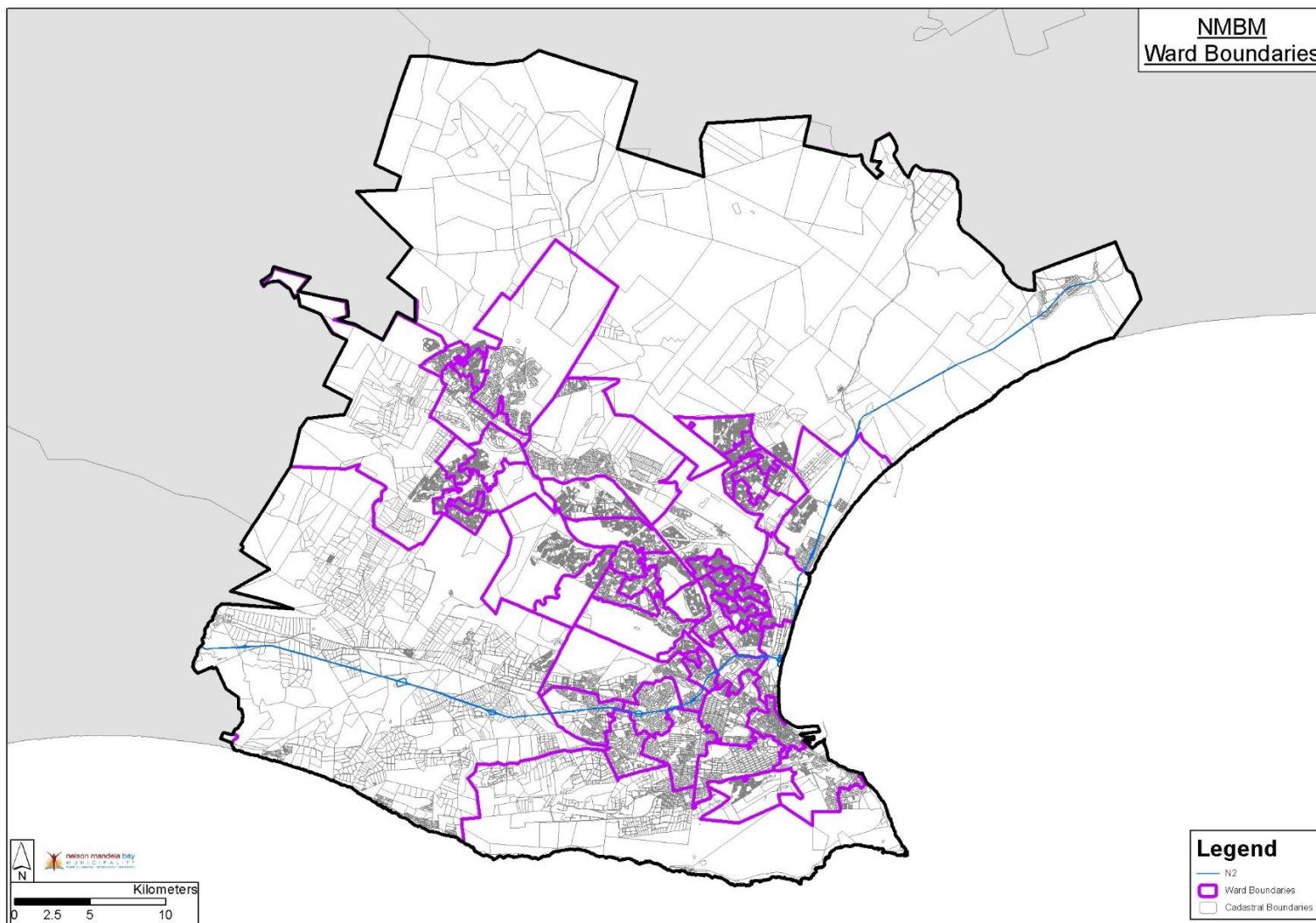
# IDP

2017/18 – 2020/22  
FIFTH EDITION

**DRAFT**

INTEGRATED  
DEVELOPMENT  
PLAN

## PLAN SHOWING 60 WARD BOUNDARIES OF NELSON MANDELA BAY



For more detail, visit [www.nelsonmandelabay.gov.za](http://www.nelsonmandelabay.gov.za)

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## **ANNEXURES**

**ANNEXURE “A” – 2020/21 Draft IDP Indicators aligned to Draft 2020/21 Budget and Service Delivery and Budget Implementation Plan (SDBIP)**

## **LIST OF ACRONYMS**

<b>ACDP</b>	African Christian Democratic Party
<b>ACSA</b>	Airports Company South Africa
<b>AGSA</b>	Auditor General South Africa
<b>AIC</b>	African Independent Congress
<b>ANC</b>	African National Congress
<b>ATTP</b>	Assistance to the Poor
<b>BEPP</b>	Built Environment Performance Plan
<b>B&amp;T</b>	Budget and Treasury
<b>CBD</b>	Central Business District
<b>CBOs</b>	Community Based Organisations
<b>CGDS</b>	City Growth and Development Strategy
<b>CM</b>	City Manager
<b>COO</b>	Chief Operating Officer
<b>COPE</b>	Congress of the People
<b>CIDZ</b>	Coega Industrial Development Zone
<b>CITP</b>	Comprehensive Integrated Transport Plan
<b>CS</b>	Corporate Services
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>DA</b>	Democratic Alliance
<b>DORA</b>	Division of Revenue Act
<b>EC</b>	Eastern Cape
<b>ECSECC</b>	Eastern Cape Socio-economic Consultative Council
<b>EDTA</b>	Economic Development, Tourism and Agriculture
<b>E&amp;E</b>	Electricity and Energy
<b>EFF</b>	Economic Freedom Fighters
<b>EPWP</b>	Expanded Public Works Programme
<b>ERP</b>	Enterprise Resource Planning
<b>FLISP</b>	Finance Linked Individual Subsidy Programme
<b>FWFWWTW</b>	Fish Water Flats Waste Water Treatment Works
<b>GDP</b>	Gross Domestic Product

<b>GGP</b>	Gross Geographic Product
<b>GIS</b>	Geographic Information Systems
<b>GRAP 17</b>	Generally Recognised Accounting Practices
<b>GV</b>	General Valuation
<b>GVA</b>	Gross Value Added
<b>HIV/AIDS</b>	Human Immunodeficiency Virus causing the Acquired Immunodeficiency Syndrome
<b>HOVs</b>	High Occupancy Vehicles
<b>HS</b>	Human Settlements
<b>HSDG</b>	Human Settlements Development Grant
<b>HURP</b>	Helenvale Urban Renewal Programme
<b>ICDG</b>	Integrated City Development Grant
<b>ICT</b>	Information and Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IDPTT</b>	Inter-Departmental Project Technical Task Team
<b>IDZ</b>	Industrial Development Zone
<b>I&amp;E</b>	Infrastructure and Engineering
<b>IGR</b>	Intergovernmental Relations
<b>IPTS</b>	Integrated Public Transport System
<b>ISP</b>	Integrated Sustainability Plan
<b>ISUP</b>	Informal Settlement Upgrading Policy
<b>ISUS</b>	Informal Settlement Upgrading Strategy
<b>IUDF</b>	Integrated Urban Development Framework
<b>KPA</b>	Key Performance Area
<b>KPE</b>	Key Performance Element
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>LLF</b>	Local Labour Forum
<b>LSDF</b>	Local Spatial Development Framework
<b>LTFS</b>	Long-Term Financial Strategy
<b>LTFSP</b>	Long-Term Financial Sustainability Plan
<b>LUMS</b>	Land Use Management System
<b>MBDA</b>	Mandela Bay Development Agency

<b>MDTTT</b>	Multi-Disciplinary Technical Task Team
<b>MFMA</b>	Municipal Finance Management Act
<b>MOSS</b>	Metropolitan Open Space System
<b>MSCOA</b>	Municipal Standard Chart of Accounts
<b>MSDF</b>	Metropolitan Spatial Development Framework
<b>MUM</b>	Management Union Meeting
<b>MURP</b>	Motherwell Urban Renewal Programme
<b>NDP</b>	National Development Plan
<b>NDPG</b>	Neighbourhood Development Partnership Grant
<b>NEMA</b>	National Environmental Management Act
<b>NERSA</b>	National Energy Regulator of South Africa
<b>NGO</b>	Non-governmental Organisation
<b>NMBM</b>	Nelson Mandela Bay Municipality
<b>NMBM IDP</b>	Nelson Mandela Bay Municipality's Integrated Development Plan
<b>NMBMM</b>	Nelson Mandela Bay Metropolitan Municipality
<b>NUSP</b>	National Upgrading Support Programme
<b>NT</b>	National Treasury
<b>OHS &amp; W</b>	Occupational Health, Safety and Wellness
<b>PA</b>	Patriotic Alliance
<b>PDP</b>	Provincial Development Plan
<b>PDoHS</b>	Provincial Department of Human Settlements
<b>PE</b>	Port Elizabeth
<b>PEIA</b>	Port Elizabeth International Airport
<b>PH</b>	Public Health
<b>PHSHDA</b>	Priority Human Settlement and Housing Development Area
<b>PMS</b>	Performance Management System
<b>POS</b>	Public Open Space
<b>PPE</b>	Property, Plant and Equipment
<b>PPP</b>	Public-Private Partnership
<b>PTIG</b>	Public Transport Infrastructure Grant
<b>QMS</b>	Quality Management System
<b>RDP</b>	Reconstruction and Development Programme

<b>SACN</b>	South African Cities Network
<b>SAIMI</b>	South African International Maritime Institute
<b>SANAS</b>	South African National Accreditation System
<b>SANRAL</b>	South African National Roads Agency Limited
<b>SAPS</b>	South African Police Services
<b>SCADA</b>	Supervisory Control and Data Acquisition
<b>SCOA</b>	Standard Chart of Accounts
<b>SCU</b>	Sustainable Community Unit
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SDGs</b>	Sustainable Development Goals
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SNDB</b>	Sub-National Doing Business
<b>SOEs</b>	State Owned Enterprises
<b>SOPs</b>	Standard Operating Procedures
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act
<b>SRAC</b>	Sports, Recreation, Arts and Culture
<b>S&amp;S</b>	Safety and Security
<b>STATS SA</b>	Statistics South Africa
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>TOD</b>	Transit Oriented Development
<b>UDM</b>	United Democratic Movement
<b>UFEC</b>	United Front Eastern Cape
<b>UIISP</b>	Upgrading of Informal Settlements Plan
<b>UNS</b>	Urban Network Strategy
<b>USDG</b>	Urban Settlements Development Grant
<b>WWTW</b>	Waste Water Treatment Works

## **FOREWORD BY THE EXECUTIVE MAYOR**

This Fourth Edition of the current IDP that was adopted in May 2017 has had to be prepared in the unprecedented context of a National State of Disaster due to COVID-19. In addition, due to the persistent drought, Nelson Mandela Bay was also declared a disaster area in late 2019.

Since the declaration of the State of Disaster and the National Lockdown which commenced in March 2020, the Municipality has had to focus its energy on putting in place plans, procedures and infrastructure to mitigate against the ravages and disruption caused across all activities and experiences within Nelson Mandela Bay.

We have also learned we can achieve more by partnering with our neighbours, other spheres of government, our citizens, our tertiary institutions, our business community and other stakeholders. No one is immune to the impact of this global pandemic and we have to work together now and into the future.

Along with all municipalities and National Government, we have to strive to achieve a balance between saving lives and ensuring that we limit the damage to the economy of the City which relies on big business, SMMEs, informal traders as well as the education and NGO sectors. Nelson Mandela Bay was already challenged by the loss of jobs and closure of businesses even before COVID-19 struck.

In understanding the difficulties that have been experienced by many of our citizens as they have lost their livelihoods, their jobs and their ability to lead normal lives, the leadership of the City has made a number of pronouncements in order to ease the impact of the virus. These measures include the pronouncement that no electricity meters will be blocked or disconnected during this time, distribution of food parcels, the decontamination of public areas and the provision of shelters for the homeless.

Due to the way in which the COVID-19 pandemic has affected the economy of the City and our citizens, we are aware that there has been a reciprocal impact on revenue collection. At a national level, due to government grappling with similar challenges, the funding that we would ordinarily have received from government has also been reduced.

Despite this, our leadership has at all times attempted to be proactive and to cushion our people especially the most vulnerable from the impacts of the pandemic.

As we enter the next financial year, we know that we will experience challenges that we have never experienced before. Leadership will continue to partner with all roleplayers that can bring about positive solutions to ensure that we survive this period and face the future with strength and preparedness.

We are entering a period where the order of the day is to achieve better results with less income and fewer resources. Only together can we do more with less.

## **FOREWORD BY THE CITY MANAGER**

This review of the Integrated Development Plan (IDP) has been prepared under the difficult circumstances that are facing all municipalities in South Africa. City administrations are not operating optimally and have been characterized by difficulties with public participation, fewer staff working, inability to conduct meetings, normal procedures having to be revised and the big shift to the reliance on digital platforms and methods for which we could not have reasonably prepared ourselves.

The focus of the City in this IDP review period, which has taken place during the State of Disaster, has been to ensure:

- The establishment of the Disaster Management Joint Operations Centre (JOC).
- The development of a Communication Programme focusing on Communities, media platforms, distribution of educational material.
- The provision of basic services to communities and informal settlements
- The provision of shelter to the Homeless.
- The provision of public health services.
- The provision of security and enforcement of lockdown across the City.

These priorities will continue to be important in the coming financial year and ongoing efforts will be made to ensure that we continue to stabilise and overcome the impact of the pandemic in Nelson Mandela Bay. The Joint Operations Centre is a key mechanism through which this will be driven. In this regard, a number of workstreams of the Joint Operations Centre have been established. Each of which pays special attention to a critical area of COVID-19 operations. These workstreams include the City-Wide COVID-19 Readiness Plan and the COVID-19 Economic Recovery Strategy for the City.

The institution experienced a decline in the revenue collection rate, which has drastically reduced from what was anticipated (from 94% as budgeted for in the

2019/20 budget to around 83.6% in April 2020). The Municipality has developed an Economic Recovery Plan with catalytic projects to boost the economy of the City. The Economic Recovery Plan will be tabled in Council for approval in the 2020/21 financial year.

In addition to the impacts of the COVID-19 pandemic that other Cities have also experienced, Nelson Mandela Bay has been in the grip of one of the worst droughts in its history. This led to the declaration of Nelson Mandela Bay as a disaster area in late 2019. The COVID-19 pandemic has exacerbated the effects of the drought and has required special attention to be paid to the provision of water and sanitation particularly to the most vulnerable residents of our City.

In this regard, the provision of water in most areas of the City where water outages occur frequently receive priority attention through daily troubleshooting. A number of water storage tanks and water tankers have been made available to ensure a continuous supply of water particularly in the most needy parts of the City.

From an equally important sanitation perspective, the City has had to prioritise safe sanitation provision. In this regard, additional chemical toilets for informal settlements have been prioritised. The water and sanitation programme will be prioritised in the forthcoming financial year.

Taking the above into account, the IDP and Budget for 2020/21 financial year necessarily has to respond directly to the impacts that the COVID-19 pandemic has caused. Political and administrative leadership in Nelson Mandela Bay is required to be more agile, proactive and creative in its approach to the future whilst acknowledging that income and resources are much lower than previous years.

Since the declaration of the National State of Disaster and the realization of the impacts of the COVID-19 pandemic now and in the future, the City leadership has been blessed to have the support and commitment of many role-players. These include government departments, business, committed citizens, taxi industry, NGOs, educational institutions, religious sector and other partners who have assisted in

developing plans, procedures and processes to cushion the severity of the impacts of this global pandemic and assist with planning a future recovery.

We have had to adapt our processes that we have ordinarily employed to suit the new circumstances. These include alternative communication mechanisms, virtual meetings and digital availability of information. Whilst doing so, we are mindful to respect the differing affordability levels of our residents and we will continue to ensure that we are responsive to the needs of our citizens and what is expected from us as the Municipality.

We wish to thank residents, other government departments, businesses, NGOs, staff and the many other role-players for their contributions to this IDP and Budget as we attempt to navigate these trying times successfully.

**1**

## **CHAPTER 1: INTRODUCTION**

The Constitution of South Africa requires local government to be developmental. The Nelson Mandela Bay Municipality therefore has a responsibility to structure and manage its administration, budgeting and planning processes to give priority to the basic needs of local communities and to promote residents' social and economic development.

This requirement during the time of the COVID-19 pandemic being experienced in South Africa requires the City to be particularly responsive to the impacts being experienced at all levels of society. The preparation of this IDP review and the proposals and budget contained in it have taken cognisance of the need to prioritise health, safety and economic recovery especially for the most vulnerable members of society.

The methodology adopted for the formulation of the IDP review as well as the participation mechanisms have been different from those employed in previous years. Notwithstanding this, the IDP review responds to the need to manage the COVID-19 impacts in our City and to create a platform for recovery into the future.

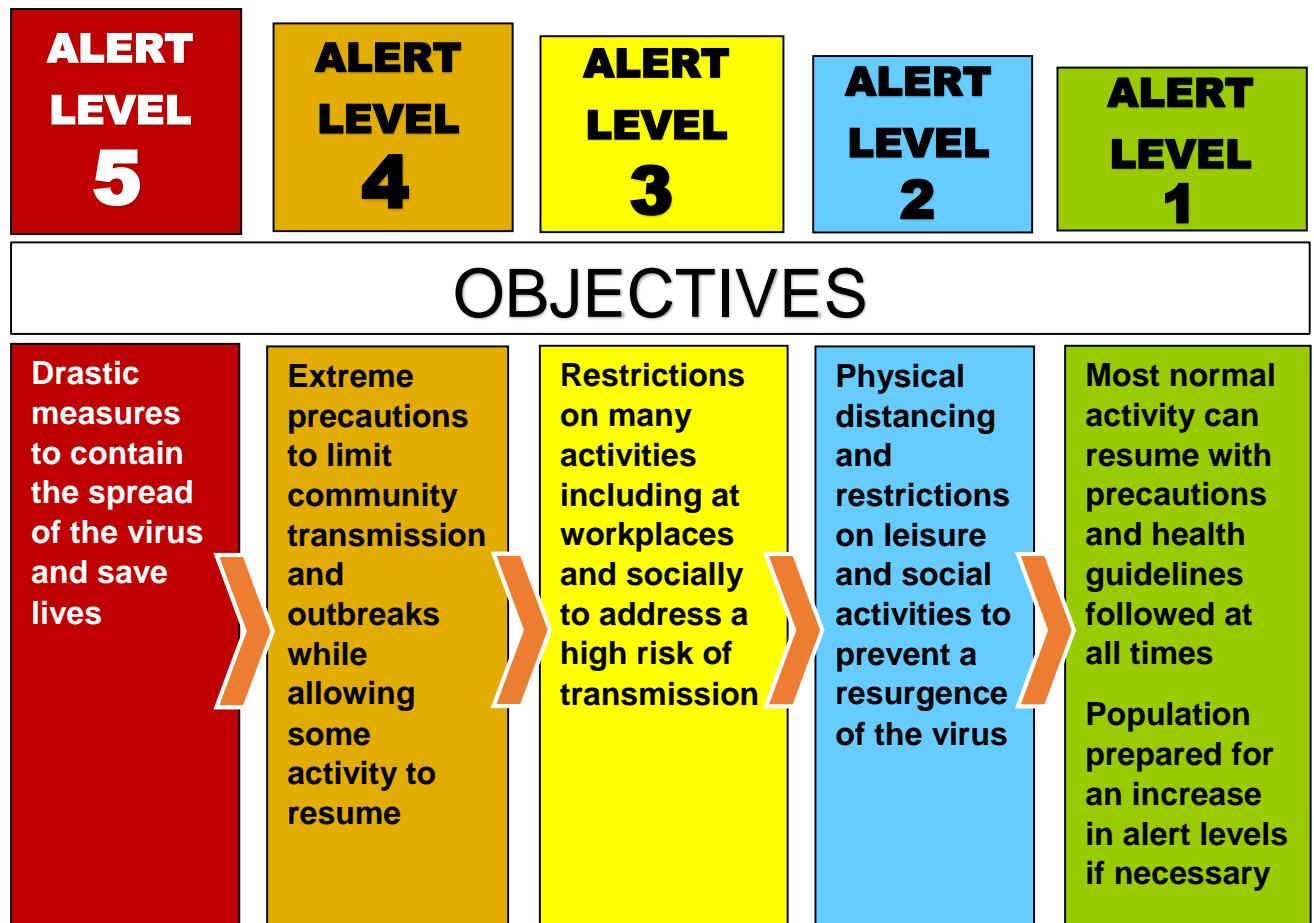
### **1.1 COVID-19 AND ITS IMPACT ON NELSON MANDELA BAY MUNICIPALITY**

The Disaster Management Act, 57 of 2002, provides for a coordinated Disaster Management Policy to focus on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness and rapid and effective response to disasters and post disaster recovery. The Act requires the establishment of national, provincial and municipal disaster management centres.

To curb the spread of the COVID-19 pandemic, the President of the Republic of South Africa introduced a National Lockdown. The pronouncement was made on 23 March 2020 and came into effect on midnight of 26 March 2020. Subsequently Government introduced a system of alert levels, which included varying degrees of severity of lockdown – Level 5 being the most restrictive on movement and business and Level 1 being least severe.

Notwithstanding the above, the impact of COVID-19 will be felt well into the 2020/21 financial year.

**FIGURE 1: SUMMARY OF ALERT LEVELS**



#### 1.1.1 Impact of COVID-19 on Council operations

In the normal course of events, Local Government complies with various legislation for efficient functioning of Council's guiding of decision-making and exercise of power. Some of the key strategic documents that have specific timelines and processes for their production are the IDP, BEPP and Budget. In addition, the Municipal Finance Management Act dictates certain timeframes.

Furthermore, Local Government is required to actively engage communities and stakeholders in regards to the preparation of the IDP and Budget. As a result of COVID-19 and in terms of the Disaster Management Act, National Government issued directives that affected the normal conduct of Council business with regard to strategic plans and legislation. In this regard, in person, meetings were restricted and alternative virtual solutions are required. This affected public participation meetings, Council meetings and other meetings convened for municipal business.

Apart from the above, municipalities are experiencing a number of direct and indirect impacts related to the COVID-19 pandemic. Such impacts range from decreased revenue, safety and security, all sectors of the economy and extraordinary health measures.

Due to COVID-19, the timelines for the approval of IDPs, BEPPs and Budgets has been extended by one month to cater for difficulties regarding adhering to new methods of meeting and participation as well as the gathering of unfolding data which will influence strategic planning.

Although the infection rate of COVID-19 was expected to drop in the last half of the 2020/21 financial year, the second wave was not ruled out. On realising that the country has let its guard down, consultations were held to look at averting the second wave. On 28 December 2020, the president announced that the state of disaster will be extended to 15 March 2021 and the country will be placed on Alert Level 3. This has had a negative effect on Council operations and the economic activities of the country as a whole.

## **1.2 CONTEXT AND OVERVIEW**

In fulfilling their developmental mandate, municipalities are required by the Constitution of the Republic of South Africa to prepare five-year Integrated Development Plans (IDPs). These serve as strategic plans that indicate where and how Cities should allocate their resources in line with their vision and mission, which

are embodied in their long-term plans inclusive of provincial and national government strategies.

Apart from the contextual impacts of COVID-19 and the drought, other impacts that have influenced the City and its strategic planning include the global recession that affects the South African economy; the downgrading of South Africa's credit rating to junk status by various rating agencies; the decreasing revenue from National Treasury; the decreased collection rate; the energy crisis; and increased unemployment.

### **1.3 ABOUT NELSON MANDELA BAY**

Nelson Mandela Bay Municipality (NMBM) is the largest of two Category A Metropolitan Municipalities located on the Southern coast of the Eastern Cape Province.



With a population of 1 271 776, the NMBM has approximately 17% of the population of the Eastern Cape Province and is a major economic role player in the Province

with two ports – the Port of Port Elizabeth and the Port of Ngqura located in the Coega Special Economic Zone (CSEZ).

The pre-COVID-19 growth rate of the City was 1.36%, (lower than that of other metropolitan areas, such as Ekurhuleni (2.47%) and Tshwane (3.1%)). The City is characterised by a young population, with the age group of 5 to 14 years dominating.

Nelson Mandela Bay has the lowest proportion of informal households among South African Metropolitan Municipalities, having significantly reduced the numbers since 2001 (SACN, 2016). In addition, the average number of people per household declined from 4,25 in 1996 to 3,55 in 2011 (STATS SA, 2011).

Between 2001 and 2011, the total number of people living below the poverty line decreased from 46% to 29% (SACN, 2016). Altogether 30% of formal households in Nelson Mandela Bay are dependent on the municipal indigent subsidy.

The Nelson Mandela Bay has been the driver of the Eastern Cape economy, contributing 41,81% of the provincial Gross Geographic Product (GGP) (Global Insight, 2013). The unemployment rate dropped from 46,4% in 2001 to 36,6% in 2011. The Eastern Cape Province's average unemployment rate was 37.4% in 2011 (SACN, 2016). Pre-COVID-19, the unemployment rate during March 2020 in Nelson Mandela Bay was 35% (ECSECC, 2020).

The largest economic sectors in Nelson Mandela Bay Metro have been manufacturing, finance, community services and transport. Community services, trade and manufacturing sectors. These were the sectors that created most employment in the Metro. Furthermore, the NMBM welcomes Transnet National Ports Authority's decision to relocate its head office to the city. The City offers a wealth of tourism and recreation opportunity due to its biodiversity, beaches and open spaces.

In a spatial sense, the City is relatively low density with an average density of 20 residential units per hectare of developed land. The spatial pattern of the city is one

of segregation with lower incomes and higher densities characterising the northern parts of the city and higher incomes and lower densities to the south and west.

### 1.3.1 The Regional Context



The regional context and the linkages between Nelson Mandela Bay and the hinterland are important. NMBM is the largest city in the Eastern Cape Province and thus plays a large role in the economy of the Eastern Cape. Similarly, the surrounding towns play a role in the growth and development of the city. Taking cognisance of the locational context of the city is important in considering growth and development aspects.

The City has an airport, with international status within five minutes of the City centre. It is well serviced by rail linkages to Gauteng and is connected by good quality roads to the rest of the country.

The location of NMBM in its regional context presents many advantages and economic possibilities. The two ports located in the boundary of the City further enhance its attraction for trade and industry.

### **1.3 Vision, Mission and Brand Promise**

#### **MISSION**

***To create Freedom, Fairness and Opportunity for all in NMBM; stop corruption; create jobs; and improve service delivery***

#### **VISION**

***An iconic, friendly, ocean city driven by innovation, service excellence and economic development – a destination of choice***

#### **BRAND PROMISE**

***One City One Future***

The IDP is required to:

- link, integrate and coordinate plans and take into account proposals for the development of the Municipality and the achievement of transversal governance;
- align the resources and capacity of the Municipality with the implementation of the Plan;
- form the policy framework and general basis of annual budgets;
- be developmentally oriented;
- comply with the provisions of Chapter 5 of the Municipal Systems Act;
- be compatible with national and provincial and provincial development plan requirements, which are binding on the Municipality in terms of legislation.

The NMBM's IDP is anchored on six pillars; the foundations on which the Municipality's developmental priorities are hinged.

**'THE WELL RUN CITY'**

This pillar pertains to all initiatives that cater for meeting the standard operational expectations of the Municipality, including initiatives that address human resources, systems, accountable governance and the financial viability of the institution.

**Objectives:**

Nelson Mandela Bay strives to:

- Transform the institutional systems, processes and organizational structure to one of high performance in order to effectively deliver basic services.
- Ensure that the Municipality is staffed throughout with a motivated, committed and capable workforce.
- Ensure financial prudence and transparent governance and work towards eradicating corruption.

**'THE OPPORTUNITY CITY'**

The Opportunity City delivers on well-planned initiatives to enable and cultivate job creation and economic opportunity, develop competitive advantage, and ensure access to skills.

**Objectives:**

Nelson Mandela Bay strives to:

- Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.
- Facilitate and promote infrastructure led growth, development and tourism.

**'THE SAFE CITY'**

This pillar speaks to all initiatives that address safety and security. It also includes those that create environmental safety, as well as safety for residents and tourists.

**Objectives:**

Nelson Mandela Bay strives to:

- Deliver well-resourced and capacitated policing and emergency services in order to ensure the safety of communities and visitors
- Provide infrastructure that improves the safety of communities and visitors
- Improve the safety and security of Nelson Mandela Bay through community, industry and civic organisation partnerships

**'THE INCLUSIVE CITY'**

This pillar relates to initiatives to promote equality and social cohesion and that enable informal means of mobility between communities.

**Objectives:**

Nelson Mandela Bay strives to:

- Ensure institutional accessibility, effective communication channels for participatory and responsive governance
- Deliver spatial and built environment developments that promote integrated neighbourhoods, inclusive communities and a well-connected Nelson Mandela Bay.
- Deliver on transformation objectives, promote redress and foster social cohesion.

### **'THE CARING CITY'**

In a Caring City, equality is strived for through ensuring that all residents have access to delivery that promotes their well-being.

#### **Objectives:**

Nelson Mandela Bay strives to:

- Provide for the social needs of communities and empowerment of vulnerable people through provision of access to social services, social development programmes and indigent support.
- Promote the health and well-being of all communities through the spatially equitable provision of social infrastructure.
- Provide effective general environmental and public health services.
- Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents.

### **'THE FORWARD THINKING CITY'**

The Forward Thinking City is concerned with institutional innovation, support for research and development, and plans for future sustainability.

#### **Objectives:**

Nelson Mandela Bay strives to:

- Ensure multi-generational planning that promotes sustainable economic growth through research and development, innovation and the optimal use and development of technology.
- Develop an environmentally sustainable city through proactive planning, and conservation of resources and the natural and built environments.

## **1.5 THE IMPORTANCE OF IDPs AND THE ANNUAL REVIEW PROCESS**

Sections 28 and 34 of the Municipal Systems Act (No. 32 of 2000) stipulate the need for each municipality to develop and adopt an IDP, which should be reviewed annually.

The IDP is the five-year Strategic Planning document of the Municipality adopted at the beginning of each five-year Council term after a Local Government election. The 2017/18 – 2021/22 IDP was adopted by Council on 28 June 2017. The IDP is reviewed annually.

Local government operates in an ever-changing environment. The dynamic nature of local, national and global environments constantly present local government with new challenges and demands. Similarly, the needs of the communities of Nelson Mandela Bay continuously change.

The focus of this year's IDP review has been on aligning municipal programmes, projects, strategies and budgets within the context of COVID-19 with community needs and priorities, prioritisation of health, safety, the economy and poverty eradication as well as integrated approaches to municipal planning and development.

## **1.6 STRATEGIC OBJECTIVES**

The strategic objectives of the Municipality's IDP are contextualised for this IDP review period by the COVID-19 pandemic and are as follows:

- a) Prioritise a COVID-19 response and recovery in order to minimise the negative impact on Nelson Mandela Bay across all sectors.
- b) Leverage all partnerships with stakeholders in Nelson Mandela Bay to promote COVID-19 stabilisation and recovery and continue these partnerships into the future.
- c) Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.
- d) Ensure that the municipality is staffed throughout with a motivated, committed and capable workforce within available resources.
- e) Ensure financial prudence and transparent governance and work towards eradicating corruption.
- f) Respond to the COVID-19 economic impacts by stabilising and ensuring recovery of the Nelson Mandela Bay economy with a view to grow and diversify the local economy by attracting new investment and facilitating an enabling environment for business growth and job creation.
- g) Develop an effective and integrated public transport system that promotes access to opportunity through mobility.
- h) Deliver well-resourced and capacitated disaster management, policing and emergency services in order to ensure the safety of communities and visitors and leverage community and civic partnerships.
- i) Ensure institutional accessibility, effective communication channels for participatory and responsive governance.
- j) Provide a built environment that promotes integration, inclusivity and accessibility.
- k) Deliver on transformation objectives, promote redress and foster social cohesion.
- l) Provide for the health, well-being and social needs of communities and empowerment of vulnerable people through provision of access to social services, social development and indigent support particularly taking the COVID-19 context into account.
- m) Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents.

- n) Ensure proactive planning for sustainable city development, conservation of resources and natural and built environment.
- o) Drive human development and socio-economic transformation and well-being of sport, recreation, arts and cultural services through the provision of world-class sport, recreation, arts and cultural infrastructure.

## **1.7 KEY PERFORMANCE AREAS (KPAs) OF LOCAL GOVERNMENT**

Nelson Mandela Bay Municipality subscribes to the following five Key Performance Areas of Local Government, which form the basis of the IDP and SDBIP of the institution:

- (a) Basic Service Delivery and Infrastructure Development
- (b) Municipal Transformation and Organisational Development
- (c) Local Economic Development
- (d) Financial Sustainability and Viability
- (e) Good Governance and Public Participation

## **1.8 RELATIONSHIP BETWEEN IDP AND RELATED PROCESSES**

The following diagram has been developed to capture the relationship between the various processes that are undertaken for Integrated Development Planning purposes. It is important to note that stakeholders comprising of the community, other spheres of government, external sectors and internal municipal roleplayers have a vital role in contributing to the substance of the IDP. In addition, the entire process is subjected to monitoring and evaluation processes, which are aimed at identifying shortcomings and ensuring that remedial measures are put in place to have improved and more relevant integrated planning processes going forward.

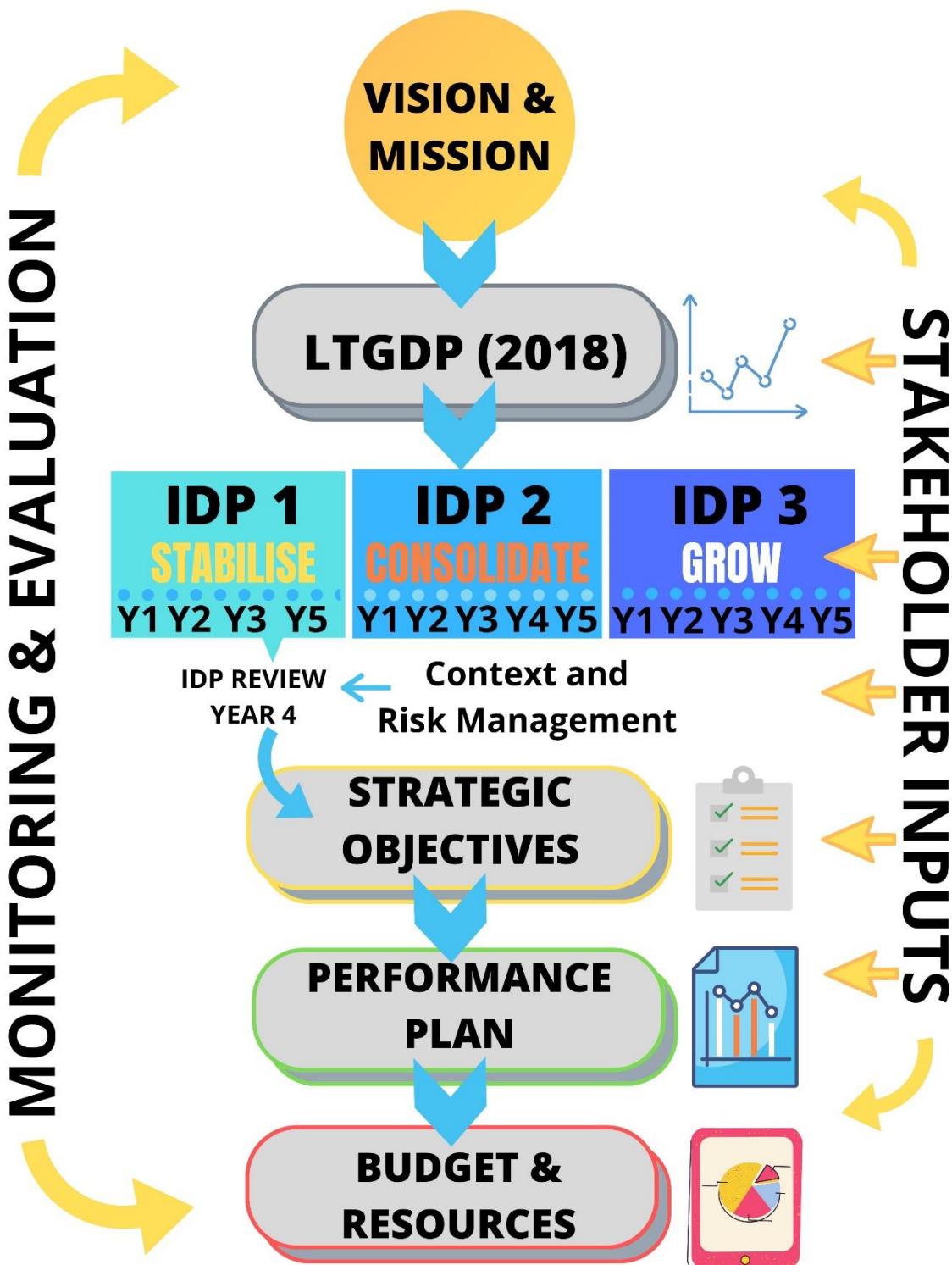
The strategic objectives of the Municipality, although essentially the same, will include specific objectives that relate to particular circumstances from time-to-time. For example, in the 2020/21 financial year, the impact of COVID-19 plays a role in the determination of the strategic objectives for this particular year.

The determination of the strategic objectives is dependent upon an analysis of the context that the Municipality finds itself in in a particular time and is translated into a risk analysis.

The diagram indicates three 5-year IDP periods that make up the 15-year term of the Long-term Growth and Development Plan. This Plan envisages that the first 5-year IDP term will focus on stabilisation of the Municipality. Thereafter, the next 5-year IDP term would consolidate the position of the Municipality, allowing for a transition to growth and transparency in the final 5-year IDP term. In this regard, before the Municipality can move from a position of stabilisation to consolidation, the requirements of stabilisation would have to be met. These would be having a stable political and administrative institution as well as key prerequisites such as an organisational structure fit for purpose, good stakeholder relations and an improving financial situation.

It is unlikely that Nelson Mandela Bay will have reached the level of maturity required to progress to a period of consolidation in the next 5-year IDP period. Certain key issues would still need to be addressed and have been delayed due to the current context.

FIGURE 2: Relationship between IDP and related processes



Source: NMBM, 2020

### **1.9 IDP EVALUATION BY COGTA (EASTERN CAPE PROVINCE)**

The Eastern Cape CoGTA Department annually evaluates all IDPs within the Province. An analysis framework is used and the results serve to guide the preparation of credible IDPs. NMBM, being a Metropolitan Municipality, has performed well over the last three years as shown in the Table below, which shows the comparative ratings of the evaluation criteria from 2017/18 to 2019/20:

**TABLE 1: NMBM IDP Ratings**

EVALUATION CRITERIA	2017/18	2018/19	2019/20	2020/21
Spatial Development Framework	High	High	High	High
Service Delivery	High	Medium	Medium	High
Financial Viability	High	High	High	High
Local Economic Development	High	High	High	High
Good Governance and Public Participation	Medium	High	High	High
Institutional Arrangement	Low	Medium	Medium	Medium
Overall Rating	High	High	High	High

Source: COGTA (2019)

## CHAPTER 2: SITUATIONAL ANALYSIS

### 2.1 SITUATIONAL ANALYSIS OF THE NELSON MANDELA BAY

Nelson Mandela Bay Municipality is located in the Eastern Cape Province of South Africa and is one of eight Metropolitan Municipalities. In 2001, the Nelson Mandela Bay Metropolitan Municipality was formed as a single administrative area covering *inter alia* Port Elizabeth, Uitenhage, Despatch and a number of surrounding areas.

The Coega Special Economic Zone (SEZ) is situated within Nelson Mandela Bay and is a multi-billion dollar industrial complex that accommodates heavy, medium and light industries as well as the Port of Ngqura, which is a deep-water harbour. The SEZ covers 110 km<sup>2</sup> of land and is divided into a number of industrial zones as well as environmental areas. The City has a unique advantage in that it possesses two ports, namely Port Elizabeth Harbour and Ngqura. This creates a number of opportunities linked to the diversification of port activities, the maritime sector and the separation of dirty and cleaned port uses.

### 2.2 DEMOGRAPHIC BACKGROUND

#### 2.2.1 Current situation

The following statistics are relevant:

Population	1,271,776 (STATS SA 2017)
Households (total)	365 973 (STATS SA 2017)
Households (formal)	289 547 (SHISAKA, 2017)
Households (informal)	76 426 (SHISAKA, 2017)
Informal households in backyard shacks	16 774 (SHISAKA, 2017)
Informal households in informal settlements	59 652 (SHISAKA, 2017)
Number of informal settlements	94
Area covered	1 959 km <sup>2</sup>
Unemployment rate	35% (ECSECC, March 2020)
Capital Budget – 2020/21	R1,644,753,000
Operating Budget – 2020/21	R11,952,297,000

The population trend in Nelson Mandela Bay is reflected in the table below:

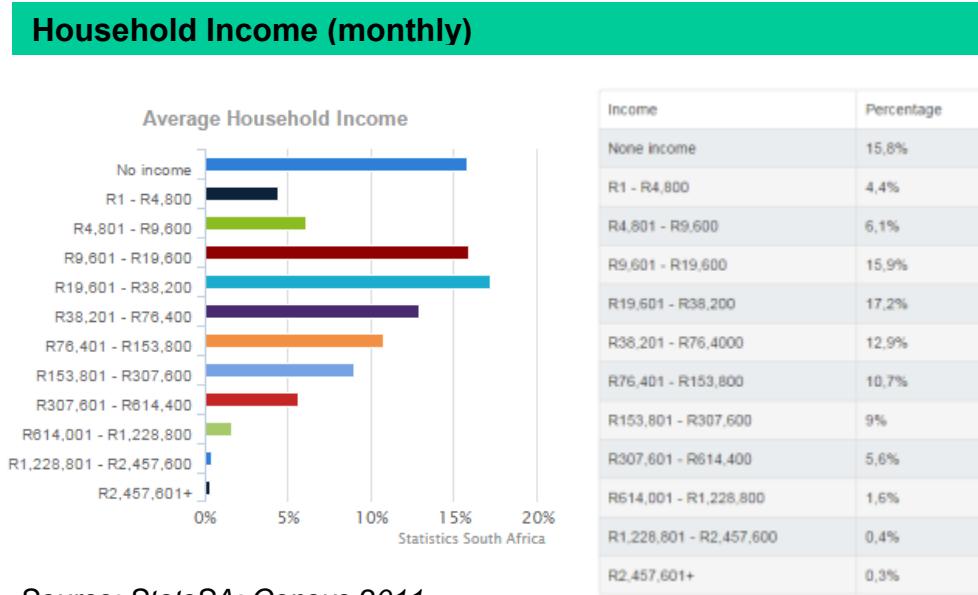
**TABLE 2: Population Trends in NMBM (2001 to 2011)**

Year	Total	Asians / Indians (%)	Black Africans (%)	Coloureds (%)	Whites (%)
2001	1 005 804	1.12	58.93	23.43	16.51
2007 (CS)	1 050 933	0.92	60.40	22.56	16.12
2011	1 152 112	1.11	60.13	23.56	14.36
2015	1 224 630	1.1	56.0	24.1	18.8

Sources: StatsSA (Census, 2001), StatsSA (Community Survey, StatsSA Mid-year Estimates and StatsSA

The above trends show that there is very low population growth. This trend is expected to continue.

**FIGURE 3: Household Income Distribution (2011)**



Source: StatsSA; Census 2011

The above figure shows that 26.3% of NMBM households earn less than R9 600 per month and are therefore potentially dependent on subsidised public sector housing.

Nelson Mandela Bay has the lowest proportion of informal households among South African Metropolitan Municipalities, having significantly reduced the numbers since 2001 (SACN, 2016). In addition, the average number of people per household declined from 4,25 in 1996 to 3,55 in 2011.

The life expectancy among Nelson Mandela Bay residents is 59,3 years and 53,7 years for females and males respectively. This is the same as Buffalo City. By comparison, Cape Town has a life expectancy of 70,1 and 64,2 years, while Mangaung has a life expectancy of 52,7 and 49,6 years for females and males respectively (SACN, 2016).

Regarding education, in 2011, 19,7% of Nelson Mandela Bay's population had attained matric, whilst 6,8% had a higher education (SACN, 2016).

In analysing non-school going residents, 3% had no schooling, 13% had Grade 7 or less (Primary School level), and 75% had a school education of Grade 12 or less (Secondary School level) (STATS SA, 2011).

Altogether 56,53% of local residents are mother-tongue IsiXhosa-speakers, followed by Afrikaans (28,51%) and English (11,91%).

## **2.3 ACCESS TO SERVICES**

### **(a) Water**

- 97,68% of households in formal human settlements have access to a basic level of water supply (including households within a 200 m radius of a standpipe).
- Except for communities occupying private land illegally, all other informal settlements receive water through standpipes (within a 200 m radius) and water tanks.
- The Municipality is assessing the extent of water provision backlog in recently established informal settlements and standpipes are installed in such areas on an on-going basis.

### **(b) Sanitation**

- 97,29% of households in formal human settlements have access to a basic level of sanitation.

- The Municipality rolled out basic sanitation in some historic informal settlements and relocated other households to formal sites with waterborne sanitation.
- During the 2018/19 financial year, the Municipality connected 2 604 new sewer connections.
- Approximately 5 756 buckets were in circulation in informal settlements as a means of sanitation.
- The Municipality is assessing the extent of sanitation provision backlog in recently established informal settlements. Sanitation challenges in such areas will be addressed as part of the NMBM Bucket Eradication Programme.

**(c) Waste management (refuse removal)**

- 87.8% of households within the urban edge (excluding informal areas on privately owned erven and erven not earmarked for human settlements development) receive a weekly domestic waste collection service by the Municipality. The remaining 12.2% (including informal households on privately owned erven and erven not earmarked for human settlements development) take their refuse to the nearest drop-off sites. The Municipality continues to face the challenge of illegal dumping and refuse collection in informal settlements without proper access roads.

**(d) Electricity**

- 90.7% of households are provided with access to electricity.
- 800 (out of 20 000) illegal connections were addressed through replacement with a cheaper alternative (either an off-grid photo voltage system or a basic 20-amp electrical supply).
- The Municipality continues to explore sustainable approaches towards addressing illegal electricity connections in informal areas on non-proclaimed sites (i.e. sites not serviced or surveyed/pegged, under power lines and on flood plains, and invaded municipal land).

### **(e) Human Settlements**

Shisaka Development Management Services completed a report titled “Sustainable Provision of Housing (As a component of a Human Settlement Framework) in Nelson Mandela Bay in January 2017. This report states the following in relation to the circumstances of households in NMBM:

- There are high levels of households living in formal housing (85%)
- There are high levels of households living in owned formal housing (57%)
- 12% of households are living in informal housing conditions (in informal settlements and back yards)

The NMBM has delivered 21 891 serviced sites and 11 112 houses (both fully subsidised) between 2011/12 and 2016/17. These figures also indicate a sustained capacity within the NMBM to directly deliver in the order of 2 000 houses and 4 000 serviced stands per annum. Households in stressed areas (servitudes, floodplains and overcrowded areas) remain a challenge and these are identified as priority areas to be relocated in terms of the Housing Plan.

### **Estimated Housing Demand**

The current demand for subsidised housing as captured in the Housing Needs Database is calculated at 124 342 shown below. This is significantly higher than the StatsSA estimates.

**TABLE 3: Estimated Housing Demand**

Female	74 690
Male	49 652
<b>TOTAL</b>	<b>124 342</b>

Source: NMBM, 2020

The above data will be incorporated in the review of the NMBM Human Settlement Sector Plan which is inclusive of all housing needs and the existing informal settlements.

#### **(f) Infrastructure**

The following is experienced in relation to infrastructure:

During the start of the national lockdown in March 2020, the NMBM experienced a widespread vandalism of municipal assets and infrastructure. Vandalism has been reported in municipal buildings, offices, community centres, libraries, electricity substations as well as water pump stations.

- The backlog of tarring of gravel roads is approximately 600 km. The cost to eliminate this backlog is approximately R4 billion. This backlog has occurred largely due to housing development programme funded by the government only includes sufficient funding for gravel roads and the recent increase in the number of developments constructed.
- Stormwater drainage inadequacies are experienced in disadvantaged areas, especially in newly developed areas because of limited funding for roads and stormwater construction. The scour of gravel from unsurfaced roads results in stormwater blockages.
- Ageing infrastructure, especially electricity, water and sanitation infrastructure results in leakages, pipe bursts, blockages and electricity disruptions, which in turn cause service delivery disruptions.
- The completion of the Nooitgedacht Low Level Scheme remains the most significant project to ensure long-term water sustainability in the NMB. This project supports both the provision of basic water, but also water for economic development. Phase 2 is operational and Phase 3 planned for completion by Amatola Water as the implementing agent funded by the Department of Water and Sanitation (DWS) is scheduled for completion in June 2021.
- Fishwater Flats Wastewater Treatment Works (FWF WWTW) commenced with the completion of the Phase 1 (inlet works). Subsequent contracts have commenced with as part of Phase 2. This and other Wastewater Treatment

Works are critical (socially & economically) for further growth and development in the metro, not to mention the support for the Bucket Eradication Programme. The total funding needed exceeds R1 billion.

- Economic infrastructure for development such as the Coega Wastewater Treatment Works and the Coega Return Effluent Scheme is needed to support the Coega SEZ. Further development of the SEZ if no funding is availed for these projects. An investment of approximately R600M is required to complete the project, but the viability of the project is also dependent on the FWF WWTW upgrades.
- Planning has commenced on a new wastewater treatment facility to support the housing developments north of Motherwell and the Coega SEZ. This plant is planned for an ultimate capacity of 120 Ml/d costing in the region of R1 500 000, 00. A start up capacity of approximately 40-50Ml/d will be required and is estimated at R750M (including a sea outfall).
- The Municipality is working on a long-term capital investment plan to support economic growth and socio-economic development.

The table below summarises the critical infrastructure needs of the Nelson Mandela Bay.

**TABLE 4: Critical Growth and Investment Priorities in NMBM**

NO	DESCRIPTION	COST EST.	BUDGET	TIMING	PROJECT STATUS
1	Nooitgedacht Phase 3	R350M	DWS	Jun-21	Construction stage
2	Borehole Water Exploration	R300M	'18/19 – R8.94M; 19/20 - R214.96M; 20/21 - R60.01M	Dec-21	Production boreholes under construction. Tender for treatment facilities to be awarded in the 4 <sup>rd</sup> quarter of 2019/20.
3	Western Desalination	R1,500M		5 yrs.	60Ml/d: Cost estimate excludes link pipe and pump station network to distribution network. Subject to EIA processes.  Collaboration with CDC to be explored.
4	Sundays River Return Flows	R1,000M	R100M pa	5 yrs.	55Ml/d: Cost estimate includes link pipe & pump station network to distribution network. Subject to EIA processes  Subject to Feasibility by DWS based on the Algoa Reconciliation Study outcomes

NO	DESCRIPTION	COST EST.	BUDGET	TIMING	PROJECT STATUS
5	Fishwater Flats	R1,300M	R100M pa	5-10 yrs.	Phase 1: 100% complete
6	Coega Wastewater Treatment Works	R3000M		5 yrs.	Preliminary planning phase.
7	Coega Return Effluent	R650M		3 yrs.	Project ready for implementation
8	Non-Revenue Water	R1,631M	R650M for First 5 yrs.	10 yr. Plan	Project Commenced. 10 Yr Business Plan Approved by Council to reduce losses in the amount of R1631M. Of this a loan of R415M was approved for NRW for 4 years. The loan is expected to be available from July 2020.

Source: NMBM 2020

### (g) Electricity and Energy

- Large increases in the purchase price of electricity have led to a continuous decline in electricity revenue. This makes it difficult to fund capital loans, repairs and maintenance from the operational value of the business, i.e. it is no longer easy to increase the electricity tariff to recapitalize infrastructure or to generate a surplus to fund other initiatives.
- Tampering, theft and vandalism are a challenge as prices soar and pressure is put on the disposable income of residents. To curb the challenge of electricity theft in the city, electricity and energy department is installing electricity to shacks (Westville informal settlements).
- Technical and non- technical losses.
- Government's grant funding is decreasing year to year.
- National challenges from Eskom and the uncertainty of load shedding causes residents to move to alternative energy sources placing a concomitant burden on overall municipal revenue.
- Ageing infrastructure is problematic from an operational and a quality of supply point of view. This places further negativity around investment security in the NMBM.

**(h) Social Infrastructure**

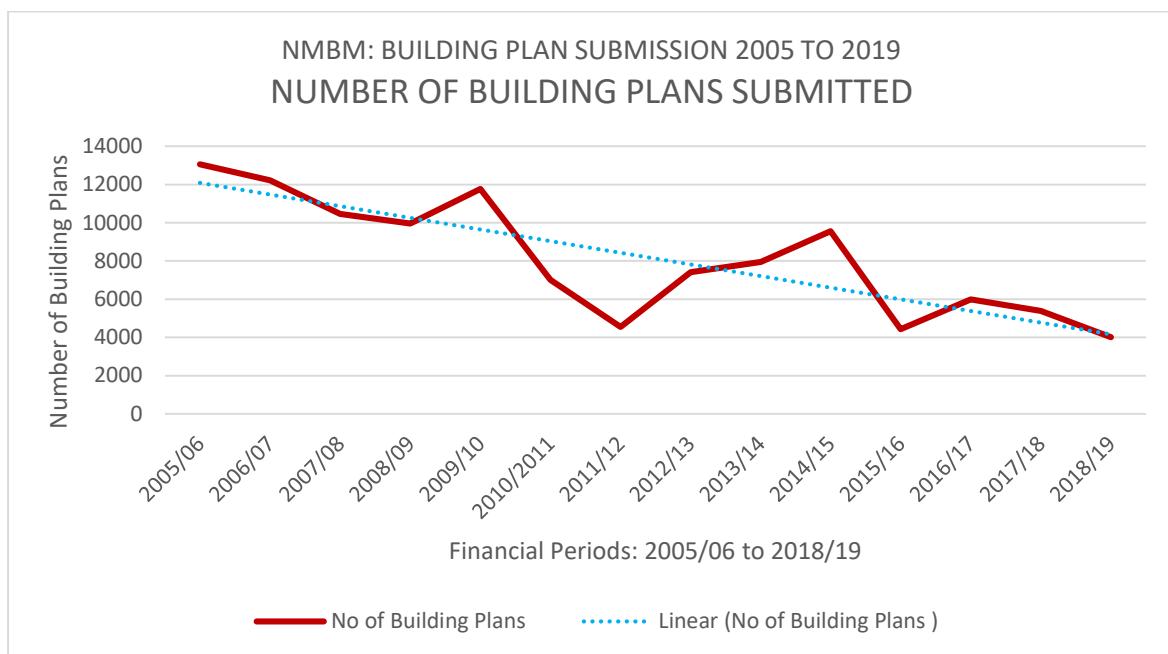
- Aging infrastructure impacts negatively on the Municipality's service delivery mandate and poses a risk of non-compliance to key legislative prescripts and this may lead to litigations against the Municipality.
- Vandalism, theft of infrastructure may lead to depreciation of asset values and contribute to the permanent loss of assets and lead to possible litigation.

**(i) Building investment trends**

Nelson Mandela Bay recorded steady and rapid growth from 2001 to 2004, followed by a decline in the 2004/2005. The period 2005 to 2007 reflected a recovery but, 2008 saw a dramatic decline in growth, indicating the impact of the global economic crisis.

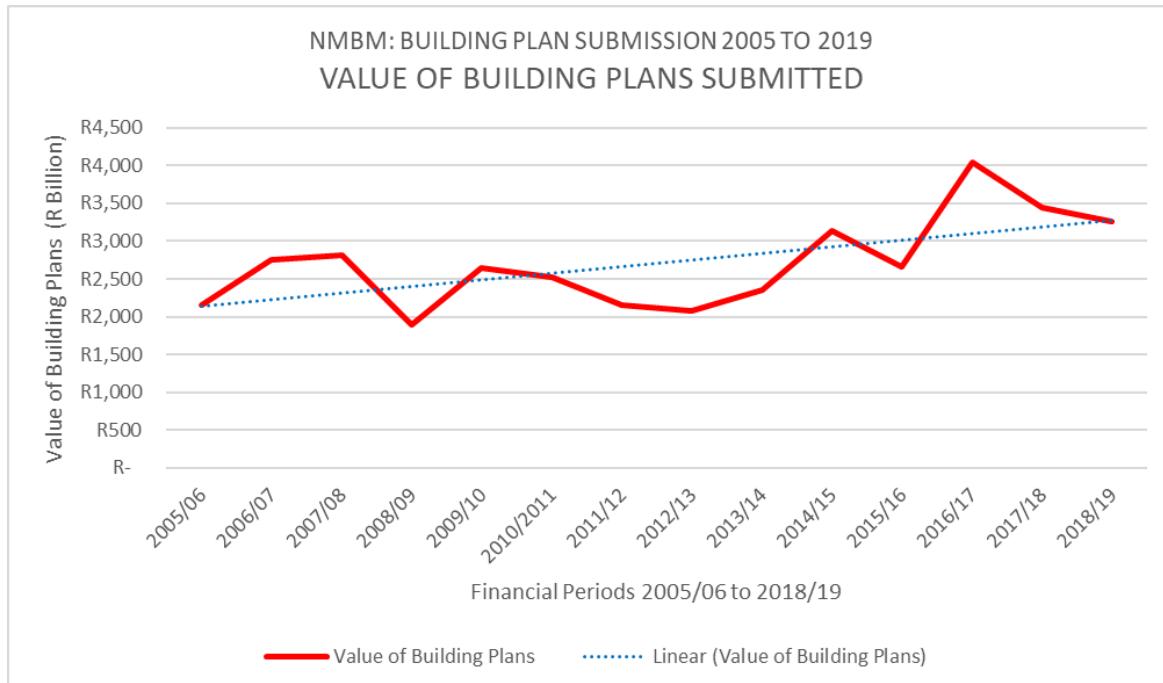
There was a recovery in the 2009/10, almost to the 2007 pre-economic meltdown figures, both in terms of the number and value of plans passed. This dipped in 2011/12 and continued to dip ever since as can be seen in the following graph. Building Plan submissions are at the lowest level since 2005/06.

The two graphs below show the number and value of building plans submitted over recent years, as economic indicators. A decline in the number of building plans submitted is reflected with a general increase in the value of building plans. The building plan value increase can be attributed to the increased construction cost rather than economic growth. It is observed that the statistics in relation to the approval of building plans remain indicative of a weak economy.

**FIGURE 4: Number of Building Plans Submitted 2005 to 2019**

Source: NMBM, 2020

**FIGURE 5: Value of Building Plans Submitted 2005 to 2019**



Source: NMBM, 2020

## 2.4 TRENDS AND DEMAND FOR ECONOMIC INFRASTRUCTURE

### 2.4.1 Economic Background

The following information on the economy of Nelson Mandela Bay is an extract from “STATISTICAL OVERVIEW Nelson Mandela Bay Metropolitan Municipality”, prepared by IHS Markit Regional eXplorer. The information was published during 2019 and is based on 2018 statistics.

“The economic state of Nelson Mandela Bay Metropolitan Municipality is put in perspective by comparing it on a spatial level with its neighbouring metropolitan municipalities, Eastern Cape Province and South Africa”.

The Nelson Mandela Bay Municipality does not function in isolation of the Eastern Cape, South Africa and the world.

#### 2.4.2 Gross Domestic Product by Region

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

**TABLE 5: Gross Domestic Product (GDP) – Nelson Mandela Bay, Eastern Cape and National total, 2008-2018 (R billions, current prices)**

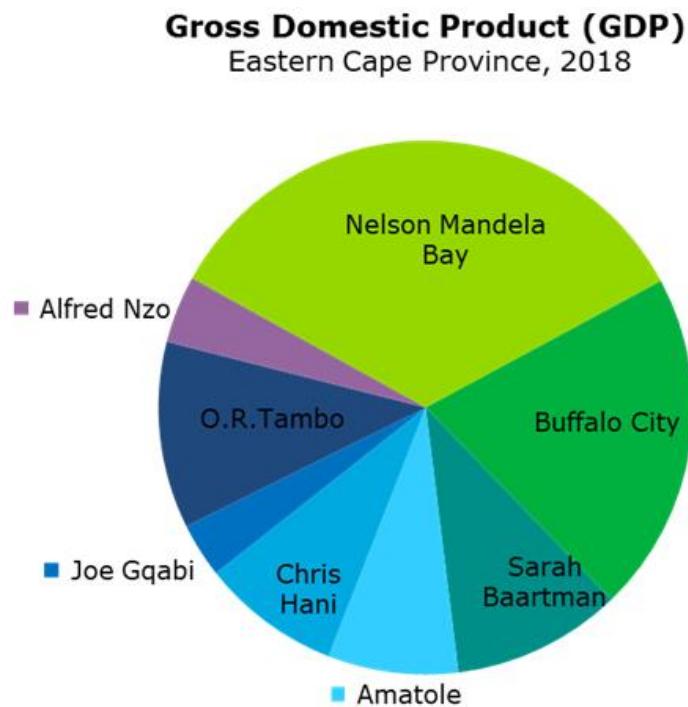
	Nelson Mandela Bay	Eastern Cape	National Total	Nelson Mandela Bay as % of province	Nelson Mandela Bay as % of national
2008	60.9	174.1	2,369.1	35.0%	2.6%
2009	65.7	191.2	2,507.7	34.4%	2.6%
2010	72.9	211.6	2,748.0	34.5%	2.7%
2011	77.5	226.1	3,023.7	34.3%	2.6%
2012	85.8	252.2	3,253.9	34.0%	2.6%
2013	92.8	273.3	3,540.0	34.0%	2.6%
2014	99.4	293.6	3,805.3	33.9%	2.6%
2015	107.3	316.3	4,049.9	33.9%	2.7%
2016	113.3	334.5	4,359.1	33.9%	2.6%
2017	122.0	358.6	4,653.6	34.0%	2.6%
2018	128.4	376.8	4,873.9	34.1%	2.6%

Source: IHS Markit Regional eXplorer version 1854

With a GDP of R 128 billion in 2018 (up from R 60.9 billion in 2008), Nelson Mandela Bay contributed 34.07% to the Eastern Cape Province GDP of R 377 billion in 2018 increasing in the share of the Eastern Cape from 34.97% in 2008. Nelson Mandela Bay contributes 2.63% to the GDP of South Africa which had a total GDP of R 4.87 trillion in 2018 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2008 when it contributed 2.57% to South Africa, but it is lower than the peak of 2.65% in 2010.

In 2018, Nelson Mandela Bay achieved an annual growth rate of 1.03%, which is a slightly higher GDP growth than the Eastern Cape Province's 0.78%, and is higher than that of South Africa, where the 2018 GDP growth rate was 0.79%. Contrary to the short-term growth rate of 2018, the longer-term average growth rate for Nelson Mandela Bay (1.49%) is very similar than that of South Africa (1.50%). The economic growth in Nelson Mandela Bay peaked in 2010 at 4.32%.

**FIGURE 6: Gross Domestic Product (GDP) – Nelson Mandela Bay Metropolitan Municipality and the rest of the Eastern Cape, 2018 (Percentage)**



Source: HIS Markit Regional eXplorer version 1854

Nelson Mandela Bay had a total GDP of R 128 billion and in terms of total contribution towards Eastern Cape Province Nelson Mandela Bay ranked highest relative to all the regional economies to total Eastern Cape Province GDP. This ranking in terms of size compared to other regions of Nelson Mandela Bay remained the same since 2008.

#### **2.4.3 Economic Growth Forecast**

Pre-COVID-19, it was expected that Nelson Mandela Bay will grow at an average annual rate of 1.12% from 2018 to 2023. The average annual growth rate of Eastern Cape Province and South Africa was expected to grow at 1.15% and 1.16% respectively.

#### **2.4.4 Gross Value Added**

Nelson Mandela Bay is made up of various industries. The Gross Value Added (GVA) is a measure of output (total production) of a region in terms of the value that was created within that region. GVA can be broken down into various production sectors.

**TABLE 6: Gross Value Added (GVA) by Broad Economic Sector – Nelson Mandela Bay Metropolitan Municipality, 2018 (R billions, Current Prices)**

	Nelson Mandela Bay	Eastern Cape	National Total	Nelson Mandela Bay as % of providence	Nelson Mandela Bay as % of national province
Agriculture	0.4	6.7	106.1	5.4%	0.34%
Mining	0.1	0.4	350.9	15.7%	0.02%
Manufacturing	23.2	43.6	572.9	53.2%	4.05%
Electricity	0.9	9.0	166.0	10.1%	0.55%
Construction	3.7	13.3	170.3	27.7%	2.16%
Trade	18.9	67.9	652.7	27.8%	2.89%

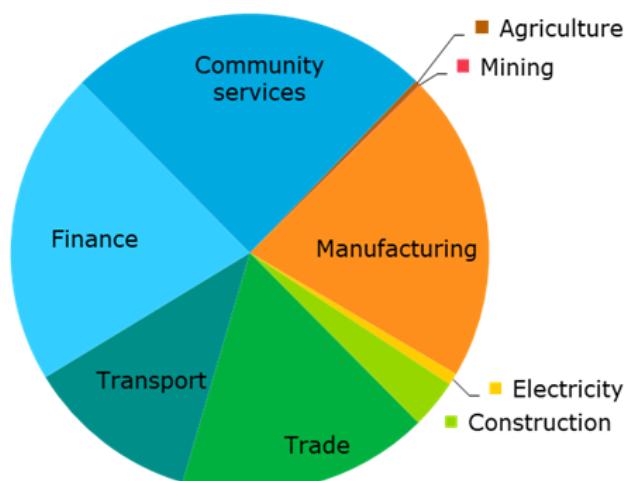
	Nelson Mandela Bay	Eastern Cape	National Total	Nelson Mandela Bay as % of province	Nelson Mandela Bay as % of national
Transport	13.1	30.3	426.7	43.1%	3.06%
Finance	23.7	61.4	854.4	38.6%	2.78%
Community services	27.4	102.7	1,041.3	26.7%	2.63%
<b>Total Industries</b>	<b>111.3</b>	<b>335.3</b>	<b>4,341.3</b>	<b>33.2%</b>	<b>2.56%</b>

Source: IHS Markit Regional eXplorer version 1854

In 2018, the community services sector was the largest within Nelson Mandela Bay accounting for R 27.4 billion or 24.6% of the total GVA in the metropolitan municipality's economy. The sector that contributes the second most to the GVA of Nelson Mandela Bay is the finance sector at 21.3%, followed by the manufacturing sector with 20.8%. The sector that contributes the least to the economy of Nelson Mandela Bay is the mining sector with a contribution of R 69.9 million or 0.06% of the total GVA.

**FIGURE 7: Gross Value Added (GVA) by Broad Economic Sector – Nelson Mandela Bay Metropolitan Municipality, 2018 (Percentage Composition)**

**Gross Value Added (GVA) by broad economic sector**  
Nelson Mandela Bay Metropolitan Municipality, 2018



Source: IHS Markit Regional eXplorer version 1854

The community sector, which includes government services, is generally a large contributor towards GVA in smaller and more rural local municipalities. When looking at the regions within the metropolitan municipality, the Region C Sub-metro Region made the largest contribution to the community services sector at 37.72% of the metropolitan municipality. As a whole, the Region C Sub-metro Region contributed R 42 billion or 37.72% to the GVA of Nelson Mandela Bay, making it the largest contributor to the overall GVA of the Municipality.

#### **2.4.5 Historical Economic Growth**

For the period 2018 and 2008, the GVA in the community services sector had the highest average annual growth rate in Nelson Mandela Bay at 2.50%. The industry with the second highest average annual growth rate is the transport sector averaging at 1.94% per year. The mining sector had an average annual growth rate of 0.54%, while the electricity sector had the lowest average annual growth of -6.39%. Overall a positive growth existed for all the industries in 2018 with an annual growth rate of 0.91% since 2017.

**TABLE 7: Gross Value Added (GVA) by Broad Economic Sector – Nelson Mandela Bay Metropolitan Municipality, 2008, 2013 AND 2018 (R billion, 2010 Constant Prices)**

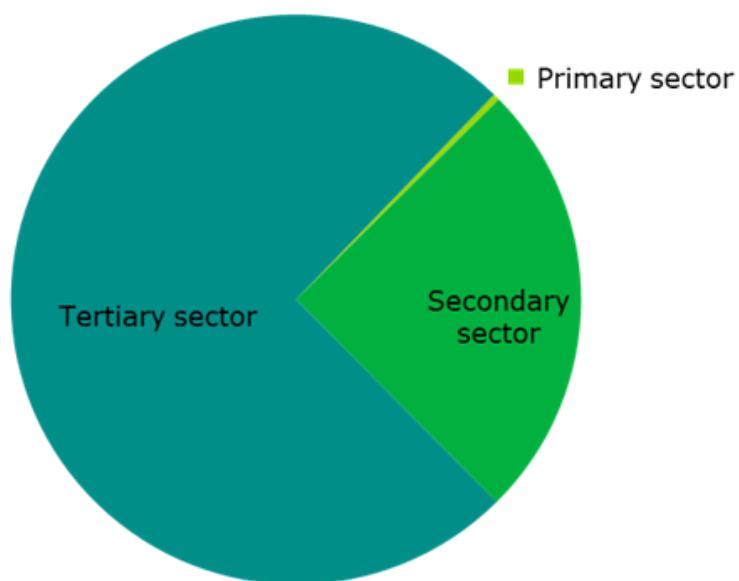
	2008	2013	2018	Average Annual growth
Agriculture	0.13	0.17	0.16	<b>1.81%</b>
Mining	0.09	0.10	0.09	<b>0.54%</b>
Manufacturing	15.12	15.89	16.03	<b>0.59%</b>
Electricity	0.47	0.34	0.24	<b>-6.39%</b>
Construction	1.87	2.22	2.26	<b>1.92%</b>
Trade	10.03	11.31	11.46	<b>1.34%</b>
Transport	6.98	7.74	8.45	<b>1.94%</b>
Finance	15.11	15.94	17.03	<b>1.20%</b>
Community services	13.74	16.16	17.59	<b>2.50%</b>
<b>Total Industries</b>	<b>63.53</b>	<b>69.86</b>	<b>73.32</b>	<b>1.44%</b>

Source: IHS Markit Regional eXplorer version 1854

The tertiary sector contributes the most to the Gross Value Added within Nelson Mandela Bay at 74.6%. This is slightly higher than the national economy (68.5%). The secondary sector contributed a total of 25.0% (ranking second), while the primary sector contributed the least at 0.4%.

**FIGURE 8: Gross Value Added (GVA) by Aggressive Economic Sector – Nelson Mandela Bay Metropolitan Municipality, 2018 (Percentage)**

**Gross Value Added (GVA) by aggregate sector**  
Nelson Mandela Bay Metropolitan Municipality, 2018



Source: IHS Markit Regional eXplorer version 1854

The following is a breakdown of the Gross Value Added (GVA) by aggregated sector:

#### 2.4.6 Primary Sector

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector.

Between 2008 and 2018, the agriculture sector experienced the highest positive growth in 2017 with an average growth rate of 20.3%. The mining sector reached its highest point of growth of 12.4% in 2012. The agricultural sector experienced the lowest growth for the period during 2016 at -14.6%, while the mining sector reaching its lowest point of growth in 2009 at -7.9%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period.

#### **2.4.7 Secondary Sector**

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector.

Between 2008 and 2018, the manufacturing sector experienced the highest positive growth in 2010 with a growth rate of 5.3%. The construction sector reached its highest growth in 2009 at 10.4%. The manufacturing sector experienced its lowest growth in 2018 of -7.7%, while construction sector reached its lowest point of growth in 2018 with -1.5% growth rate. The electricity sector experienced the highest growth in 2017 at 40.4%, while it recorded the lowest growth of -26.5% in 2018.

#### **2.4.8 Tertiary Sector**

The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector.

The trade sector experienced the highest positive growth in 2010 with a growth rate of 6.9%. The transport sector reached its highest point of growth in 2011 at 4.2%. The finance sector experienced the highest growth rate in 2011 when it grew by 2.9% and recorded the lowest growth rate in 2009 at -2.0%. The Trade sector had the lowest growth rate in 2008 at -6.1%. The community services sector, which largely consists of government, experienced its highest positive growth in 2010 with 5.7% and the lowest growth rate in 2017 with 1.1%.

## PILLAR 1: THE WELL RUN CITY

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• A strong performance management system, which is deadline driven and monitored, is in place.</li> <li>• Management Union Meetings (MUMs) have been introduced for unions to meet the management of each directorate to address matters concerning their members.</li> <li>• Public participation processes have been rigorous in developing this IDP.</li> <li>• Commitment exists to address the need for a central planning office.</li> <li>• Institutionalisation of labour engagement has been achieved through Local Labour Forum (LLF) meetings, which comprise labour, Councillors and management.</li> <li>• Asset management functions are well coordinated.</li> <li>• There is a reliable internal network and dedicated Information and Communication Technology (ICT) support.</li> <li>• The NMBM plays an active role in professional engineering and other networks.</li> <li>• There is effective communication and working relationship with Councillors.</li> <li>• Functional call centres have been established to reduce complaint</li> </ul>	<ul style="list-style-type: none"> <li>• The current organisational structure is outdated in respect of the needs of the City.</li> <li>• Fragmented ICT systems and weak ICT governance and data recovery impact on performance.</li> <li>• Turnaround time in respect of responding to consumer queries.</li> <li>• Lack of appropriate online e-governance systems.</li> <li>• Ineffective solutions for electricity theft (including tampering and illegal connections) and non-revenue water.</li> <li>• Dependence on consultants and contractors because of high level of vacancies in directorates.</li> <li>• There is a need for an audit of equipment for basic services.</li> <li>• Large and growing maintenance backlogs, resulting in service gaps and future problems.</li> <li>• Lack of consistent marketing and publicity of positive activities and initiatives resulting in misconceptions.</li> <li>• The Scientific Services Laboratory requires accreditation to conduct a wider range of analysis.</li> <li>• No single spatial plan for the city exists, resulting in fragmented</li> </ul>

<p>turnaround time.</p> <ul style="list-style-type: none"> <li>• The Scientific Services Division offers the only laboratory in the metropolitan area with a broad scope of analysis and trained scientists.</li> <li>• A strong interdepartmental reference group exists for integrated Spatial Strategy development and implementation (BEPP Team).</li> <li>• Emphasis is placed on capacity building and training of staff (this includes internal apprenticeship programmes and graduate learnership programme).</li> <li>• E-recruitment has been successfully implemented in the 2017/18 financial year which has reduced the turnaround time for the filling of vacancies;</li> <li>• The revised recruitment policy now also allows for the recruitment of positions from Grades 1 – 11 to be considered on internally within the institution. This encourages internal promotion and career development.</li> <li>• 23 Corporate Services policies were revised and implemented in 2017/18.</li> </ul>	<p>responsibility for planning processes.</p> <ul style="list-style-type: none"> <li>• Staff capacity is lacking in certain service delivery areas.</li> <li>• Poor work culture and ethos in some parts of the institution.</li> <li>• Inconsistent application of human resources policies.</li> <li>• Poor planning, resulting in under-expenditure of the budget.</li> <li>• Inefficient Supply Chain Management processes.</li> <li>• High levels of unauthorised, irregular, fruitless and wasteful expenditure of the Budget.</li> <li>• Inaccurate billing, creating distrust in the institution among residents.</li> <li>• High dependence on grant funding availed by National/Provincial Government Departments.</li> <li>• Inefficient budget spending.</li> </ul>

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Improvement of Supply Chain Management processes for greater efficiency.</li> <li>• Promotion of partnerships with provincial and national government and non-governmental organisations to serve the City's interests.</li> <li>• To become a SMART City.</li> <li>• Centralising the strategic plans of the City in one centre to create synergy, alignment and seamless processes.</li> <li>• Improving institutional image through positive publicity and connection to constituents can result in improved internal and external stakeholder relations.</li> <li>• Enhancing performance through innovative performance management.</li> <li>• Exploring new revenue possibilities and alternative sources of funding to <i>inter alia</i> reduce reliance on grants.</li> <li>• New emphasis by the leadership on accountability through compliance with transparency requirements. <ul style="list-style-type: none"> <li>• Adjustment of the repairs and maintenance budget to ensure that buildings, offices are safe and secure environments for staff, Councillors and the public who utilises it.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Revenue associated with National and Provincial Government grants and subsidies is neither realistic nor sustainable.</li> <li>• Politicisation of community meetings results in ineffective communication.</li> <li>• Poor communication on housing delivery plans undermines effective planning to deliver basic services, such as water and sanitation.</li> <li>• Highly unionised environment can threaten roll-out of processes.</li> <li>• Inadequate budget to address infrastructure maintenance backlogs.</li> <li>• Increasing urbanisation has increased demand for services, both formal and informal, which outweighs the current ability to meet those demands.</li> <li>• Protracted Supply Chain Management processes slow down operations.</li> <li>• Strong silo mentality in different directorates hinders effective intra-directorate service delivery.</li> <li>• Loss of institutional memory through resignations and retirement of staff.</li> <li>• Non-payment of debt by government departments and the community.</li> <li>• Increased loss of revenue as a result of illegal electricity connections.</li> <li>• Decline in the economy increasing</li> </ul>

unemployment and poverty.

- Non-achievement of the budgeted revenue collection rate.
- Inability of consumers to financially afford municipal tariffs, resulting in loss of revenue.

The results of the institutional analysis in respect of the Well Run City indicate that the following areas need to be prioritized:

- Building on the strengths of the existing administration and optimising the organizational structure for effective governance and service delivery.
- Scrutinizing existing and developing new processes to increase the sustainability and efficiency of the organization.
- Leveraging partnerships to assist the City in achieving its developmental priorities.
- Actively nurturing positive relationships between staff, Councillors, unions, private sector and other stakeholders.

## PILLAR 2: THE OPPORTUNITY CITY

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Smart City Wifi in townships allows for local economic development and expansion of other related projects.</li> <li>• Well-run Infrastructure Skills Development Grant Training Programme developing young technicians and technologists.</li> <li>• Competitive tariffs to support businesses.</li> <li>• Bursaries and learnerships offered for study in key professions/fields.</li> <li>• High level of intake and exposure of interns.</li> <li>• Water and sanitation infrastructure, as well as litter picking and grass mowing, projects in place to support economic development.</li> <li>• Expanded Public Works Programme (EPWP) in place.</li> <li>• Programmes that promote the development of local sporting talent have been developed.</li> <li>• Economic infrastructure foundation is already comprehensive (accessibility by rail, road, airport, two ports).</li> <li>• Economic zones exist (IDZ, Logistics Park, industrial areas).</li> <li>• IPTS planning of launch phase at advance stage.</li> <li>• Institutions of higher learning are all available within Nelson Mandela Bay</li> </ul>	<ul style="list-style-type: none"> <li>• Ineffective capitalisation of some municipal partnerships.</li> <li>• Lack of internal coordination and alignment of development objectives.</li> <li>• Insufficient resources at Training Centre.</li> <li>• Management of Expanded Public Works Programme (EPWP) not strong enough.</li> <li>• Absence of fiscal and economic feasibility studies for major projects.</li> <li>• Lack of integrated planning in the region and inadequate coordination with provincial and national operations.</li> <li>• Inefficient and ineffective use of internal and external resources, as well as misalignment of events and tourism assets.</li> <li>• Lack of budget for the upgrading and maintenance of facilities.</li> <li>• Excessive cost of contract security to safeguard landmarks.</li> </ul>

<p>(University, TVETS Colleges).</p> <ul style="list-style-type: none"> <li>• Tourism and sporting infrastructure exists in the City.</li> <li>• Green Economy Strategy development of photo voltaic (pv), wind and other renewable energy projects.</li> <li>• Iconic brand name (Nelson Mandela Bay).</li> <li>• Establishment of the Strategic Events Committee.</li> <li>• Sport and cultural events contribute to the City's Gross Domestic Product.</li> <li>• Blue Flag Beaches are a tourist attraction.</li> <li>• Delivery of incident free international and national events, such as the annual Ironman Competition, has built Nelson Mandela Bay's reputation as a competent and reliable host city.</li> </ul>	
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Transformation of the spatial form of the city for more efficient and equitable development.</li> <li>• Improved coordination of internal and external resources to optimise positive economic impact.</li> <li>• Increase revenue from the lease of assets and infrastructure, e.g. fibre networks.</li> <li>• Strengthen relationships with all stakeholders, particularly in the</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Water shortages.</li> <li>• Education system unresponsive to the needs of the market (supply and demand).</li> <li>• Cost of doing business and red tape (regulatory and business application processes).</li> <li>• Lack of internal and external coordination and alignment, resulting in a misalignment of development objectives.</li> </ul>

<p>tourism and industrial sectors.</p> <ul style="list-style-type: none"> <li>• Establish linkages with surrounding local authorities to align spatial and economic development initiatives and interventions.</li> <li>• Skills development support in priority sectors.</li> <li>• Prioritisation of Township Economy Development.</li> <li>• Development of tourism opportunities with other partners focusing on projects such as the Eco-Tourism Route and the Apple Express.</li> <li>• Destination marketing, which includes programmes such as the Tourist Ambassador Programme and Fair Trade Tourism.</li> <li>• Attract more national and international events.</li> <li>• City's role in meaningful economic development can be expanded.</li> </ul>	<ul style="list-style-type: none"> <li>• High level of crime, tarnishing the reputation of NMBM as a tourist destination.</li> <li>• Vandalism of facilities and non-adherence to norms and standards for the development of facilities.</li> <li>• Junk status of the South African economy and its local impacts.</li> <li>• National political and administrative instability.</li> </ul>
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The results of the institutional analysis in respect of the Opportunity City indicate that the following areas need to be prioritized:

- Capitalizing on the competitive advantages that the City has to offer, whilst simultaneously investing in competitively differentiating Nelson Mandela Bay.
- Optimizing the use of partners and other stakeholders to increase opportunity for all residents.
- Building and strengthening existing initiatives to train and develop local youth, the unemployed and the talented.
- Clarifying and improving the role of the City in job creation, poverty alleviation and local and regional economic development.

### PILLAR 3: THE SAFE CITY

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Safe City prioritised in strategic planning documents.</li> <li>• Strategic spatial plans prioritise access/mobility, which are elements of safety.</li> <li>• A Metro Police Force is in place.</li> <li>• Monitoring of safe drinking water, river water and swimming water supplied to residents, as well as the monitoring of air and noise pollution.</li> <li>• CCTV cameras installed on high-mast lights in townships.</li> <li>• LED lighting provides high lighting levels and longer life spans.</li> <li>• City is well covered by fire, emergency and disaster management services.</li> <li>• A comprehensive set of by-laws exist and the enforcement of by-laws is monitored.</li> <li>• Non-governmental Organisations (NGOs), Community Based Organisations (CBOs) and other organisations perform safety functions (example: life-saving clubs).</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution of rivers and public places.</li> <li>• Many areas are without functional street or public lighting.</li> <li>• Lack of adequate strategies exist for addressing cable theft.</li> <li>• Lack of recognition that safety is a corporate responsibility, not a silo responsibility.</li> <li>• Safety element of spatial strategy is not well articulated as a focus area.</li> <li>• Succession planning and institutional memory retention needs attention.</li> </ul>

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Planning for safe, resilient and sustainable human settlements.</li> <li>• Innovative electrification and the removal of illegal connections can reduce non-technical losses and electrocution incidents.</li> <li>• Sustainable Community Planning and precinct planning for the BEPP present an opportunity to specifically address safety aspects at local level.</li> <li>• Partnerships can be formed with community stakeholders to address specific community safety issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of lighting, which encourages criminal activity.</li> <li>• Illegal dumping into local rivers, resulting in the pollution of these resources.</li> <li>• E.coli leaks into rivers, due to aging infrastructure.</li> <li>• The current lack of safety for tourists, communities and businesses.</li> <li>• Perception of and actual high levels of crime in public places.</li> <li>• Lack of enforcement of legislation and municipal by-laws.</li> </ul>

The results of the institutional analysis in respect of the Safe City indicate that the following areas need to be prioritized:

- Safety needs to be integrated in all departmental plans and activities from an early stage.
- The City needs to nurture and promote community initiatives that contribute towards the safety of residents.
- The City needs to form partnerships with other agencies such as the South African Police Services (SAPS) and community safety forums in an effort to improve safety.
- The City needs to ensure that all by-laws and legislation can be enforced for the safety of residents and visitors.
- The City needs to address its human resources, maintenance and procurement capacity to be appropriate for the areas of safety.

## PILLAR 4: THE INCLUSIVE CITY

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>Sustainable Community Planning Methodology was specifically designed to promote inclusion and integration in planning processes and plans.</li> <li>Built Environment Performance Plan (BEPP) <i>inter alia</i> addresses spatial fragmentation through integrated City development.</li> <li>Spatial Development Framework at city-wide level addresses inclusion.</li> <li>IDP processes have prioritised effective participation and stakeholder involvement.</li> <li>Initiatives exist to provide free wifi / broadband access at all libraries and some civic buildings, and in some township areas.</li> <li>Ward Committee System to ensure inclusivity of residents in decision-making processes.</li> <li>Regular engagements with the community by the Executive Mayor through diverse communication channels and platforms, such as radio, TV and print media.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of alignment within the Municipality for inclusive planning and development.</li> <li>Inner-city degeneration and decay.</li> <li>No funding currently exists for full wifi / broadband access roll-out to all communities.</li> <li>Numerous settlements are located on private ground and cannot be provided with municipal services.</li> <li>Broad marketing of the City's strategic plans is needed to make them more widely understood.</li> <li>No special measures exist for the prioritisation of the needs of vulnerable groups.</li> <li>Lack of an integrated, safe public transport system.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>Better and more inclusive public participation in built environment interventions (planning and implementation) and general civic</li> </ul>	<ul style="list-style-type: none"> <li>Residents in informal settlements lack security of tenure and positive involvement in civic processes.</li> <li>Perpetuating development of</li> </ul>

<p>processes.</p> <ul style="list-style-type: none"> <li>• Implementation of integrated residential and mixed use development.</li> <li>• Development of the inner city as a 24-hour centre for all.</li> <li>• Funding is being sought from National Government to provide electricity to informal areas outside the Housing Programme.</li> <li>• Public-Private Partnership (PPP) process is under way to obtain external service provider to provide Smart City / WiFi to all communities.</li> <li>• Possibility to establish public-private partnerships towards integrated development.</li> <li>• Availability of private and public buildings in Inner-City areas that can be utilised for inner-city rejuvenation.</li> <li>• Sports, arts and culture activities can promote social cohesion and nation building.</li> </ul>	<p>unsustainable townships with no or limited access to social facilities and amenities, due to poor alignment with government departments in housing projects (Intergovernmental Relations (IGR)).</p> <ul style="list-style-type: none"> <li>• Lack of continued feedback and ongoing communication with stakeholders, leading to lack of understanding of plans, as well as mistrust of city strategic planning processes.</li> <li>• Current housing delivery model promotes urban sprawl.</li> <li>• Unsustainable housing delivery models with predominantly Reconstruction and Development Programme (RDP) housing, as opposed to other typologies and in prioritised areas.</li> <li>• Limited availability of strategic and well located land for inner-city densification.</li> </ul>
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The results of the institutional analysis in respect of the Inclusive City indicate that the following areas need to be prioritized:

- Broad inclusive communication on all municipal processes, programmes and plans.
- The use of technology to improve the accessibility of information and communication with all residents and stakeholders.
- Developing intergovernmental relations and other partnerships for the delivery of the full range of developmental needs and priorities of communities.

- Institutional organization around all planning and development initiatives for the development of integrated and sustainable communities.
- The inclusion of marginalized and vulnerable groups in civic plans, processes and products.

## PILLAR 5: THE CARING CITY

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• EPWP is fostering work opportunities.</li> <li>• Established and co-ordinated co-operatives exist.</li> <li>• Basic energy grants have been made available from National Government to provide energy to deserving communities.</li> <li>• Basic services are provided to the indigent in respect of water, electricity, sanitation and refuse removal.</li> <li>• IDP participation processes aim to reach all groups in NMBM - special efforts are made to reach poor and vulnerable groups.</li> <li>• Playground equipment is provided on public open spaces (POS).</li> <li>• Parks and cemeteries are being beautified.</li> <li>• Solar geysers were provided to homes that were part of the housing programmes.</li> <li>• A detailed plan to eradicate the bucket toilet system has been formulated.</li> <li>• A highly functional Operations Centre exists for reporting water and sanitation related service delivery problems.</li> <li>• “War of Waste” Project fostering a</li> </ul>	<ul style="list-style-type: none"> <li>• The transition from poverty relief to sustainable social entrepreneurs still needs to be made.</li> <li>• All programmes are funded through National Grants rather than through external funding.</li> <li>• Lack of socio-economic facilities and amenities persists in many poor areas.</li> <li>• Lack of availability of land for burials.</li> <li>• Illegal occupation of RDP houses.</li> <li>• No special measures exist for the prioritisation of the needs of vulnerable groups.</li> <li>• Inadequate provision of dignified sanitation solutions, with 16 317 bucket toilets still in place.</li> <li>• Lack of services to communities located in informal settlements on private land.</li> </ul>

<p>sense of pride and community responsibility.</p> <ul style="list-style-type: none"> <li>Litter-picking project resulted in the creation of jobs.</li> </ul>	
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Partner with other relevant structures and institutions to create a climate of cooperation.</li> <li>Presence of private sector with corporate social investment budgets allows sharing of goals and resources.</li> <li>Enhance access to social facilities and amenities through integrated development planning.</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>Slow implementation of Small Medium and Micro Enterprises SMMEs (construction sector) development programme.</li> <li>Inability to afford sustainable social services and amenities for low income households.</li> <li>Perpetuating development of unsustainable townships with no or limited access to social facilities and amenities due to poor alignment with government departments in housing projects (IGR).</li> <li>Land invasion poses a threat to city development plans.</li> <li>Lack of participation in municipal processes around planning and decision-making by poor and vulnerable groups.</li> </ul>

The results of the institutional analysis in respect of the Caring City indicate that the following areas need to be prioritized:

- Creating an environment that promotes and ensures participation and the well-being of vulnerable and marginalized groups in municipal processes around planning and decision-making.
- Ensuring the provision of adequate services and amenities to all communities.

- Creating partnerships and seeking funding sources for improved social amenities.
- Ensuring that city planning processes promote spatial justice and equitable access (physically, socially and economically).
- Reviewing municipal operations to ensure efficient responses to community complaints, applications and queries.

## PILLAR 6: THE FORWARD THINKING CITY

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Partnership with Innovation Forum and local University.</li> <li>• Public-private and City-to-City partnerships for learning and knowledge sharing.</li> <li>• Development infrastructure plans and spatial development framework are in place.</li> <li>• Imminent completion of the Nootgedagt Coega Low Level Scheme (Phase 2).</li> <li>• “War on Waste” Cleaning Campaign on-going to eliminate illegal dumping.</li> <li>• Spatial planning documents promote sustainable planning, proactive planning and conservation.</li> <li>• Relations with Council for Scientific and Industrial Research (CSIR).</li> <li>• Innovative off-grid power supply solutions for informal settlements to address basic service issues within those areas.</li> <li>• Environmental issues are a strong element of strategic spatial plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Outdated City-wide Information and Communication Technology (ICT) Strategy.</li> <li>• Lack of skills in innovation and research.</li> <li>• Lack of funding to implement long-term projects.</li> <li>• Absence of resourced research component in the city.</li> <li>• Absence of a Long-term Financial Sustainability Strategy.</li> <li>• Lack of a well-articulated, properly prioritised Capital Investment Framework attached to the BEPP and SDF.</li> <li>• Renewable/Alternative energy use decreases demand for electricity; as a result, electricity profit margins are shrinking.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• International collaboration.</li> <li>• Review and update all planning instruments, with a view to innovation and forward thinking.</li> <li>• Investigating revenue growth ideas, such as the sale of data, as an</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of research capability within the Nelson Mandela Bay Municipality, including the lack of accreditation of the Scientific Services Division.</li> <li>• Lack of coordinated strategic planning for a single City Plan.</li> </ul>

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| <p>additional utility.</p> <ul style="list-style-type: none"> <li>• Organisational review can address the need for centralised strategic planning function.</li> <li>• The establishment and location of South African International Maritime Institute (SAIMI) and other research institutes.</li> <li>• Groundwater exploration at Coega Kop to investigate an alternative water source.</li> <li>• Partnership in respect of innovative technologies with private and public entities.</li> <li>• Completing Long-term Financial Sustainability Strategy.</li> <li>• Identifying and exploring innovative approaches to municipal operations and activities.</li> </ul> | <ul style="list-style-type: none"> <li>• Funding and implementation of Nooitgedagt Scheme being controlled by National Department of Water and Sanitation.</li> </ul> |
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The results of the institutional analysis in respect of the Forward Thinking City indicate that the following areas need to be prioritized:

- Aligning the organizational structure to meet the demands of an innovative and forward thinking and planning City.
- Prioritizing the need for sustainability in all its dimensions (physical, social and economic) in the planning and operations of the Municipality.

The above situational analysis, which provides the city context, current status of service delivery and the introspective Strength, Weaknesses, Opportunities and Threats (SWOT) analysis for each of the six pillars will, when combined with the results of the comprehensive public participation undertaken, provide the foundation for the activities to be conducted, as expressed in this IDP.

## 2.5 ASSET CONDITION

This data is based upon a study (Infrastructure Maintenance Backlog Assessment) that was conducted in 2011 and escalated.

**TABLE 8: Water Backlog Maintenance**

Water Backlog	Total Sum of Repair Cost	Total Sum of Estimated Replacement Value	Repairs as % of Replacement Value
Dams	R2,408,320	R768,141,482	0.31%
Reservoirs	R21,519,671	R1,206,530,799	1.78%
Water Treatment Works	R57,295,705	R656,586,425	8.73%
Bulk Water Supply Lines	R12,949,500	R5,066,790,845	0.26%
Pump Stations	R23,372,730	R127,379,002	18.35%
Internal Reticulation	R530,370,326	R1,391,328,057	38.12%
<b>Grand Total</b>	<b>R647,916,252</b>	<b>R9,216,756,610</b>	

Source: NMBM Infrastructure & Engineering Directorate, 2019

**TABLE 9: Medium-term Replacement / Refurbishment Plan**

Water Backlog	< 2 yrs	< 5 yrs	ASAP	Monitor only	Record only	Routine	Total Sum of Repair Cost
Dams	R853,500	R264,800	R1,229,520	Nil	Nil	R60,500	R2,408,320
Reservoirs	R16,793,467	R295,000	R4,431,204	Nil	Nil	Nil	R21,519,671
Water Treatment Works	R22,119,655	R7,301,250	R18,516,800	R359,500	R567,500	R8,431,000	R57,295,705
Bulk Water Supply Lines	R1,035,000	R1,982,500	R9,722,000	R210,000	Nil	Nil	R12,949,500
Pump Stations	R2,646,900	R477,000	R19,784,330	R120,000	Nil	R344,500	R23,372,730
Internal Reticulation	R4,524,276	R4,040,984	R521,805,065	Nil	Nil	Nil	R530,370,326
<b>Grand Total</b>	<b>R47,972,798</b>	<b>R14,361,534</b>	<b>R575,488,919</b>	<b>R689,500</b>	<b>R567,500</b>	<b>R8,836,000</b>	<b>R647,916,252</b>

Source: NMBM Infrastructure & Engineering Directorate, 2019

The table above indicates that the total maintenance backlog for water infrastructure for the next five years amounts to R647 916 252.

**TABLE 10: Sewer Replacement Cost and Maintenance/ Rehabilitation Plan**

Sewer Backlog	< 2 yrs	< 5 yrs	ASAP	Monitor only	Record only	Routine	Total Sum of Repair Cost	Total Sum of Estimated Replacement Value
<b>Pump Stations</b>	R15,527,520	R1,111,000	R12,179,100	R81,000	R0	R826,700	R29,725,320	R120,724,600
<b>Sewer Reticulation</b>	R160,180,756	R167,349,637	R60,938,492	R211,084	R0	R422,168	R389,102,138	R2,110,840,274
<b>Waste Water Treatment</b>	R34,021,564	R5,046,233	R102,497,695	R687,320	R12,000	R487,290	R142,752,104	R1,979,608,789
<b>Grand Total</b>	<b>R209,729,84</b>	<b>R173,506,87</b>	<b>R175,615,287</b>	<b>R979,404</b>	<b>R12,000</b>	<b>R1,736,158</b>	<b>R561,579,562</b>	<b>R4,211,173,663</b>

Source: NMBM: *Infrastructure & Engineering Directorate, 2019*

The above information forms the basis of, the Engineering Design and Management Systems software data management system. This same management system is used to provide the GRAP 17 compliance data on asset management.

### 2.5.1 Roads / Stormwater / Transport

The NMBM's Comprehensive Integrated Transportation Plan (CITP) is currently in its review stage as required by the National Land Transport Act (5 of 2009). The review includes an overhaul of the CITP, which will include new projects which have to be implemented within the next 5 years of the CITP's validity.

**TABLE 11: CITP Projects**

NO.	PROJECT DESCRIPTION	TOTAL PROJECT COST – five years (Rand)
1	Metropolitan Transport Planning	75,000,000
2	Roads required for additional capacity (short-term projects)	618,750,000
3	Roads required for access and connectivity (short-term projects)	681,250,000
4	Roads requiring rehabilitation (short-term projects)	1,156,250,000
5	Road maintenance projects	2,875,000,000
6	Bridge maintenance projects	606,250,000
7	Public transport projects	4,950,000,000
8	Non-motorised transport projects	400,000,000
9	Freight transport projects	125,000,000
10	Traffic and signage improvements (short-term projects)	131,250,000
11	Stormwater maintenance projects	943,750,000
<b>GRAND TOTAL</b>		<b>12,562,500,000</b>

Source: NMBM 2017

The table below illustrates the roads, transport and stormwater backlogs and the maintenance budget required to address these backlogs:

**TABLE 12: Maintenance Backlog**

		Total Operational Maintenance and Rehabilitation Backlogs	Annual Requirement to Eliminate Backlog	Budget 2017/18	Budget 2018/19	Budget 2019/2020	Budget 2020/2021
	<b>Roads &amp; Stormwater</b>						
1	Maintenance / Rehabilitation of Subsidised Roads	660 000 000	690 000 000	122 200 000	26 184 135	27 896 547	36 970 340
2	Maintenance / Rehabilitation of Non subsidised Roads	1 890 000 000	1 950 000 000	385 700 000	43 015 216	43 410 957	60 037 740
3	Maintenance / Rehabilitation of Stormwater Facilities	830 000 000	850 000 000	180 400 000	21 678 920	25 789 410	49 530 260
4	Road Signs & Markings	116 000 000	121 000 000	26 300 000	3 500 000	3 710 000	3 932 600
5	Maintenance / Rehabilitation of Bridges	540 000 000	565 000 000	117 000 000	896 000	4 000 000	6 060 000
6	Resurfacing of Roads	2 000 000 000	2 050 000 000	2 170 000 000	0	12 980 586	38 406 840
				95 274 271	117 787 500	194 937 780	

Source: NMBM 2020

The implementation of the projects depends on the availability of funds and is supported by the asset information from the Road Management System, the Stormwater Asset System and the Bridge Management System. The implementation of the projects depends on the availability of funds and is supported by the asset information from the Road Management System, the Stormwater Asset System and the Bridge Management System.

It is, however, important to mention that, COVID-19 will cause changes to timeframes and priorities of implementation.

## 2.5.2 Electricity

The NMBM has been reliant on electricity revenue to off-set the rates account and fund a portion of the institution's administration. Declining sales, increasing purchases, alternative forms of energy, tariff structures, losses and theft are creating a much reduced gross profit margin.

Consumption growth in terms of GWh purchased from Eskom has been decreasing by an average of 2% over the last five years even though the number of overall consumers has increased by an average of 12% over the same five-year time period.

In 2018/19 Commercial customers procured over 70% of the electricity sold by NMBM. The major clients include, among others, Volkswagen Group South Africa, AgniSteels South Africa, Goodyear South Africa, BORBET South Africa, Continental Tyre South Africa, Crown Chickens and Mondelez International. In June 2019 the top twenty customers procured 58 GWh electricity, 24% of the total electricity sold in NMBM.

The following table shows the decline in profit made from the sale of electricity since 2006:

**TABLE 13: Declining Electricity Sales Profit**

Financial Year	Sales	Bulk Purchases	Gross Profit	% Gross Profit	Electricity Losses %
2006/2007	(R1,119,758,699)	R611,923,001	(R507,835,697)	45%	-
2007/2008	(R1,196,274,998)	R663,170,083	(R533,104,914)	45%	-
2008/2009	(R1,502,322,088)	R901,060,864	(R601,261,224)	40%	6,0
2009/2010	(R1,807,750,905)	R1,184,203,683	(R623,547,222)	34%	7,5
2010/2011	(R2,185,993,075)	R1,511,442,011	(R674,551,064)	31%	7,5
2011/2012	(R2,711,116,309)	R1,915,652,397	(R795,463,912)	29%	9,0
2012/2013	(R2,819,881,230)	R2,109,854,326	(R710,026,904)	25%	10,7
2013/2014	(R2,963,172,710)	R216,850,320	(R794,669,190)	27%	11,3
2014/2015	(R3,182,151,220)	R2,294,034,910	(R888,116,310)	28%	12,3
2015/2016	(3,463,791,052)	R2,720,304,070	(R743,486,982)	21%	12,7
2016/2017	(R3,693,703,315)	(R2,892,128,296)	(R801,575,019)	22 %	13,4
2017/2018	(R3,687,191,074)	(R2,870,435,742)	(R816,755,332)	22%	13,95
2018/2019	(R3,460,029,222)	(R2,913,823,872)	(R546,205,350)	16%	14,34

Source: NMBM 2020

With a population growth rate of 1.54% it is expected that customer numbers in NMBM should increase. However, it is to be expected that the increase in energy consumption will partly be offset by the rising unemployment rate, suppressed disposable income and increased poverty.

The price of electricity, tariff increases, alternative energy options and more energy efficient appliances/equipment could suppress future sales growth.

Low economic growth prospects, the political environment in South Africa and the Nelson Mandela Bay Municipality, increased costs of electricity, stability of electricity supply and load shedding are hampering economic activity, depressing economic expansion and causing commercial customers to implement new technologies and renewable energy options in an effort to reduce their reliance of electricity supply from NMBM and Eskom.

The Municipality is a frontrunner in creating an enabling environment and attracting investment in the green economy sector. Currently two wind farms exist in the Metro.

At this stage the PV related opportunities include 283 installations with an indicative capacity of 7,8 megawatt yielding a potential of 8424-megawatt hour (MWh) per annum. From a wind perspective, the biggest wind farm consists of a generation capacity of 27-megawatts which is currently feeding into the grid.

The Municipality played a large role in the success of these ventures and continues to support other public and private initiatives. The Municipality is committed to exploring alternative energy solutions to offset the impact of load shedding, the electricity crisis in South Africa and to help reduce the amount of carbon emissions due to generation from fossil fuels.

The current condition of the electrical infrastructure requires a major injection of funds and manpower in order to bring it to acceptable conditions in line with national standards and the expectation of electricity users.

NERSA has indicated that electricity tariffs cannot be used as the sole source of income to fund capital and maintenance projects. It is thus vitally important that the NMBM finds additional sources of funding for its capital and maintenance projects. Funding is required to bring the electrical infrastructure back to an acceptable condition, so that it complies with the required national standards. A five- year period is detailed below however funding should continue into further years to prevent the network from deteriorating again.

In relation to distribution, the existing Nelson Mandela Bay Municipalities Electricity network is a mixture of aged and relatively new infrastructure. The majority being older with some equipment older than 40 years. It is therefore urgent that major upgrade, refurbishment and replacement takes place. The following is a reflection of the first 5 years of work required in order to start making inroads into this problem.

The total cost for the various categories is as follows:

Major Substations	R 106 423 200
Minor Substations	R 327 333 333
Overhead Lines	R 240 000 000
Power Transformers	R 25 850 000
<b>Total over 5 years</b>	<b>R 699 606 533</b>

### **2.5.2.1 Electricity Losses**

Losses are an on-going concern, as it results in a loss of revenue and overall reduced efficiency of the utilisation of the electrical resources. Creative programmes such as the Innovative Undeclared Informal Electrification Programmes have been implemented to assist in the reduction of non-technical electrical losses caused by tampering and socio-economic factors. The total losses as a percentage is 14.34% of total electricity, Non-Technical losses as a percentage is 8.34% and Technical losses as a percentage is 6%.

A strategy to deal with technical and non-technical losses has been identified and comprises a number of programmes.

NMBM has attained grant funding of approximately R300 million from KfW (German Development Bank) to assist it to be more sustainable and to achieve one of its goals of promoting renewable energies within the Metro in the next financial year.

# 3

## CHAPTER 3: INSTITUTIONAL OVERVIEW

### 3.1 POLITICAL STRUCTURE

A Coalition government comprising the following political parties governs the Nelson Mandela Bay Municipality: the Democratic Alliance, United Democratic Movement, Congress of the People, African Christian Democratic Party, African Independent Congress and the United Front Eastern Cape. The political structure of the Nelson Mandela Bay Municipality consists of the Council, the Executive Mayoral Committee, the Portfolio Committees and the Municipal Public Accounts Committee, as described below.

#### 3.1.1 Council

The role of a Council in local government is that of lawmaker and, as such, it focuses on legislation, participation and oversight. In addition, Municipal Councils facilitate political discussions and debate in order to assist in planning and decision-making. Council is headed by the Speaker.



**Speaker of Council:**  
**Cllr Buyelwa Nancy Mafaya**

The Council of the Nelson Mandela Bay Municipality comprises 120 Councillors, elected through a mixed-member proportional representative system. Altogether 60 of the Councillors were elected through a voting process in the 60 wards that make up Nelson Mandela Bay. The remaining 60 Councillors were selected from party

lists, on the basis that the total number of party representatives must be proportional to the number of votes received.

Of the 120 Councillors serving in Nelson Mandela Bay, 39 (32,05%) are females and 81 (67,5%) are males. The DA has the largest number of seats (57), followed by the ANC (50 seats); the EFF (6 seats); the UDM (2 seats); and the COPE, PA, UFEC, ACDP and the AIC (1 seat each).

The following table illustrates the above narrative.

**TABLE 14: Political party seat allocation and gender distribution:**

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER DISTRIBUTION	
		MALE	FEMALE
Democratic Alliance	57	43	14
African National Congress	50	30	20
Economic Freedom Fighters	6	3	3
United Democratic Movement	2	1	1
Cope	1	0	1
African Christian Democratic Party	1	1	0
African Independent Congress	1	1	0
Patriotic Alliance	1	1	0
United Front Eastern Cape	1	1	0
<b>TOTAL</b>	<b>120</b>	<b>81</b>	<b>39</b>

Source: NMBM, 2020

### **3.1.2 Executive Mayor and Mayoral Committee**

The Executive Mayoral Committee assists the Executive Mayor in taking and ensuring the implementation of Council decisions. The Executive Mayor's role and responsibilities include identifying and prioritising community needs and drafting strategies to deliver on those needs. In addition, he has oversight of the delivery of services by the administrative structure of the City.



**Executive Mayor:**  
**Cllr Nqaba Bhanga**

The Office of the Executive Mayor of the Nelson Mandela Bay Municipality is located on the first floor of the City Hall, Vuyisile Mini Square, Central, Port Elizabeth.

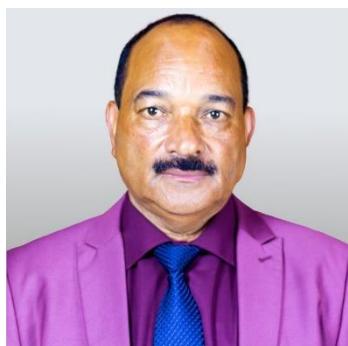
The Executive Mayor assumed the role of Executive Mayor with effect from 28 January 2021.



**Deputy Executive Mayor:**  
**Cllr Thsonono Buyeye**

The Executive Mayor is supported by the Deputy Executive Mayor and a Mayoral Committee, comprising 10 members, each chairing a Portfolio Committee.

#### **MEMBERS OF THE MAYORAL COMMITTEE:**



**Cllr M Figg**  
**MMC: Budget and Treasury**

Budget and Treasury *inter alia* entails Budget and Financial Control; Expenditure Management; Revenue Management; Customer Care; and Supply Chain Management.



**Cllr A Lovemore**  
**MMC: Corporate Services**

Corporate Services *inter alia* entails Human Resources Management Services; Labour Relations; Skills Development and Employment Equity; and Asset Management and Facilities Management.



**Cllr L Namette**  
**MMC: Electricity and Energy**

Electricity and Energy *inter alia* entails Distribution of Electricity Supply and Retail and Commercial Management.

**Cllr S Sijadu**  
**Economic Development, Tourism and Agriculture**

Economic Development, Tourism and Agriculture *inter alia* entails Trade and Investment; Sector Development; the Fresh Produce Market and Urban Agriculture.





**Cllr K Mtsila**  
**MMC: Human Settlements**

Human Settlements *inter alia* entails Land Planning and Management; Housing Delivery; Development and Support; and Social Development, Education and Administration.



**Cllr M Zinto**  
**MMC: Infrastructure and Engineering**

Infrastructure and Engineering *inter alia* entails Water and Sanitation and Design and Implementation.



**Cllr L Grootboom**  
**MMC: Public Health**

Public Health *inter alia* entails Waste Management Services; Occupational Health, Safety and Wellness; HIV/AIDS and TB Multi-sectoral Response; Environmental Health; and Environmental



**Cllr R Kayser**  
**MMC: Roads and Transport**

Roads and Transport *inter alia* entails the Development and Maintenance of Roads; and the Provision of Integrated Public Transport.



**Cllr H van Staaden**  
**MMC: Sport, Recreation, Arts and Culture**

Sport, Recreation, Arts and Culture *inter alia* entails Libraries, Arts and Culture; Museums; Beaches and Resorts; and Sports Development.



**Cllr J Best**  
**MMC: Safety and Security**

Safety and Security *inter alia* entails Fire and Emergency Services; Disaster Management; Security Services; Traffic and Licencing Services; and the Metro Police.

Constituency Services  
*inter alia* entails  
 Stakeholder Management; and Special Sector Development such as youth, women, children, people with disabilities and the elderly.

### 3.1.3 Office of the Chief Whip

The Office of the Chief Whip of Council has existed in the Nelson Mandela Bay Municipality since 2003. Its primary purpose is to maintain discipline amongst Council members.

#### **Chief Whip: Cllr (Vacant)**

The Office of the Chief Whip focuses on the following:

- Building better relations between the various political parties represented in Council.
- Political management of Council meetings.
- Management of Council caucuses.

- Recommending to the Executive Mayor which Councillors should serve on Committees and represent the Municipality on external bodies.
- Addressing and resolving complaints that come directly from communities or through the Municipal Petitions Office.

### **3.1.4 Political Decision Making Process**

Draft resolutions are usually tabled in Council through the following means:

- Executive Mayor's reports to Council
- City Manager's reports to Council
- The Speaker's reports to Council
- MPAC's reports to Council
- Mechanisms outlined in Council's Rules of Order

The Mayoral reports to Council usually contain draft resolutions that have emanated from Mayoral Committee meetings. Mayoral Committee meetings *inter alia* cover reports received from Portfolio Committees and Executive Management Committee meetings.

Council's resolutions are contained in Council minutes, which are compiled by the Secretariat. All resolutions emanate from Council deliberations, which are based upon the reports outlined above. Resolutions of Council are implemented by the Administration and mechanisms exist to monitor the implementation of Council resolutions through the Monitoring and Evaluation Sub-directorate in the Office of the Chief Operating Officer.

All Committees of Council convene as per an adopted Council's Calendar of Meetings for each calendar year.

### **3.2 ADMINISTRATION**

The Administration of the City is currently headed by the Acting City Manager.

The Office of the City Manager of the Nelson Mandela Bay Municipality is located on the first floor, in the City Hall, Central, Port Elizabeth.

The City Manager is appointed by the Municipal Council together with an Executive Management Team to assist in running the administration. The City Manager is *inter alia* responsible for implementing the IDP.

The Executive Management Team comprises 10 Senior Managers, each responsible for a portfolio, which largely matches the corresponding political portfolio.

Currently the following Senior Managers (Section 56 Managers) hold office:

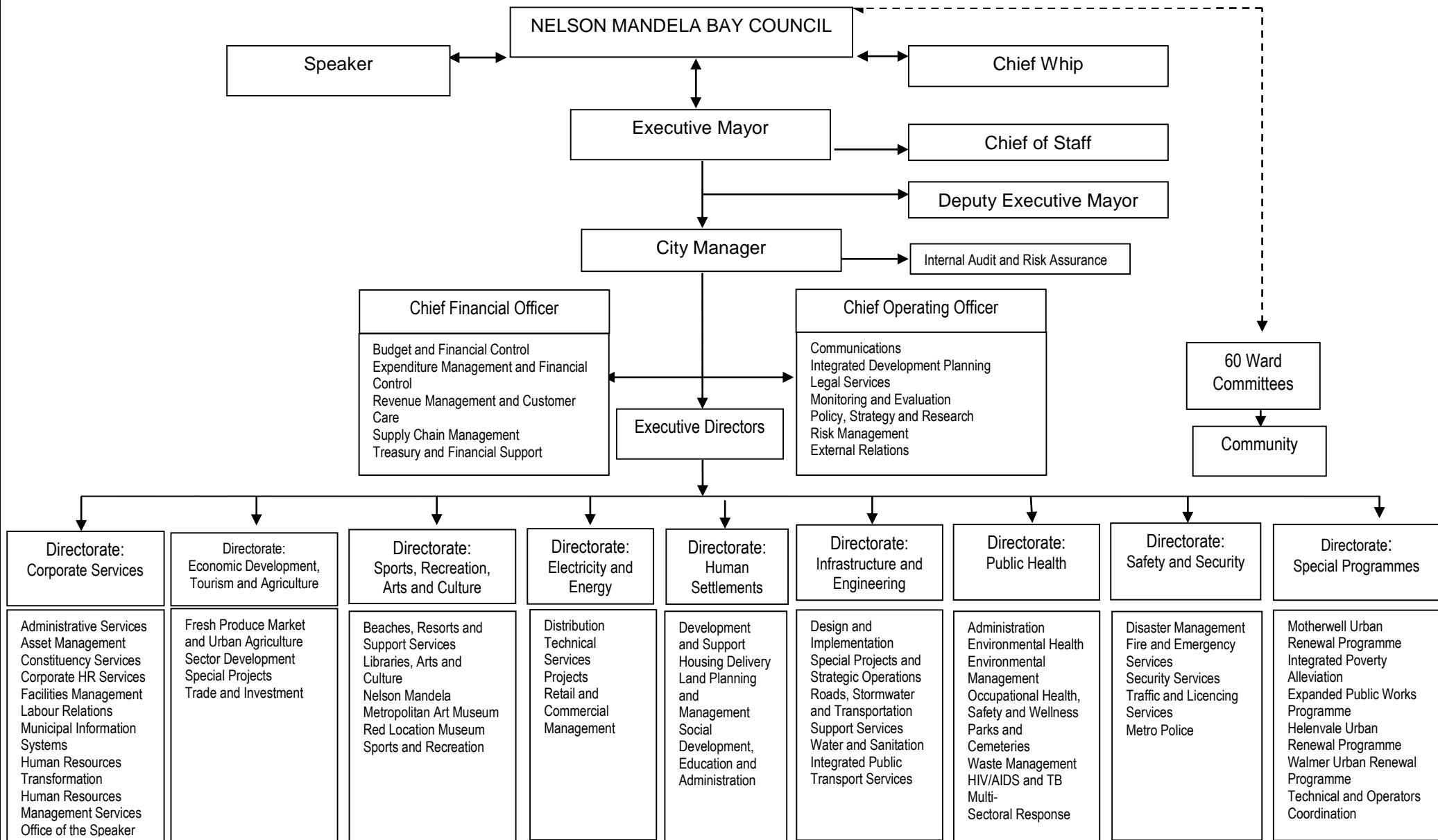
- Chief Operating Officer – Mr Mandla George (Acting City Manager)
- Chief Financial Officer – Mr Selwyn Thys
- Executive Director: Electricity and Energy – Mr Luvuyo Magalela
- Executive Director: Economic Development, Tourism & Agriculture – Mr Anele Qaba (Acting Chief Operating Officer)
- Acting Executive Director: Infrastructure & Engineering – Mr Joseph Tsatsire
- Executive Director: Safety & Security – Advocate Keith Meyer
- Executive Director: Sports, Recreation, Arts and Culture – Ms Noxolo Nqwazi
- Executive Director: Public Health – Mr Sizwe Mvunelwa

Vacancies exist in the following Portfolios which are to be filled in the 2021/22 financial year:

- Executive Director: Human Settlements
- Executive Director: Corporate Services

The organisational structure of the Municipality is presently being reviewed. The current organisational structure is as follows:

### ORGANISATIONAL STRUCTURE OF NELSON MANDELA BAY MUNICIPALITY ('AS IS' STRUCTURE)



### 3.2.1 Total number of funded posts and vacancies

The table below is a summary of total funded posts in the NMBM against those vacant at the end of the 2019/20 financial year. Due to the impact of COVID-19 and severe financial constraints, the posts that will be funded for filling in 2020/21 financial year will have to go through a process of careful prioritisation. It is, however, clear that not all vacant posts that were funded at the end of the 2019/20 financial year will be able to be funded and filled. In addition, other unfunded vacant posts cannot be considered at this stage.

**TABLE 15: Status quo of vacancies in Nelson Mandela Bay Municipality**

Directorate	Filled Posts	Funded Vacant Posts	Total Funded Posts
Office of the Executive Mayor	99	1	100
Office of the City Manager	21	1	22
Chief of Staff	1	0	1
Office of the Chief Operating Officer	84	2	86
Human Settlements	301	25	326
Safety and Security	1626	49	1675
Budget and Treasury	587	24	611
Public Health	971	14	985
Economic Development, Tourism and Agriculture	77	4	81
Infrastructure and Engineering	1281	61	1342
Corporate Services	449	40	489
Sport, Recreation, Arts and Culture	423	22	445
Electricity and Energy	529	11	540
<b>TOTAL</b>	<b>6449</b>	<b>254</b>	<b>6703</b>

Source: NMBM, 2020

### 3.2.2 Policies and By-Laws

A cornerstone of ensuring that the Municipality responds to its legislative mandate in an appropriate manner that is suited to the circumstances of the City, is the suite of policies and by-laws. These policies and by-laws are amended from time-to-time as circumstances change. Policies and by-laws are advertised on the municipal website, however, those policies related to internal operations and do not have a direct implication on the public are not advertised.

**TABLE 16: POLICY REGISTER OF THE NELSON MANDELA BAY MUNICIPALITY**

Policy Title	Reference Number	Adoption Date	Review Due Date	Policy on Website
Anti-Fraud and Anti-Corruption Strategy and related policies	5/20/P	31-03-2011	Under review	No
Arts, Culture, Heritage and Creative Economy Policy	12/2/P	16-05-2018	16-05-2021	No
Asset Management Policy	6/1/2/P	20-07-2009	Under review	No
Assistance to the Poor (Indigent) Policy V2	5/18/5/P	30-05-2016	30-05-2019	Yes
Burial of Destitute Persons Policy	5/21/1/P	11-09-2002	Under review	No
Cash Management and Investment Policy	5/10/P	01-12-2005	Under Review	No
Code of Conduct	4/2/P	26-06-2004	Under review	No
Communications Policy	6/2/2/P	23-05-2017	23-05-2020	No
Councillor Support Policy	3/3/P	25-06-2009	Under review	No
Credit Control Policy	5/15/P	31-03-2011	Under Review	Yes
Disaster Relief Management Policy	19/13/3/P	17-07-2014	Under review	No
Disposal of Immovable Capital Assets Policy and Procedures	6/1/2/8/P	15-09-2016	15-09-2019	Yes
Education, Training and Development (ETD)	4/4/P	23-05-2017	23-05-2020	No
Emerging Enterprise Development Support Programme and Policy	17/8/P	20-06-2018	20-06-2021	Yes
Enterprise Risk Management Policy	2/12/P	19-10-2017	30-11-2020	Yes
EPWP Socio-economic Empowerment Policy and Procedures Manual	17/4/P	27-10-2011	Under review	No
Experiential and Internship	4/4/P	05-08-2003	Due for review	No

<b>Policy Title</b>	<b>Reference Number</b>	<b>Adoption Date</b>	<b>Review Due Date</b>	<b>Policy on Website</b>
Policy				
Financial Management Policies	5/8/P	24-05-2018	Annually	Yes
Guest House Policy	5/3/1/P	19-02-2004	Under Review	Yes
ICT Disaster Recovery Policy	6/2/3/P	23-05-2017	23-05-2020	No
ICT Enterprise Change Management Policy and Procedures	6/2/3/P	23-05-2017	23-05-2020	No
ICT Governance Framework	6/2/3/P	23-05-2017	23-05-2020	No
ICT Policy	6/2/3/P	23-05-2017	23-05-2020	No
Informal Trading Policy	17/18/P	08-11-2017	13-11-2020	No
Information Security Governance Framework	6/2/3/P	23-05-2017	23-05-2020	No
Information Security Management Policy and Procedures	6/2/3/P	23-05-2017	23-05-2020	No
Integrated Environmental Policy	19/2/P	26-07-2012	Under Review	Yes
International Relations Policy	7/1/P	30-11-2017	30-11-2020	No
Investigation of Fraud and Corruption Policy	5/20/P	Unknown	Under review	No
Learnership Programmes Policy	4/4/P	19-03-2010	Under review	No
Libhongolethu Fare Policy and Structure	19/6/P	16-05-2018	25-05-2021	No
Library Services Policy	19/9/P	30-11-2017	30-11-2020	Yes
Liquor Outlet Policy	5/3/1/P	12-2005	Under Review	Yes
Nelson Mandela Bay Museums Policies, Code of Ethics and Rules	19/14/P	04-12-2008	Under review	No
Outdoor Dining Policy	19/11/4/2/P	16-08-18	16/08-23	Yes
Petitions Policy	11/1/5/3/P	11-10-2012	Under review	Yes
Policy and Procedure for Fleet Management	6/2/1/P	06-06-2005	Under Review	No
Policy and Procedures for the Disposal of Movable Assets Not of High Value	6/1/2/P	19-09-2013	Under review	Yes
Policy Development Framework	2/12/P	23-02-2017	23-02-2020	No
Policy Governing Funding to External Organisations (previously Grant-in-Aid Policy)	5/2/1/P	22-05-2014	Under review	Yes
Policy Governing the Long-Term Financial Plan	5/8/P	01-12-2018	01-12-2021	No
Policy on the Establishment and Functioning of Ward	3/1/1/P	23-05-2017	23-05-2020	Yes

<b>Policy Title</b>	<b>Reference Number</b>	<b>Adoption Date</b>	<b>Review Due Date</b>	<b>Policy on Website</b>
Committees				
Property Rates Policy 2018/19	5/3/1/P	30-05-2018	Annually	Yes
Public Participation Policy and Procedures Manual	11/1/5/3/P	07-08-2014	Under review	Yes
Recognition of Prior Learning	4/4/P	23-05-2017	23-05-2020	No
Sexual Harassment Policy	4/10/P	23-05-2017	23-05-2020	No
Smoking Control	4/13/P	Unknown	Under review	No
Sport Policy	19/11/P	01-06-2006	Under Review	No
Street Naming Policy	16/1/5/P	13-05-2004	Under Review	No
Student Accommodation Policy	16/4/1/17/P	16-08-2018	16-08-2021	Yes
Substance Abuse Policy	4/13/P	16-02-2011	Under review	No
Supply Chain Management Policy	9/1/P	29-03-2018	29-03-2021	Yes
Tall Building Policy	16/4/1/17/P	05-12/19	05/12/2023	Yes
Tariff Policy	5/5/P	30-05-2016	Annually	Yes
Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	5/20/P	24-05-2018	24-05-2021	Yes
Ward-Based Grant in Aid Policy	5/7/P	30-11-2017	N/A	No
Whistle-Blowing Policy	5/20/P	24-06-2004	Under review	No

Source: NMBM Chief Operating Office - Policy and Research

**TABLE 17: Municipality's gazetted By-Laws**

<b>BY-LAW</b>	<b>GAZETTE NO.</b>	<b>DATE OF GAZETTE</b>
NMBM: Customer Care and Revenue Management By-law	1087	21 October 2003
NMBM: Liquor Selling Hours By-law	1459	12 December 2005
Disaster Management Act (52/2002): NMBM: Disaster Management By-law	1803	30 November 2007
Constitution of the Republic of South Africa, 1996: NMBM: Fire Safety By-law	1803	30 November 2007
Constitution of the Republic of South Africa, 1996: NMBM: Roads, Traffic and Safety By-law	1803	30 November 2007
Constitution of the Republic of South	1982	26 September 2008

<b>BY-LAW</b>	<b>GAZETTE NO.</b>	<b>DATE OF GAZETTE</b>
Africa, 1996: NMBM: Street Trading By-law		
Local Government: Municipal Property Rates Act (6/2004): NMBM: Property Rates By-law	2085	10 March 2009
Constitution of the Republic of South Africa, 1996: NMBM: Air Pollution Control By-law	2322	24 March 2010
Constitution of the Republic of South Africa, 1996: NMBM: Cemeteries and Crematoria By-law	2322	24 March 2010
Constitution of the Republic of South Africa, 1996: NMBM: Health By-law for the Operation and Management of Initiation Schools	2322	24 March 2010
Constitution of the Republic of South Africa, 1996 : NMBM : Municipal Health By-law	2322	24 March 2010
Constitution of the Republic of South Africa, 1996: NMBM: Noise Control By-law	2322	24 March 2010
Constitution of the Republic of South Africa, 1996: NMBM: Prevention of Public Nuisances and Public Nuisances Arising from the Keeping of Animals By-law	2322	24 March 2010
Constitution of the Republic of South Africa, 1996: NMBM: Public Amenities By-law	2322	24 March 2010
Constitution of the Republic of South Africa, 1996: NMBM: Waste Management By-law	2322	24 March 2010
Constitution of the Republic of South Africa (108/1996): NMBM: Outdoor Signs (Advertising and Other) By-law	2361	14 May 2010
Water Services Act (108/1997): NMBM: Water and Sanitation Services By-law	2361	14 May 2010

# 4

## CHAPTER 4: POLICY AND LEGISLATIVE MANDATES

### 4.1 POLICY AND LEGISLATIVE MANDATES AND ALIGNMENT WITH LONG-TERM PLANNING

The legislative and policy mandates that directly influence the establishment and operations of local government are numerous, encompassing international, national, provincial and regional influences. It is important that there is a direct linkage between the activities at local government level and the broader strategic policy and legislative environment in order that a common vision for the development of South Africa and Nelson Mandela Bay in particular can be achieved.

This chapter demonstrates the linkages between Nelson Mandela Bay Municipality's IDP and the following legislative and policy directives, whilst acknowledging that there are numerous other mandates that are adhered to:

- Sustainable Development Goals (SDGs)
- National Development Plan (NDP) 2030
- Integrated Urban Development Framework 2016
- Eastern Cape Vision 2030 – Provincial Development Plan (PDP)
- Medium-Term Strategic Framework Outcomes

In addition to this, the major legislation affecting IDPs are also outlined. These include:

- Constitution of the Republic of South Africa Act 108 of 1996
- Local Government: Municipal Systems Act 32 of 2000
- Local Government: Municipal Finance Management Act 56 of 2003
- Local Government: Municipal Planning and Performance Management Regulations (2001)

- Local Government: Municipal Structures Amended Act 117 of 1998
- Municipal Property Rates Act 6 of 2004

#### 4.1.1 Policy

##### 4.1.1.1 Sustainable Development Goals

The Sustainable Development Goals (SDGs) are captured in a set of 17 global goals with 169 targets, for achievement by 2030. The goals were adopted in 2015 by the 194 countries of the United Nations' General Assembly, of which South Africa is a member country.

 <b>1 NO POVERTY</b>	<b>No Poverty</b>	 <b>7 AFFORDABLE AND CLEAN ENERGY</b>	<b>Affordable and Clean Energy</b>	 <b>13 CLIMATE ACTION</b>	<b>Climate Action</b>
 <b>2 ZERO HUNGER</b>	<b>Zero Hunger</b>	 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<b>Decent Work and Economic Growth</b>	 <b>14 LIFE BELOW WATER</b>	<b>Life Below Water</b>
 <b>3 GOOD HEALTH AND WELL-BEING</b>	<b>Good Health and Well-being</b>	 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	<b>Industry, Innovation and Infrastructure</b>	 <b>15 LIFE ON LAND</b>	<b>Life On Land</b>
 <b>4 QUALITY EDUCATION</b>	<b>Quality Education</b>	 <b>10 REDUCED INEQUALITIES</b>	<b>Reduced Inequalities</b>	 <b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b>	<b>Peace, Justice and Strong Institutions</b>
 <b>5 GENDER EQUALITY</b>	<b>Gender Equality</b>	 <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>	<b>Sustainable Cities and Communities</b>	 <b>17 PARTNERSHIPS FOR THE GOALS</b>	<b>Partnerships for the Goals</b>
 <b>6 CLEAN WATER AND SANITATION</b>	<b>Clean Water and Sanitation</b>	 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	<b>Responsible Consumption and Production</b>		

This IDP responds in some way to all of the Sustainable Development Goals.

#### **4.1.1.2 National Development Plan 2030**

The National Planning Commission produced the National Development Plan (NDP) of South Africa in 2011. Among its aims are the elimination of poverty and the reduction of inequality by 2030.

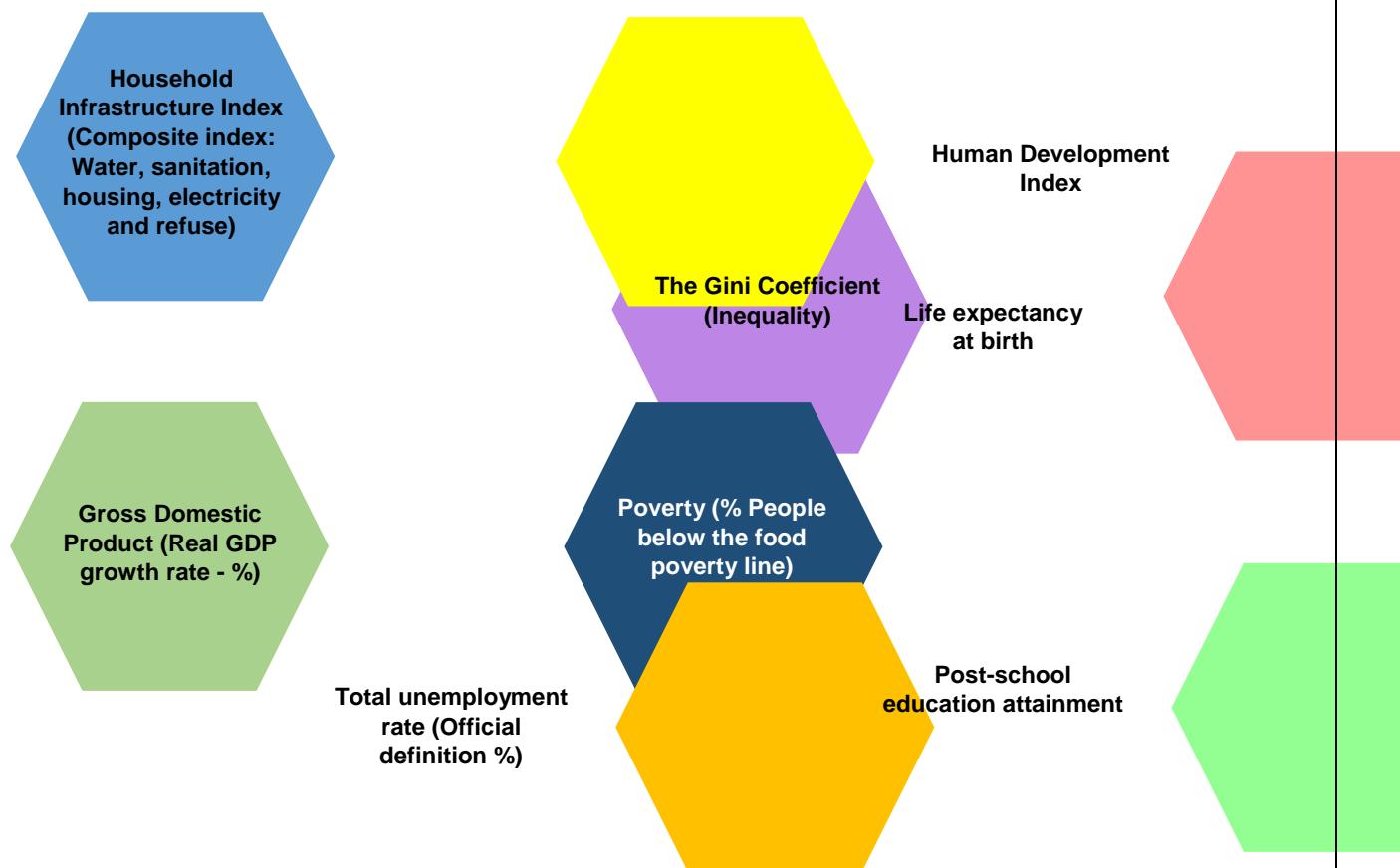
The Plan focuses on a number of thematic areas, which together will transform South African society in combination with capable institutions, a growing economy, increased capacity and leadership, and partnerships.

The thematic areas all have identified objectives and a number of actions that will give rise to the transformation of the status quo. Linkages exist between the thematic areas and the strategic objectives of this IDP. The thematic areas are listed below:

<b>Economy and Employment</b>	<b>Transforming Human Settlements</b>	<b>Building a Capable and Developmental State</b>
<b>Economic Infrastructure</b>	<b>Improving Education, Training and Innovation</b>	<b>Fighting Corruption</b>
<b>Environmental Sustainability and Resilience</b>	<b>Health Care for All</b>	<b>Nation Building and Social Cohesion</b>
<b>Inclusive Rural Economy</b>	<b>Social Protection</b>	
<b>SA in the Region and World</b>	<b>Building Safer Communities</b>	

#### **4.1.1.3 Provincial Development Plan 2030**

In the context of the Provincial Development Plan (PDP), strategic interventions are programmes and projects that are implemented to achieve the targets and objectives set out in the PDP and the Five-year plan. The strategic interventions of the flagship programmes of the PDP are the major programmes that will enable achievement of the goals.

**FIGURE 9: PDP APEX Indicators**

The Department of Provincial Monitoring and Evaluation is responsible for planning the implementation methodology of the Programme. The Programme of Action involves a number of steps including the identification of provisional strategic interventions, appointment of project leads, identification of stakeholders and political commitment and monitoring and review.

#### **4.1.1.4 Integrated Urban Development Framework (IUDF)**

The IUDF responds directly to the vision outlined in the National Development Plan and is a policy framework to guide the future growth and management of urban areas. It is designed to effect spatial transformation through reorganising the urban system in order that cities can become more inclusive, resilient and liveable.

Four overall strategic goals are pursued in the IUDF, namely:

- Spatial Integration – new spatial forms
- Inclusion and access - access to social and economic opportunities
- Growth – inclusive sustainable economic growth and development
- Governance – enhanced state capacity and citizens for collaboration around spatial and social integration.

The above inform the priorities of 9 policy levers, identified as follows:

- (i) Integrated urban planning and management
- (ii) Integrated transport and mobility
- (iii) Integrated sustainable human settlements
- (iv) Integrated urban Infrastructure
- (v) Efficient land governance and management
- (vi) Inclusive economic development
- (vii) Empowered active communities and
- (viii) Efficient urban governance.
- (ix) Sustainable finances

The IUDF can be seen to directly link to the strategic objectives of the IDP.

#### **4.1.1.5 Medium-Term Strategic Framework Outcomes**

The Medium-Term Strategic Framework is an expression of Government's Programme of Action. In terms of the Programme of Action, ten strategic priority areas were identified. In order to achieve the strategic priorities, twelve Key Outcomes with accompanying Outputs and Activities were identified. This has led to the conclusion of ministerial performance agreements related to the strategic priority areas. As a result of this, various structures are in place to coordinate the implementation of the outcomes, review progress and decide on interventions when needed.

A direct linkage can be drawn from the strategic objectives of this IDP and the Medium-Term Strategic Framework outcomes listed below:

<b>1: Improved basic education</b>	<b>5: Skilled and Capable Workforce</b>	<b>9: Responsive, Accountable, Effective and Efficient Local Government</b>
<b>2: Long and Healthy Life for All</b>	<b>6: Efficient, Competitive and Responsive Economic Infrastructure</b>	<b>10: Environmental Assets and Natural Resources Protected and Enhanced</b>
<b>3: All People Are and Feel Safe</b>	<b>7: Vibrant, Equitable and Sustainable Rural Communities with Food Security</b>	<b>11: Better South Africa and Better and Safer Africa and World</b>
<b>4: Decent Employment Through Inclusive Economic Growth</b>	<b>8: Sustainable Human Settlements and Improved Quality of Life</b>	<b>12: Efficient, Effective and Development Orientated Public Service and Empowered, Fair and Inclusive Citizenship</b>

#### **4.1.1.6 District Development Model**

Traditionally all spheres of government have had the criticism of operating in silos. This had led to incoherent planning and implementation of transversal programmes, which has made service delivery sub-optimal and diminished the ability of Government to tackle the challenges of poverty, inequality and unemployment.

The President's Coordinating Council at a meeting in August 2019 therefore adopted the District Development Model, which envisages "a new integrated district based approach to addressing service delivery challenges and localised procurement and job creation, that promotes and supports local businesses, and which involves communities."

The District Development Model has been piloted in three municipalities in South Africa and Nelson Mandela Bay Municipality is one of those that has submitted its City's Profile to CoGTA. In February 2020, the President's Coordinating Council identified that consideration would be given to the further implementation of the District Development Model in South Africa. The Model presents a number of opportunities to ensure coordinated service delivery through all agencies and government spheres, which in turn will lead to efficiencies and better service delivery.

#### **4.1.1.7 Batho Pele Principles**

The White Paper on Transforming Public Service Delivery was produced in 1998. In that document, the Batho Pele (or People First) initiative was outlined. It aimed to make municipal officials who operate in the service delivery environment more service orientated, strive for excellence, and commit to continuous improvement for the benefit of all citizens. It also aimed to hold officials accountable for the level of services that they deliver.

The following eight principles were identified:

- Consultation – Citizens should be consulted on the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.
- Service standards and targets – Citizens should be told what level and quality of public services they will receive so that they know what to expect.
- Access – All citizens should have equal access to the services to which they are entitled.
- Courtesy – Citizens should be treated with courtesy and consideration.
- Information – Citizens should be given full, accurate information about the public services they are entitled to receive.
- Openness and transparency – Citizens should be told how municipalities are run, how much they cost, and who is in charge.
- Best value – Public services should be provided economically and efficiently in order to give citizens the best possible value for money.
- Dealing with complaints – If the promised standards of service are not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy, and when complaints are made, citizens should receive a sympathetic and positive response.

In pursuing the strategic objectives of the IDP, the administration of Nelson Mandela Bay Municipality will strive to implement the above principles.

#### **4.1.2 Legislation**

**The following legislation defines the nature of the IDP:**

##### **4.1.2.1 *Constitution of the Republic of South Africa Act 108 of 1996***

Sections 152 and 153 of the Constitution stipulate that a municipality must give priority to the basic needs of its communities and promote their social and economic development to achieve a democratic, safe and healthy environment.

##### **4.1.2.2 *Local Government: Municipal Systems Act 32 of 2000***

Sections 28 and 34 of this Act stipulate the need for each municipality to develop and adopt an IDP, which should be reviewed annually. In addition, it outlines the IDP process and components.

##### **4.1.2.3 *Local Government: Municipal Finance Management Act 56 of 2003***

Section 21 of this Act makes provision for alignment between the IDP and the municipal budget. The Service Delivery and Budget Implementation Plan is an annual contract between the Municipality's administration, Council and the community, which ensures that the IDP and the Budget are aligned.

##### **4.1.2.4 *Local Government: Municipal Planning and Performance Management Regulations (2001)***

These Regulations make provision for the inclusion in the IDP of the following:

- (i) The institutional framework for the implementation of the IDP;
- (ii) Investment and development initiatives in the Municipality;
- (iii) Key Performance Indicators and other important statistical information;
- (iv) A financial plan; and
- (v) A spatial development framework.

#### **4.1.2.5 *Local Government: Municipal Structures Amended Act 117 of 1998***

This Act provides for the establishment of municipalities and defines the various types and categories of South African municipalities. It also regulates the internal systems, structures and office-bearers of municipalities.

#### **4.1.2.6 *Municipal Property Rates Act 6 of 2004***

The objective of this Act is to regulate the powers of municipalities to levy rates on property. Rates represent a critical source of revenue for municipalities in order to achieve their constitutional development objectives.

# 5

## **CHAPTER 5: OVERSIGHT, REPORTING, MONITORING AND EVALUATION**

This Chapter outlines the important aspects of oversight, reporting, monitoring and evaluation in the institution in order to ensure accountability and delivery of the Integrated Development Plan and its strategic objectives.

The key offices, role-players and structures are discussed below:

- Executive Mayor
- City Manager
- Municipal Public Accounts Committee
- Rules and Ethics Committee
- Office of the Auditor-General
- NMBM Audit Committee
- NMBM Internal Audit and Risk Assurance
- Risk Management Committee
- Performance Management and Monitoring and Evaluation
- Supply Chain Management
- Ward Committees

Whilst this chapter outlines the functional roles and responsibilities of the key structures, it is important to recognise that the community plays a role in the overall oversight of the work of Council. In this regard, communities hold Ward Councillors to account when public meetings are addressed, petitions and protests are another mechanism used, as well as letters from community stakeholders requesting responses in relation to work done by either Councillors or the administration.

## **5.1 EXECUTIVE MAYOR**

The Executive Mayor is required to identify and prioritise the needs of the Municipality. These are to be reflected in the IDP and Budget, which also need to take into account applicable national and provincial plans.

The Executive Mayor is required to evaluate the progress of the performance of the institution in the implementation of the IDP and report back to Council. This is done through the institutional Performance Management process, Monitoring, and Evaluation.

## **5.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**



**MPAC Chair:**  
**Cllr Phumza Faith Tshanga**

The Municipality has a functional Municipal Public Accounts Committee (MPAC) in place in respect of unauthorised, irregular, fruitless, and wasteful expenditure, as delegated by Council. Therefore, MPAC enables Council to fulfil its obligation to ensure that the spending of Council funds is done economically, efficiently and effectively.

Currently MPAC comprises the following members:

- African National Congress (ANC) – 5 members
- Democratic Alliance (DA) – 5 members and 1 vacancy
- Economic Freedom Fighters (EFF) – 2 members (one of them is occupying the Chairperson position)
- African Christian Democratic Party (ACDP) – 1 member
- United Democratic Movement (UDM) – 1 member

### **5.3 RULES AND ETHICS COMMITTEE**

A Rules and Ethics Committee was established to monitor and review the Rules of Order of Council.

The objectives of this Committee include the following:

- Inculcating a respect for the rule of law in the institution.
- Upholding Council's Rules of Order, thereby promoting stability in Council.
- Putting the people first (Batho Pele principles).
- Ensuring open and constructive debate.
- Respecting divergent views.
- Enhancing the effective management of Council and Standing Committee meetings.
- Fostering a sense of collective responsibility among Councillors in advancing service delivery and deepening democracy.

#### **5.4 CITY MANAGER**

The City Manager must provide operational guidance on the annual revision, preparation and timeous approval of the IDP, the annual Budget and the SDBIP and ensure strategic alignment between them and report to Council.

The City Manager has delegated the development of the institution's Performance Management System to the Chief Operating Officer; and the cascading of performance management in respect of non-Section 56 employees to the Executive Director: Corporate Services.

#### **5.5 OFFICE OF THE AUDITOR-GENERAL**

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, serves to strengthen South Africa's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. The Auditor-General also audits the planning processes and performance information of the Municipality and its municipal entity (MBDA).

An Audit Action Plan to deal with AG findings is developed by the NMBM Internal Audit Division and approved by EXCO, under the leadership of the City Manager. The monitoring of the implementation of the Audit Action Plan is done by the Office of the City Manager.

#### **5.6 AUDIT COMMITTEE**

Council as an independent advisory body appoints the Audit Committee. The Audit Committee advises the Council, political office-bearers, the Accounting Officer and the Executive Management Team on matters such as the following:

- Internal financial control and internal audits.
- Risk management.
- Accounting policies.
- Adequacy, reliability and accuracy of financial reporting and information.
- Performance management.
- Effective governance.
- Compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation.
- Performance evaluation.
- Any other issues referred to it by the Municipality or its municipal entity.

Furthermore, the Audit Committee reviews the annual financial statements in order to provide an authoritative and credible view of the Municipality's financial position, its efficiency and effectiveness, as well as its overall level of legislative compliance. This Committee is further tasked with the responsibility of monitoring the performance of the Municipality in a number of areas related to the delivery of services to the residents of the Metro.

The NMBM received a qualified audit report for the 2018/19 financial year. The qualification was based on following:

- The municipality has a lack of adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by Section 125 (2)(d)(i) of the MFMA.
- The municipality did not recognise all outstanding accruals meeting the definition of a liability in accordance with GRAP 1.
- The municipality did not have proper systems in place to identify and record all irregular expenditure incurred in prior years.
- The municipality did not appropriately account for and disclose property, plant and equipment in accordance with GRAP 17 and furthermore did not adequately disclose work-in-progress in accordance with GRAP 17.

- The municipality capitalised an application system that was still under development contrary to GRAP 31. The municipality did not adequately assess whether there were any indications that its expectations on the useful lives of intangible assets had changed, as required by this standard.
- The municipality did not maintain adequate records to determine ownership for its investment properties.
- The municipality did not have adequate internal controls to maintain records for service charges.
- The municipality was unable to provide sufficient appropriate audit evidence that the municipality correctly calculated unauthorised expenditure in the current year.

The basis for the three previous audit qualifications are reflected below:

**2017/18:**

- Property, Plant and Equipment
- Intangible Assets
- SCM Irregular Expenditure and
- Exchange Revenue - Service Charges (specifically relating to ATTP and Electricity Meters).

**2016/2017:**

- Property, Plant and Equipment
- SCM Irregular Expenditure
- Retention Creditors

**2015/2016:**

- SCM Irregular Expenditure

## **5.7 INTERNAL AUDIT AND RISK ASSURANCE**

In terms of Section 165 of the MFMA, the Accounting Officer must establish effective systems of internal control to provide reasonable assurance that the Municipality's financial and non-financial objectives are achieved. Towards the execution of this responsibility and also, to promote ethics, good governance and integrity in the institution, the Internal Audit and Risk Assurance Sub-Directorate was established.

The Forensic Audit Services Section complements the broader justice system and forms part of the Internal Audit Sub-directorate of the Municipality. The forensics component derives its mandate from the NMBM Internal Audit Charter, the MFMA, and the Prevention and Combatting of Corrupt Activities Act. An Ethics Hotline is in place and the Internal Audit Sub-Directorate investigates all matters reported.

## **5.8 RISK MANAGEMENT COMMITTEE**

The preamble of the Risk Management Committee is taken directly from the legal statute of the Local Government: Municipal Finance Management Act 56 of 2003: Section 62 of the Act requires Accounting Officers to ensure that their institutions have and maintain effective, efficient and transparent systems of financial, risk management and internal control.

The Public Sector Risk Management Framework (Chapter 13 - Risk Management Committee Responsibilities) places an unambiguous duty on the Risk Management Committee through its Chairperson to annually and periodically:

- Review the institution's risk identification and assessment methodologies, after satisfying itself of their effectiveness in timeously and accurately identifying and assessing the Institution's risks;
- Evaluate the extent and effectiveness of integration of risk management within the Institution;

- Assess the implementation of the Risk Management Policy and Strategy (including plan);
- Evaluate the effectiveness of the mitigating strategies implemented to address the material risks of the Institution;
- Review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations;
- Develop its own key performance indicators for approval by the Accounting Officer / Authority;
- Interact with the Audit Committee to share information relating to the material risks of the Institution; and
- Provide timely and useful reports to the Accounting Officer / Authority on the state of risk management, together with accompanying recommendations to address any deficiencies identified by the Committee.

The following are the strategic risks identified in the Municipality and classification by risk type:

RISKS	CLASSIFICATION
• Financial Instability / Sustainability due to declining revenue streams	Financial Risk
• Shortage of water supply due to current drought combined with high consumption by residents due to COVID 19 hygiene requirements	External Risk
• Inability to spend 2019/20 service delivery Grant capital budget due to COVID 19 Lockdown	Financial Risk
• Health and safety of employees may be compromised by contaminated Municipal buildings	Occupational Health and Safety Risk
• Negative psycho-social impact of COVID19 on all employees	Occupational Health and Safety Risk
• Poor IT systems and/or poor corporate applications or digitized workflows to support continuous service delivery	IT Risk
• Possible reduction in manpower due to high-risk (above 59 and co-morbid conditions) staff being unable to operate under COVID19 regulation	Human Resources Risk
• Insufficient funding for Internally funded projects due to low collection rate at Budget and Treasury due to COVID 19 Lockdown	Financial Risk
• Insufficient capacity and capability of the Metro to respond to COVID19 national disaster	Occupational Health and Safety Risk
• Inputs into the IDP and budget is affected due to	Governance Risk

RISKS	CLASSIFICATION
Poor levels of public participation and Lack of inputs by other spheres of government and other state entities during the IDP and Budget process	
<ul style="list-style-type: none"> <li>• Non-conducive labour relations environment due to lack or poor communication with staff members on COVID-19</li> </ul>	Human Resources Risk
<ul style="list-style-type: none"> <li>• Compromised governance, compliance and control environment due to: <ul style="list-style-type: none"> <li>◦ Non-compliance with legislated outputs on performance management, performance reporting</li> <li>◦ Non-sitting of Meetings of Council and its committees</li> </ul> </li> </ul>	Governance Risk
<ul style="list-style-type: none"> <li>• Inability to implement the Turnaround Plan</li> <li>• Non-compliance with contractual obligations</li> </ul>	Strategic Risk
<ul style="list-style-type: none"> <li>• Increased exposure of NMBM Infrastructure to vandalism, theft and destruction</li> </ul>	Legal Risk
<ul style="list-style-type: none"> <li>• Possible Electricity outages due to: Delays in implementation of capital projects such as maintenance and or refurbishment of substations</li> </ul>	Infrastructure Risk
<ul style="list-style-type: none"> <li>• Increase in the prevalence of electricity theft among NMBM customers due to the declining socio-economic conditions in the Metro</li> </ul>	Infrastructure Risk
<ul style="list-style-type: none"> <li>• Difficult to attract and retain investment - Decline in foreign investors and firms disinvesting.</li> </ul>	External Risk
<ul style="list-style-type: none"> <li>• Decline of domestic and foreign tourist visiting the City, which result to negative impact in NMB Tourism Economy.</li> </ul>	External Risk
<ul style="list-style-type: none"> <li>• Inability to receive and assess land use applications</li> </ul>	Operational Risk
<ul style="list-style-type: none"> <li>• Negative impact / of socio-political influences on the ability to de-densify hot spot areas</li> </ul>	External Risk
<ul style="list-style-type: none"> <li>• Pressure brought about by COVID19 to de-densify hotspot areas. This inter-alia resulted in delays in the acquisition of land</li> </ul>	External Risk

## **5.9 PERFORMANCE MANAGEMENT AND MONITORING AND EVALUATION**

### **5.9.1 Performance Management**

The municipal performance management function describes, measures and reports on how the Municipality's processes relating to the implementation of the IDP will be conducted, organised and managed. Performance management therefore holds the key to the successful implementation of the IDP.

Integrated development planning enables the achievement of the planning stage of performance management. The Service Delivery and Budget Implementation Plan (SDBIP), the Performance Information System, performance agreements and plans underpin effective performance management.

The following table is useful in understanding important performance management concepts:

**TABLE 18: PERFORMANCE MANAGEMENT**

<b>Concept</b>	<b>Definition</b>
Performance Management	A strategic approach through which performance objectives of the Municipality are identified, defined, translated into business plans and cascaded into individual scorecards. This allows for regular planning, monitoring, evaluating, reviewing and reporting of performance at both organisational and individual levels and permits responses to both inadequate performance and outstanding / excellent performance.
Performance Management System (PMS)	The Municipality's Performance Management System entails a framework that describes and represents how its cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the responsibilities of the different roleplayers.

<b>Concept</b>	<b>Definition</b>
	The Nelson Mandela Bay Municipality uses the Balanced Scorecard method, which takes into account financial, internal business, customer and learning and growth perspectives.
Key Performance Areas (KPAs)	Critical function / domain that is crucial to the achievement of organisational goals.
Objective	Statement about the ultimate and long-term outcomes the organisation wishes to achieve.
Key Performance Indicators (KPIs)	Measures (qualitative and quantitative) that indicate whether progress is being made towards achieving set objectives.
Input indicators	An indicator that measures equipment, resources, economy and efficiency, for example: <ul style="list-style-type: none"> <li>. Budget projection</li> <li>. % capital budget spent to provide water.</li> <li>. Unit costs for delivering water to a single household</li> <li>. Amount of time / money/number of people it took the Municipality to deliver water to a single ward.</li> </ul>
Output indicators	Indicators that measure results, usually expressed in quantitative terms (i.e. number / %), e.g. Number of households connected.
Outcome indicators	Indicators that measure the impact of reaching the target, e.g. Percentage of households with access to water.
Impact indicators	Indicators that measure the marked effect or influence of achieving specific outcomes.
Key Performance Elements (KPEs)	Focus areas linked to the identified Key Performance Areas.
Baseline indicators	These provide quantitative and / or qualitative levels of performance as at the beginning of the monitoring period in respect of which the institution aims to improve.
Performance targets	Quantifiable levels of the indicators that the organisation wants to achieve at a given point in time.

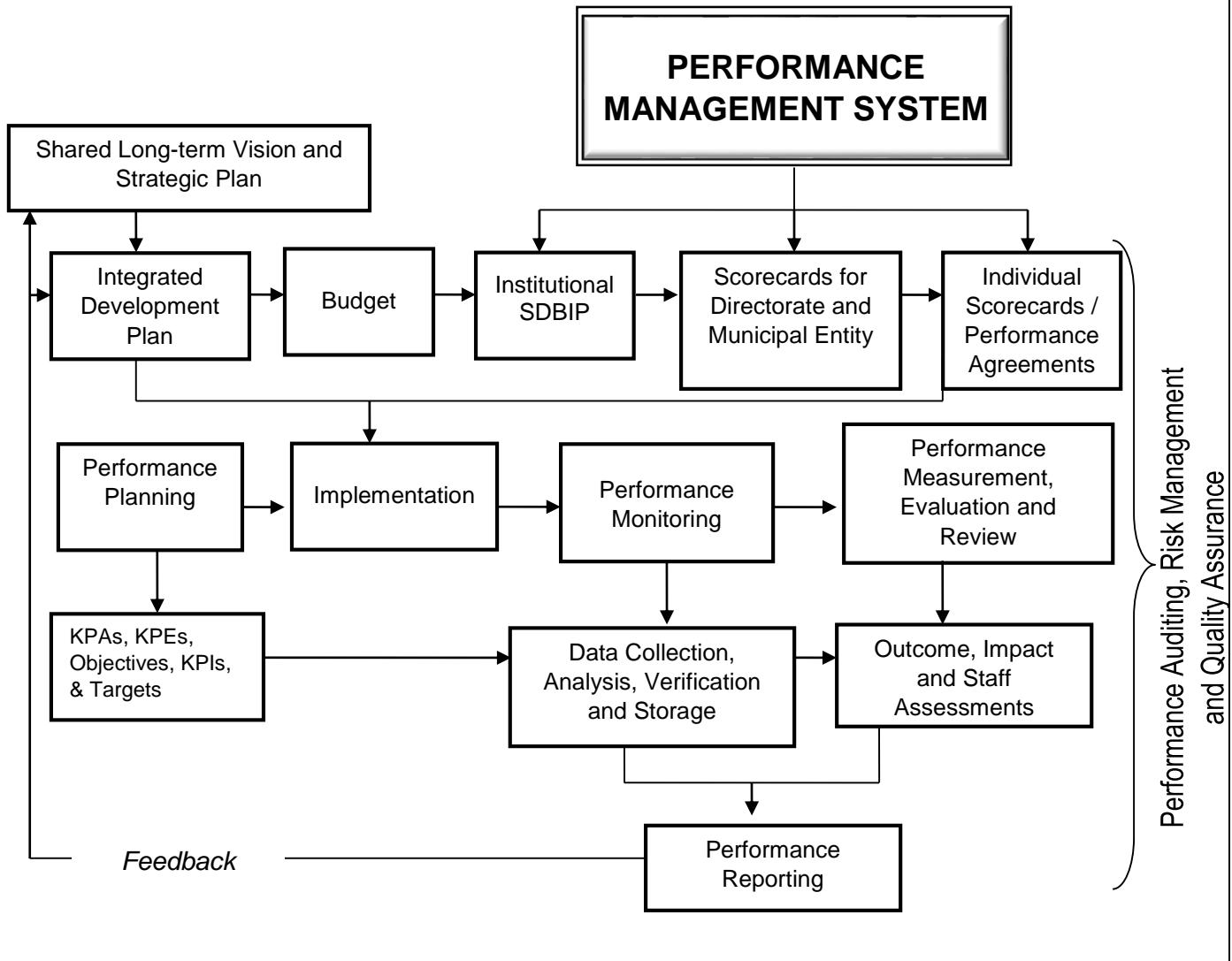
<b>Concept</b>	<b>Definition</b>
Performance plan	Plan of agreed Key Performance Areas, Objectives, Key Performance Indicators and Targets covering a specific financial year.
Institutional performance review cycle	12 months' period (continuous), that constitutes the financial year of the Municipality: 1 July to 30 June of the following year.
Review	A comprehensive assessment of the economy, efficiency, effectiveness and impact as far as the key performance indicators and performance targets set by the Municipality are concerned.

Performance management seeks to achieve the following:

- Ensuring accountability, oversight and legal compliance.
- Creating and entrenching a culture of performance amongst employees.

The Integrated Performance Management System used in the Nelson Mandela Bay Municipality is reflected in the diagram below.

**FIGURE 10: Integrated Performance Management System**



### **5.9.2 Monitoring and Evaluation**

The Nelson Mandela Bay Municipality's Monitoring and Evaluation Framework seeks to provide a consistent approach to the monitoring and evaluation of the programmes and projects in the NMBM's IDP so that, sufficient data and information is captured to review progress and impact of the IDP implementation.

The Municipality's Monitoring and Evaluation system is designed to determine whether the Municipality's medium-term objectives and priorities as outlined in its IDP are implemented effectively. The organisational objectives and priorities are translated into a Service Delivery and Budget Implementation Plan. The predetermined key performance indicators in the SDBIP are monitored quarterly and periodically evaluated against IDP objectives.

The implementation of the Municipality's Long-Term Growth and Development Plan (LGDP), Integrated Development Plan (IDP), Built Environment Performance Plan (BEPP) and Service Delivery and Budget Implementation Plan (SDBIP) are monitored and evaluated against the Municipality's strategic objectives. The municipal planning process is phased into long-term, medium-term and short-term (annual) objectives.

To this end, the impact of the implementation of the short-term plan (SDBIP) will be measured against the medium term plan (IDP) on annual basis. Every five years, the impact of an IDP on the achievement of the objectives of the Long-Term Growth and Development Plan will be evaluated. The spatial impact in terms of the IDP programmes and projects will be evaluated through the BEPP. The annual review of the IDP will take into consideration the monitoring and evaluation report on SDBIP implementation.

## **5.10 SUPPLY CHAIN MANAGEMENT**

The Municipality has an approved Supply Chain Management Policy, which is required to be reviewed on an annual basis. The policy *inter alia* provides for a committee system to achieve and ensure competitive procurement. The Committees established in compliance with the National Standards for Bid Committees, are as follows:

- The Bid Specification Committee
- The Bid Evaluation Committee
- The Bid Adjudication Committee

An Integrated Contracts Management System (ICMAS) tracks the award of tenders from the time of approval of the specifications to the time of final award.

In order to promote oversight responsibility of Council as required in terms of the Supply Chain Management Regulations 27636 (dated 30 May 2005) and the municipality's SCM Policy, Budget and Treasury Directorate submits reports on a quarterly basis to the Budget and Treasury Standing Committee on the implementation of Supply Chain. It is through these reports that the Committee will engage and request further clarity or additional reports. Similar reports are submitted to structures such as the Audit Committee (AC) and Municipal Public Accounts Committee (MPAC).

## **5.11 WARD COMMITTEES**

All sixty Wards in the NMBM have functional Ward Committees. The main function of a Ward Committee is to act as the formal communication channel between Council and the community. The Ward Committees therefore provide the channel through which communities can most effectively lodge their complaints and concerns. In the NMBM, Ward Committees were inaugurated on 21 June 2017. A number of training and capacitation programmes have been undertaken including programmes on the IDP and Budget related processes.

The roles and responsibilities of Ward Committees include the following:

- Create formal, unbiased communication channels and cooperative partnerships between the Municipality and the community within each ward.
- Promote harmonious relationships between residents of the ward, the Ward Councillor and the Municipality.
- Facilitate participation in IDP processes.
- Act as a reference group / advisory body on Council policies and issues that affect the communities in the ward.
- Serve as an agent for mobilising community action.
- Act as a conduit for community complaints and feedback on Council responses.
- Make recommendations on any matters that may affect the ward or Council.

## **CHAPTER 6: METHODOLOGY AND STAKEHOLDER ENGAGEMENTS**

This chapter deals with the priorities that have been raised at public meetings and other consultation methods in the review of the IDP and Budget. In addition, it identifies inputs, programmes and projects by other stakeholders within Nelson Mandela Bay. The Special Sectors including women, youth, people with disabilities and others are also highlighted in this chapter. Decisions to prioritise projects or programmes are based on the prioritisation of the available budget and conditional funding received from other spheres of government.

The IDP Strategy aims to ensure that the people of Nelson Mandela Bay are at the centre of planning and development in the City. The IDP recognises that the Administration and its systems need to be effective in order to achieve optimal service delivery and grow the economy.

Chapter Seven (7) of the Constitution of the Republic of South Africa, Act 108 of 1996, Chapter Four (4) and Five (5) of Local Government Municipal Systems Act, 32 of 2000 and Chapter Four (4) of the Municipal Finance Management Act Number 56 of 2003 compel municipalities to engage communities through public participation programmes. This is not only for compliance purposes, but also as serious engagement with communities so that they have a voice in the manner in which municipal plans and programmes are implemented. By communities registering their issues and priorities, the Municipality can take these into consideration in the allocation of budgets and thereby contribute towards the development agenda of Local Government.

The Long-Term Growth and Development Plan provides a framework for three successive five-year Integrated Development Plans until 2032. The three IDPs are intended to focus on three phases namely consolidation, stabilisation and growth towards a comprehensive turnaround of the Municipality.

The Council approved a Multi-Year Strategic Planning Time Schedule for the IDP, BEPP and Budget on 28 August of 2018 and subsequently confirmed it in 2019/2020. The Strategic Planning Steering Committee chaired by the Deputy Executive Mayor and comprises members of the Mayoral Committee and Executive Management Committee, approved the public participation programme for the start of the review processes for the 2020/21 IDP and Budget. The first comprehensive round of public meetings for the 2020/21 IDP and Budget took place from 30 September to 16 October 2019.

## **6.1 STAKEHOLDERS**

Since the declaration of the National Lockdown in March 2020, the ordinary IDP and Budget participation processes with the stakeholders and public have been amended to conform to the constraints of COVID-19.

The Municipality's new approach includes the following:

- The use of an IDP APP for contributions and comments from the public and organisations.
- The use of radio for politicians to inform communities regarding the IDP.
- The use of social media platforms as well as a WhatsApp number to receive contributions and comments and for responses from the Municipality.
- The use of the Interactive Voice Response (IVR) account holder database for communication on the IDP via SMS and email.
- Press releases.
- Loud hailing.
- Explanatory video clips on IDP processes posted on social media platforms.
- Municipal Website.

There are six participation Clusters in the Metro with different levels of development. They are as follows:

- Molly Blackburn (Suburbs including Walmer Township and Kuyga)
- Lilian Diedericks (Northern Areas)
- Champion Galela (Zwide Area including Soweto on Sea)
- Govan Mbeki (New Brighton and KwaZakhele Areas)
- Alex Matikinca (Motherwell and Wells Estate Areas)
- Zola Nqini (Uitenhage and Despatch Area)

The annual IDP and Budget processes aim to empower the clusters in order to fully realise their potential to create meaningful input into the IDP and Budget. This process is incremental and requires partnerships with all relevant stakeholders. In addition, the service delivery that is possible in each cluster will vary from time-to-time according to available budget and readiness for plans. It can therefore not be expected that in any given period, expenditure in each cluster will be equal.

The following organisations are consulted as stakeholders in the IDP and Budget processes of the Municipality:

- Communities of Nelson Mandela Bay
- IDP Representative Forum
- Economic Sector Leaders
- Organised stakeholder groupings, e.g. NMB Business Chamber, NAFCOC, NGOs, civic groupings, unions and ratepayers' associations
- Tertiary institutions including Nelson Mandela University
- Government sector departments (Provincial and National)
- State-owned enterprises
- Special sectors (youth, women, elderly people, traditional leaders, children and people with disabilities)
- Creative arts and heritage organisations
- Municipal Councillors
- Municipal Directors

- Ward Committees
- Community Development Workers (CDWs)

Other avenues explored to obtain inputs from communities are the two surveys undertaken by the municipality, namely a household satisfaction survey (2017/2018) where 9 932 (5%) households participated and a business satisfaction and interest survey (2019/2020) where 403 businesses within the formal economy participated.

## **6.2 SPECIAL SECTORS**

The Municipality mainstreams special sectors including children, people with disabilities, the elderly, women and youth through the Special Programmes Unit within Constituency Services.

Special Sectors were consulted as part of the IDP consultation sessions held in October 2019 where contributions of the needs of the special sectors were made. A Sign Language Interpreter was available at some of the meetings and documents made available in Braille.

Issues raised by the special sectors include facilities and opportunities specifically for those with special needs. People with disabilities require equal access to public facilities including transport.

In an effort to ensure integration and synergy of special needs groups, all Directorates are required to consider special sectors development in their planning, budgeting and implementation. The Special Programmes Unit of the Municipality focuses on mainstreaming special needs considerations in municipal work.

## **6.3 WARD PRIORITIES**

During the public participation sessions held with Ward Committees and Communities, processes are undertaken to determine the priorities within wards. From the processes undertaken for this IDP, the following priorities per Ward have emerged:

**TABLE 19: Priorities with highest frequency in Wards during IDP / Budget Review Processes for the 2020/2021 IDP**

PRIORITIES RAISED	WARDS
1. Housing delivery	11, 12, 13, 15, 16, 18, 19, 21, 24, 27, 29, 30, 34, 36, 41, 53, 54, 55, 57 & 60
2. Rectification of houses	10, 15, 18, 21, 24, 26, 27, 28, 30, 34, 35, 36, 41, 43, 53, 54, 55, 57 & 60
3. Rectification of pre-1994 houses	10, 15, 18, 21, 24, 25, 26, 27, 28, 30, 34, 35, 36, 45, 46, 47, 53, 54, 55 & 60
4. Tarring of roads and construction of speed humps	11, 12, 13, 14, 15, 18, 24, 29, 34, 35, 36, 42, 45, 53 & 55
5. Attend to Illegal dumping	12, 15, 18, 19, 20, 21, 22, 23, 24, 26, 28, 30, 34, 35, 36, 43, 44, 45, 46, 47, 49, 57, 50, & 53
6. Upgrade and maintenance of sewerage system	10, 12, 13, 15, 16, 18, 20, 21, 22, 24, 26, 27, 28, 29, 30, 36, 41, 44, 45, 47, 49, 53, 54, 55, 56, 57 & 60
7. Visibility of Metro Police and SAPS due to high crime rate	10, 12, 13, 14, 15, 17, 18, 20, 23, 24, 27, 29, 34, 35, 41, 43, 52, 53, 54, 57, 58 & 60
8. Provision of street lights and high mast lighting	9, 10, 11, 13, 14, 15, 18, 21, 22, 24, 27, 28, 29, 30, 34, 35, 36, 45, 47, 54, 55, 57 & 58
9. Construction of sport fields and upgrading / maintenance	11, 13, 14, 15, 18, 20, 21, 22, 23, 24, 28, 29, 34, 36, 41, 45, 52, 53, 55, 57, 58, 59 & 60
10. Skills development	13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 24, 27, 28, 34, 36, 41, 42, 43, 44, 47, 52 & 60

Source: NMBM, 2020

An integrated approach is therefore required in addressing issues raised by the communities during these public meetings. Issues raised that do not fall within the mandate of Local Government are elevated to the relevant departments for their attention. It is critical for the NMBM to establish, enhance and strengthen Intergovernmental Relations platforms to ensure greater cooperation between the three spheres of government for development within Nelson Mandela Bay.

## **6.4 SPECIFIC INPUT FROM STAKEHOLDERS**

This Chapter reflects the input received from Government Departments and State Owned Enterprises.

In line with Intergovernmental Relations and Cooperation between various spheres of government, a number of Government Departments and State Owned Enterprises submitted their inputs for inclusion in the 2020/21 IDP as a result of consultation and participation sessions.

### **6.4.1 Transnet**

Transnet is an important stakeholder and development partner to Nelson Mandela Bay Municipality. Through the Strategic Interface Forum (SIF) and its Sub-Committee, the Strategic Development Committee, the Municipality has formed a formal working relationship with all State Owned Enterprises (SOE'S) in the City. Transnet is responsible for a number of large projects in Nelson Mandela Bay that could positively change the development trajectory of the City once they are implemented. These projects include the Nelson Mandela Bay Steam Train (Apple Express), the Port of Port Elizabeth Waterfront development and the relocation of the Oil Tank Farm and Manganese Exports Facility.

#### **6.4.1.1 Nelson Mandela Bay Steam Train**

The Municipality in partnership with Transnet embarked on a process to re-establish and operate the Nelson Mandela Bay Steam Train formerly known as the Apple Express. The implementation of the project has focussed on phase one which was from the harbour to Kings Beach during December 2017 and January 2018.

A pilot run of the 2017 tourism route was done in March 2020 after certain rehabilitation of the line took place. It is anticipated this will run regularly in the near future. There are continuous engagements between Transnet and the Municipality on how to take the project forward sustainably.

#### **6.4.1.2 The Port of Port Elizabeth Waterfront Development**

The Port Elizabeth Waterfront has been conceptualised around transforming the Port of Port Elizabeth into a "people-centric port". The project has the ability to be a catalyst for economic growth and inner-city rejuvenation. The project will promote social inclusivity, alleviate poverty and facilitate economic transformation. It will facilitate sustainable economic growth by providing possibilities for new business and the expansion of existing businesses.

The proposed development will cater for tourism, sport, leisure and recreation facilities. It is intended that it will incorporate a maritime museum, facilitate cruise liner tourism, light boat/yacht building and repair facilities, bunkering facilities for small operations, maritime education training as well as retail, residential and office space.

The proposed Waterfront is uniquely positioned to become part of the "heart" of Nelson Mandela Bay together with the Baakens Valley Development.

It is envisaged that the full development could be undertaken in a period of 10 years; however, this will be highly dependent on demand. The project is planned to be rolled out through a development contract with a single developer to be sought through an open tender process. In addition, Transnet is considering equity partnership in the project to ensure that throughout its lifecycle, the economic interests of the City are considered.

In the interim, Transnet has begun a process of developing non-port related activities which forms an integral part of the Waterfront Project. The Municipality is interacting with Transnet to ensure a common development vision for the entire area and a synergy between related projects.

A constructive partnership needs to be formed for the planning and implementation of the programmes for this area and processes are under way to ensure that this happens.

#### **6.4.1.3 Oil Tank Farm and Manganese Exports Facility**

The Port of Port Elizabeth liquid bulk facility (tank farm) was constructed in 1938 and extended in 1954. It has reached the end of its design life and there is no capacity within the boundaries to expand the facility. In addition, the facility is seen as undesirably close to the City centre and there has been mounting pressure to remove the facility and locate a similar facility elsewhere.

The construction of the new facility at Ngqura begun in April 2019. This includes the construction of the Entrance Plaza and Firefighting System. The storage tank platform has been completed and work will now proceed on the construction of the storage tanks and pipelines.

The new Ngqura Bulk Manganese Export Terminal is being established in Zone 9 in the Special Economic Zone (SEZ) on land made available by the Coega Development Corporation (CDC) to Transnet. It will have a target capacity to export 16 Million Tonnes Per Annum (Mtpa) of manganese. The existing Port Elizabeth Manganese Terminal facilities have a capacity of 4.9Mtpa (with an operating license of 6Mtpa) but cannot meet the increased global demand for this commodity.

The completion of Phase 1 of the project is scheduled for 2024. This includes the moving of the current facility in the Port of Port Elizabeth to the newly constructed facility at Ngqura. Infrastructure planning is complete and the necessary environmental authorisations are in place.

The Municipality has called upon Transnet to fast-track the relocation process from the centre of Port Elizabeth. The City recognises the economic importance of both these bulk storage facilities, however, the land use can be optimised by establishing alternative facilities which could include the waterfront development, maritime commercial, and other mixed uses.

All Transnet construction sites were closed due to COVID-19 lockdown and this will have an estimated 4 to 5 month delay of each project. The contractors are currently in the process of submitting risk assessments to re-activate construction activities. Construction is scheduled to resume at the beginning of 2020/21 financial year. There has also been a delay in advertising construction Tenders.

Transnet is implementing COVID-19 safety regulations in their operations. During the lockdown period, sea ports in South Africa were not totally closed and commercial cargo operations continued. As production slowed down during the lockdown, exports and imports dropped considerably. All sea cruises undertaken by cruise liner vessels into and out of any sea port within South Africa have been terminated until further notice.

#### **6.4.2 Airports Company South Africa (ACSA)**

ACSA has the following key strategic objectives in Nelson Mandela Bay:

- Cooperation between the Municipality around development planning and Airport master plan and precinct planning to ensure alignment.
- Manage and align developments to ensure maximum economic and social beneficiation for the region.
- Collaboration and agreement on land-use planning to ensure airport impacts on surrounding communities are managed.
- Leverage the Airport as an economic and connectivity node – Airlift Project.
- Positioning Nelson Mandela Bay as an important Airport City in order to leverage economic growth.

The following projects have been tabled by ACSA for the 2020/21 financial year. It is anticipated that due to COVID-19, the implementation of these projects could be delayed.

**TABLE 20: ACSA 2020/21 Projects**

No	Project Name	Overall Budget Provision	Ward	Impact
1	Terminal refurbishment (CSP)	R16 million	4	Improved access and operations at the airport; localised job creation to implement the project.
2	Car Rental Upgrade	R47,5 million	4	Increase capacity: localised job creation to implement the project.
3	Airport Ambience Project	R500 000	4	Sense of place created and upgraded to improve passenger experience.
4	Storm Water Phase 2	R100.8 million	4	Increasing capacity; localised job creation to implement the project.
5	Parking Office	R5.5 million	2	Increasing capacity and airport user flows; localised job creation to implement the project.

COVID-19 has impacted the business of ACSA countrywide because of the termination of commercial flights during the National Lockdown period. This could impact on budgets available for the 2020/21 financial year.

#### **6.4.3 Passenger Rail Association of South Africa (PRASA)**

Investment by PRASA in Nelson Mandela Bay for the MTEF period will be distributed over a number of PRASA run projects as follows:

**TABLE 21: PRASA Planned Projects until 2023**

Project Name	Estimated Total Cost	2020/2021	2021/2022	2022/2023
Port Elizabeth Station Improvement	R53 000 000	R7 000 000	R34 200 000	R11 800 000
New Brighton Station Improvement	R15 000 000	R2 000 000	R13 000 000	
<b>Total</b>	<b>R68 000 000</b>	<b>R9 000 000</b>	<b>R47 200 000</b>	<b>R11 800 000</b>

Source: PRASA CRES (Corporate Real Estate Solutions) 2020

**Table 22: Motherwell Passenger Rail Corridor Project**

Motherwell Passenger Rail Corridor Project	FY2019/20	FY2020/21	FY 2021/22
	R5 618 733	R168 106 292	R22 417 823

Source: PRASA (2018)

As with other State-owned Enterprises, the COVID-19 pandemic has caused delays in the projects and could impact on budgets allocated to projects. These delays and impacts have not yet been clarified by PRASA.

#### 6.4.4 Coega SEZ

The Municipality and the Coega Development Corporation have agreements in place that outline the operational relationships between the organisations in order to meet the developmental objectives of government within the framework of the municipally approved Development Framework Plan and associated Development Management Plan.

The agreements make provision for development facilitation whilst complying with the respective legislative mandates of the two organisations. In so doing, the CDC is able to meet the expedited time frames for meeting the requirements of industry investing within the Coega SEZ. To date, the CDC has accessed funding from national and provincial government to construct the necessary infrastructure for providing bulk services to the Coega SEZ. Bulk infrastructure includes roads, water, electricity, sewage and stormwater related services.

The Municipality and the CDC have identified water and sanitation for the Coega SEZ as areas of concern. The availability of water and sanitation imposes limits to the growth of the Coega SEZ, having the implication that high water users cannot invest in the SEZ until utility requirements have been addressed. A Water, Sewer and Return Effluent Master Plan has been developed for the Coega SEZ which provides projections for use under different scenarios associated with the intensity of land use.

To date, the Municipality in collaboration with the CDC, has commenced with planning the following projects, which are critically required for the further development of the Coega SEZ:

- Nooitgedacht Low Level Scheme (NLLS) – which supplies water from the Gariep dam to Nelson Mandela Bay.
- Coega Waste Water Treatment Works and Sea Outfall.
- Coega Return Effluent Scheme.

The following projects have been identified by the Coega Development Corporation for implementation in the 2020/21 financial year. The table also shows the intended number of jobs created. COVID-19 may impact on the availability of funding as well as the timeframes for implementation. These aspects have not yet been finalised.

**Table 23: COEGA SEZ Projects (2020/2021)**

Project Name	Implementation Status
<b>BAIC</b>	Pvt Sector inv : R11bn Plc Sector inv : R242m Area under roof : *71 648 m <sup>2</sup> (when fully operational) Total site size : *54.6 ha Jobs created : *2 400 (when fully operational) Jobs created : 1883 (construction) Country of origin : China
<b>Akacia Medical</b>	Pvt Sector inv : R100m Plc Sector inv : R68m Area under roof : 4280 m <sup>2</sup> Total site size : 5600 m <sup>2</sup> Jobs created : 42 (const) SMME Appointed : 10 (to-date) SMME Appointment Value: R32m(to-date) Country of origin : SA *currently under construction
<b>Multi User Facility</b>	Plc Sector inv : R60m Area under roof : 7890 m <sup>2</sup> Total site size : 20 000 m <sup>2</sup> Jobs created : 280 (const) Country of origin : SA SMMEs Appointed : 14 (to-date) SMME Appointment Value: R29m (to-date)  *currently under construction

#### **6.4.5 Nelson Mandela Bay Business Chambers**

The Nelson Mandela Bay Business Chambers identified that an IDP requires the following to be included:

- Council's long term vision emphasising the critical development and internal transformation needs is required in the IDP;

In this regard the Business Chamber notes that realising the provision of basic services and an enabling environment for business is affected by the following:

- Inefficiencies which are not optimal for business due to political instability as a result of closely contested coalition politics which manifests in ineffective Council meetings. A plan is needed to overcome the inefficiencies.
- The unresolved suspension of the City Manager causing an administrative leadership vacuum.
- A participated and rational, coherent proposal regarding the municipality-focused economic development and tourism strategy (and COVID-19 recovery plan) is required.
- Non-finalisation of the Municipal organogram.
- An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services.

The Business Chamber notes that Nelson Mandela Bay's labour force is growing more slowly than all other metropoles in the country. Therefore, Nelson Mandela Bay is no longer seen as a destination for job and business opportunity. Hence, a local economic development and tourism strategy is required that focusses on regional competitiveness to attract investment-driven, labour-intensive businesses/activity and catalytic projects.

- The Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs.

In this regard the Nelson Mandela Bay Business Chamber notes that:

- The municipality is not seen as a partner of the Chamber in supporting their mandate to catalyse and promote economic growth and development for sustainable businesses and jobs. In many instances, the Municipal administration appears to have become a hindrance for growth on both a strategic and basic service level due to inefficiencies resulting from political instability which impacts upon service delivery.
- The absence of an adopted long-term local economic development or growth strategy and the lack of implementation Nelson Mandela Bay Industrial Development Strategy' (2012), 'Business Vision 2030' (2015), and the draft 'Economic Development & Growth Strategy for Nelson Mandela Bay (June 2018) remain theoretical exercises.
- A stable relationship is needed between organised business and Nelson Mandela Bay Municipality to effect change, innovate the value proposition of Nelson Mandela (as a business destination), and effectively promote direct investment, skills development, and economic activity in the region
- A Spatial Development Framework is required which must include the provision of basic guidelines for a land use management system for the municipality.

The Business Chamber states that the municipality must address delays in planning applications and rates clearance certificates through participated turnaround strategies.

- Applicable disaster management plans.

The Business Chamber states that COVID-19 has again highlighted the importance and positive impact of bona fide functional relationships between academia, business/industry, government, and civil society to successfully manage disasters. The quadruple helix of model collaboration acknowledges that the potential for innovation and success in an increasingly virtual, digital, and

knowledge-based society lies at the intersection of the four institutional spheres mentioned above (for the production, transfer and application of knowledge as well as socio-economic opportunities).

The Business Chamber is confident that innovative public-private partnership and collaboration are the foundation for a positive future economy.

- a financial plan, which must include a budget projection for at least the next three years.

In this regard the Business Chamber notes that:

- Rising employee costs must be rationalised.
- A COVID–19 response by the Municipality should be an interest free rates and charges deferment for a limited period (dependent upon the lockdown period).
- Tariff increases for the 2020/21 financial year must be kept at affordable levels so that businesses are not faced with unexpected increases whilst they are vulnerable and distressed.
- Effective co-ordination, consultation and engagement between the municipality and key business formations must become mandatory and be diligently maintained so as to ensure an accurate interface and a comprehensive and regular flow of information. The Business Chamber expresses willingness to engage the Municipality to assist with the formulation of meaningful interventions required to turn around the current downward spiral being experienced, and calls for urgent, regular and ongoing engagement to discuss solutions to matters adversely affecting the business environment of Nelson Mandela Bay including sick leave abuse and cost, electricity losses and non-revenue water losses.

- Key performance indicators and performance targets determined in terms 35 of section 41.

In this regard the Business Chamber states the following:

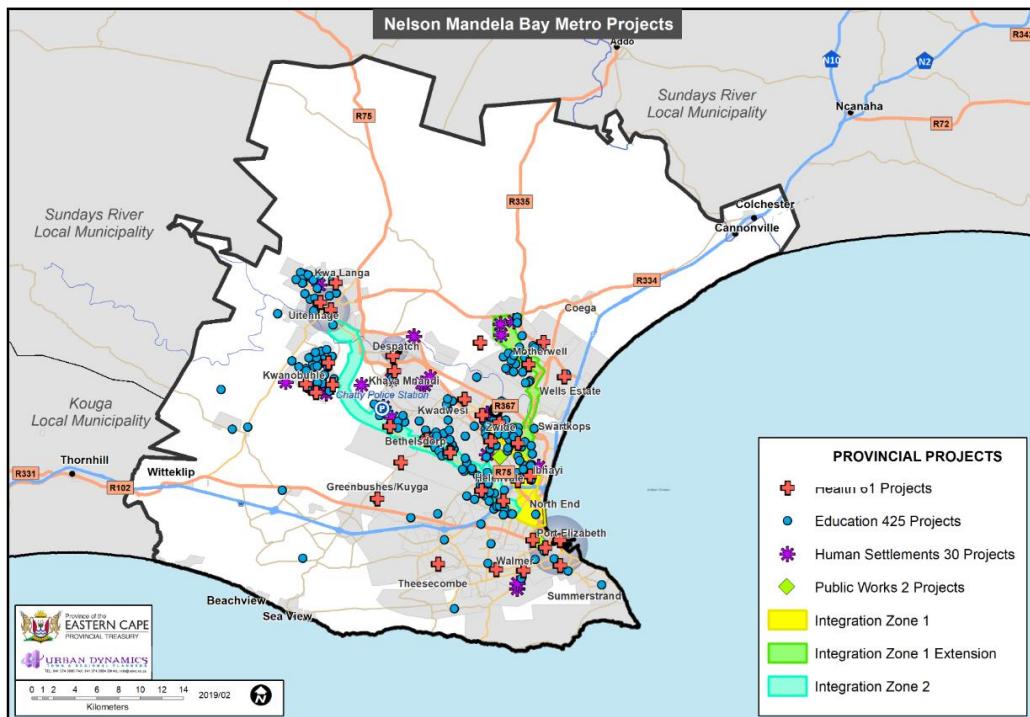
- The lack of action and delivery on a number of high priority issues makes it very difficult for the city-region to attract and retain investment. The municipality's failure to swiftly reduce the extent of non-revenue water losses, especially noticeable leaks and metering inaccuracies is extremely worrying to potential investors.
- The insourcing of staff from Nelson Mandela Bay Tourism has created a massive vacuum and loss of opportunity for tourism and its job creation potential. In addition, does not effectively manage tourism resources. COVID-19 will exacerbate the situation.
- The Municipality continues to face the following and other service delivery challenges: Huge sanitation provision backlog resulting in the use of the bucket system; huge housing provision backlog, illegal dumping which threatens the health of citizens; and limited capital funding sources. The Municipality needs plans to address these issues.

#### **6.4.6 Engagements with Government Departments**

Municipalities are not mandated or tasked to deliver and maintain social infrastructure such as education and health, protection and community facilities. Accordingly, the Municipality has held productive engagements with Provincial Treasury to promote integrated planning and investment in spatially prioritised urban areas. Continuous dialogue with Provincial and National Departments lead to more efficient planning and use of resources to develop more compact cities.

This is prevalent in the spatial mapping of existing and planned infrastructure investment in Nelson Mandela Bay. The following plan shows the investment projects of the various Provincial Departments in Nelson Mandela Bay:

**FIGURE 11: Provincial Investment Projects**



Source: *Eastern Cape Provincial Treasury 2020*

It should be noted that Provincial Government financial years runs from 1 March to 28 February of the next year whilst Local Government's financial years runs from 1 July to 30 June of the next year. It can be expected that COVID-19 will impact on both the delivery and budgets of the projects identified within Nelson Mandela Bay. The full extent of these impacts is yet to be determined.

# 7

## CHAPTER 7: SPATIAL STRATEGY

### 7.1 INTRODUCTION

The spatial strategy of the Municipality is embedded in three interrelated strategic documents; these are:

- The Metropolitan Spatial Development Framework (MSDF)
- The Sustainable Community Planning Methodology
- The Built Environment Performance Plan (BEPP)

This Chapter outlines the key features of these three strategic documents, which together form the spatial strategy of the City. The Metropolitan Spatial Development Framework (MSDF) is the primary spatial plan of the City and represents the spatial manifestation of the IDP. All matters of a spatial nature concerning the Municipality are encapsulated in the MSDF. It includes the aforementioned Sustainable Community Planning Methodology and the Built Environment Performance Plan.

The initial MSDF was approved by Council in 2009; a second version was approved in December 2015. The Spatial Planning and Land Use Management Act 2013 (SPLUMA) sets the legal framework for the SDFs of South African municipalities. A major review of the MSDF is scheduled for completion during 2021/22 in order to align with the new IDP.

### 7.2 NMBM METROPOLITAN SPATIAL DEVELOPMENT FRAMEWORK

The Metropolitan Spatial Development Framework (MSDF) is supplemented by more detailed Local Spatial Development Frameworks (LSDFs) and Precinct Plans for specific areas. These guide the overall spatial form and identify current and future desirable land uses within the Municipality in order to give physical effect to the vision, goals and objectives of the IDP.

The MSDF identifies major transport routes, future transport links, environmentally important areas and key development opportunities and constraints. The MSDF also aims to sequence future development areas in a manner that makes the best use of infrastructure services and limits the leap-frogging of development and the unnecessary expansion of infrastructure networks.

The legal importance of the MSDF is contained, *inter alia*, in the Spatial Planning and Land Use Management Act 2013 (SPLUMA), Chapter 4, which states that:

*“a Municipal Planning Tribunal or any other authority required or mandated to make a land development decision in terms of this Act or any other law relating to land development, may not make a decision which is inconsistent with a municipal spatial development framework, unless if site specific circumstances justify a departure from such provisions.”*

### **7.2.1 Rationale for Spatial Planning**

The MSDF must give effect to the development principles contained in the Spatial Planning and Land Use Management Act, 2013 (SPLUMA). These are:

- Spatial justice.
- Spatial sustainability.
- Efficiency.
- Spatial resilience.
- Good administration.

### **7.2.2 MSDF processes**

The following processes of the MSDF support sustainable development within the Nelson Mandela Bay Municipality:

- Analysis of spatial opportunities, constraints, patterns and trends.
- Identification of the need for spatial restructuring and land reform.

- Provision of spatial solutions to developmental issues.
- Identification of national spatial development principles and their spatial application in the NMBM.
- Understanding of and allowance for the spatial implications of social, economic and environmental sustainability.
- Production of a document to guide decision-making on developable and non-developable areas, including the sequencing of development.
- Creation of a framework for public and private investment decisions to facilitate investor confidence.

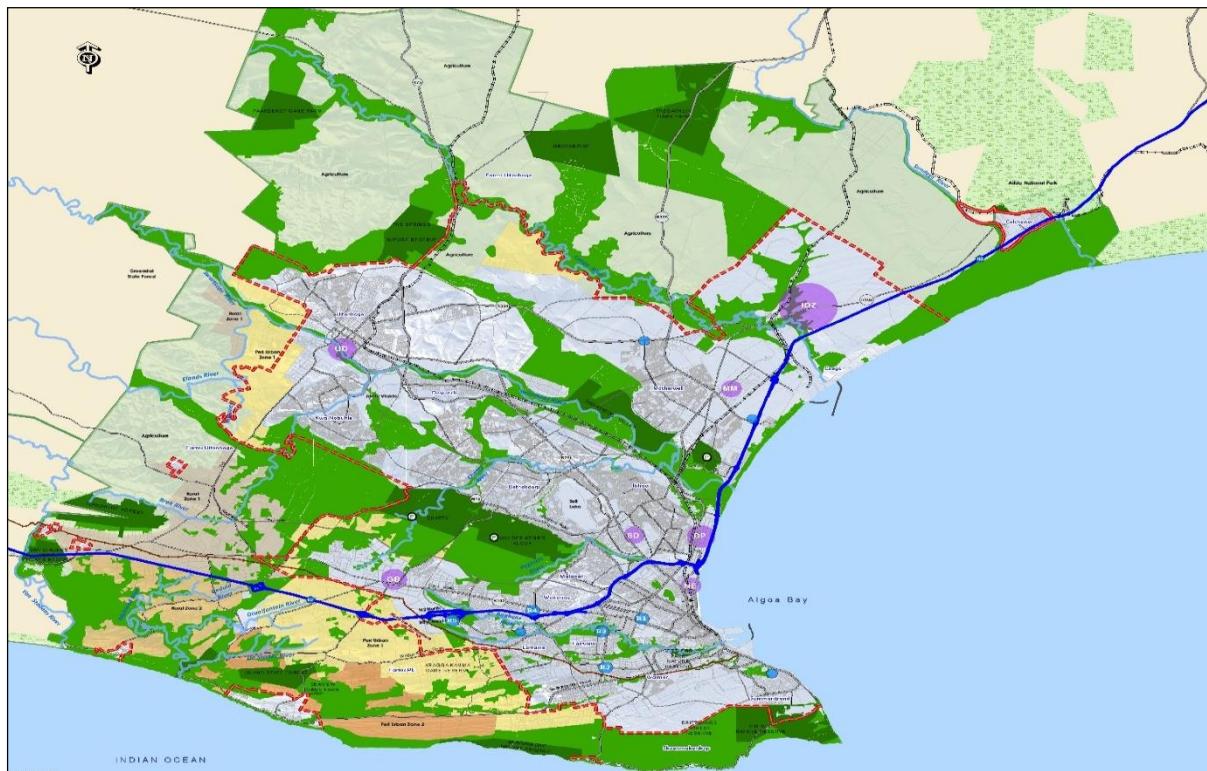
The MSDF is supported by a number of sector plans and topic-specific planning documents, which include the following:

- Strategic Environmental Assessment.
- Urban edge / Rural Management and Urban Densification Policies.
- Demographic Study update.
- Land Use Management System (LUMS).
- Human Settlements Implementation Plan.

### **7.2.3 Spatial Overview of Nelson Mandela Bay**

The Nelson Mandela Bay Municipality was the first metropolitan municipality in the Eastern Cape Province and is one of eight metropolitan municipalities in South Africa. The Nelson Mandela Bay Municipality covers an area of 1959,02 square kilometres and is bordered by the Sundays River in the north, the Van Stadens River in the south west and the Greater Uitenhage/Despatch areas towards the west of the metropolitan area.

**FIGURE 12: Nelson Mandela Bay: Urban and Natural Environment**



Source: NMBM, 2020

The demarcation process as provided for in the Demarcation Act (Act 27, 1998) caused the disestablishment of seven separate local authority administrations and the formation of the Nelson Mandela Bay Metropolitan Municipality (NMBMM). The most significant administrations incorporated were Port Elizabeth, Uitenhage, Despatch and a portion of the Western District Council.

#### 7.2.4 Proposed Metropolitan Structure

##### 7.2.4.1 Structuring the MSDF

The spatial structuring of the MSDF is based on the following factors:

- Available land and its features.
- Envisaged population growth.
- Economic development.
- Principles guiding integration, efficiency and sustainability.

The following considerations have been used to determine the basic structure of the MSDF:

- Land earmarked for new development, including low income housing, has been selected on the basis that vacant land within and close to the existing built-up areas must be utilised first, while further outlying areas are considered for development only once more centrally located land has been taken up. This will encourage more efficient use of existing infrastructure before network extensions are required. It will also discourage the leap-frogging of development, which is expensive from a bulk services provision perspective.
- Land uses are to be arranged in a manner that promotes the development and use of an efficient public transport system. Densification and a mix of land uses along major transport corridors can achieve this objective.
- Access to green recreational zones from residential areas has been given special attention. Natural, sensitive areas have been identified for protection and additional green spaces have been set aside for recreational use, as well as other uses that are of an ecological nature.
- Certain land uses, such as large industrial areas, are kept away from residential areas, due to the heavy traffic, air pollution and noise generated by industrial operations.
- Existing economic nodes, such as the Coega SEZ, as well as the Uitenhage and Port Elizabeth main industrial areas and existing commercial centres as employment nodes.
- Transport links are proposed to promote integration and overall accessibility. Linking major centres and industrial areas with residential areas is important, taking into account the limitations resulting from topography.
- Public transport corridors have been proposed linking economic areas. The future growth direction from Motherwell would thus be to the west, in the direction of Uitenhage, with the Coega SEZ providing employment opportunities for the adjacent residential areas of Motherwell.
- Main arterial roads and rail links for private and public transport between the different urban areas are most easily arranged in east-west directions.
- Pedestrians, non-motorised transport and public transport are important for access to services and job opportunities.

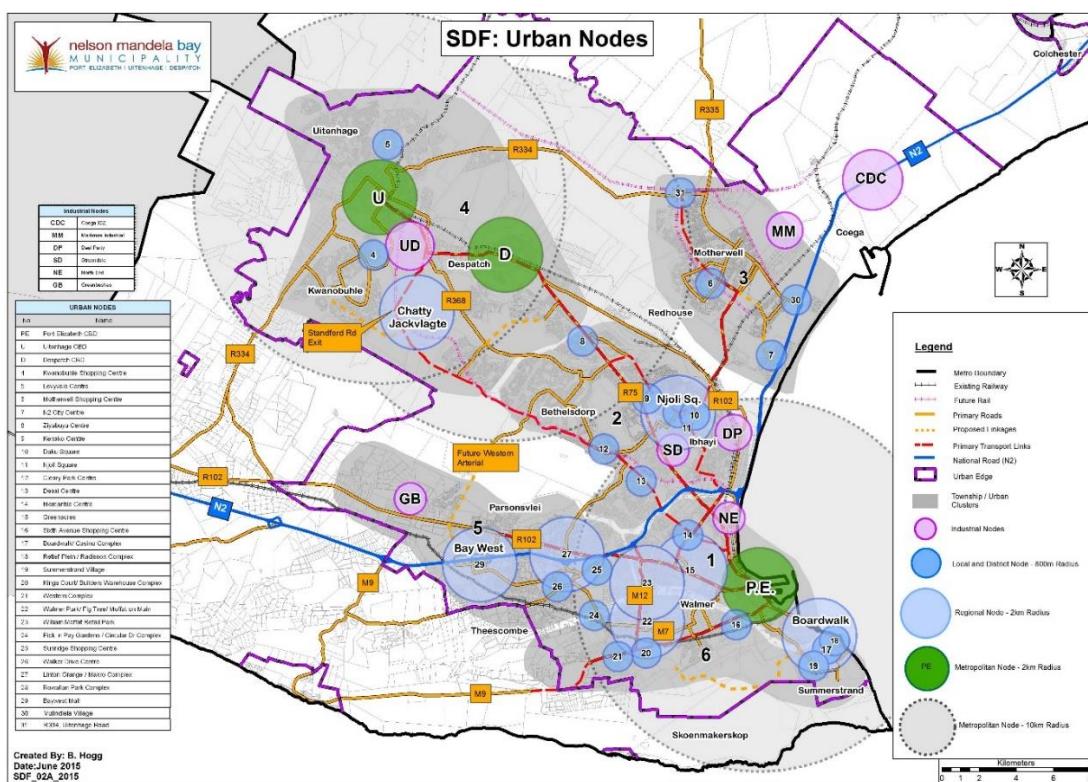
#### **7.2.4.2 Primary Structuring Elements**

Apartheid planning divided Cities and left places of work and economic opportunities far from the place where the majority of the population live. Measures and strategies need to be put in place to actively restructure Nelson Mandela Bay. The following elements are important to achieve this.

#### **7.2.4.3 Activity Nodes**

Nodes are places of high accessibility, characterised by a concentration of mixed use activities, such as retail, office, entertainment, community facilities and residential components. Such places are usually located at strategic transport interchanges.

These Nodes are regarded as priority areas for densification, integration, intensification and the improvement of environmental quality. Nodes are mostly targeted for public and private investment, as they can enhance economic opportunities and enable more efficient service delivery intensifying activities.

**FIGURE 13: NMBM Urban Nodes**

Source: NMBM, 2020

#### 7.2.4.4 Urban Corridors/Activity Spines

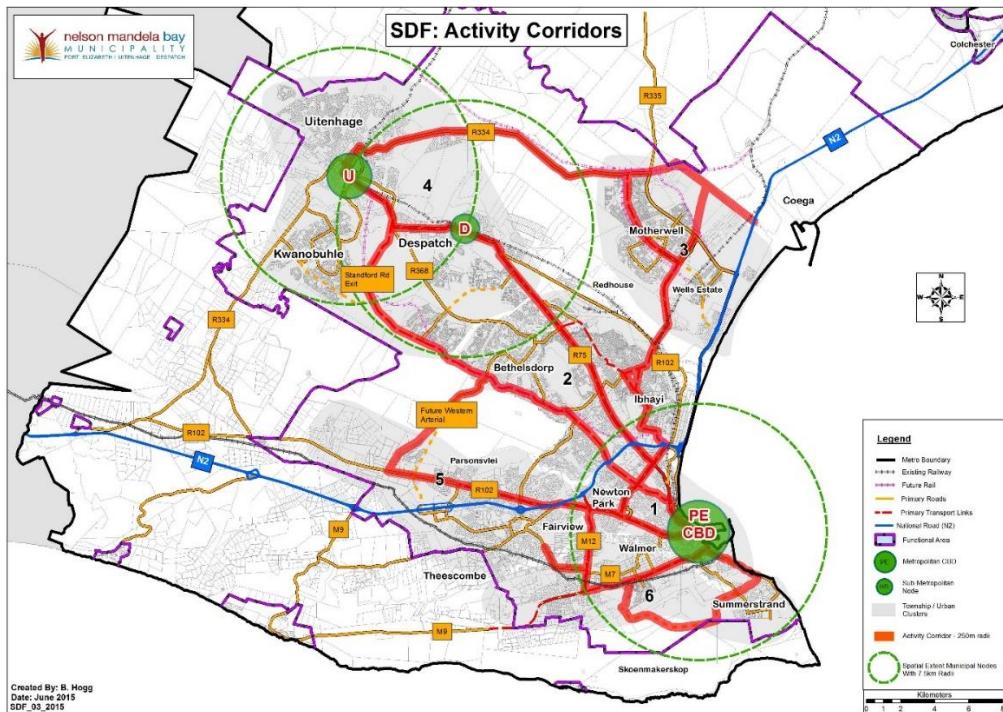
Urban corridors are a combination of structuring elements that reinforce a hierarchy of nodes. They have varying development intensities and widths. Mixed used activities should be created and promoted within such corridors/spines to also include different modes of transport. This minimises travelling costs and the costs of transport infrastructure by increasing accessibility to employment opportunities, especially for previously disadvantaged communities.

The city structure needs to be developed in a manner that uses infrastructure more efficiently and minimises the need to extend infrastructure networks unnecessarily. Transportation infrastructure is the most expensive infrastructure in urban development and extensions to road and rail networks therefore need to be kept to a minimum.

Residential and commercial densities along transportation routes need to be increased at strategic locations (i.e. near development nodes) in order to transform

major routes into activity or development corridors and create an environment conducive for sustainable human settlements.

**FIGURE 14: NMBM Activity Corridors**



Source: NMBM, 2020

Activity corridors are where concentrated urban development occurs along movement routes that are typically also major public transport routes. Development can either take the form of continuous linear development or a series of nodes along the activity spine.

#### 7.2.4.5 Natural Open Space and Green System

The Nelson Mandela Bay Municipality's open space network plays a fundamental role in shaping the city through the conservation of ecological resources, which are amongst the major structuring elements guiding the development of the city. The open space network has spatial, social and technical dimensions.

The open space and green system within the Metro provides a diverse range of environments, characterised by conservation areas, recreational activities, corridor parks, watercourses, ridges, heritages sites, etc. Existing natural environmental

resources are economic assets, as they promote liveability and the vitality of communities. The open space and green system should be protected and enhanced to ensure that the benefits of local ecosystems are maximised.

#### **7.2.4.6 Consolidation and Densification**

A consolidation and densification approach promotes more compact urban development and maximises the efficiency of areas that are well serviced and centrally located.

This approach contributes to the restructuring of the urban environment and discourages urban sprawl by promoting development that is adjacent to existing urban areas. Furthermore, it promotes the more efficient use of the existing infrastructure, especially at urban centres and along urban corridors.

#### **7.2.4.7 Growth Management/Urban Edge**

Most urban areas in South Africa are characterised by urban sprawl. Citizens spend a lot of time and money travelling long distances to work, shops, schools and social facilities. Local authorities are also required to invest large amounts in providing and maintaining excessive infrastructure. A tool of the Spatial Development Framework for growth management is the demarcation of an urban growth boundary or urban edge. The “urban edge” is a conceptual boundary that delineates the urban area in order to contain physical development and sprawl and re-direct growth towards a more integrated, compact and efficient urban form, guided by detailed plans.

The delineation of an urban edge achieves a more efficient and sustainable municipality through the –

- Containment of urban sprawl.
- Intensification of development.
- Integration of urban areas.
- Protection of valuable agricultural, natural and cultural resources.

- Optimum use of existing resources in established urban areas, such as bulk service infrastructure, roads and public facilities.
- Reduced need for commuting, as well as reduced commuting distances.

### **7.3 SUSTAINABLE COMMUNITY PLANNING AND METHODOLOGY**

The existing pattern of development in Nelson Mandela Bay is the result of historical segregation-based planning. The structuring not only separates different racial groupings in geographical terms, but has also resulted in huge disparities in standards of living, as well as access to infrastructural services, employment, and cultural and recreational facilities. As these imbalances serve as constraints for redevelopment, they should be addressed and rectified.

The NMBM developed and introduced this planning methodology to assist the city in dealing with the creation of a more sustainable city. The methodology is an integral part of the MSDF, LSDF and precinct planning that is undertaken.

Sustainable Community Units (SCUs) have been introduced to achieve a more balanced structure in Nelson Mandela Bay, in order to reduce discrepancies in terms of service provision and standards; promote integration in socio-economic and functional terms; and provide for economic activities and employment opportunities.

The urban area of Nelson Mandela Bay has been divided into a number of planning units or entities, known as Sustainable Community Units. These are defined by the distance that an average person can comfortably walk in half an hour, i.e. a 2 km radius. The planning methodology aims to provide the requirements for a minimum standard of planning and living within those areas; in other words, basic amenities, facilities and job opportunities must be within walking distance of all residents. All SCUs in Nelson Mandela Bay are to be linked by a public transport network, which will ensure that all areas are accessible to all communities by means of public transport.

Basic municipal facilities and services should be provided within walking distance of residential areas; higher order facilities can be located further away.

### **7.3.1 Distance to Facilities**

The SCU planning methodology concept identifies the need to make higher levels of sustainability and integration in Nelson Mandela Bay its primary focus. The basis for sustainable community planning lies in the development principles adopted at national, provincial and local government levels, as supported by legislation and government policies.

The Municipality's Sustainable Community Planning methodology covers both existing and future areas of development. A fundamental principle of this plan is to have work opportunities closer to places of residence in order to reduce the need to travel. This is to be achieved through the planning of new areas to accommodate more than just housing developments, but also through a paradigm shift, in location of new settlements closer to rather than further away from places of employment and social and public amenities. Peri-urban areas in which settlements exist, are also planned according to the Sustainable Community Planning methodology, with a view to providing local job opportunities.

The development goals and principles of particular importance for spatial planning in SCUs are:

- (a) Poverty alleviation and the satisfaction of basic needs.
- (b) Focus on special needs groups (HIV and AIDS affected/infected persons, children, the elderly, and persons with disabilities).
- (c) Gender equality and equity.
- (d) The environment (physical, socio-economic).
- (e) Participation and democratic processes.
- (f) Local economic development.
- (g) Accessibility (public transport and pedestrian focus).
- (h) Mixed-use development.
- (i) Corridor development.
- (j) Safety and security.
- (k) Variation and flexibility.

- (l) Appropriate densification.
- (m) Reducing urban sprawl.

To achieve both sustainability and integration, the following functional elements need attention in relation to the above principles:

- (a) Housing
- (b) Work
- (c) Services
- (d) Transport
- (e) Community
- (f) Character and identity

Focusing on these six elements, minimum standards are pursued to achieve an acceptable planning quality, which will result in an improved quality of life for residents in these areas (for more detail on the planning methodology outlined above, refer to the *Sustainable Community Planning Guide*, dated June 2007; also available on the municipal website: [www.nelsonmandelabay.gov.za](http://www.nelsonmandelabay.gov.za)).

#### **7.4 THE BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)**

The development of a Built Environment Performance Plan (BEPP) is a requirement of the Division of Revenue Act (DoRA) in respect of the various infrastructure grants related to the built environment of metropolitan municipalities. It is submitted to National Treasury in order to, *inter alia*, access the following conditional grants:

- Integrated City Development Grant (ICDG)
- Urban Settlements Development Grant (USDG)
- Human Settlements Development Grant (HSDG)
- Public Transport Infrastructure Grant (PTIG)
- Neighbourhood Partnership Development Grant (NDPG)

The BEPP aims to demonstrate the use of these grants for the purpose of spatial restructuring through targeting capital expenditure in areas that will maximise the

positive impact on citizens, leverage private sector investment, and support growth and development towards a transformed spatial form and a more compact city.

The BEPP is complementary to the Municipality's key strategic documents, which include the Integrated Development Plan (IDP), the Budget, the Spatial Development Framework (SDF) and the Comprehensive Integrated Transport Plan (CITP). The BEPP directly complements the MSDF, and the MSDF must embrace the BEPP.

The BEPP focuses on three main areas:

- An Urban Network Strategy (UNS), including Integration Zones and catalytic projects.
- Economic/Growth nodes.
- Informal settlements and marginalised areas.

#### **7.4.1 Urban Network Strategy/Integration Zones and Catalytic Projects**

Spatial targeting and the elimination of spatial inequalities, as envisaged in the National Development Plan, is an underlying principle of the Urban Network approach, hence the focus on the catalytic development of under-serviced city areas.

The Urban Network Strategy identifies a number of network elements (CBD, hubs, growth areas) and allows for the identification of Integration Zones that link CBDs and hubs in which catalytic development is encouraged.

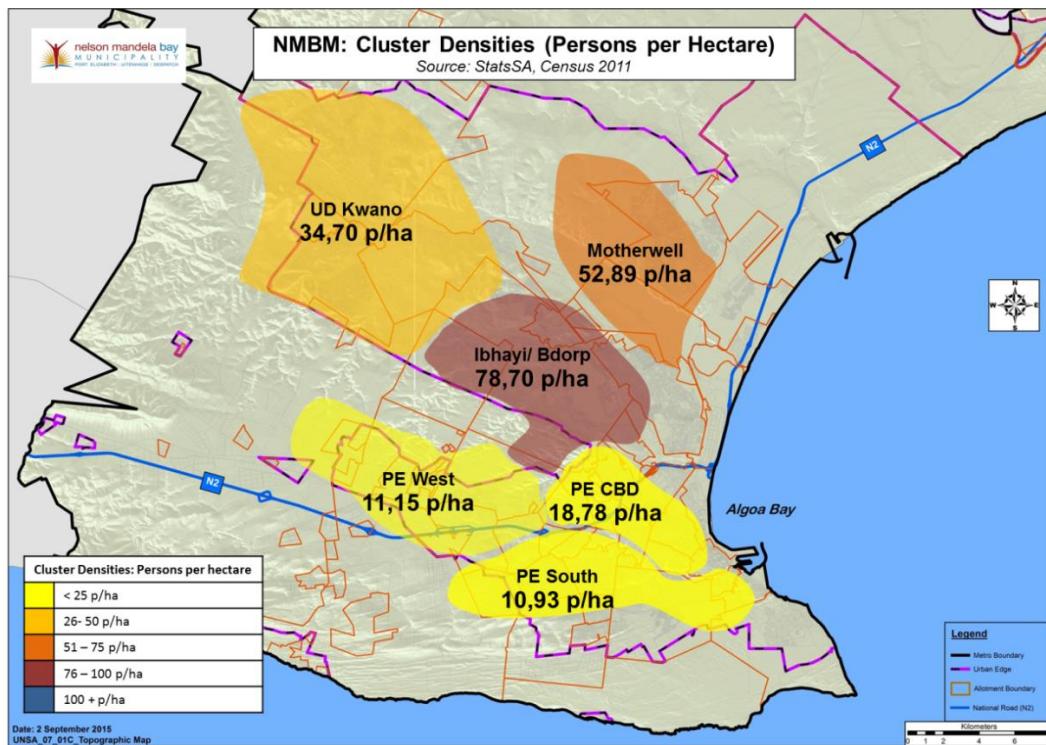
##### **7.4.1.1 Township Cluster**

For the purposes of the BEPP, the townships of Nelson Mandela Bay have been clustered into six township clusters.

The density and income characteristics of these clusters are illustrated in the figures below, which highlight the higher densities and lower income levels of the Northern Townships (clusters), with Ibhayi displaying the highest density per hectare. Motherwell has the highest percentage of the population earning less than R3 183

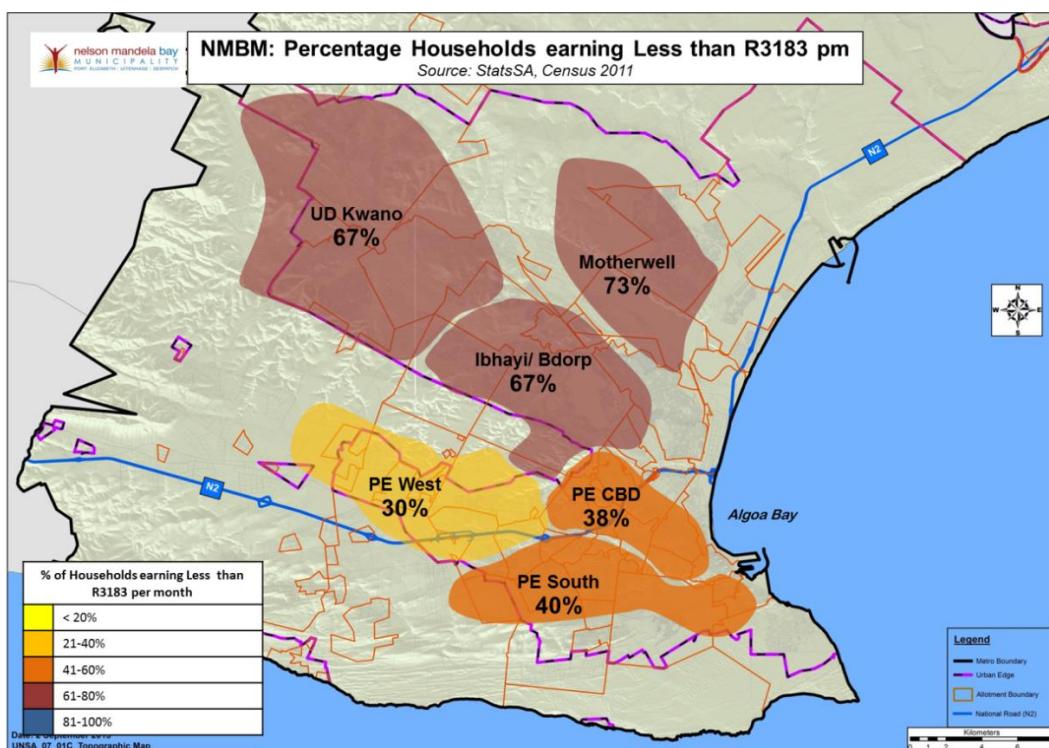
per month. The population numbers and densities in the Southern Clusters are noticeably smaller and lower than those of the Northern Clusters.

**FIGURE 15: Urban Network Strategy: Cluster Densities (Persons/Ha)**



Source: NMBM, 2020

**FIGURE 16: Urban Network Strategy - Income Levels per Cluster**

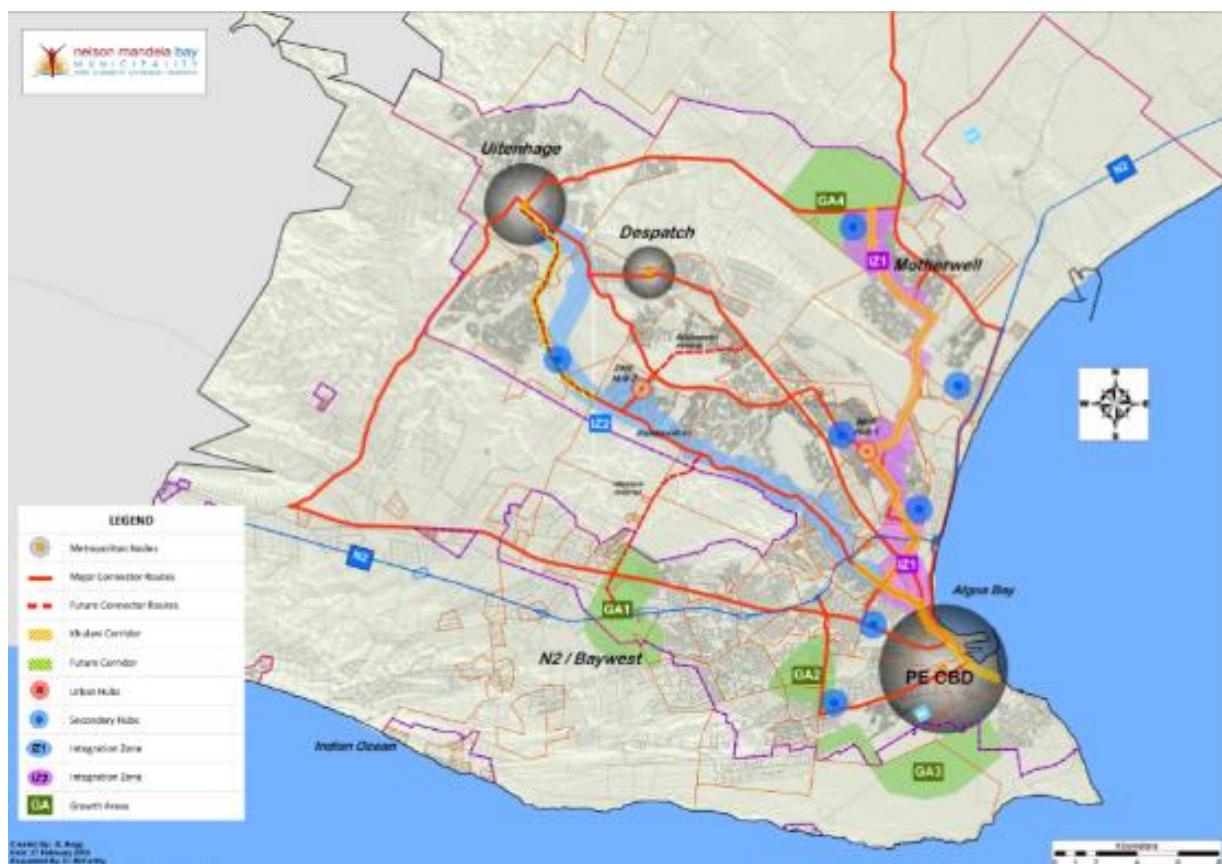


Source: NMBM, 2020

#### 7.4.1.2 Identification of urban network elements of the Urban Network Strategy (UNS)

The major elements of the Urban Network Strategy are illustrated and explained in more detail below.

**FIGURE 17: Urban Network Strategy Framework**



## **CENTRAL BUSINESS DISTRICTS (CBDs)**

The Urban Network Framework identifies the CBDs of Port Elizabeth, Uitenhage and Despatch as important nodes.

## **PRIMARY NETWORK/TRANSPORT LINKS**

### **MAJOR ARTERIES**

The primary transport network includes three of the five major transport arteries, being Harrower/Stanford Road, Provincial Route R75 and the Khulani Corridor.

Other primary arteries are Old Cape Road (R101), Provincial Route R10, Heugh/Buffelsfontein Road, the William Moffat Expressway, and the N2.

### **ROAD NETWORK**

Public transport serves the metropolitan area along the following existing and planned routes:

- North-South linkage between the PE CBD and Motherwell via Ibhay; along the Khulani Corridor.
- North-West linkage between the PE CBD and Bloemendaal/Bethelsdorp, along Stanford Road.
- South-West linkage between the PE CBD and the Western Suburbs, via Old Cape Road.

## **RAIL NETWORK**

There is an existing passenger rail link between the PE CBD and Uitenhage.

There is an existing passenger rail link between the PE CBD and Motherwell/Markman.

A passenger rail link between Port Elizabeth CBD and Motherwell via a proposed new Motherwell Rail Corridor parallel to Tyinira Street (Motherwell) is planned. There is a long-term possible linkage between Coega and Uitenhage.

A narrow-gauge rail line exists between Humerail (Port Elizabeth) and Loerie.

## **OTHER ACTIVITY CORRIDORS**

The Nelson Mandela Bay Urban Network further identifies other existing mixed use activity corridors that are important. These are:

- Walmer Boulevard, Heugh Road and Buffelsfontein Road
- Walmer Main Road
- William Moffat Expressway
- Cape Road

## **URBAN HUBS**

### **PRIMARY URBAN HUBS**

The Primary Hubs are:

- Port Elizabeth/Uitenhage/Despatch CBD
- Njoli/Ibhayi Hub
- Zanemvula (Chatty Jachtvlakte) Hub.

#### **7.4.1.3 Integration Zones**

Two integration zones are identified, linking the CBD and Primary Hubs. The Integration Zones traverse the poorest parts of the city, where catalytic development intervention is prioritised.

These Integration Zones are described below:

##### **Integration Zone 1 Khulani/Njoli/Motherwell:**

This Integration Zone includes the Khulani Corridor, as well as the Motherwell Node. It links the Inner City area, the Njoli Hub and Motherwell and incorporates a portion of the Khulani Corridor between Stanford Road and Njoli Square.

##### **Integration Zone 2: Stanford Road to Uitenhage:**

This Integration Zone 2 along Stanford Road is a link between Integration Zone 1 and Chatty Jachtvlakte. Environmental and spatial constraints make it a very narrow corridor with limited scope for catalytic and development intervention. These would be limited to modal interchanges along Stanford Road, such as the Cleary Park Modal interchange.

#### **7.4.2 Growth Areas**

Four growth areas have been identified:

- Walmer/Summerstrand Growth Area
- Fairview West Growth Area
- Motherwell Growth Area
- Baywest Growth Area

The Urban Network Framework includes the following Secondary Hubs:

- Kenako/Vista
- Red Location
- Jachtvlakte/KwaNobuhle
- Wells Estate

Other Nodes Identified, include:

- Greenacres/ Newton Park Node
- Walmer Node
- Great Westway (Makro/ Framesby/ Westering) Node

#### **7.4.3 Catalytic Programmes**

The Catalytic Programmes of the BEPP reflect interventions that include developments that are:

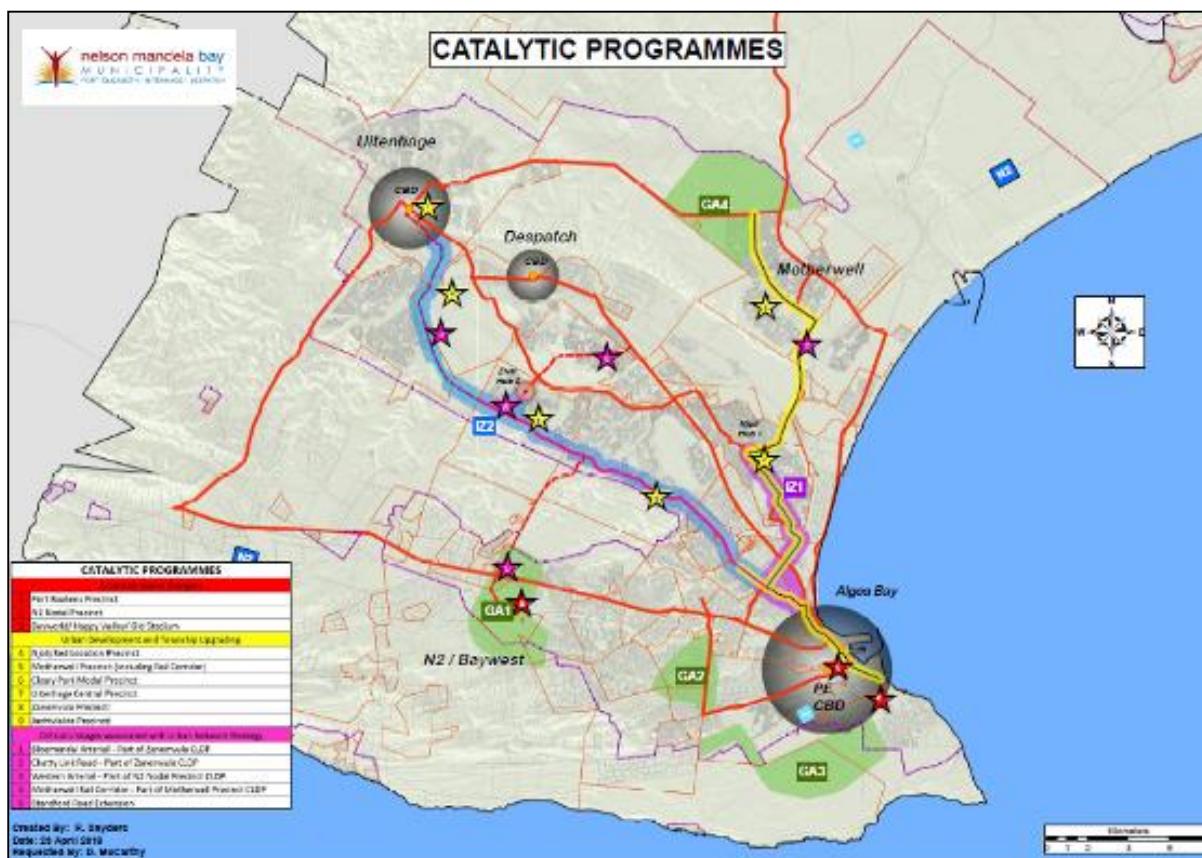
- Within defined Integration Zones.
- Private and public sector initiatives in their implementation.
- Inner city, mixed use, social, commercial and residential development initiatives.
- Informal settlements and marginalised area upgrading.
- Linkage projects, such as critical road infrastructure, to ensure a proper linkage between the Integration Zones and the rest of the city.

The following map shows the location of the selected catalytic programmes in relation to the Integration Zones of the Urban Network Strategy.

## Catalytic Programmes

It is the intention to move the catalytic programmes as quickly as possible from the planning to the implementation phases.

## FIGURE 18: CATALYTIC PROGRAMMES



Source: NMBM, 2020

The NMBM is characterised by slow economic growth; therefore, it can be concluded that positive change will be slow. In view of this, the City does not have the opportunity for many economic and “game-changing” projects. It is important therefore to focus efforts on a limited number of strategic projects that will have maximum impact. In addition, because of the extreme poverty of the city, poor areas need to be targeted for investment and development. The City is spatially divided, due to its geography and historic patterns of development. Linkage projects to increase access must therefore also be prioritised.

## 7.5 INFORMAL SETTLEMENTS AND MARGINALISED AREAS

### 7.5.1 Management and Upgrading of Informal Settlements

The Informal Settlements Upgrading Strategy (ISUS) sets out how the municipality will respond to the current housing needs as well as land invasions. These are then added to the National Housing Needs Database (which contains record of existing and new housing stock) to effectively deal with the current housing circumstances and projected household growth in a manner that meets defined needs and contributes to integrated and sustainable human settlements within available resources (funds, land and management capacity).

The Informal Settlements Upgrading Policy (ISUP) places specific emphasis on in-situ upgrading (with relocation as a last resort/option), tenure security, access to basic services and ultimately creating opportunity for long-term shelter development and settlement consolidation through a combination of public and private investments and efforts.

The Municipality defines an informal settlement as one or more shacks constructed on land, with or without the consent of the owner of the land or the person in charge of the land and which does not comply with current planning and building regulations. They lack basic services and formal infrastructure.

A total of 76 informal settlements in the Metro were assessed and categorized using the National Upgrading Support Programme (NUSP) tools. The assessment and categorisation of each of the informal settlements, lays the basis of the informal settlement upgrading plans, policy, strategy and programme. It was necessary to conduct this assessment and categorisation in order to determine the current status of the informal settlements. This is because it establishes the appropriate development response.

## Categorisation of Informal Settlements

Informal settlements may further be categorised as:

- **Category A Settlements:** informal settlements planned for formal in situ upgrading through the implementation of the national Upgrading of Informal Settlements Programme (UISP) and for which funding has already been approved;
- **Category B Settlements:** informal settlements identified for possible in situ upgrading in the future subject to additional land being identified for de-densification of the settlements; and
- **Category C Settlements:** informal settlements identified for future relocation because of their current hazardous locations posing a risk to the lives and livelihoods of inhabitants.

The assessments of the informal settlements involve the following:

- Identification of informal settlements within the municipality
- The spatial location and extent
- A survey to conduct shack numbering and counting within all informal settlements.

The assessment and categorisation phase in addition involves:

- An accurate count of structures in the settlements together with the households present.
- Socio-economic data derived from a 10% sample household survey.
- Basic geotechnical, environment, tenure and bulk services assessment.
- Legal assessment, including cadastral description of land.

The Municipality has a dedicated programme for the upgrading of informal settlements, as contained in the Informal Settlements Upgrading Plan (NMBM:

Human Settlements Directorate, 2008). The Plan was developed in 2008 and included 81 informal settlements.

The Municipality has, with support from the NUSP, classified its informal settlements into 5 clusters utilizing the NUSP categorisation A, B1, B2 and C. A total of 40 informal settlements with an estimated 19 730 households have been categorized as shown below.

#### ***Ibhayi Cluster***

The Ibhayi Cluster consists of 11 informal settlements and a total of 3546 households.

#### ***Northern Area (Bloemendaal) Cluster***

The Northern Areas (Bloemendaal) Cluster consists of 10 Informal Settlements with an estimated 5322 households.

#### ***Uitenhage Cluster***

The Uitenhage Cluster made up of 5 informal settlements comprising 6800 of approximately households.

#### ***Motherwell Cluster***

The Motherwell Cluster comprises of 3 informal settlements comprising 922 households.

#### ***Citywide Cluster***

The remainder of the informal settlements is classified in the Citywide or Rest of the City Cluster, comprising of 10 Informal Settlements and approximately 3122 households.

Individual upgrading plans per settlement have been developed including livelihood strategies. Recent informal settlements that have emerged as a result of land invasion have not yet been categorised.

The Strategic Development Implementation Plan is a municipal-wide programme focusing on informal settlements upgrading, spatial transformation and urban renewal.

### **Anti-Land Invasion Plan**

A Land Invasion Prevention Strategy was effectively implemented until December 2016. Thereafter land invasions accelerated for a number of reasons which are not only attributable to the need for a place to stay.

The City is identifying and auditing all new settlements to understand the extent and analyse data. Thereafter a Strategy will be devised to deal with uncontrolled land invasions.

### **Planning for Informal Settlements**

The programme for informal settlements and marginalised areas is discussed above. Local area planning takes place at the point of design of the new township. Layouts for these developments are prepared in advance and in accordance with the Local Spatial Development Frameworks and the Sustainable Community Planning Methodology which are part of the Spatial Development Strategy of the City. Community participation in the development of the layouts is important.

Through the Capacity Support Implementation Plan, a land and housing market trend analysis has been done with a view to develop proposals to revise the NMBM Housing Policy in a manner that is more sustainable and meets spatial restructuring objectives. A proposal has been completed and presented at an NMBM Housing Indaba in late 2018. Refinement will take place prior to it being submitted to Council for approval with a view towards implementation of a demonstration project.

## **Expected Outcomes of an Informal Settlements Upgrading Strategy**

The upgrading policy and strategy seeks to achieve the following outcomes:

- Proactive and flexible policy for re-blocking of informal settlements;
- Promote the Socio-Economic Integration of Informal Settlements into the Local Urban Fabric
- Improve Control and Management of the Informal Settlement
- Promote partnerships with a range of stakeholders, including:
- Provide Policy Certainty and Clarity
- Generic Policy Proposal and Strategy for Informal Settlements
- Sustainable Livelihoods

Various mechanisms are identified to achieve the abovementioned outcomes.

# 8

## CHAPTER 8: SECTORAL PRIORITIES AND IMPACT OF COVID-19

This chapter identifies the service sector priorities of the municipal directorates. Many of the sector priorities have not been adjusted from year-to-year due to the necessity of continuing municipal operations to comply with prevailing policy and legislation. The manifestation of COVID-19 in the early part of 2020 has caused the Municipality to identify risks and impacts of the pandemic in relation to the operations of the Municipality going forward.

For this reason, this chapter has identified some of the impacts of the COVID-19 pandemic that will be prevalent in the 2021/22 financial year.

It is important to be aware of these risks and impacts as they fundamentally affect the ability of the Municipality to deliver services and attend to the needs of communities.

The Municipality engaged a number of sectors such as the Business Chambers, the University and others in order to navigate the way through the COVID-19 impacts on the City. It is through understanding the impacts and risks that a platform can be created for recovery and future growth and development as soon as possible. These processes will unfold during the 2020/21 financial year.

### 8.1 DISASTER MANAGEMENT

The importance of disaster management is often only appreciated in times of crisis such as when there are floods, severe droughts or as currently experienced the impact of COVID-19. It must be appreciated that it is the disaster management response of the Municipality that will determine the ability of the City to save lives and limit the severity of the disaster.

This section confirms the arrangements for managing disaster risk and for preparing for and responding to disasters within the Nelson Mandela Bay Municipality as required by the Disaster Management Act, 2002 (Act 57 of 2002) as amended by the Disaster Management Amendment Act, No 16 of 2015 – hereafter referred to as “the Act”.

### **8.1.1 Disaster Management Advisory Forum**

Metropolitan Municipalities may establish a Municipal Disaster Management Advisory Forum. Nelson Mandela Bay Municipality has established a Disaster Management Advisory Forum in terms of the prescripts of the Act.

The role of an Advisory Forum includes the following:

- Give advice and make recommendations on disaster related issues and disaster risk management matters
- Contribute to disaster risk management planning and co-ordination.
- Establish joint standards of practice.
- Make recommendations on response management systems.
- Gather critical information about the municipality’s capacity to assist in disasters and to access resources.
- Advise/assist with public awareness, training and capacity building.

### **8.1.2 Disaster Management Framework**

The Act requires a Metropolitan Municipality to ensure an integrated and uniform approach to disaster management in its area. The Nelson Mandela Bay Municipality has established a Municipal Disaster Management Framework in this regard.

### **8.1.3 Disaster Management Centre**

The Municipality is required to establish a Disaster Management Centre. A fully established and functioning Municipal Disaster Management Centre is a key element of a Disaster Management Plan. The Municipality consults with and operates in close collaboration with the Eastern Cape Provincial Disaster Management Centre.

When a disaster event requires the activation of a Disaster Management Operations Centre, the primary role players are Disaster Management representatives, the Coordinator from SAPS, an Emergency Medical Services representative and any other sectoral representative as may be required. All disaster related activities are managed from the Centre. Due to the regular occurrences of major events (e.g. floods) the Disaster Management Operations Centre of Nelson Mandela Bay Municipality is well established and functions effectively.

The Centre has all the necessary hardware and software available and includes a Virtual Conference Facility that enables it to communicate with other Disaster Management Centres throughout the country.

### **8.1.4 Disaster Management Plan**

The Municipality is required to prepare a Disaster Management Plan for its area according to the circumstances prevailing and within the ambit of its Municipal Disaster Management Framework.

Each municipality must:

- conduct a disaster risk assessment for its functional area,
- identify and map risks, areas, ecosystems, communities and households that are exposed or vulnerable to physical and human induced threats,
- prepare a Disaster Management Plan,
- co-ordinate and align the implementation of its Plan with those of other organs of state and institutional role-players,

- provide measures and indicate how it will invest in disaster risk reduction and climate change adaptation, including ecosystem and community-based adaptation approaches,
- develop early warning mechanisms and procedures for risks identified in its functional area, and
- regularly review and update its Plan.

A municipal organ of state must submit a copy of its Disaster Management Plan, to the Disaster Management Centre.

The Disaster Management Plan for a municipality must form an integral part of the Municipality's IDP. Applicable Disaster Management Plans are deemed core components of an IDP (Government: Municipal Systems Act, 2000 (Act 32 of 2000). The Disaster Management Plan, and any amendment to the Plan, must be submitted to the Disaster Management Centre of the Eastern Cape Province and the National Disaster Management Centre (Section 53(4)).

The Municipality's Disaster Management Plan was adopted by Council in 2010 and is available on the municipal website: [www.nelsonmandelabay.gov.za](http://www.nelsonmandelabay.gov.za).

The Plan will be updated in the 2020/21 financial year in order to be compliant by having sector department disaster management programmes included.

A tender has been awarded for the drafting and finalisation of the Disaster Management Plan.

#### **8.1.5 Disaster Management and COVID-19**

The Disaster Management Plan requires a Risk Register to be compiled. The Risk Register adequately covers most potential disaster, however, the COVID-19 disaster was unpredicted and unprecedented and has shown several shortcomings in relation to the City's Disaster Management Planning. This is not a situation that is unique to Nelson Mandela Bay.

The review of the Disaster Management Plan that is to take place in the 2020/21 financial year provides an opportunity for the shortcomings to be addressed. Some of the shortcomings that have been identified are as follows:

- Risk register to include massive scale pandemics.
- Institutionalisation of disaster management through sector disaster management sub plans for all directorates of the Municipality to complement an overall Disaster Management Plan.
- A need to reinforce current Disaster Management capacity with professional Disaster Management Practitioners.
- Investment in the following disaster management elements:
  - Resources within disaster management
  - Disease Outbreak planning, i.e. COVID -19
  - Budget for Disaster Management Planning
  - Climate Change as required by the Act
  - Mitigation and prevention
  - Upgrade the Disaster Management Centre

The COVID-19 disaster has created a greater awareness of disaster management and how important it is to have a fully resourced and capable Disaster Management Centre. It has also highlighted that disaster management must be correctly aligned in the Municipality to ensure that it can perform its functions and oversight in terms of its mandates.

## **8.2 BUDGET AND TREASURY**

The Budget that is approved with this IDP implicitly is a manifestation of the financial situation that the Municipality finds itself in. The impacts of COVID-19 on the finances of the Municipality are far reaching. This section aims to highlight some of the main impacts that have affected the Budget.

The latter half of the 2019/20 financial year experienced a number of budget and finance related effects directly as a result of the National Lockdown and COVID-19. These effects will have an impact on the 2020/21 development circumstance of the City. The following are some of the direct impacts as a result of the lockdown.

- Account holders who normally pay municipal accounts at Customer Care Centres were not able to be accommodated as the Customer Care Centres were closed and account holders were unfamiliar with EFT processes. Many accounts were therefore left unpaid. This was coupled with the inability of many residents to pay accounts due to their financial situation. The impact of this is that the collection rate was drastically reduced from what was anticipated. Budget and Treasury had to reconfigure the 2020/21 – 2022/23 IDP due to the large projected reduction of the collection rate from 94% as budgeted for in the 2019/20 budget to around 83.9% in March 2020 and 83.6% in April 2020. To understand the impact of this under-collection, a 1% decline in collection rate is the equivalent of R84 million in the 2019/20 financial year. An impact of 10% decline in collection rate in 2020/21 financial year is possible.
- Capital projects that had been budgeted for, and many of which were in progress, stopped immediately when the lockdown was pronounced. This led to work being unable to be completed as planned in the financial year. These projects will have to continue into the new financial year if they remain a priority.
- Some grants in particular the Urban Settlements Development Grant (USDG) and the Integrated Public Transport Network Grant (IPTN) were required to be reprioritised from normal capital projects to the COVID-19 effort. This has meant a delay or cancellation of the projects from which funding was reprioritised.
- The Lockdown period and the regulations preventing public meetings came at the critical period in the budgeting cycle where public participation meetings and Council meetings were required to be held. A readjustment of procedures to allow virtual meetings and other forms of consultation was required. This inevitably delayed normal processes.

- The effect of COVID-19 has been to greatly increase unemployment and a reduction in household income. The Municipality has an Assistance to the Poor (ATTP) Scheme, which provides free basic services to households that have an income below a certain threshold. The number of households qualifying for ATTP is expected to rise sharply. This will have the dual impact of a decrease in revenue from rates and services as well as an increase on the financial burden to the Municipality to provide these services free of charge. The increase in the Indigent Register will, therefore, mean reduced disposable income / revenue that may be available to the Municipality which may delay implementation of certain projects directly impacting on service delivery.
- Certain municipal halls and facilities have been used for the accommodation of the homeless as well as for COVID-19 patients. This has caused a consequent reduction in the Miscellaneous Revenue component of the Budget. The utilisation of certain municipal halls or facilities means that the revenue that is budgeted for those facilities will not be realised. In addition, the Municipality will have to fix such facilities after use as they may not be in the same state. In addition, the costs of services such as water and electricity for these facilities is an unfunded mandate for which the Municipality will not receive reimbursement.
- The reduction of the Repo Rate means that the City will have to reduce the Interest Rate it charges on arrear accounts applicable to bad paying accountholders which is budgeted for and finances certain operations. In addition, the Repo Rate reduction affects the interest earned on investments by the Municipality.

### **8.2.1 Major challenges in concluding a Budget for 2020/21 to 2022/23**

The drop in collection rate has meant that the Budget assumptions that were in place in preparing for the 2020/21 to 2022/23 budget process had to be revisited. The collection rate anticipated for the coming period, that has informed the budget was dropped to 88% instead of between 94% to 95% for the MTREF. The drop in collection rate has meant that certain project and programmes have had to be unavoidably cut in order to achieve a funded budget.

The following cuts/reductions were made to achieve a funded Budget for 2020/21 to 2022/23:

- The grant contribution made to the Mandela Bay Development Agency was cut by R12 million, R13 million and R14 million for years 1, 2 and 3 respectively. This will affect the projects that the Agency will be able to undertake within Nelson Mandela Bay.
- Some budgeted vacancies will not be able to be filled due to the reallocation of funding. The budget for vacancies was reduced by 80% over the MTREF period.
- Reduction of all new Capital projects funded from the Fuel Levy for years 1, 2 and 3 by amounts of R67.4 million, R117.4 million and R165.4 million respectively.
- Reduction of the contribution funded from the Property Rates to operationalise the IPTS Bus system due to affordability.
- Reduction of the travelling and accommodation budget due to new modes of meeting and restrictions on travel.

### **8.3 INFRASTRUCTURE AND ENGINEERING**

This section deals with water and sanitation, roads, stormwater and transportation, which includes the design and implementation component. During the COVID-19 period, water and sanitation came into sharp focus due to the need to ensure adequate water supply and sanitation particularly in informal settlements and areas of poverty so that the spread of the virus could be limited. The water and sanitation component is also exacerbated by the impact of the drought that the City is experiencing. Currently dam levels are below 20% and a sustainable water supply is needed not only for normal operations but particularly for COVID-19 impact mitigation.

### **8.3.1 Water and Sanitation**

The responsible delivery of water and sanitation services to residents of Nelson Mandela Bay is a key mandate of the institution. These services are provided through managing the supply of water, treatment of water, bulk supply of water, distribution of water, wastewater collection and treatment of wastewater. These include the following:

- the storage of water in 10 dams,
- treatment of water at 8 water treatment works,
- bulk supply of treated water through 650 km of large diameter pipelines to Metro boundaries into distribution reservoirs,
- water distribution reticulation to all customers through 4 800 km of water pipelines,
- collection of wastewater through a 3 600 km pipe network and pump stations,
- treatment of sewage at 7 wastewater treatment plants for both domestic and industrial use,
- monitoring trade effluent discharges; and
- the relevant electrical and mechanical maintenance of plant / equipment.

The infrastructure described above is required to fulfill the key institutional mandate, namely to provide services to citizens and businesses located within the Nelson Mandela Bay. In order to achieve this, the infrastructure must be maintained, rehabilitated and expanded to keep up with the developmental needs of the NMBM. In doing so, appropriate technologies are constantly researched, as part of the upgrade and rehabilitation plans and integrated into the water and sanitation delivery plans.

The provision of water and sanitation services, connectivity to services, the discharge of sewage into sewers, as well as water conservation measures, are governed by both national legislation (Acts) and local legislation (By-laws). In support of these, the NMBM has approved a Waster Services Development Plan, a Water

Master Plan and a Sanitation Master Plan that ensure the provision of infrastructure to meet the future needs of the metropolitan area.

The above mentioned documents are due to be reviewed. The Water Services Development Plan is the first to be reviewed and should serve at Council in the first quarter of the next financial year. Over the next 24 months, drafting for the revision of the Water and Sanitation Master Plans will commence.

Within the mandate of delivering water and sanitation services, three main areas need special mention:

- The ongoing Water / Drought Disaster:

Although rains were experienced from September to November 2018, which resulted in the average dam levels increasing from around 17% to 54%, a 15% water restriction by the Department of Water and Sanitation remained in place. It is anticipated that during the 2020/21 financial year, the Department of Water and Sanitation will impose further water restrictions because of the average dam levels dropping below 20%. In line with the low dam levels, it is anticipated that from July 2020, the Department of Water and Sanitation will introduce restrictions in excess of 30%.

The water situation remains critical and water consumption, which is on average ±300 Ml/d, must be reduced to 250 Ml/d and below. In order to reduce water usage and ensure that the current available water is stretched to the next rainy season, the following is being carried out:

- Awareness campaigns to reduce water usage.
- Leak repairs.
- Maximum use of the water from the Nooitgedacht Scheme:
  - Re-zone the areas to make maximum use of the 140 Ml/d treated water via the Nooitgedacht Low Level Scheme

- Use of the Nooitgedacht High Level Scheme to pump ±70 Ml/d untreated water to Grassridge Temporary Treatment Facility to treat the water before injecting it into the supply system.
- Equipping of boreholes drilled in the 2019/20 financial year to supplement the available water. This includes Coega Kop.
- Reducing water pressure to limit water losses and water use.
- Desalination and / or water reuse installation.
- Water Losses:

Reducing water losses remains key in the provision of an effective and efficient service. Losses contribute negatively to the drought situation and affect the income of the Municipality. In this regard, a Business Plan has been developed that governs efforts to reduce water losses. In reducing losses, key interventions include:

- Reticulation leaks repairs
- Leak repairs at subsidised households
- Pressure management
- Reservoir rehabilitation
- Meter replacement
- Pipe replacement
- Zoning and night flow analysis

With these building blocks in place, funding of the above initiatives is critically required to reduce water losses.

- Bucket Eradication:

The Municipality has reduced the number of buckets being serviced in the City to 5 756 as at November 2019. The Bucket Eradication Programme, approved by Council on 1 December 2016, is implemented. Operationally, there might be some carry-over projects, especially in communities that are

located on private land. A challenge remains with a number of communities that prefer to stay on the bucket system until houses are provided.

#### **8.3.1.1 Impact of Covid-19 on water and sanitation:**

The impact of the pandemic on the water and sanitation system is significant. This has been compounded by the fact that the Municipality has approximately 94 informal settlements.

Since the lockdown, the following interventions have been made to alleviate the impacts of COVID-19:

Water:

- 101 water tanks were installed in informal settlements.
- 8 water tanks were installed at the Nelson Mandela Bay Stadium for the COVID-19 isolation facility.
- 184 water standpipes have been installed in informal settlements.
- All schools, clinics and COVID-19 containment sites within the urban area have access to water.
- Schools in the peri-urban area have been identified for water tank installation which is ongoing.

Sanitation:

- 681 chemical toilets were installed in informal settlements.
- 500 chemical toilets were installed in stressed areas.
- All schools, clinics and COVID-19 containment sites within the urban area have access to sanitation.

#### **8.3.1.2 Impact of Drought**

Water availability has a direct impact on the ability to mitigate the COVID-19 impact. Since lockdown, although businesses that are high water users have been closed, the water consumption remains the same which confirms the additional demand for water as part of the COVID-19 requirement.

Dam levels have receded to below 20% and severe water restrictions are anticipated from 1 July 2020. Although 67% of the water for the City comes from Nooitgedacht, this water cannot be distributed to all areas of the Nelson Mandela Bay. Water consumption remains too high for the supply.

In light of the above the two areas of greatest concern, should current consumption patterns continue with no rain fall, are:

- KwaNobuhle that could run out of water by August 2020 when the Kouga dam runs dry. The dam was at 8.8% capacity in June 2020.
- Uitenhage areas that are fed from Groendal Dam may run out of water by August 2020. The dam was at 31% capacity in June 2020.

Dedicated plans will be drafted to address these individual areas with specific needs.

The Nelson Mandela Bay Municipality is entering into a collaboration with the Coega Development Corporation for the development of a desalination plant within the SEZ to supply an initial amount of 15 Ml/d. It is expected to be operational within a 12 to 15 month period.

### **8.3.2 Roads, Stormwater and Transportation**

The Municipality must provide safe, affordable, sustainable and accessible multi-modal transport services and infrastructure that promote integrated land use development and ensure optimal mobility for the residents and users of the transport system in the municipal area. Roads, Stormwater, Transportation, Design and Implementation are not trading services. This means that project funding is largely dependent on internal funding such as the Urban Settlements Development Grant (USDG), the Fuel Levy and any other grant funding. The provision of these essential services provides access to all developments in the City including residential, retail, industrial and commerce. These services are essential for the growth of the City. Key strategies for this section include the following:

- Provision of adequate roads to give access to all developed areas.
- Upgrading of existing roads to ensure an acceptable level of service.
- Provision of facilities for non-motorised transport users.
- Implementation of stormwater infrastructure.
- Design and Implementation of municipal civil services.

The Municipality's Comprehensive Integrated Transportation Plan (CITP) is currently being reviewed to comply with the National Land Transport Act (5 of 2009). The CITP will include projects that need to be implemented within the five-year validity period of the CITP.

The review of the CITP will need to take into account the impact on timing of new developments caused by COVID-19 and projects will need to be reprioritised for a phased implementation over the short-, medium- and long-term.

The Municipality's Road and Bridge Management Systems are also currently up for review. The Road Management System is updated every 2 to 3 years and the Bridge Management System every 5 years.

Implementation of all projects depends on the availability of funds and is supported by the asset information from the Road Management System, the Stormwater Asset System and the Bridge Management System. Slower progress in finalizing these Systems will be experienced due to the COVID-19 pandemic.

Projects have been affected by COVID-19 due to the delays caused by the lockdown preventing projects from being implemented and staff from attending to their normal duties. The planning of projects and systems will, however, continue for when full productivity can be achieved from a staff and service provider perspective. This is expected in the latter half of the 2020/21 financial year.

The urgency of certain infrastructure projects due to COVID-19 requirements has highlighted the need to look at various policies and cumbersome procedures where short timeframes for implementation are required. Supply chain management procedures could be refined and streamlined to ensure more efficient service delivery.

#### **8.3.2.1 Roads Backlogs**

The following backlogs are experienced with regards to the provision of roads and sidewalks:

- (a) Roads and Sidewalks backlogs amount to approximately R5.3 billion for 758 km of roads and R1.6 billion for the 778 km of sidewalks respectively.
- (b) Roads and non-motorized transport projects are required for safety efficiency and accessibility.

### **8.4 INTEGRATED PUBLIC TRANSPORT SYSTEM**

The Municipality is required to implement an Integrated Public Transport System (IPTS) in Nelson Mandela Bay. This is done with guidance and supplementary funding from the National Department of Transport. The IPTS has been designed to provide improved public transport to the residents of Nelson Mandela Bay following the principles that are contained in the National Public Transport Strategy and Action Plan that was approved by National Cabinet in March 2007. The Council of Nelson Mandela Bay Municipality approved the original Public Transport Plan in 2008, which proposed an integrated network of routes that would be serviced by different modes of transport.

The IPTS strategy is to integrate all public transport operations in the City and these are currently being rendered by private operators. The public transport operators include the mini-bus taxi industry as well as Algoa Bus Company. Algoa Bus Company currently holds an interim contract with the Eastern Cape Department of Transport for the provision a bus service. Algoa Bus Company receives a subsidy for each route it operates. The aim is to integrate all the public transport operators as required by Section 41 of the National Land Transport Act, no.5 of 2009 (NLTA).

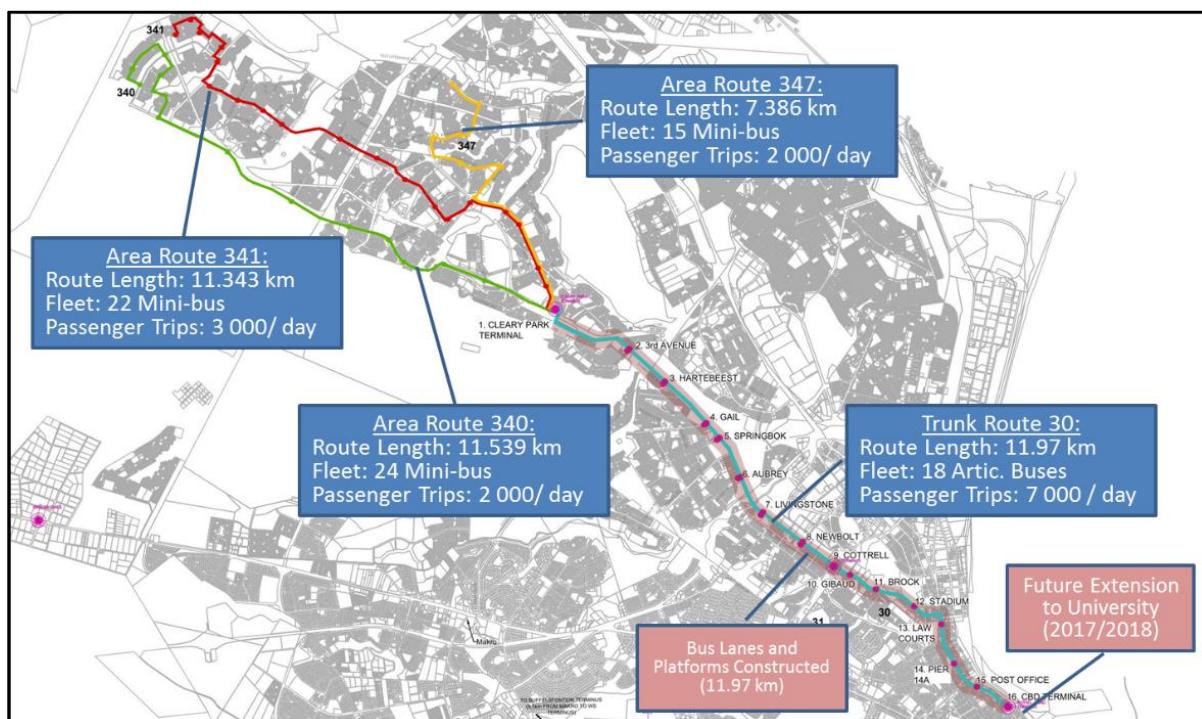
Memoranda of Agreement (MOA), towards this integration, have been signed with all ten taxi associations in the City and an MOA with Algoa Bus Company is in progress.

The objectives of an Integrated Public Transport System are:

- To provide an efficient, safe, affordable, sustainable and accessible multi-modal public transport system.
- To support social and economic development through optimal mobility thus improving the quality of life for residents and users of the transport system.
- To reduce commuter costs for the residents.

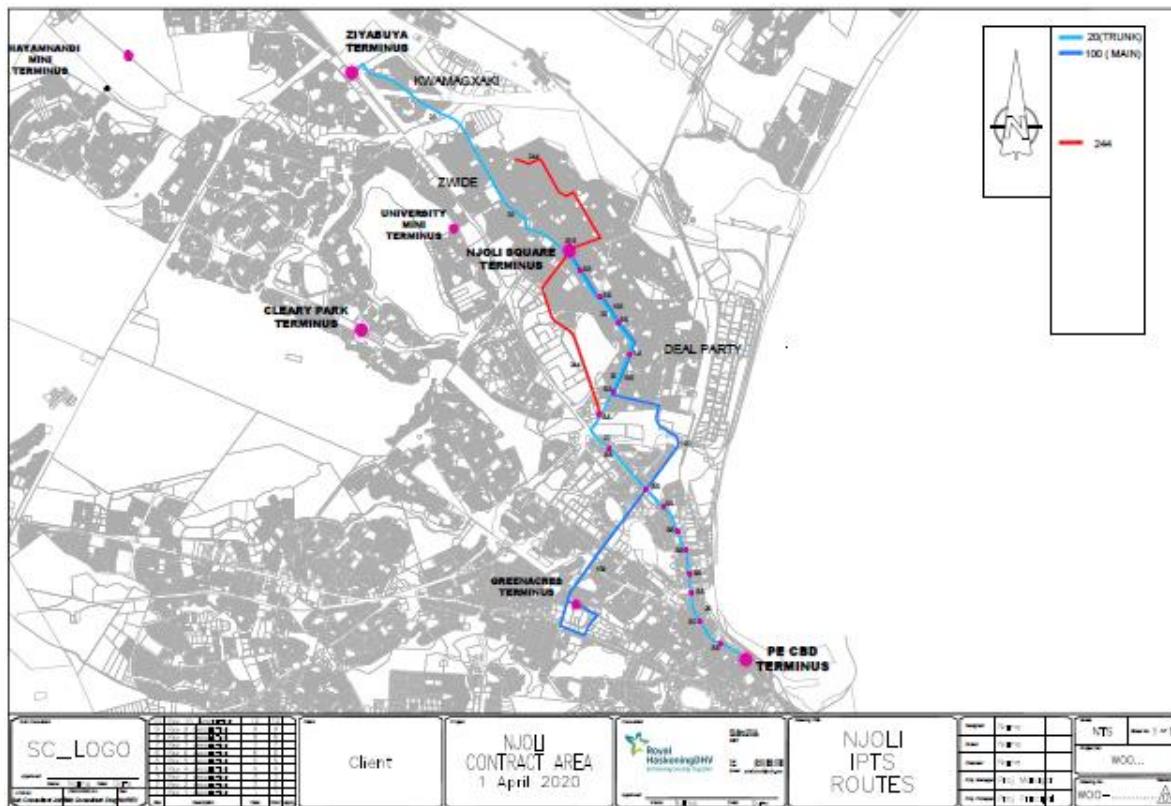
A three-year Starter Service was identified with guidance from the National Department of Transport and approved by Council in January 2016. It has since been realised that not all components of the Starter Service should be implemented in the original timeframes envisaged. The Municipality is therefore focusing on the following two routes in the short-term:

**FIGURE 19: Cleary Park – PE CBD (Phase 1A)**



Source: NMBM, 2020

**FIGURE 20: Njoli – PE CBD (Phase 1B)**



Source: NMBM, 2020

A Vehicle Operating Company Agreement (VOCA) was signed in November 2017 between NMBM and the Vehicle Operating Company that was set up by the two mini-bus taxi associations operating on the Cleary Park route. Operations commenced on 16 May 2018 with a system that is based on hybrid operations using both minibuses and articulated buses. The minibuses are used on feeder routes and articulated buses on the trunk route (Cleary park – PE CBD). The total number of passengers that have been carried by the system since the commencement of operations is over 4.7 million at the end of May 2020.

The system is currently uses a paper ticket system: M-canceller. It is intended to upgrade the system to an automated Fare Collection System in the 2020/21 financial year. An Operating Management System has been installed on the buses and minibuses with the following functions: Fleet management, Business Intelligence, Basic Data Management, CCTV Monitoring on the bus and minibus and System Management.

Monitoring of operations is done at the Integrated Public Transport Operations Centre (TOC). Reports on complaints by the commuters are generated at the TOC and escalated to management for attention. Due to financial constraints, only basic Infrastructure development has been implemented including roadway infrastructure and Depots, Terminus, Stations and Stops.

Phase 1A of the IPTS Starter Service is implemented, however, challenges in relation to a capacitated vehicle operating company and financial aspects for funding of the operations still need to be resolved.

#### **8.4.1 Impact of COVID-19 on IPTS**

The impact of COVID-19 has had little effect on planning for the IPTS. Impacts are, however, felt in the operation of the services.

The first impact identified was the suspension of all services from 27 March 2020 to 4 May 2020. During this time no fare income was received, however, certain costs still had to be paid in terms of the Vehicle Operating Company Agreement (VOCA).

From 5 to 31 May 2020, during level 4 lockdown, very limited services were operated and passenger numbers decreased due to the lack of demand caused by COVID-19 restrictions. Coupled with the lack of demand was the reduced capacity of vehicles due to COVID-19 restrictions. As a measure to reduce the possibility of transmission of the virus the buses were used on all services where they are capable of operating to facilitate social distancing.

From 1 June 2020, the schedule has been amended to operate the full service similar to what was being operated before the COVID-19 lockdown. It is expected that the passenger demand on the IPTS Services will still be low and therefore the capacity that is being supplied should, in most cases, provide for the regulation 50% passengers on the buses and 70% on the minibuses. There may be instances during the peak hours where the demand for transport could be in excess of the regulated capacity, this is being constantly monitored by the VOC and the IPTS

Inspectorate, if additional capacity is required, additional services will be authorised on an as-and-when-required basis. If it is found that there is a daily shortage of capacity during certain times of the day, the scheduled services will be increased as required.

Costs to operate the system will increase due to reduced vehicle capacities. The VOCA will obtain an increased proportion of funding in relation to kilometres operated. This will be monitored to ensure that additional vehicle kilometres are minimised. All other VOCA related costs, except sanitising and PPE, will not be adversely impacted if additional kilometres are operated. As per the Regulations, each vehicle has to be sanitised before and after each trip and all on-board staff have to be supplied with the required PPE whilst on duty, this will incur additional costs.

## **8.5 ELECTRICITY AND ENERGY**

The Municipality has to provide a safe, reliable, environmentally friendly, sustainable and cost effective electricity supply to electricity users in Nelson Mandela Bay. In line with this national mandate, the Municipality aims to develop a resilient infrastructure that will accommodate growth and create sustainable opportunities whilst providing effective and efficient services to the residents of Nelson Mandela Bay.

The Municipality is an energy distribution utility and is licensed by the National Energy Regulator of South Africa (NERSA), the regulatory authority, to distribute and trade in energy to end customers within the defined licensed area. NERSA derives its authority in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).

The strategic focus in respect of the provision of electricity and energy in Nelson Mandela Bay is as follows:

- To ensure universal access to safe and reliable electricity supply to all residents.

- To provide public lighting to all the areas in order to improve the overall safety of the City.
- To implement new lighting technologies and improve the public lighting network through enhancing light output, whilst reducing operating and maintenance costs.
- To provide support to social and economic activities through capable and reliable electricity infrastructure.
- To focus on becoming a conduit to stimulate business investment and job creation in the energy sector.
- To implement and investigate renewable energy and alternative energy technologies in order to ensure future sustainability.
- To support and implement the Smart City programmes to enable universal digital connectivity between all devices and communities, smart metering, measuring and monitoring of all municipal infrastructure.
- To lead by example in implementing demand side management and energy efficient measures in an attempt to prevent and lessen the impact of national load shedding requirements.
- To implement innovative and smart solutions aimed at the systematic reduction of electricity revenue losses.

The electricity landscape has been subjected to vast changes during recent times, and with the innovation and developments in own-generation facilities, many households have elected to connect and install photovoltaic installations on their premises. In addition, an increasing number of industries and commercial establishments are installing photovoltaic systems to reduce their reliance on the Municipality's electricity provision.

The price of conventional electricity when compared to the energy efficient renewal products available in the market has caused many consumers to tap into these options. These have finally been regulated through by-laws and building codes. It is becoming more and more appealing to consumers to install new or replace existing water heaters with those that can be powered through solar power, and to opt for Liquefied Petroleum Gas for cooking and heating purposes instead of conventional grid tied consumption. This slow but steady change in consumption patterns is

having year upon year impacts on the Municipality's energy supply and peak demand. This requires a change to existing business models.

In considering the legal responsibility of the Municipality and its ability to perform on its mandate, underlying support is necessary. This support is not only the legislative framework in the Constitution, relevant Acts and the by-laws, but also financial ability of the Municipality to support operating and capital budgets.

The needs of communities change over time. Electricity and energy services, which are basic services and a conventional utility, remain. However, changes need to occur in the manner in which they are delivered.

The COVID-19 pandemic has impacted upon service delivery, the implementation of projects and sector plans and the daily operations of those in the electricity and energy service. A dynamic approach towards new management methods is needed, which includes dynamic planning, multiple project budgets and modelling.

The urgency created by COVID-19 has highlighted the need for rapid supply chain responses and stock control. In our uncertain future, the need to ensure proper supply chain processes is crucial. All good intentions and funds will not provide services if supply chains are interrupted due to situations such as COVID-19.

New technologies are needed to meet the changes brought about by COVID-19. National government is under financial stress and the reduction in grant funding is a reality. It is therefore imperative that the use of resources is optimised and new solutions are developed using improved technology.

Electricity losses of approximately 15% are being experienced. These can be drastically reduced using appropriate technology. In addition, new technologies and plans will be progressively introduced with the intention to reduce the reliance on subsidised funding for the electricity and energy sector.

Once the electricity losses are properly controlled, there will be an increased availability of funding. Revenue enhancement models are needed for short-, medium- and long-term financial sustainability of the electricity market. The Nelson Mandela Bay Municipality socio-economic outlook was never positive towards easily sustaining the electricity and energy business. COVID-19 has reduced the ability of residents to pay for electricity and energy services. It is therefore imperative that alternative models of funding the sector are developed.

Eskom's inability to provide constant reliable electricity and the threat of continued load shedding requires innovation to become an important consideration in the day-to-day business of electricity and energy management. Strategies such as the successful geyser switching strategy, which manages demand and saves on the Eskom account, whilst preventing certain load shedding must be implemented. Effort must be put into considering ways of reducing the Eskom account.

Eskom remains a key role-player in the provision of electricity in South Africa. In 2019, a decision was taken by the Minister of Mineral Resources and Energy to unbundle Eskom and to bring about key regulatory reforms. This is expected to have a large impact on the role of Eskom in energy supply. Following this decision, Eskom's traditional role as a Buyer under section 34 of the Electricity Regulation Act will certainly change and evolve. The National Integrated Resource Plan (2019) will require the development of new strategies that will allow and enable Eskom to form an integral part in the development of new generation capacity.

When considering the topic of load shedding and its potential impact on society, an area to focus on is the Cost of Unserved Energy (COUE) as a consequence of the non-availability of electricity supply. The COUE is used to determine the value of the cost of electricity interruptions to electricity customers and the economy as a whole. It endeavours to place an economic value that gets forfeited every time the utility fails to provide uninterrupted supply to its citizen base. The socio-economic impact of an unreliable supply is thus not limited to the loss in consumption and sales revenue, but additionally opportunity cost lost through the creation of an image of unreliability and unattractiveness to a supporting economic environment.

Nelson Mandela Bay Municipality has revised the load-shedding schedules from the former 8 groups to 19 groups. The 8 groups did not include industry and commercial load and the stages only went up to stage 4. The revised regulations include contingency schedules from stage 5 to stage 8 load shedding. In order to meet the requirements for the new revision and to reduce the negative impact on consumers, the Municipality's schedules were revised to the 19 groups, which now includes the industry and commerce from stages 5 to 8. The extension of the domestic groups has made it possible to reduce the duration of load shedding from stages 3 to 5. Alternative means and options of reducing the impact of load shedding is being investigated. These means include geyser control switches and the recommissioning of the Gas Turbine at Mount Road.

The amendment to the Electricity Regulations Act, allowing municipalities to purchase electricity from Independent Power Producers (IPP's) must be carefully considered and possibly utilized to develop the renewable energy economy of the City. Such programmes as Embedding Generation Investment, that have been approved by Council should be implemented.

Council should consider Public-Private Partnerships (PPP's) as a model to obtain outcomes to renewable energy and generation. A way in which Council could obtain value from securing long-term sustainable energy would be to be a co-owner of a generation project. These models should be investigated and pursued.

**FIGURE 21: SWOT ANALYSIS OF ELECTRICITY AND ENERGY  
IN NELSON MANDELA BAY**

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> <li>• Skilled and experienced staff.</li> <li>• High penetration of bulk infrastructure that is able to reach the developing areas.</li> <li>• Well designed, high voltage electrical infrastructure, with capacity to accommodate future growth and deal with fault conditions.</li> <li>• The City is a frontrunner in creating an enabling environment and attracting investment in the green economy sector.</li> </ul>	<ul style="list-style-type: none"> <li>• The organisational structure does not respond to the present business environment.</li> <li>• Ageing staff with some experienced staff close to retirement.</li> <li>• Obsolete systems – some of the systems are not in line with current business requirements.</li> <li>• Inadequate revenue management monitoring and controls.</li> <li>• High dependency on grant funding from National and Provincial governments.</li> <li>• Decreasing electricity sales and declining gross profit margins.</li> <li>• Climate change responses are ad hoc and decentralised and actions are mostly uncoordinated.</li> </ul>
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> <li>• Renewable energy initiatives and alternative forms of energy can be leveraged to achieve greater sustainability, such as Small Scale Embedded Generation, distributed generation, wheeling agreements, self-generation and feed in tariffs.</li> <li>• Smart City 4th industrial Revolution where existing infrastructure such as fibre networks, SCADA network system, electrical infrastructure and buildings can be used to generate additional revenue and increase efficiency e.g. use of smart street lights and charging stations.</li> <li>• Extra revenue could be realized through effective electricity losses strategies.</li> <li>• The Minister of Energy approved legislation, which allows utilities such as the Nelson Mandela Bay Municipality to enter into agreements with IPP's for the procurement of alternative sources of energy.</li> <li>• The ability to utilize PPP's to raise investment for smart infrastructure under National Treasury approved principles for revenue sustainability in the electricity markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Overreliance on Eskom for generation purposes.</li> <li>• Customers seeking alternative forms of energy and self-generation capabilities, which will have a negative effect on municipal revenue.</li> <li>• Impeding industry policies and protracted, bureaucratic supply chain regulations, which could impact the speed in which utilities enter into agreements with IPP's.</li> </ul>

### **8.5.1 Electricity and Energy Operations**

The operations with regards to electricity and energy in the Municipality include:

- The provision of dwellings with connections to the mains electricity supply within the Nelson Mandela Bay Municipality's jurisdiction through electrification programmes – the roll out of formal and informal cost effective electrification programmes.
- Revenue management – management of losses, upgrading of commercial customers to Automatic Meter Reading (AMR) facilities, migration of domestic customers to smart metering systems, as well as the installation of smart infrastructure in order to monitor and reduce losses by approximately 1% per annum.
- Revenue realisation programs within the energy sector – introducing cost reflective wheeling tariffs and feed-in tariffs for renewable energy pro-consumers.
- Systems reliability improvement – Supervisory Control and Data Acquisition (SCADA) monitoring networks, protection of the network and improving network links. Currently the Municipality has 75% SCADA penetration on the high voltage and medium voltage networks. The plan is to increase SCADA penetration to 85% and thus improve the network monitoring and reliability.
- Reinforcement – to strengthen the weak links within the network, to meet the needs of the customers and expectations through enabling infrastructure developments.

### **8.5.2 Developmental Priorities**

The table below reflects the developmental priorities for electricity and energy:

**TABLE 24: Electricity and Energy developmental priorities**

<b>Service Delivery</b>	<b>Short Term</b>	<b>Medium Term</b>	<b>Long Term</b>
Provide safe and reliable electricity to all residents.	To provide approximately 3 000 new electricity connections per annum.	To provide approximately 15 000 new electricity connections over the next 5 years.	To ensure that 95% of all households have access to safe and reliable electricity supply.
To introduce renewable energy as part of our energy mix for the residents.	Engage with IPP's for the production of sustainable energy to the network.	15% of energy supply to be produced from alternative sustainable sources.	30% of energy supply to be produced from alternative sustainable sources.
Ageing infrastructure.	Refurbishment of the inner city network, encompassing the oldest existing portion of the network.	Refurbishment of 80% of high voltage transformers.	To modernise the network, which will enable future growth and development.

Source: NMBM, 2020

### **8.5.3 Energy Mix Master Plan**

An Energy Mix Master Plan is to be prepared to enable the Municipality to curb the use of fossil fuels as well as reduce the reliance on the Eskom grid. This Plan will consider alternative energy sources and the spin-offs will result in decreased cost of energy to consumers.

The energy mix should be a balance of the following:

- Photovoltaic
- Biomass
- Biogas
- Wind energy
- Energy storage
- Traditional energy sources

#### **8.5.4 Impact of COVID-19 on Electricity and Energy**

The following impacts have become evident during the COVID-19 period. These impacts will endure into the 2020/21 financial year.

- Socio-economic challenges created by the pandemic, resulted in an increased number of illegal connections and tampering. This put a strain on existing infrastructure and resulted in overloading of the electrical infrastructure. It is also expected that the electricity losses will escalate.
- The above resulted in increased, unplanned outages and this in turn resulted in high labour costs during this period.
- Strategic projects that were to deal with infrastructure improvement were affected due to social distancing. This resulted in delays to such projects.
- Due to the lockdown, there were high levels of infrastructure vandalism, theft, robberies of employees and hijackings of municipal vehicles. This had a consequent impact on employees.

### **8.6 HUMAN SETTLEMENTS**

The impacts of the COVID-19 pandemic have been most harshly felt at a community level where poverty levels are high, self-isolation is not possible and adequate housing amenities and services are lacking. The pandemic has highlighted the need to accelerate addressing the inequalities that are experienced.

#### **8.6.1 Housing as a basic need and Human Settlements**

The Constitution of South Africa Act 108 of 1996 and the Bill of Rights contained therein, affirm the democratic values of human dignity, equality and freedom for all citizens. This informs the work of the Municipality in human settlements provision, while it must also give effect to the following associated rights:

- Equality
- Human dignity
- Freedom and security
- Privacy
- Freedom of movement and residence
- Property
- Environment
- Healthcare, food, water and security
- Access to information
- Administrative justice

The City's mandate in respect of human settlements is derived from the National Housing Act 107 of 1997, which provides for "the establishment and maintenance of habitable, stable and sustainable public and private residential environments, to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis have access to permanent residential structures with secure tenure, ensuring internal and external privacy, and providing adequate protection against the elements, potable water, adequate sanitary facilities and domestic energy supply".

The delivery of housing provides an opportunity to transform settlements and the development trajectory of the City whilst at the same time reducing segregation and inequality.

In fulfilling its mandate, the following challenges have been experienced by the Municipality. These challenges are not unique to Nelson Mandela Bay.

- A housing market in which poor households cannot participate.
- An ongoing housing affordability problem across various sub-markets, particularly the gap market.
- Weak spatial planning and governance capabilities.

- The high cost of well-located land for development.
- The inability to adequately respond to the diverse needs of low-middle income households.
- The absence of a range of typologies and tenure types to support the needs of poor households.
- The limited success of social housing to provide rental accommodation at scale.
- The escalating cost of development for government, resulting in a reduced number of housing units delivered.

Notwithstanding the above, in pursuing sustainable and integrated human settlements projects, the following objectives are pursued for all communities:

- Access to adequate accommodation that is suitable, relevant, appropriately located, affordable and fiscally sustainable.
- Access to basic services such as water, sanitation, refuse removal and electricity.
- Security of tenure, irrespective of ownership or rental, formal or informal structures.
- Access to social services and economic opportunities within a reasonable distance.

### **8.6.2 Multi-disciplinary Approach**

In addressing the above aspects, a multi-disciplinary and collaborative approach with all relevant internal and external sectors is required. Alignment and integration between municipal directorates and other government departments is critical to the success and sustainability of human settlements interventions.

An Inter-Departmental Project Technical Task Team (IDPTTT) was established to assist with the alignment and integration of strategic programmes in the City. The Task Team reports to the Multi-Disciplinary Technical Task Team, which is comprised of the Executive Management Committee. The meetings are chaired by

the Acting City Manager, who in turn delegated the responsibility to the Acting Executive Director: Human Settlements. The platform meets monthly.

### **8.6.3 Diversity in Housing Circumstances**

It is recognised that the Provincial Department of Human Settlements is responsible for the allocation of funding for housing development in the Nelson Mandela Bay area. This influences what can be achieved by the Municipality.

The reality that faces the Municipality in providing adequate housing is that not every citizen in need of a formal home, in a sustainable and integrated human settlement, will receive one in the short or even medium term. To mitigate this, the approach adopted to dealing with informal settlements is to focus on upgrading, de-densification and in situ development.

In addition, not every citizen is in need of a subsidised house. There are those who can benefit from other initiatives, such as social housing and the Finance Linked Individual Subsidy Program (FLISP). The role of the Municipality is therefore to match citizens in need of homes to the appropriate available housing instruments, in collaboration with other role-players.

### **8.6.4 Diverse Functions in Human Settlements**

An important aspect in the provision of human settlements is the resolution of community conflicts, disputes and civil disturbances. The relocation of communities from emergency areas or after land invasions, or any highly emotive situations, requires particular facilitation, consensus building, and conflict resolution and problem-solving skills. In meeting the human settlements mandate, the Municipality deals with the most vulnerable citizens and it is therefore important that the approaches are appropriate.

Functions supporting the human settlements mandate include:

- Land survey
- Building control
- Land use management and spatial planning
- Development and support for human settlements delivery
- Property and planning administration
- Housing consumer education

#### **8.6.5 Human Settlement Sector Plan**

A Human Settlement Sector Plan was adopted by Council in December 2012 in order to comply with the requirements for Level 2 accreditation at that stage and also to increase integration between the Integrated Development Plan (IDP), Spatial Development Framework (SDF), Land Use Management Strategy (LUMS) and infrastructure development planning.

The Human Settlement Plan is presently outdated and will be reviewed in order to:

- Align to and express current legislation and policy prescripts
- Align to and express current goals and objectives in terms of the National Development Plan and the Municipal IDP
- Address local conditions
- Align available funding to identified priorities

The strategic goals as contained in the Implementation Plan of the 2012 Human Settlement Plan remain relevant. These are:

Goal 1: Adoption of framework for new Housing Delivery Model

Goal 2: Understand Demand

Goal 3: Land Assembly

Goal 4: Innovative and humane in-situ upgrading

- Goal 5: In-situ formalization of Backyard Shacks
- Goal 6: Partnerships for broader housing delivery
- Goal 7: Progressive and flexible development Policy

Some progress has been made in the achievement of some of the goals.

#### **8.6.6 Priority Human Settlement and Housing Development Areas**

The Minister of Human Settlements, Water and Sanitation has recently promulgated what are known as Priority Human Settlement and Housing Development Areas (PHSHDA's). These areas are identified as priority areas that can advance spatial transformation and housing delivery.

Three PHSDAs have initially been identified for Nelson Mandela Bay with the recognition that additional areas can be identified in the future.

**TABLE 25: Priority human settlement and housing development areas**

<b>PHSHDA Number and Name</b>		<b>Main Places</b>	<b>Ward Numbers</b>
4	Baywest Development Area	Bay West, Bethelsdorp, Charlo, Cotswold, Fairview, Fernglen, Framesby, Gelvandale, Hunters Retreat, Kabega, Korsten, Lorraine, Malabar, Mangold Park, Mill Park, Mount Pleasant, New Brighton, Newton Park, Parsons Vlei, Sunridge Park, Theescombe, Walmer, Westering	6, 8, 9, 12, 39
5	Bethelsdorp Corridor	Algoa Park, Bethelsdorp, Bloemendaal, Ibhayi, Korsten, Kwamagxaki, New Brighton, Redhouse, Swartkops	11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 24, 25, 26, 27, 28, 30, 31, 33, 34, 35, 37
6	Uitenhage-Despatch-KwaNobuhle Corridor	Bethelsdorp, Bloemendaal, Despatch, Kwadwesi, Kwamagxaki, Kwanobuhle, Uitenhage	29, 36, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53

Source: GN 43316-15-05-20

In most instances, the planning for these areas is complete. Implementation Plans for the development of these areas will need to be developed and it is intended that public sector investment will leverage private sector investment. The implementation plans will determine public sector investment required.

#### **8.6.7 Focus areas for development**

The Municipality has identified a number of Catalytic Land Development Programmes in its Built Environment Performance Plan which include the following:

##### **Economic game changers:**

- Port Baakens
- N2 Nodal Precinct
- Bayworld / Happy Valley / Old Stadium Precinct

##### **Urban development and township upgrading:**

- Njoli/Red Location/New Brighton Precinct
- Motherwell Precinct including the rail corridor
- Cleary Park Modal Precinct
- Uitenhage Central Precinct
- Zanemvula Precinct
- Jachtvlakte Precinct

In addition to the above, the following areas are considered are focus areas for development:

- Summerstrand: facilitation of strategic land release of well-located municipal and state owned land parcels for purposes of integrated residential development; land preparation (land planning and environmental authorization) for Summerstrand Extensions.
- Walmer Developments: continuation of Walmer Gqeberha developments; land preparation for land development Walmer extensions (Erf 11305); land

assembly and land preparation for future development; bulk infrastructure development.

- Despatch Florida: bulk infrastructure installation for Phase 1 development of private sector integrated residential development.
- Algoa Park/Helenvale: land assembly of public and private land to facilitate infill residential and mixed use development on various well located land parcels.
- Fairview: planning and implementation of road, water and sanitation infrastructure to accommodate densification and integrated mixed use development in the Fairview area; review of Local Spatial Development Framework/ Precinct Plan to permit densification and integrated mixed use development.
- Seaview: land acquisition to facilitate the planning and development of a low income residential area to accommodate the Zweledinga and New Rest Informal Settlements.
- Lorraine: land acquisition to facilitate the planning and development of an integrated residential development area around an in loco informal settlement in the Lorraine area.

Attached as Annexure “B” are detailed Scope Plans for Florida Heights, Summerstrand, N2 Nodal Development and Uitenhage Central. It should be noted that N2 Nodal Development and Uitenhage Central are municipal catalytic land development programmes of the Built Environment Performance Plan.

It is noted that many of the Strategic Programmes recorded herein will benefit from the prioritization of development in terms of the Priority Human Settlement and Housing Development Areas noted above.

#### **8.6.8 Upgrading of Informal Settlements Plan (UISP)**

The Urban Settlements Development Grant is required by the National Department of Human Settlements to be used in part for the upgrading of informal settlements. This upgrading is to take place on a holistic basis and focus not only on housing but

also community participation and other services and amenities which are delivered by all spheres of government and the private sector.

The Municipality has submitted an Upgrading of Informal Settlements Plan to the National Department of Human Settlements which aligns with the Built Environment Performance Plan, the Urban Settlements Development Grant and the IDP of the City.

The requirements of the Plan are dictated by the National Department of Human Settlements.

The priority areas are:

- Qunu 1060
- Vastrap
- Moeggesukkel
- Riemvasmak
- Bloemendal Ext
- Walmer Airport Valley
- Walmer G
- Walmer G West
- Walmer Federation
- Walmer E
- Walmer N

The destination projects for the de-densification as captured in the Human Sector Plan are:

- Jachtvlakte HS5b; 5c; and 8
- Ekuphumleni
- Walmer 1948
- Nkatha Seyisi

Priority will also be given to the unlocking of Motherwell Extension 31 as a major dedensification area.

#### **8.6.9 Impact of COVID-19 on Human Settlements**

The focus of the Municipality since the lockdown period has been on providing relief to impoverished areas and informal settlements in particular. Funding has been diverted from project and programmes to support the provision of water, sanitation and shelter. These activities will continue to be prioritised in the 2020/21 financial year.

A COVID-19 Intervention Programme was developed for human settlements, which focuses on *inter alia* de-densification of informal settlements through repositioning and relocation, supply of water and sanitation to households and the provision of shelter where necessary.

The COVID-19 pandemic has had a major impact on the processing of Land Use, Site Development Plans and Building Plan Applications; as well as the assessment / processing of land transactions such as encroachment, sale and lease of land. A downstream impact of decreased income generated from sale/lease of land as well as a concomitant decline in development and rates and taxes will be felt in the forthcoming financial years.

The lockdown has caused backlogs in building plans, land use applications and appeals for which special measures are being taken to minimise the impact.

## 8.7 PUBLIC HEALTH

The role and responsibilities of Public Health in Nelson Mandela Bay has been critical in the period being experienced due to the COVID-19 pandemic. The Public Health Sector of the Municipality is mandated to provide public health services to all its inhabitants and occupational health, safety and wellness services to its employees.

Included in the public health services are the following functional areas:

- Municipal health services
- Waste management
- Environmental management
- Parks and cemeteries
- Occupational health services for employees

Public health is the science of disease prevention, prolonging life (life expectancy) and improving quality of life through organized efforts and informed choices of society. It is important to understand and analyse the local determinants of health of a population and the health threats. Disease surveillance is an epidemiological practice of monitoring diseases at long range, their spread, the drivers and progression in human populations and form a key part of a Public Health Strategy.

The role of Public Health was placed in the hands of Local Government by Schedule 4 Part B and Schedule 5 Part B of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The National Health Act, 2003 (Act 61 of 2003) prescribes the role of local government in executing this mandate.

The main role of disease surveillance can be summarised as follows:

- To predict diseases at long range,
- To estimate their impact and
- To put measures in place to minimise their impact.

The World Health Organization defines human health as not merely the absence of disease or infirmity but the completeness of physical, social and mental wellness of communities and more recently, as a resource for everyday living. The World Health Organization puts the South African life expectancy at 60.2 years for males and 67 years for females with an average life expectancy of 63.6 years. Compared to the developed countries the South African life expectancy may be considered very low.

### **Public Health challenges**

The Municipality is faced with a crisis of continuing multiplicity of diseases worsened by:

- The absence of a coherent Public Health Plan and Strategy.
- A shortage of critical health skills.
- Environmental impact challenges and effects of climate change such as droughts, heat waves and food security.
- Unhygienic public spaces due to illegal dumping of refuse.
- Institutional Occupational Health and Safety Act legal compliance challenges.
- A shortage of suitable land for burial.

### **Health Plan**

Section 33 of the National Health Act, 2003 (Act 61 of 2003) places a responsibility on local government, particularly the District and Metropolitan Municipalities to develop a Health Plan which should guide the planning, resourcing and delivery of health services in each health district. The Nelson Mandela Bay Municipality does not have such a plan, however, the urgency of such a Plan to be put in place has been highlighted by COVID-19. It is hoped that a Plan will be developed in the 2020/21 financial year.

## **Disease burden**

The Nelson Mandela Bay Municipality faces a multiplicity of a burden of diseases, which include human immunodeficiency syndrome (HIV), Tuberculosis, communicable diseases, perinatal, maternal and nutritional disorders, non-communicable disease, injuries and more recently Coronal Virus pandemic. The preventative aspects of this burden of diseases are largely reliant on an effective and resourced local government health system.

### **8.7.1 Municipal Health Services (Environmental Health)**

Public Health Surveillance and disease prevention is a specific mandate of local government, especially district and metropolitan municipalities. Environmentally induced diseases are monitored and managed through the following programs and when properly resourced they are capable of reducing the burden of diseases significantly.

#### **Water monitoring**

Water quality and availability is monitored including the mapping of water sources and enforcing laws and regulations related to water quality management. The Municipality also ensures water safety and accessibility in respect of a safe quality (microbiological, physical and chemical) and an adequate quantity for domestic use as well as in respect of the quality for recreational, industrial, food production and any other human or animal use.

#### **Food control**

The Municipality ensures food safety in respect of acceptable microbiological and chemical standards, quality of all food for human consumption and optimal hygiene control throughout the food supply chain from the point of origin, all primary raw material or raw products production, up to the point of consumption.

### **Waste management and general hygiene monitoring**

Proper refuse storage, collection, transportation, transfer and processing, materials recovery, and final disposal of refuse is ensured by the Municipality. Waste management including auditing of waste management systems and adherence to the 'cradle-to-grave' approach is performed by the Municipality. This includes proper management of liquid waste including sewage and industrial effluents as well as a proper storage, treatment, collection, transportation, handling and disposal of medical waste and hazardous waste.

### **Health surveillance of premises**

The Municipality monitors all buildings and physical structures used for residential, public or institutional purposes (including health care and other care, detainment, work and recreation, travel, tourism, holidaying and camping) and the facilities in connection therewith and the immediate precincts. Health impact assessments of housing projects are also monitored. In addition, environmental health impacts and other assessment are conducted as part of the urban and rural land-use planning and practices.

### **Surveillance and prevention of communicable diseases**

A role of the Municipality is to promote health and hygiene aimed at preventing environmentally induced diseases and related communicable diseases. In addition, the collection, analysing and disseminating of epidemiological data and information is done. In collaboration with the different spheres of government, epidemiological surveillance of diseases and establishing an effective environmental health surveillance and information system is conducted.

### **Vector control monitoring**

Vector control in the interest of public health including control of arthropods, molluscs, rodents and other alternative hosts of diseases is conducted. Where necessary, the removal or remedying conditions resulting in or favouring the prevalence of or increase in rodents, insects, disease carriers or pests is applied. In some cases, residual spraying of premises and precincts and investigating zoonotic diseases and vector-borne diseases in the working and living environment is necessary. A further function includes surveying imported cargo and livestock for the prevalence of disease vectors and undertaking serological testing of rodents, dogs and other pets or animals.

### **Environmental pollution control**

The Municipality has to ensure hygienic working, living and recreational environments. This is done by identifying the polluting agents and sources of water, air and soil pollution. Environmental health impact assessments of development projects and policies, including assessments of major hazard installations is conducted. Environmental health hazards are identified and risks assessment and mapping thereof is undertaken. The Municipality further approves environmental health impact assessment reports and comments on environmental impact assessment applications. Furthermore, clean and safe air is ensured through emission inventory monitoring, modelling and toxicological reports, reviews and complaint investigations.

### **Disposal of the dead**

In this regard, the Municipality controls or prohibits the business of an undertaker or embalmer, mortuaries and other places or facilities for the storage of dead bodies. It monitors practices at cemeteries, crematoria and other facilities used for the disposal of dead bodies, manages, controls, and monitors exhumations and reburials or the disposal of human remains.

## **Chemical safety**

All operators, fumigation firms and formal and informal retailers that deal with the manufacture, application, transport and storage of chemicals are monitored. Permits and licenses are issued for these premises e.g. Scheduled Trade Permits. Advice, education and training on pesticides and/or chemical safety is facilitated.

## **Noise control**

Noise is controlled through the assessment of the extent of noise pollution and its effects on human health.

## **Radiation (ionising and non-ionising) monitoring and control**

A function of the Municipality is to ensure the protection against any form or sources of electromagnetic radiation. This is done through the ensuring of proper disposal of all radiation waste materials from hospitals and other licensed establishments and the safe transportation of radioactive material to ensure compliance.

### **8.7.2 Environmental Management**

In respect of environment management within the Municipality, the following functions are performed:

#### **Formulation of an Integrated Sustainability Plan (ISP)**

The Municipality has an Integrated Sustainability Plan (ISP) in place, adopted by Council on 2 July 2012. The ISP outlines the vision, priorities and commitments with regard to the management of the environment of the area within its jurisdiction. The Plan updates the previous 2004 Environmental Policy of the Municipality and brings issues of climate change, air quality and functional responsibility of the Municipality into the Plan.

The Constitution compels the Municipality to take reasonable steps to prevent pollution and ecological degradation, promote conservation and secure the ecologically sustainable development and use of natural resources. The Municipal Systems Act (Act 32 of 2002) and the National Environmental Management Act (NEMA) (Act 107 of 1998), as well as other Specific Environmental Management Acts such as the Integrated Coastal Management Act (Act 24 of 2008) also place environmental responsibilities on the Municipality.

As an organ of state, the Municipality also has to ensure that all developments are done in an environmentally sensible and sustainable manner. This is to comply with the National Environmental Management Act (Act 107 of 1998), Environmental Impact Regulations of 2014 (Government Notice Regulation 982).

Environmental and Occupational Health and Safety legislative frameworks that impact significantly on the rolling out of services in the Municipality are:

- The National Environmental Management: Protected Areas Amendment Act
- The National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004)
- The National Environmental Management: Air Quality Amendment Act, (Act No.39 of 2004)
- The National Environmental Management: Integrated Coastal Management Amended Act, 2008 (Act No. 24 of 2008)
- The National Environmental Management: Waste Amended Act, 2008 (Act No. 59 of 2008)
- The Water Services Act, 1997 (Act No. 108 of 1997)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)

## **Climate Change Response and Adaptation Plan**

Climate change is broadly defined as the change in climate attributed directly or indirectly to human activity (the emission of greenhouse gases sourced from fossil fuel-based activities) which has altered the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods. This is also true for the Nelson Mandela Bay region where in the past 20 years, weather patterns have demonstrated an increase in floods, more serious droughts and an increase in wind speed and change in direction. Since 2009, Nelson Mandela Bay Municipality has tracked climate change issues and broadened the awareness of climate change within the Municipality.

There are two general approaches to combating human-induced climate change:

- Climate mitigation: action taken to reduce or eliminate the source of greenhouse gases or to enhance the absorption of greenhouse gases (“carbon sinks”).
- Climate adaptation: ability of a system or community to adjust to climate variability or extremes.

In order to solve funding and capacity challenges, mutually-beneficial partnerships with the International Council for Local Environmental Initiatives (ICLEI) and other institutions such as the Department of Environmental Affairs (DEA on Green Economy Projects as well Law Enforcement and Compliance Programs) have been established. The ICLEI-led Urban Low Emission Development Strategies (LEDS) project delivered an updated greenhouse gas inventory for the City in 2014. The previous inventory had been done in 2011, using 2007 data.

Inter-departmental cooperation particularly around electricity and energy and disaster management has also contributed to a better understanding of risk, vulnerability and resilience.

In 2015 the Municipality finalised its Climate Change and Green Economy Action Plan. This action-based plan is the first municipal response to climate change.

Since 2018, the Built Environment Performance Plan (BEPP) requires climate risk and resilience inputs to be included, to demonstrate how the City is planning for current and future climatic risks and whether adaptive capacity is being built through sustainable spatial planning.

## **Biodiversity**

Nelson Mandela Bay is rich in biodiversity and ecological assets, which are rapidly being compromised due to unsustainable land-use practises, overgrazing, alien vegetation infestation, pollution and other environmental changes.

Five of South Africa's seven biomes converge in the Nelson Mandela Bay area which is regarded as a global biodiversity hotspot with eleven Municipal Nature Reserves and eight Private Nature Reserves. A biome is a geographically distinct community of plants, animals and their interrelationships. This biodiversity value has therefore made it imperative to create positive links between biodiversity management, human well-being and sustainable development. The Municipality's biodiversity is promoted through the planning, development and implementation of the Nelson Mandela Bay Metropolitan Open Space System (NMBMOSS).

The MOSS Conservation Assessment and Plan is a fundamental and key decision-making tool in land-use management processes and it is a critical informant of the Municipal Spatial Development Frame and Local Spatial Development Frameworks. The City was also the first to develop a Bioregional Plan, which was gazetted in December 2014. The Bioregional Plan maps out Critical Biodiversity Areas (CBA's) and gives land use planning guidelines which developments must take into account in the planning process.

## **Coastal Management**

The management of the 102 kilometre Coastal Zone is undertaken in terms of the Integrated Coastal Management Act, National Environmental Management Act, Marine Living Resources Act, National Water Act (pollution) and related policies; these include the Estuarine Management Directives, Coastal Access Policy and Off Road Vehicle (ORV) Policy, management of public and private jetties, and slipways.

In 2014, Council approved the Coastal Management Plan, which addressed coastal developmental requirements and highlighted constraints relating to areas prone to high coastal sensitivity and associated impacts.

During 2016, the Coastal Setback Line Scheme was submitted for gazetting to give effect to the protection of coastal sensitive areas, provide adequate access to the people and guide development along the coast.

### **8.7.3 Waste Management**

The objective of Waste Management Services is to provide quality sustainable waste management services to the residents of Nelson Mandela Bay, so as to ensure a clean and healthy environment by:

- rendering refuse collection services to all residents in terms of the National Environmental Waste Management Act 59 of 2008;
- providing a sufficient number of waste disposal facilities with sufficient capacity;
- drafting and implementing a third generation integrated waste management plan, which focuses on minimising disposal of waste through recycling.

The above objectives are achieved through the following:

- Implementing standards to deal with waste management collection services. These include timing of collection services, the provision of waste containers and refuse bags and the operation and maintenance of a fleet of refuse collection vehicles.
- Operation of a number of waste drop off sites and transfer stations.
- Operation of two general waste landfill sites that are compliant in terms of applicable legislation. These are at Koedoeskloof and Arlington.
- The control of illegal dumping through an Integrated Waste Management Plan which was developed and approved in 2013. Pilot programmes were conducted in particularly affected areas such as Helenvale, Barcelona and Schauderville and involved awareness and education programs and volunteer ambassadors.
- Waste Management By-laws.

#### **8.7.4 Parks and Cemeteries**

The Municipality is committed to create and maintain landscaped areas, undeveloped municipal land within the urban footprint and cemeteries in a sustainable, aesthetic, eco-friendly and safe environment to enhance the marketability of the city and improve the quality of life for all.

Roles and responsibilities in respect of parks and cemeteries include:

- Conceptualisation, planning and implementation of landscaping projects.
- Planning, providing and maintaining playground equipment.
- Maintaining public open spaces and islands, including major parks and landscaped islands.
- Compiling and implementing greening programmes as per the Draft Greening Policy.

- Maintaining parks, flower-beds and developed public open spaces.
- Tree planting and maintaining existing trees and trees on street verges.
- Specialised vegetation control (alien vegetation management and weed control).
- Ensuring land availability for cemeteries; extra burial land is currently being identified.
- Upgrading and maintaining operational and closed cemeteries.
- Providing floral decorations for civic functions, organisations and institutions at municipal venues and for non-profit-making organisations.
- Beautification and greening.
- Providing advice to and educating the public regarding plant identification and diseases.

#### **8.7.5 Occupational Health, Safety and Wellness**

The Municipality has a legal, social and strategic responsibility to protect, preserve and invest in employees' health, safety and wellness. In this regard, the Municipality provides:

- an integrated, sustainable employee health and wellness management system; and
- a sustainable occupational health and safety management system,

As part of the Occupational Health and Safety Management system, the Municipality is focusing on the following:

- Ongoing medical surveillance (statutory and executive) of employees and serving Councillors.
- Sick absenteeism analysis and specialist intervention.
- Financial education and debt management programme.
- Support mechanisms aimed at reducing substance abuse and promoting responsible alcohol use; the NMBM Substance Abuse and Addiction Policy was approved by the Council on 2 March 2011.

- Development and implementation of an Occupational Health and Safety Management System Standard (OHSAS) (18001:2007) for hazard identification, risk assessment and control.
- Construction safety management.

The Municipality is implementing intervention strategies to respond to the challenges of HIV and AIDS in the workplace. Each intervention is linked to the priority areas, goals and objectives of the current National Strategic Plan (NSP).

On 30 May 2011, the NMBM Employee Wellness Centre was accredited by the Eastern Cape Department of Health to provide Anti-Retroviral Treatment for municipal employees in need of treatment. The programme excludes employees who are covered in terms of medical aid, unless they have exhausted the benefits allowed by their medical aid society for HIV and AIDS treatment.

#### **8.7.6 HIV and AIDS and TB Multi-Sectoral Response**

The Municipality is committed to ensure that HIV/AIDS, Tuberculosis (TB) National/Provincial Strategic Plan (2012-2016) objectives are mainstreamed externally and internally by all stakeholders of the Nelson Mandela Bay involved in the fight against HIV/AIDS and TB. Nationally, HIV/AIDS and TB are viewed not only as a health issue, but also as a socio-economic developmental and human rights issue. Local government has to champion the fight against the epidemic, plan an integrated approach that will mitigate the impact of HIV/AIDS, TB and create an enabling environment for economic and social development.

A multi-sectoral approach is imperative for the institution to continue holding AIDS Council meetings and Inter-sectoral Cluster Forum meetings regularly to coordinate, monitor and evaluate the impact made by internal and external stakeholders on HIV/AIDS reduction in Nelson Mandela Bay. Mainstreaming is everyone's concern therefore there can be no mainstreaming without public participation, consultation and engagement of all stakeholders. Such engagements empower the institution and communities.

The key strategic objectives of National HIV/AIDS, TB Plan (2012-2016) are outlined as follows:

- Address socio economic and structural drivers leading to HIV infections and measurably reduce stigma and discrimination.
- Reduce the rate of new HIV and TB infections using combination prevention methods and a multi-sectoral approach.
- Sustain health and wellness ensuring physically and mentally healthy communities.
- Protect Human Rights and unlawful discrimination and inequality.

#### **8.7.7 Impacts of COVID-19 on Public Health Services**

The following impacts have been and will continue to be experienced as a result of COVID-19:

- The Public Health Directorate is a major roleplayer in the City's disaster management response to COVID-19. Many of the resources of the Public Health Directorate have been solely focused on responding to COVID-19 as opposed to the normal functions.
- Through the Joint Operations Centre, which has been established for the Disaster Management response, a number of initiatives have been implemented which have a direct budget and resources implication. These include:
  - Community awareness campaigns
  - Loudhaling and flyers
  - Sanitation of public and municipal areas and offices including the acquisition of specialised cleaning equipment
  - Supply of PPE
  - Identification and location of testing and quarantine sites
  - Increased load of patients at clinics and medical facilities
  - Special hazardous waste disposal equipment and procedures
  - Staffing to assist with contract tracing
  - ICT upgrades specifically for COVID-19 tracking and epidemiology purposes

- A Return to Work Plan had to be identified which requires the screening of all employees at the Employee Wellness Centre prior to their return to work. This has a staffing and financial cost.
- Cemeteries need to be geared up to accommodate the increased demand for burials. It is also important that burials are conducted in accordance with the applicable Government Regulations which require social distancing.
- The COVID 19 pandemic has highlighted the long-standing need to find additional burial land as some of the existing operative cemeteries are reaching capacity. Financial resources to acquire cemetery land must be prioritised to avoid a crisis situation where there deceased cannot be buried properly.
- The cemetery funding for creation of burial space at the operative cemeteries needs to be increased to accommodate the increased burial rate as a result of the COVID 19 pandemic.
- Ongoing computerisation of cemetery records needs to be accelerated.
- An effort to minimise the spread of COVID-19 within the communities necessitates the disinfection of equipment in parks on a regular basis as well as personnel to control usage.

This has a direct financial implication for the Municipality in the 2020/21 financial year.

## **8.8 SPORTS, RECREATION, ARTS AND CULTURE**

The Sport, Recreation, Arts and Culture mission of the Municipality is to drive the social cohesion, economic development, sustainable social infrastructure, and wellness of Nelson Mandela Bay's citizens through the strategic, well-aligned management of the city's sport, arts, culture, heritage, libraries, beaches, resorts and recreational infrastructure.

Sports, recreation, arts and culture can be used to create opportunities for the involvement of citizens in municipal activities and some objectives of job creation and poverty and inequality eradication can be met through sports, recreation, arts and culture programmes.

The programmes for the achievement of sports, recreation, arts and culture principles include the following:

- Creation of opportunities for youth participation.
- Provision of proper facilities for the poor to achieve social justice and cohesion.
- Leveraging the City's natural, built and heritage assets.
- Using and nurturing the citizens' own interests, talents and that of the community.
- Investing in key projects and programmes.
- Facilitating delivery through a range of agents in the field including the private sector.
- Creating an enabling environment for the support of professional excellence.

### **8.8.1 Arts, Culture, Heritage and Libraries**

Arts, Culture, Heritage, and Libraries perform an intrinsic role in ensuring socio-economic development, local and regional integration. This is done through the following municipal services:

- **Library services** through-out the City, ensuring access to information and lending resources and activating programs for leisure, celebration and commemoration and in support of literacy, in line with the “NMBM Library Services Policy 2017”.
- **Museums and Gallery services** to collect, exhibit, conserve, research, preserve and implement support education programs, with a focus on local and regional ‘visual arts/social history’ in line with the “NMBM Museums Policies, Code of Ethics and Rules, 2008”.
- **Heritage services** through-out the City to initiate, support, advocate, ensure compliance, develop, activate, sustain, preserve and conserve all heritage related matters in the City in line with the South African Heritage Resources Act 1999 and the “NMBM Street Naming Policy 2004”.
- **Creative Cultural Industries services** through-out the City to initiate, support, advocate, ensure compliance, develop, activate, sustain, preserve, protect all local production related to Creative Cultural Industries in the City in line with the Arts and Culture White Paper 1996 (in revision 4th draft 2017) and “NMBM Arts, Culture, Heritage and Creative Economy Policy 2018”.

The National Development Plan recognises that promoted effectively, the creative and cultural industries can contribute substantially to small business development, job creation, and urban development and renewal.

Furthermore, the National Development Plan identifies the following measures to promote the arts:

- Provision of financial and ICT support to artists to enable the creation of works expressing national creativity, while opening space for vibrant debate.
- Strengthen the Independent Communications Authority of South Africa's mandate for nation building and value inculcation.
- Incentivise commercial distribution networks to distribute and/or host art.
- Develop and implement plans for a more effective arts and culture curriculum in schools with appropriate educator support.
- Support income-smoothing for artists in a special unemployment insurance scheme and evaluating funding models for such initiatives.
- Develop sectoral determination legislation frameworks to protect arts-sector employees.

The Arts, Culture, Heritage and Libraries services supports the successful delivery and sustainability of the City's strategic plans. The function also contributes to the resilience of the City through its ability to contribute to global trade, cross border ideas and technologies and the establishment of strong local cultural creative industries. These industries have the potential to support the development of poor and middle income citizens.

A City that invests in its creative cultural sectors, promotes values of:

- Recognition of its creative human capital
- Respect for its cultural diversity
- Innovation
- Cultivation of 'Ubuntu' as part of social cohesion
- Literacy
- Celebration of local legacy
- Preservation of its cultural and historical heritage
- Investment in human development
- Unity of its people

Arts, Culture Heritage and Libraries can support local economic growth and development through:

- activating and supporting creative cultural industries which contribute to the GDP of the region by generating local tourism, creative cultural product development, entertainment, skills transfer and job creation.
- promoting literacy, social cohesion and cultural tourism attraction at events and showcasing social, historical, creative, entertainment and educational products.
- developing sustainable arts infrastructure and thereby creating a conducive environment for the growth and development of the creative sector.
- Nurturing local talent by creating opportunities and strategic platforms to showcase this talent for the enjoyment of citizens and others.

The following are the strategic programmes to further the Arts, Culture and Heritage agenda of Nelson Mandela Bay:

- Creative Cultural Industries including publishing, music, film, design, support activities, heritage, visual arts, crafts, performing arts and other cultural activities. These industries can include formal and informal employment and markets. Mapping these industries can assist to better enhance their contribution to the Municipality and its communities.
- Arts and Culture Centres/Hubs are planned to service the Municipality in phases. In the short-term the Mendi Arts Centre is the first priority with Uitenhage/Kwanobuhle, Motherwell and the Northern Areas to follow.
- Sustainable relationships with cultural institutions to support the arts and culture agenda. This entails agreements with cultural institutions for example those that preserve heritage, tourism and performing arts. These include:
  - Collaboration with the Port Elizabeth Opera House.
  - Working with the South End Museum to align with the Nelson Mandela Bay heritage programs.

- Support to the arts sector to showcase talent opportunities through:
  - Distribution of Small Arts Grant Fund through a call for proposals.
  - Participation of Local artists in strategic events of the City and other Arts and Culture funded programs and activities.
- Initiation and development of administrative support to sustainable creative cultural industries by:
  - Establishment of policies and by-laws for the management of the creative cultural sectors.
  - Establishment of partnerships to audit and promote the contribution of the creative cultural industries to the GDP of the City and the region.
- Support established of cultural precincts to ensure sustainability and the activation of cultural tourism. These include the Red Location Precinct that includes a Performing Arts Complex, a School for the Arts and the Feather Market Centre/Athenaeum/Opera House/Nelson Mandela Metropolitan Art Museum and the Route 67 in Central.

#### **8.8.1.1 Museums and Galleries**

Nelson Mandela Bay has two Museums and an Art Gallery, the Nelson Mandela Metropolitan Art Museum, the Red Location Art Gallery and the Red Location Museum. The facilities in Red Location are closed pending the resolution of community demands in the area. The Museums are internationally acclaimed and award-winning facilities that contribute towards art collection, heritage and cultural assets.

Accommodation for the Art collection of the City is urgently required. Planning for the upgrading of the Art Museum and its operational requirements will be done in the near future.

Strategic partnerships continue to be important between the Museums and galleries in the City. Partnerships with the Nelson Mandela University, the CONRAD Institutes

of learning, the Drostdy Museum in Uitenhage, ARTec and the Standard Bank Gallery are pursued.

#### **8.1.8.2 Heritage**

The fact that the City bears the name of Nelson Mandela lends itself to capitalise on the history and legends of the icon. It is appropriate to drive social cohesion and arts and culture initiatives in the name of Nelson Mandela.

Heritage in line with the priorities of social cohesion and nation building can be preserved, conserved and activated through:

- The establishment and management of resources.
- The development of liberation heritage resources.
- The creation of a heritage register to grade its resources.
- The commemoration of significant socio-cultural milestones with programs such as Heritage Month.
- The renaming of municipal assets to comply with the South African National Geographical Names Council Act of 1998.
- The repatriation/reburial of Heroes and Heroines.
- Advocacy programming around significant heritage resources.

#### **8.1.8.3 Libraries**

The Public Library and Information Service provides resources for all communities to foster a life-long learning and reading culture. Libraries are centers for reading, learning and information and it is therefore critical to ensure the improvement of infrastructure requirements to enable citizens to access information with ease.

The key priority of Library Services is to ensure access to information for its communities; however, libraries are also catalysts to promote social development. Libraries promote a culture of reading through targeted programs in key local languages.

The Library Services although funded by the Municipality, are an unfunded mandate and the limited funding from the Eastern Cape Department of Arts and Culture does not meet the demand for an effective library service for the residents of the City. 26 library services are available in the City and these are complemented by outreach and modular library outlets. The Main Library in the centre of Port Elizabeth has been closed for refurbishing and will be completed in 2020/21 financial year. This Library is an important Library in respect of Afrikaner heritage.

### **8.8.2 BEACHES, RESORTS AND EVENTS MANAGEMENT SERVICES**

The strategic objective of the Beaches, Resorts and Event Management function is to develop, provide and maintain world class Beaches and Resorts and Recreational facilities to position the City as a preferred venue for events and tourism.

The following legislation requires the Municipality to achieve sustainable coastal development and preservation of the coastal environment and natural resources within the coastal zone:

- The Constitution of the Republic of South Africa, Local Agenda 21
- The White Paper on Sustainable Development
- The National Environmental Management Act, Act 107 of 1998
- The Integrated Coastal Management Act, Act 24 of 2008

The provision of amenities of a high standard at all the beaches from parking and boardwalks to ablutions and restaurants is important to ensure a positive visitor experience. The strategic plan of the Municipality includes the development, upgrading and maintenance of recreational facilities mainly focusing on Beaches and Resorts. The Municipality as part of providing world class recreational facilities is part of internationally acclaimed Blue Flag Programme, which is a voluntary eco-label for beaches, marina and boats. The objective of the Programme is to raise awareness and promote sound environmental management practices among people visiting the City's beaches and also local civic society.

The following beaches are Blue Flag beaches:

- King's Beach
- Hobie Beach.

Wells Estate Beach and Bluewater Bay are currently in the Pilot phase of the Blue programme.

The promotion of Nelson Mandela Bay for events is important to profile the City nationally and internationally. Events Management services is responsible for the co-ordination and administration of events in compliance with the SASREA Act of 2010. The process is regulated by the approved Events Policy and Events By-law. Events play an important role in achieving social integration, stimulating economic development and promoting nation-building.

The hosting of events contributes to an improved socio economic status of communities due to the fact that procured services are largely provided by SMMEs. The aim is to have more than 80% of procured services provided by SMMEs. These include stage and sound, cleaning services, transport for performing artists, security services, local artists, food and beverages supply, décor and furniture, accommodation establishments and marketing (print and social media).

The following events are pursued by Nelson Mandela Bay Municipality:

- Annual Ebubeleni Festival
- NMBM annual Summer Season
- Uitenhage annual music picnic
- NMBM annual Splash Festival
- Richmond Hill
- NMBM River Mile/Sundays River
- Iron Man Competition

### **8.8.3 Sport and Recreation**

The Sports and Recreation Services function recognises that sport is an important roleplayer in achieving national unity. This was demonstrated during the Rugby World Cup in 1995, 2005 and 2019 and very pertinently during 2010 FIFA World Cup.

In terms of the White Paper on Sport and Recreation, 2011, it is the responsibility of Local Government to:

- Develop Sport and Recreation Policies
- Implement and monitor Sport and Recreation policies
- Provide funding of its principal agencies viz, clubs and individuals
- Develop, Upgrade, Maintain and Manage infrastructure for sport and recreation within the Municipality

The following legislation guides the roles and responsibilities of Local Government:

- National Sport and Recreation Act (1998)
- National Sport and Recreation Plan (April 2011)
- Bidding and hosting of International Sport and Recreation Events Regulations, 2010

The key responsibility of the Sport and Recreation function is to plan and manage sport and recreation infrastructure in a sustainable and equitable manner that complies with national norms and safety standards as prescribed in the SASREA Regulations in Gazette no 40661.

The provision and maintenance of facilities form the foundation for the entire sport and recreation system. Within this context, facilities encompass the provision of the equipment as well as the provision of basic services required by the facility to be functional. Sport and recreation is seen as a right and not a privilege.

Key for the Sport and Recreation function is to create an enabling environment for organisations to contribute positively to the City.

The following are the guiding principles for the Sport and Recreation function:

- To establish the City as a preferred destination to host national and international events.
- To maximise community engagement in planning and implementation.
- To develop sustainable sport and recreation infrastructure in a manner that is equitable, accessible and safe.
- To promote active and healthy lifestyles for wellness through sustainable programs.
- To promote programs that contribute to mass participation, social cohesion and nation building.
- To explore environmentally sustainable delivery methods.
- To develop strategic and sustainable partnerships with roleplayers.
- To provide financial support to professional sport to ensure top level teams to play at municipal venues.
- To actively lobby for the hosting of national and international events.
- To increase organisational capacity that will contribute towards the transformation of the sector.
- To pursue excellence in delivering services to the community.

In implementing the above-mentioned priorities, it is critical that the Nelson Mandela Bay Sport and Recreation Policy, currently under review, is finalised.

### **8.8.3.1 Sport and Recreation Infrastructure Development**

There are 317 sport and recreation facilities in Nelson Mandela Bay. In developing sports and recreation facilities, a clustered approach is preferred rather than stand-alone facilities. By clustering activities, multi-uses and economies of scale are promoted.

The provision of infrastructure must be considered in the following context:

- The role in the development of human settlements, ensuring social cohesion; nation building, reduction of crime and substance abuse, and the general health and wellbeing of communities.
- Profiling the city as a preferred tourist destination.
- The economic impact of hosting major sport and recreation events.
- The contribution towards profiling the city as a preferred destination to host national and international sport tournaments and competitions.
- How investment in revenue generating sports infrastructure can assist to deliver economic impact into the local economy and social benefits.

### **8.8.3.2 Priority programmes**

For the next five years, emphasis will be on the following programs:

- Upgrade and development of sport facilities.
- Rehabilitation of existing sport facilities.
- Upgrade and development of municipal pools.
- Development of master plans for sporting precincts within the geographical boundaries of the Molly Blackburn, Lillian Diedericks, Champion Galela, Govan Mbeki, Alex Matikinca and Zola Nqini clusters.
- Development of a Long-term Strategic Facilities and Resources Plan/ Masterplan for Sport and Recreation Infrastructure.

- Prioritisation of new facilities in under-developed areas, new human settlements and the peri-urban areas like Rocklands, Witteklip, St Albans and Colchester and Kwanobuhle areas.
- Incorporation/mapping of all Sport and Recreation facilities on the Municipal GIS System.
- Integration and coordination of NGO provided sport and recreation infrastructure with municipal provided sport infrastructure.
- Establishment of Facility Management Committees to foster ownership amongst the community and sport clubs.

#### **8.8.3.3 Challenges in the delivery of Sport and Recreation Infrastructure**

The following challenges pose a serious threat to the department's ability to deliver quality and uninterrupted service to the sport loving communities of the Nelson Mandela Bay Municipality:

- Ageing infrastructure - some built as far back as 1930.
- Non-compliance with the Occupational Health and Safety Act of 1993.
- Non-compliance with the Safety at Sport and Recreation Events Act (SASREA NO.2 OF 2010) and its Regulations.
- No approved Venue Safety Certificates for all municipal managed sport facilities in line with the above-mentioned regulations which will disqualify the Municipality from hosting provincial, national and international events.
- Increased theft and vandalism of assets resulting in accelerated depreciation and possible loss of assets and exposes the Municipality to possible litigation.
- Over-utilisation by sport clubs due to insufficient capacity of existing facilities.
- Obsolete plant and machinery to maintain sport facilities.

#### **8.8.4 Impacts of COVID-19 on Sports, Recreation, Arts and Culture**

A revision of implementation strategies for sport, recreation, arts and cultural programs to increase access to services whilst the sectors remain restricted to operate becomes necessary.

Efforts must align towards keeping the Sports, Recreation, Arts and Culture services accessible through electronic media and other technological marketing means. This will ensure continued flow of access to municipal services as well as keep the opportunities for the sector practitioners to benefit from the offers of the City.

The total impact on total output of the COVID-19 shut down on creative cultural industries in South Africa is estimated at R53,3 billion and consequentially directly and indirectly to the South African economy, is expected to be R99,7 billion according the research provided by the South African Cultural Observatory in 2020.

The following are some of the identified impacts of COVID-19 on the Sports, Recreation, Arts and Culture function in Nelson Mandela Bay, which have had implications now and will continue to have implications into the 2020/21 financial year and beyond:

- All facilities previously opened to the public have been closed since the lockdown since midnight on 26 March 2020 to reduce the risk of transmission of COVID-19. This has the implication of the Municipality not receiving revenue from the facilities and in addition, businesses associated with the facilities have also ceased operations.
- In general, sports in South Africa have been troubled by financial viability. Postponements and suspensions of events and seasons have impacted on financial situations of these sports to an extent where some may cease to be able to operate. If some sports do survive, they may emerge from the situation in a weakened state.

- Nelson Mandela Bay Municipality provides financial support to the local teams for rugby, football and cricket. These teams will be negatively affected in terms of the income derived from broadcasting rights with Super Sport.
- Professional football and rugby games are played at the Nelson Mandela Bay Stadium and due to the suspensions, the sustainability of the stadium operations are seriously affected due to loss of income from ticketing sales and hospitality suites.
- The cancellation of sporting and recreational events, tournaments will have implications for the current sponsorship agreements with these teams in relation to the achievement of objectives and return on investment. Most of these leagues will only return to normality during level 1 Covid-19 regulations.
- The return on investment generated by the City from the hosting of the events translates to local job creation, which contributes to the reduction of poverty and inequality. This has been affected by the cancellation of events.
- The Municipality has suffered a loss of revenue generated from the hiring of Sports, Recreation, Arts and Culture facilities by event organisers. The infrastructure development and maintenance related activities for these facilities has also been negatively affected as a result of the unspent capital and repairs and maintenance budgets.

In an attempt to understand the turmoil and effect on Sport, Recreation, Arts and Cultural events in NMBM, below is a summary of anticipated economic impact emanating from key events in the 2020 calendar currently impacted on by COVID-19:

EVENT	DATE	ECONOMIC PROJECTIONS
<b>Lifesaving SA National Championships (Postponed)</b>	21–28 March	<ul style="list-style-type: none"> <li>- 1,646 competitors from 43 clubs, 3500 spectators</li> <li>- R24 Million expected Return on Investment for the City</li> <li>- 3,253 Bed nights with an equivalent R15 Million expenditure</li> <li>- R14 Million media impact</li> <li>- Over 200 local job opportunities</li> </ul>

EVENT	DATE	ECONOMIC PROJECTIONS
<b>IRONMAN African Championships (Postponed)</b>	28 -29 March	<ul style="list-style-type: none"> <li>- R77 Million direct spend</li> <li>- 52,052 Bed nights</li> <li>- 2150 athletes</li> <li>- 7,525 guests (3.5 supporters)</li> <li>- 18Hours Live TV</li> <li>- Facebook Live global coverage with 145 million views</li> <li>- R2.2 Million spent on local charities</li> </ul>
<b>(Splash Festival) (Cancelled)</b>	19-22 April	<ul style="list-style-type: none"> <li>- 250 stall vendors</li> <li>- 120,000 Visitors</li> <li>- 350 job opportunities</li> <li>- National and local artists &amp; entertainment</li> <li>-</li> </ul>
<b>British-Irish Lions Rugby Tours (Postponed)</b>	18 July	<ul style="list-style-type: none"> <li>- 30,000 international spectators</li> <li>- Global media</li> </ul>
<b>SA ½ Marathon (Postponed)</b>	27 July	<ul style="list-style-type: none"> <li>- International and local participants</li> <li>- Competitive Prize money of over R300,000</li> <li>- 15 Job opportunities</li> <li>- Skill transfer and training to local clubs</li> <li>- Talent identification and athlete development opportunities</li> </ul>

## **8.9 ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE**

The Economic Development, Tourism and Agriculture function of Nelson Mandela Bay ensures that Local Economic Development helps communities to realise a lively, resilient and sustainable local economy to improve the quality of life of residents. This will be achieved by growing and diversifying the local economy through the attraction of new investment, skills development and the facilitation of an enabling environment for small business growth and job creation.

Apart from the impact on human life and health, the biggest concern with regards to COVID-19 has been the impact on the economy of South Africa and the long-term implications for South African society.

This section describes the impact of COVID-19 on the South African economy which has a direct implication on the economy of Nelson Mandela Bay. The section also identified measures that the Municipality is taking to reduce the impact on the economy of the City and to assist the City to recover. In addition, the major normal programmes of the Economic Development, Tourism and Agriculture function of the Municipality are described.

### **8.9.1 Economic interventions in Nelson Mandela Bay**

In 2016, Nelson Mandela Bay had a GDP of R120 billion which was equivalent to 35.5% of the Eastern Cape Provincial GDP.

The following interventions have been planned to positively impact on the economy of Nelson Mandela Bay:

#### **8.9.1.1 Nelson Mandela Bay Business Chamber**

The Nelson Mandela Bay Business Chamber is established by the private sector with representatives from a broad spectrum of businesses across Nelson Mandela Bay. The Business Chambers connects business and aims to stimulate economic progress in the City. The Business Chambers collaborates with the Municipality to achieve the goals of economic growth and prosperity.

The Nelson Mandela Business Chamber Plan, initiated in 2017, identifies four priority clusters (sectors), namely: the Automotive Sector, Light Manufacturing, Tourism and Hospitality and Agro-processing as needing intervention for sustainable growth. These sectors were also identified as sectors where the Municipality could realistically influence growth and development. Their growth would not only benefit the economy but also provide an opportunity for inclusive growth in the Metro through employment opportunities (ECSECC 2017 Outlook).

#### **8.9.1.2 Coega SEZ and Ports**

Nelson Mandela Bay is a two port City which presents opportunities for a strong maritime sector. The Ports are the Port of Port Elizabeth near the City Centre and the deep water Port of Ngqura in the Coega Special Economic Zone (SEZ) located 30 km north of the City Centre.

The Coega Strategic Economic Zone is a multi-billion-rand industrial development complex customised for heavy, medium and light industries. It is adjacent to the Port of Ngqura, and covers 110 km<sup>2</sup> of land. Its establishment reinforces Nelson Mandela Bay as the economic focus of the Eastern Cape and it presents opportunities for the growth of the City and the region.

#### **8.9.1.3 Sub-national Doing Business**

The cost of doing business, associated with bureaucratic red tape, is high in Nelson Mandela Bay compared to other Cities in South Africa and the world. A Doing Business in South Africa Survey (SNDB) was undertaken in 2015 and 2018 among all South African Metropolitan Municipalities. The survey measured the performance of cities in relation to the cost of doing business over five indicator areas impacting on the ease of conducting business in South Africa. Nelson Mandela Bay is part of a dedicated programme overseen by National Treasury to improve the scores of South African Cities in respect of the cost of doing business. In this regard, close attention is paid to the areas of getting electricity, dealing with construction permits and registering property. Reform Action Plans are developed and consistently reviewed to ensure increased ease of doing business in these areas.

#### **8.9.1.4 Mandela Bay Development Agency (MBDA)**

The Mandela Bay Development Agency (MBDA) is a wholly owned municipal entity of Nelson Mandela Bay Municipality and it implements a number of programmes and projects designed to stimulate socio-economic growth and prosperity. The objectives of the MBDA include:

- Enabling social, spatial and economic transformation.
- Implementing projects, programmes and events which are aligned with plans of the Municipality to:
  - Leverage existing or newly acquired resources such as assets, property and also providing for skills development to ensure the successful implementation.
  - Deliver catalytic programmes, special defined projects and events with reference to:
    - Physical Infrastructure.
    - Social Infrastructure (i.e. services, social, psycho-social, creativity, heritage, sport and tourism).
    - Economic Transformation of the City.
    - Pioneering new development models and approaches.
    - Identification of stakeholders and partners to undertake work.
    - Undertaking relevant research as required.
    - Ensuring compliance with all relevant legislation.

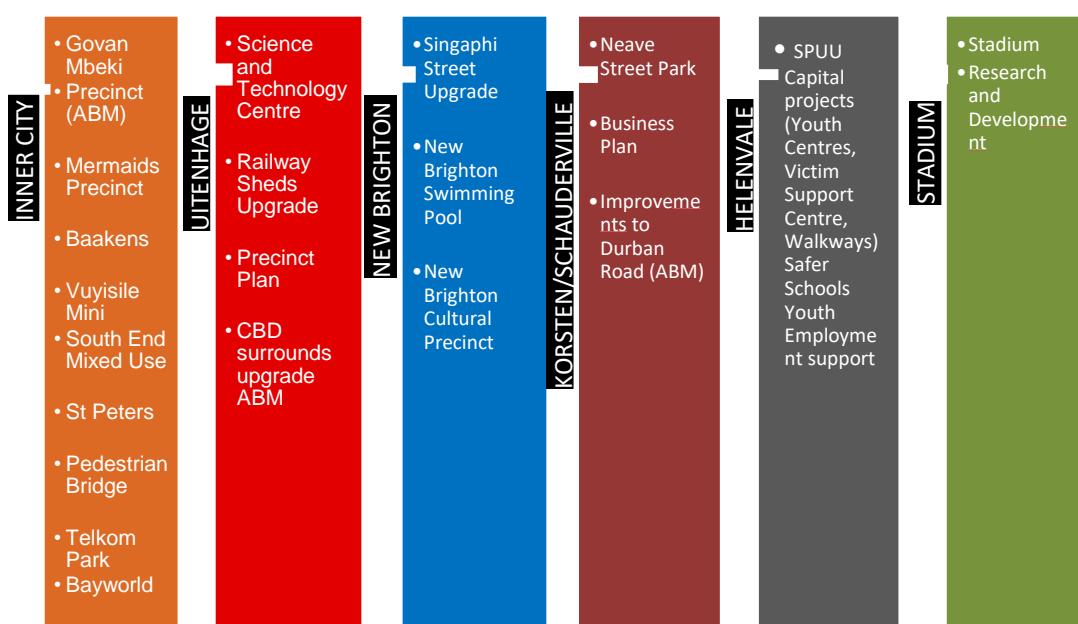
The MBDA's projects and programmes are therefore governed by the following key documents:

- Mandate Document
- NMBM IDP
- 5-Year Strategic Plan
- Annual Business Plan and 3-year budget

The MBDA is implementing several programmes across its mandated areas in order to achieve its strategic objectives. A rigorous process to identify which projects would be implemented within each programme has taken place and the basic premise of the process is to take each planned project through MBDA's strategic planning document in order to "filter" through key aspects of the project, chief of which is the IDP.

The primary work of the MBDA is allocated and grouped into six distinct nodal areas, which are: The Inner City; Uitenhage; New Brighton; Korsten and Schauderville; Helenvale and Nelson Mandela Bay Stadium.

**FIGURE 22: MBDA Active Programmes**



Source: MBDA, 2020

The following special projects form part of the portfolio of the Mandela Bay Development Agency being implemented:

### **Nelson Mandela Bay Stadium**

In 2016, the MBDA took over the operation and management of the Nelson Mandela Bay Stadium. The operating costs for the Stadium are funded by the Municipality and the MBDA fulfils the following functions:

- To oversee the Stadium operations and optimise economic viability.
- Promote the Precinct and facilitate alignment of stakeholder objectives.
- Manage, develop and increase the use of the Precinct's assets.

### **Uitenhage and the Nelson Mandela Bay Science and Technology Centre (STC)**

The MBDA is currently managing the Science Centre in Uitenhage which was previously managed by the Uitenhage Despatch Development Initiative (UDDI). The MBDA runs various programmes at the Centre designed to build enthusiasm and an affinity for science, technology and mathematics through fun and interactive engagements.

MBDA has been tasked with the upgrade of the Railway Sheds that form part of the Science Centre complex. In terms of infrastructure projects, the refurbishment of the Railway Sheds is a priority to revitalize the area.

### **Baakens River Valley Programme**

The Baakens River programme is a catalytic land development programme of Nelson Mandela Bay Municipality identified in the Built Environment Performance Plan and located within the Inner-City mandate area. Five areas are focused on by the MBDA:

- Vuyisile Mini square and surrounds
- Lower Baakens Precinct
- St. Georges Park
- Port Harbour Precinct
- South End Mixed Housing

### **Happy Valley/ Bayworld / Telkom Park Programme**

This programme is a catalytic land development programme of Nelson Mandela Bay Municipality and is conceptualized to integrate the Happy Valley, Bayworld and Telkom Park sites into a single complex.

An investigation as part of the programme is to identify whether an international convention centre should be accommodated in the precinct.

The outcomes of the feasibility study and conditional assessment will determine implementation in the 2020/21 onwards until completion.

### **Govan Mbeki Avenue / CBD Port Elizabeth Programme**

The MBDA is to conclude a visioning exercise regarding what the citizens would want in the Central Business District. This visioning exercise would result in the development of a new precinct plan and associated programme for the future development of the CBD in the coming financial years.

### **Korsten / Schauderville Programme**

The MBDA has been instrumental in the development of a Master Plan for the area for implementation over the next 20 years. Projects are being prioritized for implementation by the MBDA in conjunction with stakeholders. This will determine the sequencing of projects some of which will be implemented by the MBDA in the short-term.

#### **8.9.1.5 Urban Renewal Programmes (MURP / Sector Development)**

The broader objectives of the Urban Renewal Programme are the general renewal of the nodal areas and initiatives to address the economic, social and security needs of the community in an integrated and sustainable manner. Urban renewal presents an

opportunity for the three spheres of government to work together to eradicate poverty and unemployment.

Job creation initiatives, public participation in governance, crime-combating initiatives and the establishment of a healthy environment, as well as the acceleration of service delivery, are the key priorities for Motherwell Urban Renewal Programme (MURP) and Helenvale Urban Renewal Programme (HURP).

The MBDA implemented a number of projects and programmes in Helenvale. The Municipality is solely responsible for the Motherwell Urban Renewal Programme. A number of projects have been implemented and others are at various levels of implementation. These include Phase Two of the Motherwell Peace Park, the Motherwell Traffic Licensing Centre, facilitation and coordinating the Motherwell Rail Precinct (Mixed use development), Skills Development and Youth Empowerment, the SMME Hive and the surfacing of cul-de-sacs in Motherwell and upgrading of the NU2 Stadium.

#### **8.9.1.6 Creating an enabling business environment**

The Nelson Mandela Bay Municipality is committed to work with businesses and influence investor confidence as well as diversify industries. Key programmes to achieve this include:

- Provision of economic infrastructure (water, electricity and ICT).
- Enterprise Development and Support to foster innovation and entrepreneurial activity.
- Skills Development and Support to ensure industry skills availability and alignment.
- Competitive Business Support to reduce regulation and red tape and support new businesses, export and productivity.

#### **8.9.1.7 Business Retention and Expansions**

The Municipality will continue to support and promote its traditional industries of manufacturing especially the automotive sector, tourism, pharmaceutical, retail and construction, while making a determined effort to move towards more knowledge-intensive, high-value and internationally competitive economic activities.

Re-investment by existing companies is also encouraged not only to ensure the retention of existing jobs, but also to create new jobs. It is of critical importance that growth strategies for labour intensive sectors such as tourism, construction/property development, business process outsourcing and off-shoring are developed.

#### **8.9.1.8 Development of Key Growth Sectors**

The following sectors have been identified as key sectors to support the economy of Nelson Mandela Bay. These sectors have been severely affected by COVID-19, however, the initiatives will be especially relevant for the medium- to long-term recovery of the economy.

##### **(a) Ocean Economy**

National Government's Operation Phakisa identifies six priority growth areas which Nelson Mandela Bay can take advantage of to enhance its role in the ocean economy. These are:

- marine transport and manufacturing
- offshore oil and gas exploration
- aquaculture
- marine protection services and ocean governance
- small harbours work stream
- coastal and marine tourism

Some of the key opportunities that are being explored are shipbuilding and repair facility, aquaculture development (land-based and sea-based), Fishing Industry Development, Maritime Institute for Skills development etc.

**(b) Tourism**

A number of projects have been identified to unlock the tourism potential of Nelson Mandela Bay and thus contribute significantly to job creation, entrepreneurial opportunities and economic growth of the region. Some of these projects include the Waterfront and Baakens River Valley Development, Development of a world class International Convention Centre, development of an Iconic Landmark Precinct (The Tower of Light), Bayworld Redevelopment etc.

Furthermore, an interdepartmental relationship is integrated with Sports Recreation Arts and Culture and Public Health Directorates to renovate and transform Municipal infrastructure such as resorts and nature reserves to diversify the tourism offerings, increase tourists and ensure a balanced geographical spread across the City.

**(c) Agro-processing**

Agro-processing is identified in the National Development Plan as a key vehicle for creating jobs and growth. Strengths of this sector in Nelson Mandela Bay include existing industries, an agricultural hinterland and the SEZ to support industry. Some of the key initiatives include mohair processing and export, processing of dairy products, export of other agricultural products such as citrus fruit. This sector is, however, constrained by trade policies, lack of skills, loss of productive land and zoning limitations as well as a lack of coordination between stakeholders.

**(d) Trade and Investment**

A strong focus is placed on Trade and Investment facilitation through strengthening domestic and international partnerships, increasing of the region's export base, and attracting investment. To achieve these objectives, the Trade and Investment function focuses on:

- Promoting Nelson Mandela Bay as an investment destination.
- Facilitating trade to assist local companies to access international markets via the Export Helpdesk.
- Identifying, developing and packaging investment opportunities.
- Retaining and expanding trade and export activities.

**(e) Township Economy**

A strong focus is placed on the economic development of townships and other previously neglected areas. A focus is on the development of businesses in these areas, improvement of infrastructure and links between business hubs. A Plan to develop and deliver an enhanced economic infrastructure to townships is being prepared.

**8.9.1.9 Identification and promotion of Strategic Projects**

Strategic Projects act as catalysts for economic growth. The projects allow the City to become competitive and the City cannot implement them on their own.

A Spatial Planning and Development Committee, which is a Sub-committee of the Strategic Interface Forum (SIF), has been established and its members include the Nelson Mandela Bay Municipality, Transnet, Coega Development Corporation, ACSA, Nelson Mandela University, PRASA and the South African National Roads Agency Limited. This forum works together to fast-track some of the major projects.

These projects include:

- Establishment of Tank Farm and Manganese Exports Facility in the Coega Special Economic Zone (SEZ)
- Waterfront Development/Baakens River Precinct
- Bayworld
- International Convention Centre
- Freedom Statue
- Telkom Park Precinct/Happy Valley
- Nelson Mandela Bay Logistics Park
- Njoli Square Redevelopment
- North End Lake and Stadium Precinct

#### **8.9.1.10 Expanded Public Works and Job Creation (EPWP)**

The Municipality's IDP promotes mainstreaming labour-intensive approaches. Furthermore, both the New Growth Path and the National Development Plan have highlighted the importance of job creation, which includes the implementation of the EPWP Programme, which has been extended to 2030.

The Nelson Mandela Bay Municipality will focus, *inter alia*, on the following in implementing the EPWP:

- Side and non-motorized transport infrastructure.
- Housing provision, which includes manufacturing of building material.
- Development and learnerships for special sectors.
- Minor works, repairs and renovations to municipal buildings.
- Peer educators, environment and waste management educational awareness programmes.
- Beautification and greening programmes.

### 8.9.2 Current status of South Africa's economy

While the exact extent of the COVID-19 pandemic's impact on the economy is not yet quantified, it is known for certain that the impact will be profound on the social, economic, health, environmental, and technological realms. Early indications are that business had shrunk by 25%. Before the lockdown was instituted, the country was already in an economic downturn. This was exacerbated at the end of March 2020 by the sovereign credit rating downgraded by Moody's, which had led to South Africa's removal from the Global Bond Index and will increase the cost of borrowing for South Africa.

Estimates from the International Monetary Fund, the Reserve Bank and the Organization for Economic Cooperation and Development suggest that economic growth in South Africa will contract by between 6 and 7 percent in 2020.

The already high levels of poverty in South Africa have been aggravated by the stay-at-home orders which mean no economic activity and, therefore, no income-earning opportunities, especially for the self-employed and the informal sector.

The consequences of these events may be portrayed as follows:



The Reserve Bank of South Africa has responded to the crisis by reducing prime interest rates. This, in turn, will lead to a reduction in short-term interest rates in order to make the servicing of existing debt more affordable to debtors, whether households or firms. Amongst a number of economic relief measures, banks and other financial institutions are offering three-month payment holidays for debt and credit cards to allow households and firms to adjust during and immediately after the lockdown.

The Municipality's approach to the IDP and Budget cannot be the same as it has been in light of the above brief background. The IDP and Budget need to be informed by a clear economic response plan that will provide a path towards the Region's economic recovery.

Considering the above, Nelson Mandela Bay will face a decline in its economic growth due to the closure of some firms due to COVID-19. This will lead to job losses whilst at the same time the cost of living is expected to rise. The majority of communities in Nelson Mandela Bay are poor. In 2019, there were 717 000 people living in poverty, using the upper poverty line definition, across Nelson Mandela Bay Metropolitan Municipality - this is 10.17% higher than the 650 000 in 2009 (*IHS Markit (2019)*). Due to COVID-19, the poverty rate is set to rise due to job losses and closure of some businesses. This creates a risk of a low collection rate in relation to services and rates charges going forward and thus a severe fiscal constraint on the Municipality's revenue.

The main risks posed by COVID-19 to the Nelson Mandela Bay's economy is shown below:

**TABLE 26: Gross Value Added by broad economic sectors in Nelson Mandela Bay**

<b>SECTORS</b>	<b>GVA</b>
<b>Agriculture</b>	0.3
<b>Mining</b>	0.1
<b>Manufacturing</b>	<b>24.6</b>
<b>Electricity</b>	1.3
<b>Construction</b>	3.8
<b>Trade</b>	<b>19.2</b>
<b>Transport</b>	<b>13.1</b>
<b>Finance</b>	<b>24.1</b>
<b>Community services</b>	<b>29.2</b>

HIGH RISK  
ECONOMIC  
SECTORS DUE TO  
COVID-19

Source: *IHS Markit (2019)*

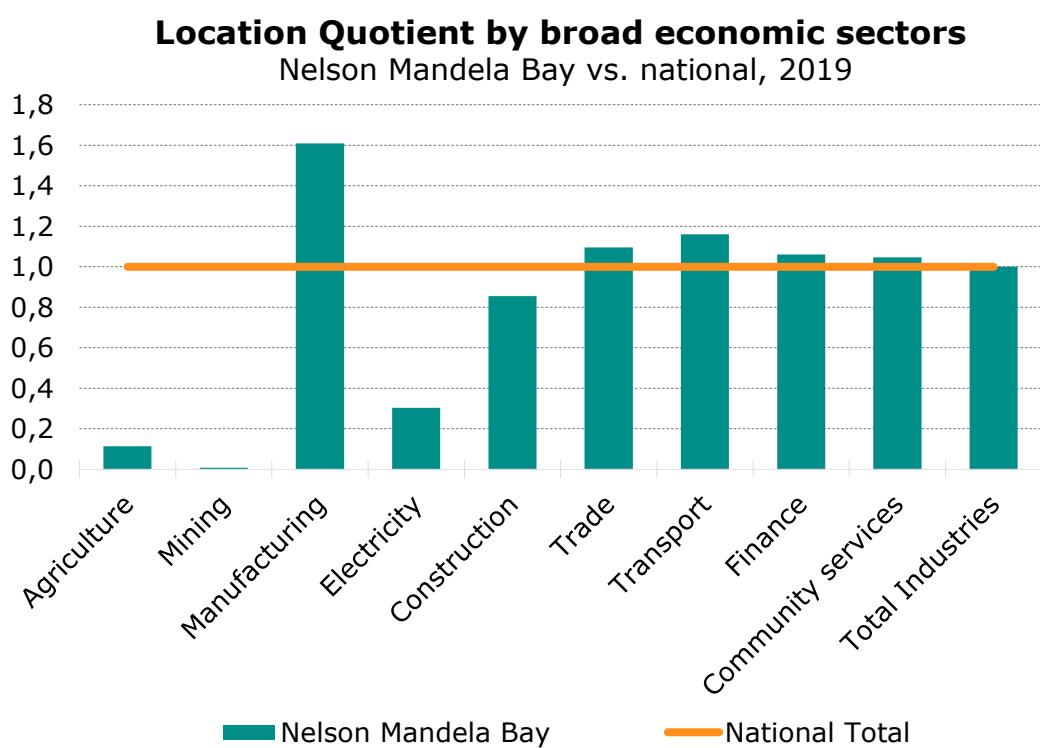
In 2019, the community services sector was the largest in Nelson Mandela Bay and accounted for R29.2 billion or 25.2% of the total GVA in the economy. The sector that contributes the second most to the GVA of the Nelson Mandela Bay economy is the manufacturing sector at 21.3%, followed by the finance sector with 20.9%.

The sector that contributes the least to the economy is the mining sector with a contribution of R62.6 million or 0.05% of the total GVA (IHS Markit 2019). All the sectors that are marked red in the table above require immediate intervention in order to avoid huge losses of income.

Further, in terms of a comparative advantage, in 2019 Nelson Mandela Bay had a very large comparative advantage in the manufacturing sector. The transport sector also has a comparative advantage. In addition, the trade sector has a comparative advantage compared to the South Africa economy as a whole, although this is less prominent.

A location quotient is an analytic statistic that measures a Region's industrial specialisation relative to a larger geographic area.

**FIGURE 23: Location Quotient by broad economic sectors**



Source: *IHS Markit (2019)*

Given the above figures, it is important to consider the comparative advantage of the Municipality - in other words its strengths. It is also important not to lose sight on the global economy as this might dilute any strategy that attempts to recover the economy of Nelson Mandela Bay. Global economic recovery is not going to take place simultaneously across the world. Recovery will occur in different stages. This

implies that imports and exports might be slow to take off and this will inhibit progress in those firms and companies that depend on imports for their output and also on exports for their incomes. The manufacturing sector, agricultural sector and tourism are likely to remain hamstrung for a longer period of time as long as our trading partners are not opening their economies.

The business community includes the informal sector, SMEs as well as large businesses. Businesses in all sectors have been negatively affected by COVID-19; particularly the tourism sector, informal sector, and transport sector. The restrictions in people's movement has had a dire effect on these businesses. According to Business Place Network (2020), COVID-19 affects business sectors on both the supply and demand sides. On the supply side, companies could experience a reduction in the supply of labour, as workers are unwell or need to look after children or other dependents while schools are closed and movements of people are restricted. Measures to contain the disease by lockdowns and quarantines lead to further and more severe drops in capacity utilization. Furthermore, supply chains may be interrupted leading to shortages of parts and intermediate goods.

On the demand side, a dramatic and sudden loss of demand and revenue for SMEs could severely affect their ability to function and/or cause severe liquidity shortages. Furthermore, consumers may experience loss of income, fear of contagion and heightened uncertainty, which in turn reduces spending and consumption. These effects may be compounded when workers are laid off and firms are not able to pay salaries. Some sectors, such as tourism and transportation, may be particularly affected, also contributing to reduced business and consumer confidence.

### **Opportunity to restructure the Nelson Mandela Bay Economy**

As much as COVID-19 has brought unprecedented challenges, it has also brought some opportunities to restructure the economy of Nelson Mandela Bay. In restructuring the local economy, the Municipality is afforded a number of opportunities.

A strategic opportunity is firstly to diversify the economy. In this regard, the Municipality must determine what is lacking and what strategic support is required. Secondly, since the majority of SMEs and informal sector businesses are mainly self-employment entities, these must be transformed to become job creators. Finally, the Municipality must embrace inclusive growth and address inequality at all levels. Such inclusive growth should not just be based on creating employment opportunities, but also opportunities for resource ownership including land ownership.

Based on the challenges caused by COVID-19, the Municipality has acknowledged that there is an urgent need to reprioritise, reallocate and adjust the budget to take into consideration all aspects in relation to economic recovery. The reprioritised budget should give preference to key economic projects identified below.

**TABLE 27: Interventions per economic sector for recovery**

CATEGORY/SECTOR	INTERVENTION
Trade, catering and accommodation including: pharmaceuticals, hardware, general store, food and drinks, and textile and clothing	Saving and creation of jobs: Tourism, Manufacturing, Retail and wholesale; skilling, upskilling and re-skilling in view of new world of work and the new economy; revitalise Township Economy; provide rates and taxes concessions; attract and retain big business through tax and rates incentives; intensify tourism marketing as a tourist centre by intensive COVID-19 health interventions to reduce infections and display the Municipality as a leading example in overcoming the pandemic. In this way community services which is one of the biggest GVA contributors will be able to be revitalised. Diversify the economy particularly the manufacturing sector; encourage import substitution to avoid depending on foreign capital for productive capacity; enhance value chain linkages; invest in technology and online connections (4IR) whilst not undermining labour intensive sectors. In this regard transform labour to serve as a complement to capital to avoid

CATEGORY/SECTOR	INTERVENTION
	displacement of labour in the new economy. Refocus the production economy towards the health sector e.g. production of PPEs and Masks (small and informal businesses). Review by-laws that constrain informal business operations.
Infrastructure	Invest in communication, internet, water, electricity and related infrastructure.
Reimagine cities; Smart Cities	A smart city is a municipality that uses information and communication technologies (ICT) to increase operational efficiency, share information with the public and improve both the quality of government services and citizen welfare. Thus the NMBM should provide access to Wi-Fi by building Wi-Fi infrastructure in the communities in preparation for online purchasing from major grocery stores and banking services. Smart cities use intelligent solutions to optimise infrastructure and smart and responsive governance to engage citizens in the management of their city. A system of sensors, networks, and applications collect useful data, like traffic congestion, energy use, and CO2 levels.
Finance, Real Estate and Business	SMEs: Provide debt relief programs; reduce/relax some taxes and rates (provide some concessions); provide debt relief through liaison with commercial banks; reactivate business linkages and networks/value chains; provide preferential procurement services; build and rebuild ecosystems; establish management information systems.
Manufacturing sector; chemicals; automotive sector; agro-processing; textiles & clothing, metals and footware	List SMEs in the sector; debt relief to distressed firms to save jobs; value chain linkages; preferential procurement with respect to PPEs and masks including production of sanitisers.
Transport, Storage; and communication	Create online systems and encourage formal business registration; consult with IT companies to make Wi-Fi widely available; controlled operations under

CATEGORY/SECTOR	INTERVENTION
	lockdown operations.
Construction	Preferential procurement favouring locals. Embark on infrastructure projects.
Electricity, gas and water	Investment in water infrastructure.
Informal sector	Special grants; registration of businesses; business skills training post lockdown phases; create digital platforms identify existing networks within the sector; expand use of online platforms.
Labour intensive public works programme	Reaching an agreement on job creation projects; targets and timelines by the Municipality and its entity; ensuring that identified projects are funded and implemented; adopting a collaborative approach towards job creation projects and funding.
Strategic Projects/Assets	Identify a list of key strategic assets, use of PPP to implement them, provide budget for transactional advisor/s, develop and implement Business plans. Some of the projects include the Municipal resorts that could be turned into world class resorts, development of Nature Reserves and parks, lease of farms to emerging commercial farmers, fast tracking developments and Development applications (both private and public) speeding up catalytic projects, taking stock of dilapidated buildings in Central and enforce by-laws where there have been no rates paid and buildings not complying with other policies such as health and safety etc, provision of bulk infrastructure that will unlock developments, implementation of catalytic projects, Colchester Developments, fast tracking of Njoli Square Development, waste to energy, desalination plant, aerotropolis, fast tracking decision making on waterfront development, development of Telkom Park and Happy Valley precinct, ICC, Uitenhage Railway Shed Development, smart city programmes including provision of smart meters, ICT

CATEGORY/SECTOR	INTERVENTION
	infrastructure including broadband provision.

## 8.10 SAFETY AND SECURITY

The Safety and Security function of Nelson Mandela Bay Municipality is responsible for rendering safety and security to all residents, business community, tourists and municipal properties of the Municipality. The services provided include:

- Metro Police Services
- Traffic and Licencing Services
- Security Services
- Fire and emergency services
- Disaster Risk Management Services

In fulfilling the abovementioned responsibilities, the Municipality must comply with applicable legislation that ensures the maintenance of a secure and safe environment.

Over and above the legislative requirements, the Municipality has developed various policies and plans to enhance the function, which include:

- Annual Metro Police Plan
- Disaster Management Plan
- Security Master Plan – Integrated Security Systems – under review
- Firearm Policy and Operational Implementation Strategies
- Executive Protection Policy – under review
- Non Ferrous Metal Theft Strategy – under review
- Access Control Policy – under review
- Surveillance Plan
- CCTV Policy

To create a safe and secure environment in Nelson Mandela Bay, the full participation of all stakeholders, including residents and business is required.

The following objectives are pursued:

- Reducing the likelihood of major incidents that could potentially lead/give rise to the risk of disasters.
- Reducing the risk of fire and other emergency-related risks.
- Enhancing the safe and free flow of traffic.
- Maintaining acceptable standards of response to emergencies.
- Initiating active by-law enforcement.
- Protecting municipal employees and assets.
- Facilitating partnerships with other role-players to ensure an integrated approach towards building a safer City.

Improving safety and security plays an important role in economic growth, tourism development and investment. Fulfilling the safety and security requirements is paramount and demands continuous development to address the ever developing strategies by perpetrators, hence the need to always review the integrated approach in an attempt to curb crime. In addition, safety and security are a prerequisite for the sustainable growth of communities.

Functions of Safety and Security are as follows:

#### **8.10.1 Metro Police**

The authority to establish a Metro Police Service was gazetted in January 2012 and an Implementation Team has been established. The process of the implementation of the Metro Police was done in a phased-in approach, taking into account the available resources and legislation.

The Nelson Mandela Bay Municipality's Metro Police Service was established on 12 May 2016.

The Municipality is currently liaising with the Provincial Safety and Liaison Committee with regard to the re-establishment of the Community Safety Forum within Nelson Mandela Bay in terms of the Draft White Paper on Safety and Security.

The Community Safety Plan will be finalised after the implementation of the Metro Police Service.

Objectives for the Metro Police:

- To create a safe and secure environment
- To enforce traffic policing
- To enforce by-laws
- To prevent crime

#### **8.10.2 Traffic and Licensing Service**

The Traffic and Licensing Service is striving to achieve and maintain a better image by delivering outstanding quality service to the public through a well-trained and motivated staff who serve efficiently, courteously and with integrity, complying with various legislative requirements, including but not limited to the National Road Traffic Act 93 of 1996, as amended.

The following are the objectives of the Traffic Policing Service:

- Promotion of road safety, through integrated and coordinated law enforcement initiatives.
- Provision of an effective licensing function.
- Promotion of internal efficiency and effectiveness.
- Having a dedicated and efficient workforce through sustainable capacity building initiatives.

Central to the achievement of the above objectives is the need to:

- Promote mutual understanding and cooperation between stakeholders.
- Impart knowledge regarding traffic related matters.
- Facilitate access by all stakeholders to all services and facilities offered.

The strategic focus areas of Traffic and Licensing are the following:

- Develop and implement strategies to reduce road accidents in line with the National Road Safety Strategy (2016-2030).
- Increase the number of driver's licence testing centres to provide effective and efficient services to residents.
- Add additional Municipal Courts to improve and maintain services delivery.
- Maintain and improve the accreditation of the Traffic Training College to ensure the provision of quality and relevant qualifications to stakeholders.
- Continuously contribute to corporate social responsibility by providing free, quality traffic safety training programmes to residents.

#### **8.10.3 Security Services**

Chapter 7 of the Constitution requires the City to provide a safe and healthy environment within its financial and administrative capacity. The Security Services function provides the framework for this in respect of planning, implementing and monitoring protection measures. The Security function must identify and address priorities to achieve a sustainable response to and recovery from any security incident.

Security mechanisms used to ensure a safe and secure City includes enhanced information gathering, CCTV surveillance, rapid response, protection of infrastructure and people, by-law enforcement, strategic project management, risk assessments and loss control investigations.

Security Services therefore include a holistic service for the provision of a system where the needs for protection and safekeeping of employees, installations, buildings, equipment and other assets are met, in order to ensure secure working conditions and reduce unnecessary costs due to loss.

The Safety and Security function therefore includes the rendering of a safe and secure environment for the personnel and visitors of the Municipality and the safeguarding of municipal assets in line with the following legislation:

- Municipal Systems Act, (Act No 32 of 2000)
- Private Security Industry Regulation Act, (Act No. 56 of 2001).
- Municipal Systems Act, 2000 (Act No 32 of 2000)

The Security Master Plan outlines various critical issues, which will ensure that the integrated security system approach is being addressed in a systematic and comprehensive manner. The ideals contained in the Security Master Plan are by nature a long-term vision, the intention of which is to provide a framework that will inform the operationalisation and implementation of a structured integrated security system workflow. The involvement of all role-players is essential in achieving the integrated objectives. This plan is being reviewed.

#### **8.10.4 Fire and Emergency Services**

The Fire and Emergency Services function delivers a service to the community, whilst complying with various legislative requirements, including but not limited to the Fire Brigade Services Act, 1987 (Act 99 of 1987), as amended.

The vision of the Fire and Emergency Service is to substantially reduce the loss of life and the destruction of property by fire through the promotion of fire safety awareness. This service provided to the community and delivered by highly trained

personnel who can demonstrate competence in all professional aspects of their work, will result in the elimination of preventable fire fatalities and casualties.

The functions include the following:

- **Fire Safety**

- The approval of building plans for fire protection and fire requirements.
- The development, co-ordination and implementation of Fire Safety By-laws and providing detailed knowledge thereof to the public in general.
- The approval and renewal of licences to store petroleum and liquid petroleum gas.
- Approval of major hazardous installations.
- The conducting of fire safety lectures/evacuation drills.
- Fire investigations to establish the causes of fires.
- Various inspections of commercial and industrial premises, as well as places of public entertainment to determine compliance with fire safety requirements.
- Issuing of Controlled Burning Permits in liaison with Environmental Health Services.
- Community fire safety awareness programmes at schools, clinics, old age homes and other institutions, with special attention paid to the previously disadvantaged communities.

- **Operations**

- Control of emergency operations and functions to ensure the efficient extinguishing of fires, dealing with various other emergencies, including hazardous material incidents, as well as the rescuing of life and property from fire or other danger. This service is delivered on a 24-hour basis, with staff members working 12-hour shifts.
- Conducting on and off-station demonstrations and lectures to the general public.

- Conducting tactical pre-planning inspections of commercial and industrial premises, including major hazardous installations.
  - Providing an efficient and effective fire fighting vehicle fleet, equipment and technical planning.
  - Controlling fleet maintenance and the replacement of vehicles and equipment, as well as the preparation of specifications and tenders for the procurement of vehicles and equipment.
  - Repairing and maintaining fire-fighting vehicles and equipment.
  - Motor vehicle accident investigations.
  - Controlling repairs to and maintenance of buildings.
- **Internal Communication Systems and Reporting Centres**
    - Providing efficient and effective means of communication to the public with regard to emergency situations.
    - Dispatching and managing vehicle and work force resources at emergency incidents and situations.
    - Interacting and scene co-ordinating with other emergency services.
    - Monitoring private fire alarm systems.
    - Keeping accurate records of all emergency services rendered.
    - Rendering communication systems development and maintenance services.
    - Evaluating and assessing new technologies with regard to all mediums of communication.
    - Deploying IT, radio, telephone and various other communication systems.

#### **8.10.5 Safer City**

Nelson Mandela Bay Municipality is committed to ensuring a safer city for all its residents and visitors. There are a number of challenges related to transgressions of municipal bylaws by some sectors of society. The criminal element also plays a role particularly in the vandalising of municipal and government property as well as general harassment of communities.

Furthermore, the existing CCTV system is non-functional, outdated and is being replaced with the smart city technology.

Building Safer, Shared and Confident Communities' sets the direction for reducing crime, anti-social behaviour and fear of crime. The emphasis is on the guiding principle that prevention is better than cure. Success in building safer communities requires a partnership approach within and across government.

The Municipality is implementing "the Safer City Concept". This concept is accepted and being implemented nationally and provincially. It incorporates smart technology to make optimal use of all the interconnected information available to better understand and control operations and to optimize the use of limited resources. In support of this, an Intelligent Operations Centre that enables the optimization of critical information stored in disparate systems across multiple departments for the benefit of the city's population, economy, and greater ecosystem is critical.

A Community Safety Strategy is necessary. Our society remains a divided one and is becoming a more diverse one as a result of migration over the past decade. Community division creates tensions, prejudice, and can lead to criminal behaviour. Each incident increases the risk of many more.

The Municipality is currently liaising with the Provincial Safety and Liaison Department with regard to the re-establishment of the Community Safety Forum within the Municipality in terms of the White Paper on Safety and Security.

The Community Safety Forum is an important vehicle for facilitating the implementation of a multi-agency crime prevention initiative at local level. It involves participation of roleplayers in planning and implementing safety initiatives as well as coordinated responses by government departments, NGOs, CBOs and the private sector.

### **8.10.6 Impact of COVID-19 on Safety and Security Services**

The following impacts have been identified across the spectrum of Safety and Security Services. It should be noted that the Disaster Management component is dealt with separately in the beginning of this chapter.

- Traffic and Licensing Department was required to close the licensing section of their operations. This meant that learners and drivers licences as well traffic fines could not be processed.
- The traffic officers and metro police has played a large role in managing the implementation of the lockdown including checkpoints, road blocks, public order and social distancing.
- Emergency services have had to be alerted and trained in respect of dealing with COVID-19 call-outs. In addition, sanitisation and preventative measures have had to be ensured in case of infection from any emergency response.
- Reduction in human resources due to high-risk (above 59 and co-morbid conditions) staff being unable to operate under COVID19 regulations.
- Impact on staff attendance (Safety and Security being an essential service). Staff being tested positive, self-quarantined, or self-isolated place an added burden on the remaining staff.

## **8.11 CORPORATE SERVICES**

The Corporate Services function is an enabler of the entire institution. This section describes the main Corporate Services sub-functions and the impact of the COVID-19 pandemic on Corporate Services.

### **8.11.1 Facilities Management**

This function ensures adequate office accommodation and facilities with connectivity for staff and Councillors. In providing this interrelated service, the appointment of temporary contracting staff on building projects as part of job creation is considered. In relation to facilities management, an integrated lease management strategy is being developed for the managing of leases for office space for Councillors and officials.

### **8.11.2 Asset Management**

The control, maintenance and safeguarding of all movable municipal assets is a responsibility of the various directorates and is monitored by the Corporate Services Directorate.

The main challenge experienced is a high rate of theft and loss of municipal assets and weak internal controls in relation to the management of assets.

In order to ensure that movable municipal assets are properly controlled, managed, maintained and safeguarded, the following is done:

- Monthly reconciliation of assets purchased and bar coded.
- All directorates do annual verification of municipal assets.
- A report on unverified assets is submitted to Council.
- A report on theft and loss of assets is submitted to Council.

- Investigation into theft and the loss of municipal assets by the Safety and Security Directorate.

#### **8.11.3 Administration and Records Management**

A centralized records management system exists where all documents as well as official Committee meetings' agendas and minutes are archived and readily available on request.

#### **8.11.4 Labour Relations**

Labour Relations is responsible for ensuring good relations and trust between the employer and employees, which is done through proactive labour engagement. It is further responsible for disciplinary matters relating to staff. This includes dealing with the Administration and implementation of disciplinary cases at all relevant Fora.

#### **8.11.5 Corporate HR**

Corporate HR facilitates the implementation of Performance Management of officials in the institution below Executive Director level. The function develops, implements and monitors a staff establishment and further develops and implements human resource strategies and plans.

#### **8.11.6 Human Resources Management Services**

The recruitment function involves advertising, long listing, short listing, interviews and interview arrangements, reference checks, employment agreement negotiations, appointments and induction of new staff members. In addition, the Payroll Section deals with salaries, benefits, allowances, termination of service and retirement issues.

### **8.11.7 Human Resources Transformation**

An important function relates to training and development of support staff, political office-bearers as well as to the unemployed with the assistance of LGSETA funding.

The Employment Equity Plan together with its strategy is monitored for implementation by the Municipality. Roleplayers need to incorporate changes identified in the human resource policies in its overall strategy.

### **8.11.8 MIS**

MIS as an enabler of efficient business processes in the municipality provides connectivity and communication services to run corporate applications and WEB applications and to allow for batch processing. New developments and system maintenance is ongoing for financial and other critical requirements of all internal stakeholders.

The Municipality's approach to IT and a SMART City is contained in the ICT Strategy which focus is digitisation. MIS aims to create and boost operational excellence through collaboration and other innovative ideas that promote "Citizen-centricity".

The Municipality has invested in the MIS function by building an MPLS and IP network to provide cost effective data, voice and video services to all employees, Councillors and security services in Nelson Mandela Bay.

ICT infrastructure needs to be upgraded to ensure Business continuity and Disaster Recovery. Immediate priorities include sourcing specialised support staff, network administrators and ICT Security staff. In addition, tools of trade such as laptops and tablets need to be procured along with the upgrade of the Network Infrastructure and internet bandwidth.

In the medium-term (over the course of the next five years) MIS will focus on digital transformation or end-to-end business process automation.

The estimated cost for Smart Services" and to work efficiently both internally and with all citizens in the Metro amounts to R350 million. Partnerships should be investigated to fund the implementation.

#### **8.11.9 Office of the Speaker**

The Office of the Speaker is responsible for communication with Councillors, welfare and accommodation of Councillors, processing the administration of Ward Discretionary Funds and scheduling and communication of Council meetings and events relating to Councillors.

#### **8.11.10 Constituency Services**

This function is responsible for facilitation and coordination of the mainstreaming of children, disability, elderly, women and youth in conjunction with line functioning Directorates; Ward Committee operations; religious and Moral Regeneration Movement as well as community outreach and broader public participation through the included offices of the Constituency Services and the Speaker respectively.

Constituency Services must ensure that the gap between Ward Councillors and their constituencies is minimised. The servicing of municipal residents is essential for local governance and community participation in the affairs that affect their lives and is a prerequisite for the development of the sense of belonging and ownership of decisions taken by the Municipality.

Ward Committees and Special sectors play a central role in the building of communities and deepening of local democracy. By virtue of their composition, Ward Committees and special sectors can provide the organisation with insight into the dynamics of the local community. Whilst the initial focus is on developing capacity to interact on local government matters, it is foreseen that Ward Committees and special sectors will pay attention to building the local community. Training programmes must be developed and it is crucial that such courses or training

programmes be accredited and recognized. Capacity building is to be an ongoing programme and will increase in complexity in time.

The population dynamics of Nelson Mandela Bay illustrates the different needs of various sectors amongst local residents. The youth, women, the aged, the disabled and children are the major responsibility of every sphere of government. Councillors and the City administration have the moral obligation to create a fair and prosperous society to address the competing needs of designated sectors.

The Constituency Services function is responsible for all public participation and consultation that needs to take place in relation to all functions of the Municipality such as the IDP and Budget.

Constituency Services maintains a register of all stakeholders who could be relevant to a particular consultation/participation engagement.

These include:

- 60 Ward Committees
- Special Sectors
- Organized Labour and Business
- Government Departments, parastatals and affected municipalities
- Councillors
- Municipal Shop Stewards Forum
- Executive Management

### **8.11.11 SWOT Analysis of Corporate Services**

The following is a SWOT Analysis of Corporate Services pre-COVID-19. The impacts of COVID-19 have severely weakened the Corporate Services function and these issues as discussed in the section below titled Impact of COVID-19 on Corporate Services.

**FIGURE 24: SWOT Analysis of Corporate Services**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Adequate resources for Council Support</li> <li>• Experienced staff members</li> <li>• Effective Standard Operating Procedures for Council support</li> <li>• Institutionalisation of Labour engagement through LLF</li> </ul>	<ul style="list-style-type: none"> <li>• No succession planning</li> <li>• Inadequate qualifications</li> <li>• Poor work culture and ethic</li> <li>• Disintegrated ICT system</li> <li>• Staff morale</li> <li>• Unfilled vacancies</li> <li>• Lack of up to date organisational structure</li> <li>• High theft of assets</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Build a new performance driven culture</li> <li>• Cost saving on alignment and integration of ICT systems</li> <li>• Motivated and productive workforce</li> <li>• Development of a SMART City</li> </ul>	<ul style="list-style-type: none"> <li>• Staff turnover</li> <li>• Labour strikes</li> <li>• Poor image and reputation</li> <li>• Community protests</li> <li>• Political instability</li> <li>• Ageing staff profile</li> </ul>

### **8.11.12 Impact of COVID-19 on Corporate Services**

The following impacts are identified across all sub-functions of Corporate Services of Nelson Mandela Bay. The effect of these impacts will endure into the 2020/21 financial year and beyond. It will be important to deal with these impacts in order to create a stable institution that can take the City forward in terms of recovery of COVID-19.

- Corporate Services is working closely with the Department of Health to create and environment to support employers in combatting the disease. Regular inspections of workplaces including health care facilities are necessary to ensure safe and hygienic conditions. In this regard, Corporate Services is instrumental in implementing the COVID-19 Return to Work Plan that contains a number of policies and protocols necessary for the protection of staff.
- As a result of COVID-19, no training took place in the institution from March 2020 to June 2020. This has the effect that staff and political office bearers that should been trained, were not trained and training is consequently delayed or cancelled. In this regard, budget have been lost.
- The effect of COVID-19 on labour matters necessitates virtual meetings to be convened when cases must be attended to as parties cannot all be in one venue due to the requirement of social distance as prescribed by the relevant regulations. This might cause further delays as all parties to a matter might not have access to the required IT platforms.
- In the case of internal disciplinary matters, delays might be even longer due to regulations identifying staff who should not be at work during various levels of the lockdown. This will impact on the turnaround time for the conclusion of disciplinary and other labour related matters.
- The impact of Covid-19 on the performance management system must still be determined. In order to ensure that social distancing is applied, staff 60 years and older as well as those with comorbidities are not allowed in the work place until the country enters level 1 of lockdown to limit the risk of transmission of

the virus. This means that many staff members in office work on a rotational / shift basis with a number of staff members also working from home.

- A new monitoring system will have to be developed to track performance of staff; hence, a revision of this process and implementation will have to be undertaken during 2020/21 financial year.
- The timeous submission of the Workplace Skills Plan to the LGSETA despite the disruptions caused by Covid-19 was in itself an achievement. The non-spending of training and development funding portrays a negative picture of the institution. It will take time to restore and/or to develop new skills development delivery methods brought about by COVID-19.
- The delivery of education and training (skills development) will change. Various education and training delivery options are already available in different forms, such as distant learning; however, the “new normal” will, for example, include virtual training and development, which, in itself, still undergoes significant teething problems before it can be successfully implemented.
- The impact of COVID-19 resulted in a moratorium being placed on recruitment processes as from the announcement of the lockdown (27 March 2020). The institution at that point in time was not geared with an electronic system that would be able to do virtual interviews nor are internal stakeholder ready to enter venues for shortlisting. Going into the 2020/21 financial year, a virtual platform must be used for interviews especially for top management positions.
- COVID-19 has required the Municipality to become more technologically advanced and for users to become knowledgeable about digital platforms and technology. The Municipality was not geared up for the level of technology and training required and in the 2020/21 financial year considerable investment will have to be made into software, hardware and training.
- The effect of COVID-19 has created an urgency to invest in Human Capital and infrastructure. The re-structuring of the MIS (IT) sub-directorate, revision of and development of new policies that will address security and access control for off-site connections, etc.
- Connectivity is required to be enhanced through data communication tools (laptops, tables, smart phones, etc.) and digitisation of all paper based forms, memo's and requisitions. This is to replace paper-based forms and systems. This will require considerable investment.

- The promotion of electronic payments by citizens and Business via EFT's, Chain Stores and mobile applications must be intensified.

## **8.12 OFFICE OF THE CHIEF OPERATING OFFICER**

The Office of the Chief Operating Officer is an extension of the Office of the City Manager. It is responsible for providing strategic support services to ensure that the Municipality delivers on its mandate in an integrated and coordinated manner.

It strives to achieve good governance by promoting responsiveness to community needs, accountability, transparency and compliance with legal and regulatory prescripts. In this regard, it manages the integrated planning processes of the Municipality, ensures that the focus remains on the customer by continuously engaging in planning, implementation and review processes.

The Office of the Chief Operating Officer is also responsible for upholding, promoting the brand of the Municipality, ensuring that platforms for engagement with the community are created, and running effectively. It furthermore engages the community through various means to ensure that the desires of the communities find expression in the planning and implementation processes of the Municipality.

The Office ensures good corporate governance through its various Sub-directorates, namely Integrated Development Planning; Strategic Planning and Coordination, Legal Services; Monitoring and Evaluation; Policy, Strategy and Research; Risk Management, International and Intergovernmental Relations and Communications.

The following functions are performed within the Office of the Chief Operating Officer:

**Strategic**

- Manage the development, implementation and review of the Municipality's vision, long-term strategy and the Integrated Development Plan (IDP).
- Ensure that all institutional strategies are aligned to the IDP and long-term strategy.
- Manage the development, implementation and review of corporate strategies and policies.
- Develop and manage the implementation of institutional customer care initiatives.
- Manage the development, implementation and review of the Municipality's Built Environment Performance Plan (BEPP).
- Provide for the prioritisation and coordination of planning, budgeting and implementation efforts in line with strategic planning.
- Provide for the coordination of sectoral activities within the Metro.
- Monitor, evaluate and report to internal municipal structures, other spheres of government and the public on the implementation of the Integrated Development Plan, other strategies and the Budget.
- Manage the development and implementation of external relations between the Municipality, stakeholders, other spheres of government and international partners to achieve alignment with the Council's priorities, as expressed in its IDP.
- Identify potential and/or existing control weaknesses and assess the adequacy of the control governance processes in the institution and recommend remedial actions.
- Manage the development and implementation of the Corporate Risk Management Strategy.

**Operational**

- Manage the development and implementation of the institutional Performance Management System and directorate operational plans (Service Delivery and Budget Implementation Plans).
- Co-ordinate institution-wide projects and programmes.

- Undertake institution-wide research to support the development and implementation of institutional strategies.
- Ensure the design and implementation of operational improvement initiatives.
- Coordinate and report on the Urban Settlements Development Grant and the Integrated City Development Grant.
- Develop and monitor the Council Resolutions Monitoring Matrix.
- Ensure that the Municipality complies with all applicable legal and regulatory requirements.
- Provide institution-wide legal support to the Executive and Council, to ensure informed decision-making.
- Producing advertisements for the operations of the Municipality as well as attending to media management and public relations. In addition, an in-house staff publication is produced and press releases are prepared when necessary.
- Managing the municipal website and production of Bay News publication.

#### **8.12.1 Impact of COVID-19 on the operations of the Office of the Chief Operating Officer**

The main impacts of COVID-19 on the Office of the Chief Operating Officer is detailed below:

- The Office of the Chief Operating Officer is responsible for the coordination of strategic functions in the Municipality. This involves the IDP, BEPP, Performance Management System and the Strategic Planning Steering Committee. COVID-19 has impacted these functions through the inability to hold Council and strategic meetings which has delayed the strategic processes managed by the Office as well as the inability to consult with the public and other stakeholders in strategic planning processes. This has caused delays in processes, compromised processes and the need to create alternative mechanisms that involve digitisation and virtual solutions.

- Legal matters that the Council was involved in have been delayed through the closure of the Courts and the phased return to work in the legal and municipal sectors. This has the impact of delaying some critical legal matters.
- Not all staff has been able to work at full capacity. Some staff is unable to work from home and other staff working from home may not be fully occupied. This has inevitably impacted on the productivity of the Office.
- Risk profiles and risk management have had to be re-evaluated as the COVID-19 pandemic and its impacts were not anticipated or dealt with. Consequently, the Municipality was unprepared and have not considered mitigating measures.
- Urgent work on defining the risks of COVID-19 on the institution has been required. Work is still required in developing and institutionalising a full risk register for COVID-19 and similar events. The full scale of risks is still unfolding as the pandemic progresses. The Municipality will have to consider mitigating measures that will have to be put in place.
- Because the Office of the Chief Operating Officer is an extension of the Office of the City Manager, the demands on the Office for COVID-19 related work which has received priority since before the lockdown have been intense.
- Some staff have had to be diverted to COVID-19 related operations and urgent work.

## CHAPTER 9: DELIVERY PLAN

This chapter deals with the alignment of the Performance Management System of the Municipality with the strategic objectives that have been identified for the 2020/21 IDP. It is to be noted that some of the strategic objectives will relate directly to the COVID-19 pandemic. This is important as the pandemic has had far reaching effects on Local Government in general including Nelson Mandela Bay. The City therefore has to apply extra-ordinary measures to overcome the impact of the virus within the City as well as create a platform for recovery from the impacts experienced and still to be experienced, particularly in the 2020/21 financial year.

Notwithstanding the above, the devastating impact of the pandemic will be felt for many years to come.

The Performance Management System achieves the implementation of the strategic objectives mainly through Circular 88 outcome indicators as well as targets in the performance agreements of senior managers. This IDP identifies Circular 88 and other outcome indicators. A subsequent process after the approval of the IDP is to identify those targets which will be placed in the performance agreements of senior managers to further the achievement of the strategic objectives identified.

The table below identifies the level at which the achievement of the strategic objectives will be monitored, namely at an Outcome level (IDP) and / or Output level (SDBIP and/or subsequent performance scorecard).

**TABLE 28: Alignment of strategic objectives and outcome indicators**

Objective	Indicator level
a) Prioritise a COVID-19 response and recovery in order to minimise the negative impact on Nelson Mandela Bay across all sectors.	Monitored through Output Level Indicators
b) Leverage all partnerships with stakeholders in Nelson Mandela Bay to promote COVID-19 stabilisation and recovery and continue these partnerships into the future.	Monitored through Output Level Indicators

<b>Objective</b>	<b>Indicator level</b>
c) Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Monitored through Output Level Indicators
d) Ensure that the municipality is staffed throughout with a motivated, committed and capable workforce within available resources.	Monitored through Output Level Indicators
e) Ensure financial prudence and transparent governance and work towards eradicating corruption.	21, 24, 26, 27, 55 and 56
f) Respond to the COVID-19 economic impacts by stabilising and ensuring recovery of the Nelson Mandela Bay economy with a view to grow and diversify the local economy by attracting new investment and facilitating an enabling environment for business growth and job creation.	54  (also monitored through Output Level Indicators)
g) Develop an effective and integrated public transport system that promotes access to opportunity through mobility.	38, 39, 40, 41 and 42  (also monitored through Output Level Indicators)
h) Deliver well-resourced and capacitated disaster management, policing and emergency services in order to ensure the safety of communities and visitors and leverage community and civic partnerships.	19  (also monitored through Output Level Indicators)
i) Ensure institutional accessibility, effective communication channels for participatory and responsive governance.	22  (also monitored through Output Level Indicators)
j) Provide a built environment that promotes integration, inclusivity and accessibility.	33, 34, 35, 36 and 37  (also monitored through Output Level Indicators)
k) Deliver on transformation objectives, promote redress and foster social cohesion.	Monitored through Output Level Indicators
l) Provide for the health, well-being and social needs of communities and empowerment of vulnerable people through provision of access to social services, social development and indigent support particularly taking the COVID-19 context into account.	28, 30 and 33  (also monitored through Output Level Indicators)
m) Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents.	29, 30, 32, 43, 44 and 45  (also monitored through Output Level Indicators)

<b>Objective</b>	<b>Indicator level</b>
n) Ensure proactive planning for sustainable city development, conservation of resources and natural and built environment.	Monitored through Output Level Indicators
o) Drive human development and socio-economic transformation and well-being of sport, recreation, arts and cultural services through the provision of world-class sport, recreation, arts and cultural infrastructure.	33, 34, 35, 36 and 37  (also monitored through Output Level Indicators)

## 9.1 OUTCOME INDICATORS

The use of Outcome Indicators in integrated development planning is aimed at ensuring measurability of development initiatives undertaken by various stakeholders within Nelson Mandela Bay. Furthermore, it ensures accountability of municipal decision-makers.

The following tables mainly includes Circular 88 Outcome Indicators. Circular 88 indicators apply to all Metropolitan Municipalities in South Africa and have been developed by National Treasury through a process that has included the participation of Metropolitan Municipalities. In addition to the outcome indicators identified in National Treasury's Circular 88, Nelson Mandela Bay Municipality has identified and will continue to identify indicators to be measured within the institution to ensure achievement of the strategic objectives that have been identified.

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### Electricity and Energy

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
EE1. Improved access to electricity	EE1.1	1	Percentage of households with access to electricity	88.9% (2017/18 STASSA Figures)	89%	84%	92% amended to 88% (based on General Household Survey)	94% amended to 90% (2% progression from 2020/21)
EE2. Improved affordability of electricity	EE2.1	2	Households receiving Free Basic Electricity as a percentage of all households with electricity connections	24% (2017/18 STASSA)	20%	18%	17%	16%
EE3. Improved reliability of electricity service	EE3.1	3	System Average Interruption Duration Index	New Indicator	Accurate reporting system implemented	90min	85min	80min
EE3. Improved reliability of electricity service	EE3.2	4	Customer Average Interruption Duration Index	New Indicator	Accurate reporting system implemented	485min	437min	392min
EE3. Improved reliability of electricity service	EE3.3	5	System Average Interruption Frequency Index	New Indicator	Accurate reporting system implemented	0.15	0.12	0.11
EE3. Improved reliability of electricity service	EE3.4	6	Customer Average Interruption Frequency Index	New Indicator	Accurate reporting system implemented	1.200	1.000	0.900
EE4. Improved energy sustainability	EE4.1	7	Renewable energy capacity available within the municipal jurisdiction as a percentage of Eskom supply capacity to the municipality	New Indicator	1.5%	1.75%	2%	2.5%

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
EE4. Improved energy sustainability	EE 4.4	8	Percentage total electricity losses	13.95%	12.8%	11.8%	10.8%	10%

### Environment and Waste

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
ENV1. Improved air quality	ENV1.1	9	Metropolitan Air Quality Index (MAQI)	MAQI ≤1	MAQI ≤1	MAQISDBIP ≤1	MAQI ≤1	MAQI ≤1
ENV1. Improved air quality	ENV1.2	10	Number of days where PM2.5 levels exceeded guideline levels	New Indicator	≤10 days	≤8 days	≤6 days	≤4 days
ENV1. Improved air quality	ENV1.3	11	Percentage of households experiencing a problem with noise pollution	0.03%	0.03%	0.02%	0.02%	0.02%
ENV2. Minimised solid waste	ENV2.1	12	Tonnes of municipal solid waste sent to landfill per capita	0.03 tonnes	0.34 tonne	0.5 tonnes	0.5 tonnes	0.5 tonnes
ENV2. Minimised solid waste	ENV2.2	13	Tonnes of municipal solid waste diverted from landfill per capita	New Indicator	0.24 tonnes  (Validated for the period 1 July 2018 - 31 December 2018)	0.48 tonnes	0.72 tonnes	0.96 tonnes
ENV2. Minimised solid waste	ENV2.3	14	Total collected municipal solid waste per capita	New Indicator	1 tonne	1.5 tonnes	1.75 tonnes	2 tonnes
ENV3. Increased access to refuse removal	ENV3.1	15	Percentage of households with basic refuse removal services or better	87% (2017/18 STASSA Figures)	87%	89%	90%	92%

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
ENV4. Biodiversity is conserved and enhanced	ENV4.1	16	Ecosystem/vegetation type threat status	New Indicator	Vulnerable	Vulnerable	Vulnerable	Vulnerable
ENV4. Biodiversity is conserved and enhanced	ENV4.2	17	Ecosystem/vegetation type protection level	New Indicator	Well represented	Well represented	Well represented	Well represented
ENV5. Coastal resources maintained and amenities improved	ENV5.1	18	Recreational water quality	100%	100%	100%	100%	100%

Fire and emergency services

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
FE1. Mitigated effects of emergencies	FE 1.1	19	Number of fire related deaths per 1000 population	0.0325 : 1000  (41 deaths)  (2016 / 2017 statistics)	0.0316 : 1000  (40 x deaths)	0.0309 : 1000  (39 x deaths)	0.0301 : 1000  (38 x deaths)	0.0293 : 1000  (37 x deaths)

Good Governance

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
GG1. Improved municipal capability	GG 1.1	20	Percentage of municipal skills development levy recovered	New Indicator	60%	65%	65%	65%

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
GG1. Improved municipal capability	GG 1.2	21	Top Management Stability (% of days in a year that all S56 positions are filled by full-time, appointed staff not in an acting capacity)	73% of working days as at 31 March 2018 (CM position and 7 Senior Manager positioned filled) 3 x Senior Manager positions vacant (Budget and Treasury, Public Health, Electricity and Energy)	100% of working days			
GG2. Improved municipal responsiveness	GG 2.1	22	Percentage of ward committees that are functional (meet four times a year, are quorate, and have an action plan)	100% as at 31 March 2018	100%	100%	100%	100%
GG2. Improved municipal responsiveness	GG 2.2	23	Attendance rate of municipal council meetings by all identified Traditional Leaders	N/A (Traditional Leaders do not currently attend municipal council meetings. Targets will be reviewed in line with the outcome of future engagements with Traditional Leaders.)				
GG3. More effective city administration	GG 3.1	24	Audit Opinion	Qualified Audit Opinion in respect of 2016/17	Unqualified audit report received from the Auditor General	Unqualified audit report received from the Auditor General	Unqualified audit report received from the Auditor General	Clean audit Outcome received from the Auditor General
GG4. Improved council functionality	GG 4.1	25	Average percentage of councillors attending council meetings	95.77% (2016/17)	95.8%	95.8%	95.8%	95.8%
GG5. Zero tolerance of fraud and corruption	GG 5.1	26	Number of alleged fraud and corruption cases reported per 100 000 population	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)
GG5. Zero tolerance of fraud and corruption	GG 5.2	27	Number of dismissals for fraud and corruption per 100 000 population	0.4 number of dismissals per 100 000 population (population as per Stats SA)	0	0	0	0

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
GG6. More effective poverty alleviation	GG 6.1	28	Percentage of all qualifying households in the municipal area classified as indigent	25% (Validated for the period 1 July 2018 to 31 December 2018)	27.50%	27%	26.50%	26%

#### Housing and Community Facilities

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
HS1. Improved access to adequate housing (incl. security of tenure)	HS1.1	29	Percentage of households living in adequate housing	94%	94.8%	95.6%	96.4%	97.2%
HS1. Improved access to adequate housing (incl. security of tenure)	HS1.3	30	Percentage of households in informal settlements targeted for upgrading	8.5%	11.5%	23%	34%	46%
HS2. Improved functionality of the property market	HS2.2	31	Rateable residential properties as a percentage of total households in the municipality	94%	94%	94%	94%	94%
HS2. Improved functionality of the property market	HS2.3	32	Percentage of households living in formal dwellings who rent	18.84% (STATSSA 2011)	19%	20%	20%	20%
HS3. Increased access to and utilisation of social and community *facilities	HS3.1	33	Square meters of municipally owned or maintained public outdoor recreation space per capita	11.91 m <sup>2</sup> per capita				

Outcome	NT REF	Indicator No	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
HS3. Increased access to and utilisation of social and community facilities	HS 3.2	34	Number of community halls per 100 000 population	2.69 halls : 100 000 population (34 community halls)	2.93 halls : 100 000 population (37 community halls)	3.17 halls : 100 000 population (40 community halls)	3.56 halls : 100 000 population (45 community halls)	3.96 halls : 100 000 population (50 community halls)
HS3. Increased access to and utilisation of social and community facilities	HS 3.3	35	Number of public libraries per 100 000 population	2	2	2	2	2
HS3. Increased access to and utilisation of social and community facilities	HS 3.5	36	Percentage utilisation rate of community halls	60%	60%	60%	70%	80%
HS3. Increased access to and utilisation of social and community facilities	HS 3.6	37	Average number of library visits per library	728 800	757 952	788 270	819 801	852 593

**Transport and Roads**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
TR1. Modal shift of weekday trips (incl. education trips) from private to public transport and NMT	TR1.1	38	Percentage of dwelling units within 500m of scheduled public transport service	79.6%	80%	80%	80%	80%
TR3. Reduced travel time	TR3.1	39	Average public transport commuting time	43min	43min	43min	43min	43min
TR 4. Improved satisfaction with public transport services	TR4.2	40	Percentage of public transport users indicating that they believe public transport to be "reliable"	New Performance Indicator	50%	55%	60%	65%
TR 5 Improved access to public transport (incl. NMT)	TR5.2	41	Percentage of persons with disability where access to public transport is difficult	New Indicator	98%	96%	95%	93%
TR 6. Improved quality of municipal road network	N/A	42	Reducing the ratio of unsurfaced roads to surfaced roads within Nelson Mandela Bay	763.49km of unsurfaced roads : 4072.08km of surfaced roads	752.06km of unsurfaced roads : 4083.51km of surfaced roads	738.06km of unsurfaced roads : 4097.51km of surfaced roads	727.06km of unsurfaced roads : 4108.51km of surfaced roads	716.06km of unsurfaced roads : 4119.51km of surfaced roads

**Water and Sanitation**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
WS1. Improved access to sanitation	WS1.1	43	Percentage of households with access to basic sanitation	97%	98%	100%	100%	100%
WS2. Improved access to water	WS2.1	44	Percentage of households with access to basic water supply	100%	100%	100%	100%	100%
WS3. Improved quality of water and sanitation services (revised from continuity of services)	WS3.1	45	Frequency of sewer blockages	708	675	650	600	550

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
WS3. Improved quality of water and sanitation services (revised from continuity of services)	WS3.2	46	Frequency of water mains failures	69	65	60	55	50
WS3. Improved quality of water and sanitation services (revised from continuity of services)	WS3.3	47	Frequency of unplanned water service interruptions	15	13	12	10	8
WS4. Improved quality of water (incl. wastewater)	WS4.1	48	Percentage of drinking water compliance to SANS241	99%	100%	100%	100%	100%
WS4. Improved quality of water (incl. wastewater)	WS4.2	49	Wastewater quality compliance according to the water use license	75%	75%	80%	85%	85%
WS5. Improved water sustainability	WS5.1	50	Percentage of non-revenue water	42.2%	40%	37%	35%	30%
WS5. Improved water sustainability	WS5.2	51	Total water losses	Litres per connection per day resulting in 39.9% losses	Litres per connection per day resulting in 37% losses	Litres per connection per day resulting in 34% losses	Litres per connection per day resulting in 30% losses	Litres per connection per day resulting in 30% losses
WS5. Improved water sustainability	WS5.3	52	Total per capita consumption of water	251 litres per capita per day	250 litres per capita per day	240 litres per capita per day	230 litres per capita per day	220 litres per capita per day
WS5. Improved water sustainability	WS5.4	53	Percentage water reused	4%	4%	4%	5%	7.5%

**Municipal Entity**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
Promote social infrastructure and economic development.	N/A	54	Human Development Index	New Indicator	0.681 (IHS Markit Regional)	0.681 (IHS Markit Regional)	0.681 (IHS Markit Regional)	0.681 (IHS Markit Regional)

**Financial viability and management**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)
Sound financial management	N/A	55	Credit rating	New Key Performance Indicator	Aaa.za	Aaa.za	Aaa.za	Aaa.za
Sound financial management	N/A	56	Percentage of Municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the Municipality's integrated development plan	85.96%	95%	95%	95%	95%

## CHAPTER 10: BUDGET

### 10.1 FINANCIAL SUSTAINABILITY AND VIABILITY

Since March 2020 when the National Lockdown in South Africa started, all areas of the Municipality have been impacted in one way or the other. The impact of COVID-19 on the Budget and Treasury function of Nelson Mandela Bay Municipality has occurred in the following areas:

- No Credit Control measures were implemented during the Lockdown period. This has resulted in a significant shortfall in revenue collection.
- The estimation of water and electricity meters has meant that billing of accounts has been inaccurate.
- All Customer Care Centres were closed resulting in consumers are not getting services such as new ATTP (Assistance to the Poor) benefits and / or access to municipal cashiers.

Notwithstanding the above, Nelson Mandela Bay Municipality must ensure that it has a funded budget and that it can deliver on the objectives of the IDP. With regards to the budget, the Municipality must operate within the parameters of the Municipal Financial Management Act (MFMA) (56 of 2003), together with the applicable Regulations. All directorates of the Municipality have a role to play in ensuring that the finances of the Municipality are handled sustainably and that the Municipality is financially viable going forward.

#### 10.1.1 Consumer debt

During the 2018/19 financial year, overdue consumer debt increased by R180,96 million or 10,65% compared to the previous financial year. The Municipality must strive to improve its financial position; this can be achieved by focusing on the following:

- Collection of all outstanding debt from those that can afford to pay.
- Optimising efficiency and improving implementation of the Cost Containment Regulations in order to increase funding for service delivery.
- Reforming Supply Chain processes to speed up project implementation and service delivery and increase transparency.
- Apply measures to ensure value for money of tenders.
- Increase the efficiency of the Assistance to the Poor (ATTP) Programme from a beneficiary perspective.
- Deal with historical irregular expenditure so that it ceases to become an audit qualification.
- Focus on MIS / IT capacity to ensure seamless availability of municipal systems for financial control.

#### **10.1.2 Financial sustainability**

In terms of the Municipal Systems Act (Act 32 of 2000), Financial Sustainability relates to the provision of a municipal service in a manner that ensures that the financing of that service from internal or external resources, including budgeted income, grants and subsidies, is sufficient to cover the costs of:

- The initial capital expenditure required for the service.
- Operating the service.
- Maintaining, repairing and replacing the physical assets used in the provision of the service.

The Municipality experienced a serious cash-flow challenge during the 2010/11 financial year. The recovery at the time was guided by a comprehensive Financial Recovery Plan, aimed at placing the institution in a sound and sustainable financial position, thereby ensuring its ability to meet its obligations.

Proper, adequate and regular financial management oversight is therefore crucial to ensure this ongoing financial sustainability. This can be achieved through the effective implementation of financial policies and procedures.

In dealing with the above, attention needs to be paid to the following:

- Increased debt collection and credit control measures
- revenue optimisation
- operational efficiency and cost containment measures
- proper procurement planning and a value for money procurement approach
- proper tariff modelling
- ensuring a cost coverage ratio of three months
- the development of a Long-Term Financial Plan

National Treasury views a three-month cost coverage ratio as critical from a financial perspective. The Audited Consolidated Annual Financial Statements for 2018/19 reflects a cost coverage of 3.77 months. The investment portfolio at 30 June 2019 was positively impacted by unspent conditional grants of approximately R653,7 million (Payments on these conditional grants occurred mainly during the months of July and August 2019, i.e after the end of the financial year).

#### **10.1.3 Long-Term Financial Sustainability Plan (LTFSP)**

Long-term financial planning is a key element of the IDP, which allows the achievement of the strategic objectives of Council. In general, a Long-Term Financial Sustainability Plan must have a 10-year horizon and it is instrumental in indicating financial sustainability over the short, medium and long term.

The LTFSP is underpinned by a number of financial strategies, assumptions and performance indicators, which will enable Council to make informed decisions to ensure financial sustainability, while at the same time meeting the increasing service delivery demands of local communities within the limited available resources.

The MFMA further aims to modernise budget, accounting and financial management practices by placing local government finances on a sustainable footing to maximise the capacity of municipalities to deliver services across communities. It also aims to put in place a sound financial framework by clarifying and separating the roles and responsibilities of the Council, Mayor and officials.

Nelson Mandela Bay Municipality works with National Treasury to develop a model for long-term financial planning. Extensive work has been done on the model, which is currently being amended to comply with the Municipal Standard Chart of Accounts (MSCOA) accounting reforms.

When preparing an LTFSP, a municipality must consider the following:

- Capital and Operating Budgets
- Master plans and Backlog reports – Asset Management
- Consumption levels / units
- Losses and unaccounted for units
- Revenue streams
- Financial or other risks that may impact on financial sustainability
- Staffing levels

#### **10.1.4 Financial Plan**

Section 26(h) of the Local Government: Municipal Systems Act, as amended, stipulates that a financial plan must be prepared as part of the Municipality's IDP. Municipalities need to be proactive in minimising costs and maximising operational efficiency in order to meet these demands.

In addition to being informed by the IDP, the municipal fiscal environment is influenced by a variety of macro-economic measures. National Treasury determines the ceiling of year-on-year increases in the total Operating Budget, whilst the National Energy Regulator of SA (NERSA) regulates electricity tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

### **Budget assumptions**

The multi-year Budget is underpinned by the following assumptions:

**TABLE 29: Financial targets for the period 2019/20 to 2024/25**

	<b>2019/20 (Baseline)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/2024</b>	<b>2024/2025</b>
Income	%	%	%	%	%	%
Fines, Penalties and Forfeits	7.0	7.5	7.8	8.0	8.0	8.0
Interest, Dividend and Rent on Land	6.5	6.8	7.0	7.5	7.5	7.8
Licences or Permits	7.0	7.5	7.8	8.0	8.0	8.0
Operational revenue	7.0	7.5	7.8	8.0	8.0	8.0
Property Rates	7.77	8.5	9.5	9.6	9.0	9.0
Rental from Fixed Assets	7.0	7.5	7.8	8.0	8.0	8.0
Sales of Goods and Rendering of Services	7.0	7.5	7.8	8.0	8.0	8.0
Water tariff increase	7.5	8.5	9.5	9.0	9.0	9.0
Waste Water Management tariff increase	7.5	8.5	9.5	9.0	9.0	9.0
Waste Management tariff increase	7.5	8.5	9.5	9.0	9.0	9.0
Electricity tariff increase	13.04	11.94	12.75	12.9	11.95	11.95
Revenue collection rates	95.00	94.5	94.5	94.5	95.0	95.0

	2019/20 (Baseline)	2020/21	2021/22	2022/23	2023/2024	2024/2025
Expenditure						
Bulk purchase of power costs (subject to determination by NERSA)	15.67	14.40	15.00	15.50	14.50	14.40
Bulk purchase of water costs	9.0	5.3	6.3	7.3	5.3	5.3
Contracted Services	5.0	4.5	5.0	4.5	5.5	5.5
Employee Related Costs (subject to Three Year Agreement re Salary Negotiation currently in progress)	9.5	9.85	9.85	9.85	9.85	9.85
Inventory Consumed	5.0	0.0	0.0	0.0	0.0	0.0
Operating Leases	7.0	7.0	7.0	7.0	7.0	7.0
Operational Costs	5.0	0.0	0.0	0.0	0.0	0.0
Remuneration of Councillors	5.1	6.5	6.0	6.1	6.1	6.1
Transfers and Subsidies	5.0	5.5	4.5	4.5	4.5	4.5
Depreciation and Amortisation	6.0	6.5	6.5	6.5	6.5	6.5
Repairs and Maintenance (consists of Contracted Services, Inventory Consumed and Other Expenditure relating to the maintenance of capital assets)	8.0	8.0	8.0	8.0	8.0	8.0

Source: NMBM, 2020

The following table shows the projected financial performance of the Municipality over the MTEF period.

**TABLE 30: Statement of Financial Performance for the period 2020/21 to 2024/25**

Description R thousand	2019/20	2020/21 Medium Term Revenue & Expenditure Framework				
	Adjustment Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
Revenue By Source						
Property rates	2,353,758	2,544,995	2,787,331	3,055,072	3,330,028	3,629,731
Service charges - electricity revenue	4,167,364	4,359,437	4,708,192	5,084,847	5,692,486	6,372,738
Service charges - water revenue	996,442	888,256	972,640	1,060,178	1,155,594	1,259,597
Service charges - sanitation revenue	656,442	647,733	709,266	773,100	842,679	918,520
Service charges - refuse revenue	245,151	266,026	289,950	316,027	344,469	375,472
Rental of facilities and equipment	37,167	22,561	24,245	26,073	28,159	30,412
Interest earned - external investments	160,994	161,511	177,873	189,392	203,596	219,477
Interest earned - outstanding debtors	291,720	197,891	211,743	227,624	241,281	255,758
Fines, penalties and forfeits	216,290	224,224	242,566	261,605	282,533	305,136
Licences and permits	21,354	22,748	24,522	26,484	28,836	31,143
Agency services	3,095	3,327	3,586	3,873	4,105	4,352
Transfers and subsidies	2,087,686	2,187,777	2,260,595	2,379,225	2,486,290	2,598,173
Other revenue	175,884	168,878	178,960	189,683	204,858	221,246
Gains on disposal of PPE	500	510	520	530	530	530
Total Revenue (excluding capital transfers and contributions)	11,414,230	11,695,873	12,591,991	13,593,715	14,845,444	16,222,285
Less: Transfers and Subsidies – Fuel Levy Capital Budget	380,000	389,400	401,140	413,230	425,627	438,395
<b>Total Operating Revenue</b>	<b>11,034,230</b>	<b>11,306,473</b>	<b>12,190,851</b>	<b>13,180,485</b>	<b>14,419,817</b>	<b>15,783,890</b>

Description R thousand	2019/20	2020/21 Medium Term Revenue & Expenditure Framework				
		Adjustment Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Expenditure By Type						
Employee related costs	3,610,831	3,933,869	4,293,640	4,703,074	5,166,327	5,675,210
Remuneration of councillors	81,557	85,283	89,237	93,430	99,129	105,176
Debt impairment	577,109	611,853	579,865	583,649	627,423	674,479
Depreciation & asset impairment	739,657	614,541	651,397	690,462	735,342	783,139
Finance charges	139,362	141,084	160,755	154,958	129,022	105,905
Bulk purchases	3,620,983	3 750,105	4,000,669	4,270,841	4,873,382	5,557,826
Other materials	218,981	203,654	209,862	219,550	230,528	242,054
Contracted services	1 299,630	1,188,855	1,225,368	1,300,773	1,372,316	1,447,793
Transfers and subsidies	69,998	57,811	58,308	59,853	62,546	65,361
Other expenditure	672,806	637,729	670,787	715,464	751,237	788,799
Total Expenditure	11,030,915	11,350,818	12,073,483	12,963,519	14,047,252	15,445,742
Surplus / (Deficit)	3,316	(44,345)	117,368	216,965	372,565	338,148

Source: NMBM, 2020

#### 10.1.4.1 Statutory requirements of the Capital Budget

The IDP identifies the priorities which must guide the Capital Budget of the Municipality.

The Municipal Finance Management Act (Act No. 56, 2003) states that:

19.1 A Municipality may spend money on a capital project only if-

The money for the project, excluding the cost of feasibility studies conducted by or on behalf of the Municipality, has been appropriated in the capital budget; the project, including the total cost, has been

approved by the council; the sources of funding have been considered, are available and have not been committed for other purposes.

- 19.2 Before approving a capital project in terms of Section 19 (1) (b), the Council of a municipality must consider-

The project cost covering all financial years until the project is operational; and the future operational costs and revenue on the project, including municipal tax and tariff implications. Furthermore, the Financial Standing Orders state that:

“1.5 Every Manager shall, in respect of the activities of the Business Unit, in consultation with the Business Unit Manager: Budget and Treasury, prepare: - a draft Capital Budget in respect of the ensuing financial year and a draft Capital Programme for the following two financial years, based on the following principles:

Year Two of the current Capital Programme shall become the new Capital Budget and Year Three of the current Capital Programme shall become Year Two in the new Capital Programme and new projects shall enter the Programme in Year Three.”

The following table indicates the Capital Budget for each Municipal Directorate over the MTEF period

**TABLE 31: 2020/21 to 2024/25 Capital Budget by Directorate**

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 1 - Budget and Treasury	17,180	11,700	700	5,096	5,300
Vote 2 - Public Health	61,400	52,517	51,332	52,872	54,987
Vote 3 - Human Settlements	226,155	163,044	149,087	153,560	159,702
Vote 4 - Economic Development, Tourism and Agriculture	66,131	71,531	64,460	71,944	74,870
Vote 5 - Corporate Services	30,700	40,650	30,400	31,312	32,918
Vote 6 - Rate and General Engineers	496,040	400,139	393,426	405,229	421,438
Vote 7 - Water Services	328,550	275,977	252,914	260,502	270,922
Vote 8 - Sanitation Services	181,370	137,188	194,868	200,714	208,743
Vote 9 - Electricity and Energy	187,964	178,382	185,034	190,585	198,208
Vote 10 - Executive and Council	9,114	16,713	17,671	0	0
Vote 11 - Safety and Security	34,389	39,000	39,950	41,149	42,794

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Vote 12 - Nelson Mandela Bay Stadium	9,000	7,000	7,000	7,210	7,498
Vote 13 - Strategic Programmes Directorate	—	—	—	—	—
Vote 14 - Recreational and Cultural Services	66,900	47,200	47,700	49,131	51,096
Total Capital Expenditure - Vote	1,714,893	1,441,041	1,434,543	1,469,303	1,528,478
Capital Expenditure - Functional					
Governance and administration	143,887	188,949	147,500	36,408	38,218
Executive and Council	0	0	0	0	0
Finance and administration	143,887	188,949	147,500	36,408	38,218
Internal audit	—	—	—	—	—
Community and public safety	214,000	111,452	120,352	291,421	303,577
Community and social services	56,250	40,362	46,703	38,571	40,687
Sport and recreation	69,900	57,600	46,691	56,341	58,594
Public safety	12,050	11,700	25,158	41,149	42,794

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Housing	75,000	0	0	153,560	159,702
Health	800	1,790	1,800	1,800	1,800
Economic and environmental services	554,117	535,499	429,476	478,173	497,308
Planning and development	35,696	36,748	38,373	71,944	74,870
Road transport	517,420	397,751	390,103	405,229	421,438
Environmental protection	1,000	1,000	1,000	1,000	1,000
Trading services	802,889	705,141	737,214	663,301	689,373
Energy sources	176,964	165,382	171,834	190,585	198,208
Water management	343,150	295,494	262,553	260,502	270,922
Waste water management	271,575	233,065	291,628	200,714	208,743
Waste management	11,200	11,200	11,200	11,500	11,500
Other	—	—	—	—	—
Total Capital Expenditure - Functional	1,714,893	1,441,041	1,434,543	1,469,303	1,528,476
Funded by:					
National Government	944,113	667,608	634,197	665,907	699,202

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Provincial Government	—	—	—	—	—
District Municipality	—	—	—	—	—
Other transfers and grants	31,000	0	0	50,000	55,000
Transfers recognised - capital	975,113	667,608	634,197	715,907	754,202
Public contributions & donations	0	0	0	0	0
Borrowing	214,415	254,245	281,943	0	0
Internally generated funds	525,365	519,188	518,403	753,396	774,274
Total Capital Funding	1,714,893	1,441,041	1,434,543	1,469,303	1,528,476

Source: NMBM, 2020

The following table indicates the various funding sources from which capital expenditure is made:

**TABLE 32: Funding of Capital Expenditure**

Sources of funding	2020/21	%	2021/22	%	2022/23	%	2023/24	%	2024/25	%
<b>Government Grants</b>	944,113	66.16	667,606	46.33	634,197	44.21	665,907	45.32	699,202	45.75
<b>Other grants</b>	31,000	1.81	0	0.00	0	0.00	50,000	3.40	55,000	3.60
<b>Borrowing</b>	214,415	12.50	254,245	17.64	281,943	19.65	0	0.00	0	0.00
<b>Internal Funds</b>	525,365	30.64	519,188	36.03	518,403	36.14	753,396	51.28	774,274	50.66
<b>Total Capital Funding</b>	1,714,893	100	1,441,041	100	1,434,543	100	1,469,303	100	1,528,476	100

Source: NMBM, 2020

#### 10.1.4.2 Repairs and Maintenance

Considering the backlog in infrastructure maintenance, it is evident that this ratio should at least be at a 10% level. At this stage however, the cash position is unable to support a level in excess of 10%. Alternative strategies and / or funding mechanisms must be developed to address the eradication of infrastructure maintenance backlogs.

It is, however, important to note that, Repairs and Maintenance is not a category in the Statement of Financial Performance. In terms of the municipal Standard Chart of Accounts, Repairs and Maintenance is reported at the project level that effectively consolidates expenditure incurred in the Other Expenses, Other Materials, Employee Related Costs and Contracted Services categories relating to repairs and / or maintenance projects.

#### 10.1.4.3 Budgeted Financial Position

The budgeted financial position of the Municipality, taking into account its capital and operating income and expenditure, is reflected below. This is followed by the Cash Flow Statement of the institution.

**TABLE 33: Budgeted Financial Position**

<b>Description</b> <b>R thousand</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				<b>Long Term Revenue &amp; Expenditure Framework</b>
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>ASSETS</b>					
Current assets					
Cash	200,200	200,200	200,200	200,200	200,200
Call investment deposits	3,042,630	3,158,891	3,606,464	3,811,246	3,996,204
Consumer debtors	2,285,500	2,491,194	2,690,490	2,851,919	3,023,035
Other debtors	428,722	447,898	463,483	479,705	496,495
Current portion of long-term receivables	0	0	0	0	0
Inventory	146,639	153,237	160,133	167,339	174,869
Total current assets	6,103,691	6,451,420	7,120,770	7,510,409	7,890,803
Non-current assets					
Long-term receivables	118,248	133,620	149,654	154,146	158,862
Investments				0	0

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				<b>Long Term Revenue &amp; Expenditure Framework</b>
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Investment property	205,385	199,317	192,654	185,991	179,328
Investment in associated					
Property, plant and equipment	19,489,885	20,159,539	20,787,711	21,535,450	22,292,553
Agricultural					
Biological					
Intangible	304,031	299,693	252,286	204,879	157,472
Other non-current assets					
Total non-current assets	20,117,549	20,792,170	21,382,305	22,080,466	22,788,215
<b>TOTAL ASSETS</b>	<b>26,221,240</b>	<b>27,243,590</b>	<b>28,503,075</b>	<b>29,590,875</b>	<b>30,679,018</b>
<b>LIABILITIES</b>					
Current liabilities					
Bank overdraft				0	0
Borrowing	154,256	204,663	183,802	210,724	126,714
Consumer deposits	163,347	168,574	173,968	178,968	183,968

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>				<b>Long Term Revenue &amp; Expenditure Framework</b>
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Trade and other payables	2,587,543	2,735,307	2,889,983	3,043,152	3,204,439
Provisions	336,395	360,943	386,994	405,148	435,814
Total current liabilities	3,241,540	3,469,487	3,634,747	3,837,992	3,950,935
Non-current liabilities					
Borrowing	1,124,007	1,164,149	1,219,807	1,007,688	847,547
Provisions	3,018,443	3,217,144	3,431,303	3,679,663	3,947,528
Total non-current liabilities	4,142,451	4,381,292	4,651,110	4,687,351	4,795,075
<b>TOTAL LIABILITIES</b>	<b>7,383,991</b>	<b>7,850,779</b>	<b>8,285,857</b>	<b>8,525,343</b>	<b>8,746,010</b>
<b>NET ASSETS</b>	<b>18,837,249</b>	<b>19,392,811</b>	<b>20,217,218</b>	<b>21,065,532</b>	<b>21,933,008</b>
COMMUNITY WEALTH / EQUITY					
Accumulated Surplus / (Deficit)	17,966,226	18,261,114	18,974,216	19,710,472	20,465,158
Reserves	871,023	1,131,697	1,243,001	1,355,060	1,467,850
Minority interests					
<b>TOTAL COMMUNITY WEALTH / EQUITY</b>	<b>18,837,249</b>	<b>19,392,811</b>	<b>20,217,218</b>	<b>21,065,532</b>	<b>21,933,008</b>

Source: NMBM, 2020

**TABLE 34: Cash Flow Statement**

<b>Description</b> <b>R thousand</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>			<b>Long Term Revenue &amp; Expenditure Framework</b>	
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	2,387,206	2,642,390	2,911,483	3,180,177	2,938,387
Service charges	5,779,454	6,332,697	6,894,158	7,673,643	9,016,157
Other revenue	254,195	271,647	291,230	313,198	334,332
Government - operating	2,080,628	2,146,929	2,284,541	2,398,768	2,518,706
Government - capital	1,091,048	748,199	712,356	747,974	785,372
Interest	161,511	177,873	189,392	203,596	219,477
Payments					
Suppliers and employees	(9,792,692)	(10,437,032)	(11,242,058)	(12,399,531)	(13,798,491)
Finance charges	(141,084)	(160,755)	(154,958)	(129,022)	(105,176)
Transfers and Grants	(58,546)	(57,905)	(49,542)	(74,741)	(65,051)
NET CASH FROM / (USED) OPERATING ACTIVITIES	1,761,719	1,664,042	1,836,601	1,914,062	1,843,713

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>			<b>Long Term Revenue &amp; Expenditure Framework</b>	
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of property, plant and equipment					
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables	(14,522)	(15,372)	(16,034)	(4,492)	(4,716)
Decrease (increase) in non-current investments	—	—	—		
Payments					
Capital assets	(1,694,194)	(1,579,343)	(1,435,529)	(1,454,676)	(1,516,643)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(1,708,716)	(1,594,715)	(1,451,563)	(1,459,168)	(1,521,359)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					

<b>Description</b>	<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>			<b>Long Term Revenue &amp; Expenditure Framework</b>	
	<b>Budget Year 2020/21</b>	<b>Budget Year 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Budget Year 2023/24</b>	<b>Budget Year 2024/25</b>
<b>R thousand</b>					
Short-term loans					
Borrowing long term/refinancing	263,290	246,370	240,943	0	0
Increase in consumer deposits	5,065	5,227	5,394	5,000	5,000
Payments					
Repayment of borrowing	(154,256)	(204,663)	(183,802)	(245,112)	(132,396)
NET CASH FROM/(USED) FINANCING ACTIVITIES	114,099	46,934	62,535	(250,112)	(137,396)
NET INCREASE / (DECREASE) IN CASH HELD	167,103	116,261	447,573	204,782	184,958
Cash / Cash equivalents at the year begin:	3,075,727	3,242,830	3,359,091	3,806,664	4,011,446
Cash / Cash equivalents at the year-end:	3,242,830	3,359,091	3,806,664	4,011,446	4,196,404

Source: NMBM, 2020

#### 10.1.4.4 Financial Indicators

The following financial indicators identify medium-term projections against past performance.

These indicators and others will be monitored throughout the financial years covered by the Budget.

**TABLE 35: Financial Indicators**

Financial Indicators	Basis of Calculation	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Borrowing Management</b>						
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	4.29%	4.27%	4.28%	3.41%	2.76%
Capital Charges to Operating Expenditure	Interest and Principal Paid/Operating Expenditure	2.60%	3.03%	2.61%	2.66%	1.54%
<b>Safety of Capital</b>						
Debt to Equity	Loans, Accounts Payable & Tax Provision/Funds & Reserves	20.52%	21.16%	21.24%	20.23%	19.05%
Gearing	Funds & Reserves/Long-Term Borrowing	5.97%	6.00%	6.03%	4.78%	3.86%
<b>Liquidity</b>						
Current Ratio	Current Assets/Current Liabilities	1.88:1	1.86:1	1.96:1	1.96:1	2.00:1
<b>Revenue Management</b>						
Outstanding Debtors to Revenue	Total Outstanding Debtors/Annual Revenue	25.05%	25.21%	25.06%	24.10%	23.30%

Source: NMBM, 2020

#### **10.1.5 Credit Rating**

A credit rating is an evaluation of the credit risk of a prospective debtor, predicting its ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting. On 20 March 2020, Moody's Investors Services, an internationally recognised credit ratings agency, assigned a Baa3 negative/Aaa.za national scale issuer rating to the Municipality, which takes into account the Municipality's financial performance and low debt.

On 3 April 2020, Moody's Investors Services assigned a Ba1 negative/Aaa.za rating to the Nelson Mandela Bay Municipality due to the downgrade of the South African Government. The Municipality's credit profile incorporates a capital infrastructure backlog and challenges associated with the acute water shortage being experienced because of the drought.

COVID-19 and the associated deterioration in the global and national economic outlook will constrain the Municipality's financial performance due to reduced revenue collection as a result of higher unemployment.

#### **10.1.6 Policies / By-laws**

The following policies and by-laws govern the work of the Budget and Treasury function of the Municipality:

- Financial Management Policies
- Assistance to the Poor Policy
- Tariffs Policy
- Asset Management and Disposal Policy (the Municipality has a Generally Recognized Accounting Practices (GRAP) compliant asset register)
- Supply Chain Management Policy
- Property Rates Policy
- Customer Care and Revenue Management By-laws
- Unauthorized, Irregular, Fruitless and Wasteful (UIF+W) Expenditure Policy
- Credit Control Policy

The Budget related policies are updated annually and are available on the municipal website.

### **10.1.7 Revenue Management**

The following are key features of revenue management in Nelson Mandela Bay:

#### **10.1.7.1 Free basic services (FBS) – Indigent Support**

The Municipality has an approved Indigent Subsidy Policy referred to as the Assistance to the Poor (ATTP) Policy, which is reviewed on an annual basis. This Policy is conducted online and is not referred to a Committee for approval. Site visits are completed to verify beneficiaries prior to approval. The relevant Section in the Municipality has 39 staff members who assist with the completion of application forms and attend to the on-site verification of households that apply for the subsidy.

The qualifying criterion for indigent support is that the combined household income may not exceed the equivalent of two welfare state pensions (R3 560 from 1 April 2019; this excludes grants such as foster child grants, care development grants, Ward Committee stipends and child support grants).

In terms of the ATTP Policy, indigent households receive the following support and benefits:

- Full credit for monthly property rates
- Full credit for monthly refuse
- Credit to the maximum of 8 kl of water per month
- Credit to the maximum of 11 kl of sewerage per month
- Free monthly token of 75 kWh of electricity per month

In the event that the indigent households consume more than the limit provided for by the support, the debt is written off after three months. Section 2.1.1 of the ATTP Policy states that all miscellaneous once-off charges incurred by an ATTP beneficiary, with the exception of tampering charges, after initial registration, will be written off. Furthermore, Section 2.1.2 states that no further legal costs and call fees will be charged to ATTP accounts, with the exception of tampering charges.

The schedules below indicate the cost of Free Basic Services for the past two financial years.

**NELSON MANDELA BAY MUNICIPALITY - 2017/2018**

**TABLE 36: 2017/2018 ATTP Beneficiation**

<b>Month</b>	<b>Total ATTP Accounts</b>	<b>WATER</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>REFUSE REMOVAL</b>	<b>RATES</b>	<b>R/C</b>
		<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>
Jul-17	106,614	12,800,037	14,527,642	3,904,087	8,975,326	9,636,913	49,844,006
August	105,106	12,814,996	14,948,051	3,851,439	9,774,619	10,050,574	51,439,678
September	103,887	12,990,177	14,872,423	3,858,545	9,641,975	11,901,450	53,264,570
October	103,848	12,982,953	14,832,232	3,740,280	9,640,581	9,609,605	50,805,651
November	104,042	13,218,041	14,911,743	3,773,177	9,656,378	9,673,457	51,232,796
December	103,855	12,470,166	14,821,073	3,746,148	9,632,451	9,707,486	50,377,324
Jan-18	103,700	14,113,617	15,196,706	3,764,922	9,614,912	9,712,466	52,402,623
February	103,298	14,272,426	15,073,936	3,742,029	9,568,685	9,697,843	52,354,919
March	102,463	12,905,914	14,683,981	3,763,112	9,464,963	9,659,891	50,477,861
April	101,671	13,456,665	14,790,941	3,737,499	9,462,430	9,613,868	51,061,403
May	101,400	13,321,211	14,768,992	3,752,641	9,433,021	9,537,227	50,813,092
June	101,258	12,857,241	14,718,861	3,767,525	9,400,916	9,399,730	50,144,273
<b>TOTAL</b>		<b>158,203,443</b>	<b>178,146,581</b>	<b>45,401,404</b>	<b>114,266,257</b>	<b>118,200,511</b>	<b>614,218,196</b>

Source: NMBM, 2020

**NELSON MANDELA BAY MUNICIPALITY - 2018/2019**

**TABLE 37: 2018/2019 ATTP Beneficiation**

<b>Month</b>	<b>Total ATTP Accounts</b>	<b>WATER</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>REFUSE REMOVAL</b>	<b>RATES</b>	<b>R/C</b>
		<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>	<b>Total Value R</b>
Jul-18	101,096	13,074,008	15,204,182	3,740,859	10,108,752	10,282,917	52,410,718
August	100,890	14,114,249	15,925,570	3,779,579	10,077,698	10,631,778	54,528,874
September	100,494	14,311,283	16,004,932	3,751,412	10,034,620	12,536,817	56,639,064
October	98,006	12,878,776	15,603,662	3,710,513	9,719,594	10,013,464	51,926,009
November	94,589	11,844,708	15,112,170	3,565,301	9,318,663	9,812,283	49,653,125
December	93,341	11,570,179	14,906,024	3,471,699	9,201,269	9,706,315	48,855,486
Jan-19	92,786	12,672,552	15,261,776	3,452,392	9,162,851	9,644,912	50,194,483
February	91,966	12,078,387	14,950,362	3,437,615	9,086,771	9,541,160	49,094,160
March	91,067	11,469,388	14,469,388	3,417,894	8,996,080	9,409,448	47,939,112
April	88,649	10,986,232	14,311,979	3,372,783	8,768,470	9,096,700	46536,164
May	87,548	11,666,163	14,436,348	3,313,510	8,665,057	8,922,759	47,003,837
June	85,779	10,397,643	13,955,131	3,272,853	8,486,446	8,640,660	44,752,733
<b>TOTAL</b>		<b>147,063,568</b>	<b>180,318,438</b>	<b>42,286,410</b>	<b>111,626,271</b>	<b>118,239,213</b>	<b>599,533,900</b>

Source: NMBM, 2020

#### 10.1.7.2 Property Valuation Rolls

The rating of property is implemented impartially, fairly, equitably and without bias. These principles also apply to the setting of criteria for exemptions, reductions and rebates, contemplated in Section 15 of the Municipal Property Rating Act (MPRA), Act No 6 of 2004.

The rating of property is implemented in a way that:

- is developmentally oriented;
- supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
- supports local and socio-economic development;
- promotes simplicity, uniformity, certainty in the property rates assessment process;
- gives due consideration to the need for a simple and practical process of billing and collection of property rates;
- promotes sustainable land management, especially that which reduces the risk from natural disasters; and
- achieves national and local environmental management objectives.

The Municipality has an updated Valuation Roll, which is implemented in line with the Municipal Property Rates Act. One supplementary valuation is completed per financial year.

The Municipality has further implemented a General Valuation on 1 July 2017. The next General Valuation will be implemented from the 1 July 2021, based on property valuations as at 1 July 2020. The Valuation Roll is updated on a regular basis to achieve a sustainable rates base, in order to generate income to provide quality services.

#### 10.1.7.3 Billing of consumer accounts

The Municipality bills 341 799 debtors per month on its Consolidated Billing System. The billing process is two-fold, 21 billing cycles (1 cycle per night) and meter readings, due dates and debt collection processes are scheduled in line with billing dates. The turnover for the main services for the 2018/2019 financial year was R8 798 330 770. At present, the system bills 227 402 water meters and 36 422 credit electricity meters per month.

### 10.1.8 Expenditure Management

#### 10.1.8.1 Conditional Grants

The Municipality manages its conditional grants in terms of the Division of Revenue Act (DoRA) requirements and submits all required reports. The Municipality does not have separate bank accounts for each conditional grant but keeps control of the grants by maintaining separate vote structures for each grant.

#### 10.1.8.2 Remuneration

Councillor's remuneration is determined annually in terms of the relevant Government Notice issued by the Minister of COGTA in terms of the Remuneration of Public Office-Bearers Act, 1998 (Act No 20 of 1998). The overall increase in human resource costs relevant to all other municipal employees is determined in line with the relevant South African Local Government Bargaining Council agreement in this regard. At 31 March 2020, employee related costs constituted 30,63% of the total operating revenue.

#### 10.1.8.3 Finance costs

All financing costs in terms of external loan funding agreements are serviced in terms of the relevant approved funding agreements.

#### 10.1.8.4 Payments to service providers

All monies owed by the Municipality to service providers are paid in terms of Section 65 (2) (e) of the MFMA unless there are delays that result from various reasons on a case-by-case basis.

#### 10.1.8.5 Funding of Capital Expenditure

The table below reflects the historical reliance on government grants in order to fulfil the mandate of providing services:

**TABLE 38: Funding of Capital Expenditure**

Sources of funding	2016/17	%	2017/18	%	2018/19	%
Government Grants	849 897	59.40%	1 114 353	67.81%	1 220 029	72.62%
Other grants	5 170	0.36%	243 458	14.81%	177 550	10.57%
Public contributions	107 513	7.51%	0	0%	0	0%
Internal Funds	468 332	32.73%	285 645	17.38%	282 548	16.82%
<b>Total Capital Funding</b>	<b>1 430 912</b>	<b>100%</b>	<b>1 643 457</b>	<b>100%</b>	<b>1 680 126</b>	<b>100%</b>

Source: NMBM, 2020

#### 10.1.8.6 Capital and Operating Spending Results

The following table shows the capital and operating spending results of the Municipality over a three year period.

**TABLE 39: Capital and Operating Spending Results**

<b>R thousand</b>	<b>2016/17</b>			<b>2017/18</b>			<b>2018/19</b>		
	<b>Budget</b>	<b>Audited</b>	<b>Restated</b>	<b>Budget</b>	<b>Audited</b>	<b>Restated</b>	<b>Budget</b>	<b>Pre-Audited</b>	<b>Audited</b>
Operating Revenue	9 401 671	8 918 690	8 796 682	9 651 844	9 542 116	9 569 552	10 361 367	9 995 609	9 678 233
Less: Fuel Levy (Capital Expenditure)					260 874	260 874		320 726	
True Operating Revenue					9 281 241	9 318 184	10 361 367	9 674 883	9 678 233
% Operating Revenue		94.86%	93.57%		98.86%	99.15%		93.37%	93.41%
Operating Expenditure	9 823 533	9 154,000	8 846 161	9 676 868	8 830 004	8 622 907	10 435 733	9 918 362	10 170 603
% Operating Expenditure		93.18%	90.05%		91.25%	89.11%		95.04%	97.46%
<b>Net Surplus / (Deficit)</b>	<b>(421 861)</b>	<b>(235 310)</b>	<b>(49 479)</b>	<b>(25 024)</b>	<b>712,112</b>	<b>695 277</b>	<b>(74 366)</b>	<b>(243 479)</b>	<b>(492 370)</b>
Capital Expenditure	1 552 012	1 421 512	1 430 912	1 669 909	1 643 457	1 643 457	2 063 593	1 666 802	1 680 126
% Capital Expenditure		91.59%	92.20%		98.42%	98.42%		80.77%	81.42%

Source: NMBM, 2020

### **10.1.9 Financial Reporting**

The Municipality received a qualified audit report for the 2018/19 financial year. The qualification was based on following, the Municipality did not:

- have adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by Section 125 (2)(d)(i) of the MFMA.
- recognise all outstanding accruals meeting the definition of a liability in accordance with GRAP 1
- have proper systems in place to identify and record all irregular expenditure incurred in prior years
- appropriately account for and disclose property, plant and equipment in accordance with GRAP 17 and furthermore did not adequately disclose work-in-progress in accordance with GRAP 17
- maintain adequate records to determine ownership for its investment properties.
- have adequate internal controls to maintain records for service charges.
- provide sufficient appropriate audit evidence that the municipality correctly calculated unauthorised expenditure in the current year.

In addition, the municipality capitalised an application system that was still under development contrary to GRAP 31. The municipality also did not adequately assess whether there were any indications that its expectations on the useful lives of intangible assets had changed, as required by this standard.

An audit action plan was developed to address the issues raised by the Auditor-General, as with all previous audit reports. The Internal Audit Division monitors these action plans.

The 2018/19 Annual Financial Statements were presented to the Auditor-General on 31 August 2019 and the consolidated annual financial statements were presented to the Auditor-General on 30 September 2019. The submissions of the Annual Financial Statements to the Auditor-General South Africa were in compliance with the requirements of the MFMA. The Municipality compiles and submits all the required legislated financial reports, which includes, inter-alia, those reports required in terms of Sections 71, 52 (d) 72 and 121 of the MFMA.

#### **10.1.10 Implementation of Municipal Standard Chart of Accounts (MSCOA) Regulations**

The MSCOA Regulations are institutional reforms required by National Treasury in line with Section 216 of the Constitution of South Africa. The objective of the MSCOA Regulations is to provide for a national standard for the uniform recording and classification of municipal budget and financial information at a transactional level, by prescribing a standard chart of accounts for municipalities that:

- is aligned to the budget formats and accounting standards prescribed for municipalities; and
- enables uniform information sets to be recorded in terms of national norms and standards across the whole of government, for the purpose of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

On 13 November 2014, the MSCOA Implementation Plan was adopted by Council and submitted to National Treasury on 14 November 2014.

The benefits of implementing the MSCOA reforms inter-alia include:

- Standardisation of all municipal and the whole-of-government reporting, which leads to a reduction in the Auditor-General's interpretations of multiple charts of accounts.
- Improved transparency and accountability, leading to a high level of service delivery and contributing to a well-run municipality.

The above changes to business processes will ensure that the NMBM is aligned to its six Pillars as follows:

**The Well Run City:** The implementation of the SCoA Regulations on 01 July 2017 will facilitate compliance with the Regulations, as well as pave the way for the NMBM's SCoA compliance assessment, to be conducted by the National Treasury. This will further give credence to the NMBM's aim of guaranteeing transparent budgeting; transparent and efficient spending and performance monitoring. Furthermore, the re-organisation of the NMBM's cost centres closer to the Regulation's Functional Segment requirement will also support this Pillar.

**The Opportunity City:** This will be achieved as a result of implementing an accounting system that aids efficiency; performance measurement; transparency and benchmarking. The efficient use of public funds will result in further investor confidence and more investment opportunities being identified within the NMBM.

**The Safe City:** This will be achieved through linking the NMBM's budget to its IDP and the Safety and Security Directorate's SDBIP, as it relates to ensuring a safe city. In addition, the reporting requirements will assist the benchmarking of the NMBM's safety and security processes and their outcomes to other government institutions.

**The Inclusive City:** This will be achieved by linking the NMBM's Budget to its IDP and the SDBIP of all its directorates as it relates to the outcomes of the public participation sessions held with local communities. The reporting requirements will assist in transparent reporting and benchmarking of the NMBM to the respective legislative requirements on creating an all-inclusive society, e.g. the Constitution; the Employment Equity Act; the Labour Relations Act; the Municipal Finance Management Act; the Preferential Procurement Policy Framework Act; the Occupational Health and Safety Act, etc.

**The Caring City:** This will be achieved through linking the prescribed budget preparation processes to the Regulations, which will in turn facilitate the

benchmarking of the NMBM's budget for social cohesion and social upliftment and their outcomes to other government institutions.

**The Forward Thinking City:** The reporting requirements enabled by the SCOA Regulations will assist the City in identifying economic, financial, technological and social opportunities within the NMBM, as well as enable the implementation of these opportunities. The Regulations will allow National Treasury to easily conduct benchmarking exercises across all spheres of government and all municipalities, which will allow the NMBM to identify and implement solutions that will conform to the definition of "The Forward Thinking City" across its functional areas, such as energy efficient service offerings; water-wise projects; sustainable socio-economic upliftment; environmental awareness; cost-saving technologies, etc.

The benefits of implementing the SCOA include:

- Standardization of all municipal and the whole-of-government reporting, which leads to a reduction in the Auditor-General's interpretations of multiple charts of accounts.
- Improved transparency and accountability, leading to a high level of service delivery and contributing to a well-run municipality.
- Providing for evidence based financial management, leading to improved municipal bench-marking, policy making and interventions.

Bringing higher levels of cooperative government by enabling the submission of credible, reliable and timely municipal information

**ANNEXURE “A” – 2020/21 Draft IDP  
Indicators aligned to Draft 2020/21  
Budget and Service Delivery and Budget  
Implementation Plan (SDBIP)**

Nelson Mandela Bay's Integrated Development Plan (5 year Strategic Plan) and Budget (Medium-Term Financial Plan) is implemented through a Service Delivery Budget Implementation Plan (1 year Operational Financial and Non-financial Plan).

The SDBIP serves as a “contract” between the Municipality (Administration), Council and the stakeholders it serves. It translates the Development Outcome Indicators identified in the IDP into quantifiable outputs (Key Performance Indicators). These outputs are implemented and measured through target setting by the Municipality over the next financial year. In the SDBIP, Key Performance Indicators are grouped by the following key performance areas as prescribed for Local Government:

#### KEY PERFORMANCE AREAS (KPA)

KPA 1: Basic Service Delivery

KPA 2: Municipal transformation and development

KPA 3: Local Economic Development

KPA 4: Municipal financial viability and management

KPA 5: Good governance and public participation

In terms of Circular 13 and Section 69(3)(a) and (b) of the Municipal Finance Management Act, the City Manager must within 14 days after the approval of the Annual Budget, present to the Executive Mayor, the Draft SDBIP. Furthermore, in terms of Section 53 (1)(c)(ii) of the Municipal Finance Management Act, the Executive Mayor must approve the SDBIP within 28 days after the approval of the Budget.

The Municipality is charged with the responsibility of service delivery, as well as ensuring that the financial and non-financial implications of COVID-19 are considered during planning and budgeting. In this regard, the Key Performance Indicators and Targets proposed in the 2020/21 SDBIP will be aligned with the final IDP and Budget.

**Electricity and Energy**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
EE1. Improved access to electricity	EE1.1	1	Percentage of households with access to electricity	88.9% (2017/18 STASSA Figures)	89%	84%	92% amended to 88% (based on General Household Survey)	94% amended to 90% (2% progression from 2020/21)	KPA 1	EE1.11	1	Number of dwellings provided with connections to the mains electricity supply by the municipality	1565 (97 formal and 1468 informal)	1231	E&E
EE2. Improved affordability of electricity	EE2.1	2	Households receiving Free Basic Electricity as a percentage of all households with electricity connections	24% (2017/18 STASSA)	20%	18%	17%	16%	KPA 1	EE2.11	2	Free Basic Electricity provision levels as a percentage of total residential electricity provision (in terms of MWh)	7.9% (estimated)	7%	E&E

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
EE3. Improved reliability of electricity service	EE3.1	3	System Average Interruption Duration Index	New Indicator	Accurate reporting system implemented	90min	85min	80min	KPA 1	EE3.11	3	Percentage of unplanned outages that are restored to supply within industry standard timeframes	99.1% outages restored within 24 hours	TBD  The inclusion of the KPI in the SDBIP is regulated by National Treasury. The monitoring and reporting system currently being used by the Municipality does not record and track power outages in the manner required by National Treasury. The setting of a target for the KPI is therefore not possible at this stage.	E&E



Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
EE4. Improved energy sustainability	EE4.1	7	Renewable energy capacity available within the municipal jurisdiction as a percentage of Eskom supply capacity to the municipality	New Indicator	1.5%	1.75%	2%	2.5%	KPA1	EE4.12	5	Installed capacity of embedded generators on the municipal distribution network	4.0949 Mega Watts  <u>Amended to:</u>  1.5654 Mega Watts (in line with CoAF 5000/2019)	3 Mega Watts	E&E
EE4. Improved energy sustainability	EE 4.4	8	Percentage total electricity losses	13.95%	12.8%	11.8%	10.8%	10%				NO OUTPUT INDICATOR PROPOSED			

#### Environment and Waste

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
ENV1. Improved air quality	ENV1.1	9	Metropolitan Air Quality Index (MAQI)	MAQI ≤1	MAQI ≤1	MAQISDBIP ≤1	MAQI ≤1	MAQI ≤1	KPA1	ENV1.12	6	Percentage of AQ monitoring stations providing adequate data over a reporting year	20%  <u>Amended to</u>  100% (in line with CoAF 5025 of 2019)	100%	PH

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
ENV1. Improved air quality	ENV 1.2	10	Number of days where PM2.5 levels exceeded guideline levels	New Indicator	≤10 days	≤8 days	≤6 days	≤4 days				NO OUTPUT INDICATOR PROPOSED			
ENV1. Improved air quality	ENV 1.3	11	Percentage of households experiencing a problem with noise pollution	0.03%	0.03%	0.02%	0.02%	0.02%				NO OUTPUT INDICATOR PROPOSED			
ENV2. Minimised solid waste	ENV2.1	12	Tonnes of municipal solid waste sent to landfill per capita	0.03 tonnes	0.34 tonne	0.5 tonnes	0.5 tonnes	0.5 tonnes				NO OUTPUT INDICATOR PROPOSED			
ENV2. Minimised solid waste	ENV2.2	13	Tonnes of municipal solid waste diverted from landfill per capita	New Indicator	0.24 tonnes (Validated for the period 1 July 2018 - 31 December 2018)	0.48 tonnes	0.72 tonnes	0.96 tonnes				NO OUTPUT INDICATOR PROPOSED			
ENV2. Minimised solid waste	ENV 2.3	14	Total collected municipal solid waste per capita	New Indicator	1 tonne	1.5 tonnes	1.75 tonnes	2 tonnes				NO OUTPUT INDICATOR PROPOSED			



## Fire and emergency services

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
FE1. Mitigated effects of emergencies	FE 1.1	19	Number of fire related deaths per 1000 population	0.0325 : 1000  (41 deaths)  (2016 / 2017 statistics)	0.0316 : 1000  (40 x deaths)	0.0309 : 1000  (39 x deaths)	0.0301 : 1000  (38 x deaths)	0.0293 : 1000  (37 x deaths)	KPA 1  KPA 1	FE 1.11  FE 1.12	10  11	Percentage compliance with the required attendance time for structural firefighting incidents  Number of full-time firefighters per 1000 population	70.14%  0.2:1000	75%  0.2:1000	S&S

Good Governance

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBP Reporting Directorate
GG1. Improved municipal capability	GG 1.1	20	Percentage of municipal skills development levy recovered	New Indicator	60%	65%	65%	65%	KPA 4	N/A	12	% of the Municipality's budget actually spent on implementing its Workplace Skills Plan	0.063%	0.08%	CM
GG1. Improved municipal capability	GG 1.2	21	Top Management Stability (% of days in a year that all S56 positions are filled by full-time, appointed staff not in an acting capacity)	73% of working days as at 31 March 2018 (CM position and 7 Senior Manager positioned filled) 3 x Senior Manager positions vacant (Budget and Treasury, Public Health, Electricity and Energy)	100% of working days	KPA 5	GG 1.21	13	Staff vacancy rate	7.36%	10%	CM			
									KPA 2	N/A	14	Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipal approved employment equity plan	0 (Progress report on the Employment Equity Plan submitted to Human Resource and Corporate Administration Standing Committee)	7 (1 Section 54; 3 Section 56 Managers and 3 Strategic Skilled Level Managers)	

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBP Reporting Directorate
GG2. Improved municipal responsiveness	GG 2.1	22	Percentage of ward committees that are functional (meet four times a year, are quorate, and have an action plan)	100% as at 31 March 2018	100%	100%	100%	100%	KPA 5	GG 2.11	15	Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)	100%	100%	CS
									KPA 5			Percentage of wards where at least one councillor-convened community meeting was held	0 per quarter (No Councillor-convened community meetings held)	4 per ward	
GG2. Improved municipal responsiveness	GG 2.2	23	Attendance rate of municipal council meetings by all identified Traditional Leaders	N/A (Traditional Leaders do not currently attend municipal council meetings. Targets will be reviewed in line with the outcome of future engagements with Traditional Leaders.)					NO OUTPUT INDICATOR PROPOSED						
GG3. More effective city administration	GG 3.1	24	Audit Opinion	Qualified Audit Opinion in respect of 2016/17	Unqualified audit report received from the Auditor	Unqualified audit report received from the Auditor	Unqualified audit report received from the Auditor	Clean audit Outcome received from the	KPA 5	GG3.11	17	Number of repeat audit findings	87 By December 2018	TBD	CM

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBP Reporting Directorate
				Auditor General	General	Auditor General	Auditor General	KPA 5	GG3.12	18	Percentage of councillors who have declared their financial interests	88% by March 2019	100%		
GG4. Improved council functionality	GG 4.1	25	Average percentage of councillors attending council meetings	95.77% (2016/17)	95.8%	95.8%	95.8%	KPA 5	GG4.11	19	Number of agenda items deferred to the next council meeting	14	30	CS	
GG5. Zero tolerance of fraud and corruption	GG 5.1	26	Number of alleged fraud and corruption cases reported per 100 000 population	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)	1.3 alleged cases per 100 000 population (population as per Stats SA)	KPA 5	GG 5.11	20	Number of active suspensions longer than three months	4	0	CM	
								KPA 5	GG 5.12	21	Quarterly salary bill of suspended officials	R8, 015, 024.41 (R1, 108, 864.38 1 April 2019 - 30 June 2019)	R6 million		

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBP Reporting Directorate
GG5. Zero tolerance of fraud and corruption	GG 5.2	27	Number of dismissals for fraud and corruption per 100 000 population	0.4 number of dismissals per 100 000 population (population as per Stats SA)	0	0	0	0				NO OUTPUT INDICATOR PROPOSED			
GG6. More effective poverty alleviation	GG 6.1	28	Percentage of all qualifying households in the municipal area classified as indigent	25% (Validated for the period 1 July 2018 to 31 December 2018)	27.50%	27%	26.50%	26%	KPA 4	GG 6.11	22	Percentage of the municipality's operating budget spent on free basic services to indigent households	5.94%	6%	CM

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBP Reporting Directorate
									KPA 3 KAP 4	N/A	24	Number of jobs created through the municipality's local economic development initiatives	New KPI	TBD	EDTA

**Housing and Community Facilities**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
HS1. Improved access to adequate housing (incl. security of tenure)	HS1.1	29	Percentage of households living in adequate housing	94%	94.8%	95.6%	96.4%	97.2%	KPA1	HS1.11	26	Number of subsidised housing units completed	627	0	HS
									KPA1	HS1.12	27	Number of formal sites serviced	1136 (electricity, water and sanitation)	TBD (Target is pending finalisation of a SLA between service delivery Directorates)	

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
HS1. Improved access to adequate housing (incl. security of tenure)	HS1.3	30	Percentage of households in informal settlements targeted for upgrading	8.5%	11.5%	23%	34%	46%	KPA 1	HS1.31	Number of informal settlements enumerated and classified (in terms of NUSP or equivalent classification)	0 (Count was completed in the 2017/18 financial year)	TBD	HS
									KPA 1		Percentage of informal settlements using a participatory approach to planning or implementing upgrading	N/A (No new projects registered that required a participatory approach to planning or implementing upgrading)  <u>Amended to:</u> 0% (No informal settlement upgrade was planned in the current financial year) (in line with CoAF 5021/2019)	100% (in line with new applications for planning or upgrading)	

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate						
HS2. Improved functionality of the property market	HS2.2	31	Rateable residential properties as a percentage of total households in the municipality	94%	94%	94%	94%	94%	KPA 3	HS2.21	30	Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll	4421	0	HS					
									KPA 3											
HS2. Improved functionality of the property market	HS2.3	32	Percentage of households living in formal dwellings who rent	18.84% (STATSSA 2011)	19%	20%	20%	20%	NO OUTPUT INDICATOR PROPOSED											
HS3. Increased access to and utilisation of social and community facilities	HS 3.1	33	Square meters of municipally owned or maintained public outdoor recreation space per capita	11.91 m <sup>2</sup> per capita	NO OUTPUT INDICATOR PROPOSED															

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
HS3. Increased access to and utilisation of social and community facilities	HS 3.2	34	Number of community halls per 100 000 population	2.69 halls : 100 000 population  (34 community halls)	2.93 halls : 100 000 population  (37 community halls)	3.17 halls : 100 000 population  (40 community halls)	3.56 halls : 100 000 population  (45 community halls)	3.96 halls : 100 000 population  (50 community halls)				NO OUTPUT INDICATOR PROPOSED			
HS3. Increased access to and utilisation of social and community facilities	HS 3.3	35	Number of public libraries per 100 000 population	2	2	2	2	2				NO OUTPUT INDICATOR PROPOSED			
HS3. Increased access to and utilisation of social and community facilities	HS 3.5	36	Percentage utilisation rate of community halls	60%	60%	60%	70%	80%				NO OUTPUT INDICATOR PROPOSED			
HS3. Increased access to and utilisation of social and community facilities	HS 3.6	37	Average number of library visits per library	728 800	757 952	788 270	819 801	852 593				NO OUTPUT INDICATOR PROPOSED			

## Transport and Roads

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
TR1. Modal shift of weekday trips (incl. education trips) from private to public transport and NMT	TR1.1	38	Percentage of dwelling units within 500m of scheduled public transport service	79.6%	80%	80%	80%	80%	KPA 1	TR1.12	32	Number of scheduled public transport access points added	KPI and targets removed in line with Council Resolution dated 9 April 2019	5	I&E
TR3. Reduced travel time	TR3.1	39	Average public transport commuting time	43min	43min	43min	43min	43min	KPA 1	TR3.11	33	Number of weekday scheduled municipal bus passenger trips	180 trips per week <b>Amended to:</b> 90 trips per week (in line with CoAF 5026/2019)	7000 trips per week	I&E
TR 4. Improved satisfaction with public transport services	TR4.2	40	Percentage of public transport users indicating that they believe public transport to be "reliable"	New Performance Indicator	50%	55%	60%	65%	KPA 1	TR4.21	34	Percentage of scheduled municipal bus services 'on time'	0% (Operations Monitoring System procured)	50%	I&E

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
TR 5 Improved access to public transport (incl. NMT)	TR5.2	41	Percentage of persons with disability where access to public transport is difficult	New Indicator	98%	96%	95%	93%	KPA 1	TR5.21	35	Percentage of scheduled municipal buses that are low-entry	100%	100%	I&E
TR 6. Improved quality of municipal road network	N/A	42	Reducing the ratio of unsurfaced roads to surfaced roads within Nelson Mandela Bay	763.49km of unsurfaced roads : 4072.08km of surfaced roads	752.06km of unsurfaced roads : 4083.51km of surfaced roads	738.06km of unsurfaced roads : 4097.51km of surfaced roads	727.06km of unsurfaced roads : 4108.51km of surfaced roads	716.06km of unsurfaced roads : 4119.51km of surfaced roads	KPA 1	TR6.11	36	Percentage of unsurfaced road graded	1.46% <u>Amended to:</u> 1.49% (In line with CoAF 5009/2019)	1.8%	I&E
										TR6.12	37	Percentage of surfaced municipal road lanes which has been resurfaced and resealed	1.208%	1.5%	

Water and Sanitation

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
WS1. Improved access to sanitation	WS1.1	43	Percentage of households with access to basic sanitation	97%	98%	100%	100%	100%	KPA 1	WS1.11	38	Number of new sewer connections meeting minimum standards	2604 <u>Amended to:</u> 2569 (in line with CoAF 5003/2019)	2000 In line with Housing Programme	I&E
WS2. Improved access to water	WS2.1	44	Percentage of households with access to basic water supply	100%	100%	100%	100%	100%	KPA 1	WS2.11	39	Number of new water connections meeting minimum standards	2604 <u>Amended to:</u> 2569 (in line with CoAF 5003/2019)	2000 In line with Housing Programme	I&E
WS3. Improved quality of water and sanitation services (revised from continuity of services)	WS3.1	45	Frequency of sewer blockages	708	675	650	600	550	KPA 1	WS3.11	40	Percentage of complaints/ callouts responded to within 24 hours (sanitation/wastewater)	98.37%	100%	I&E

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
WS3. Improved quality of water and sanitation services (revised from continuity of services)	WS3.2	46	Frequency of water mains failures	69	65	60	55	50	KPA1	WS3.21	41	Percentage of complaints/callouts responded to within 24 hours (water)	99.12%	100%	I&E
WS3. Improved quality of water and sanitation services (revised from continuity of services)	WS3.3	47	Frequency of unplanned water service interruptions	15	13	12	10	8							NO OUTPUT INDICATOR PROPOSED
WS4. Improved quality of water (incl. wastewater)	WS4.1	48	Percentage of drinking water compliance to SANS241	99%	100%	100%	100%	100%							NO OUTPUT INDICATOR PROPOSED
WS4. Improved quality of water (incl. wastewater)	WS4.2	49	Wastewater quality compliance according to the water use license	75%	75%	80%	85%	85%							NO OUTPUT INDICATOR PROPOSED

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
WS5. Improved water sustainability	WS5.1	50	Percentage of non-revenue water	42.2%	40%	37%	35%	30%				NO OUTPUT INDICATOR PROPOSED			
WS5. Improved water sustainability	WS5.2	51	Total water losses	Litres per connection per day resulting in 39.9% losses	Litres per connection per day resulting in 37% losses	Litres per connection per day resulting in 34% losses	Litres per connection per day resulting in 30% losses	Litres per connection per day resulting in 30% losses				NO OUTPUT INDICATOR PROPOSED			
WS5. Improved water sustainability	WS5.3	52	Total per capita consumption of water	251 litres per capita per day	250 litres per capita per day	240 litres per capita per day	230 litres per capita per day	220 litres per capita per day	KPA 1	WS5.31	42	Percentage of total water connections metered	96.94%	96%	I&E
WS5. Improved water sustainability	WS5.4	53	Percentage water reused	4%	4%	4%	5%	7.5%				NO OUTPUT INDICATOR PROPOSED			

**Municipal Entity**

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
Promote social infrastructure and economic development.	N/A	54	Human Development Index	New Indicator	0.681 (IHS Markit Regional)	0.681 (IHS Markit Regional)	0.681 (IHS Markit Regional)	0.681 (IHS Markit Regional)	KPA 3	N/A	43	% achievement of the Mandela Bay Development Agency's 2020/21 Key Performance Indicators	69.57%	80%	CM

Financial viability and management

Outcome	NT REF	Indicator NO	Outcome Indicators	BASELINE	YEAR 2 TARGET (2018/19)	YEAR 3 TARGET (2019/20)	YEAR 4 TARGET (2020/21)	YEAR 5 TARGET (2021/22)	SDBIP KPA	NT REF	KPI NO	Output Indicators	Baseline (2018/19)	Draft Target (2020/21)	SDBIP Reporting Directorate
Sound financial management	N/A	55	Credit rating	New Key Performance Indicator	Aaa.za	Aaa.za	Aaa.za	Aaa.za	KPA 4	N/A	44	Cost Coverage Ratio	3.768 months	3 months	B&T

