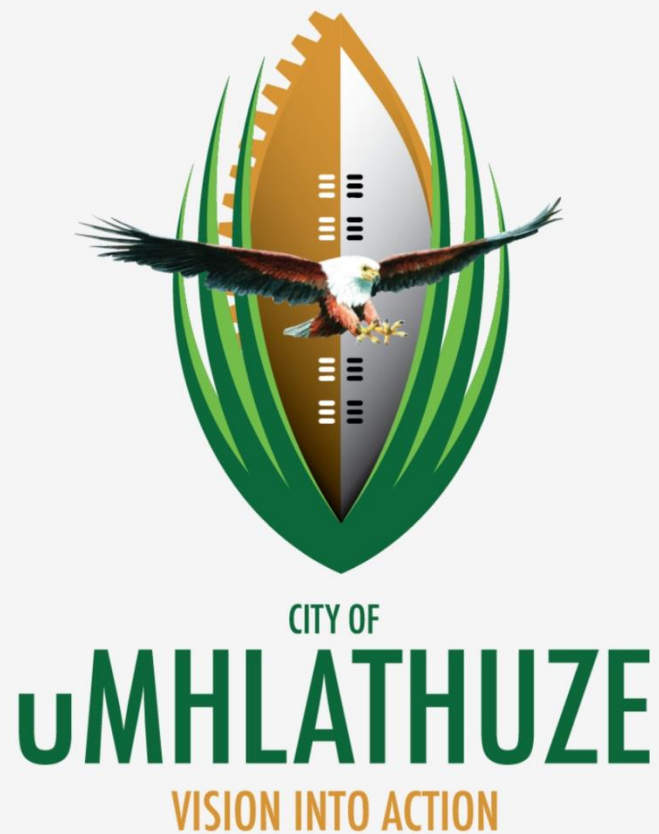




Final IDP REVIEW

2018/2019

“1st IDP Review of the Fourth Generation”

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LIST OF ACRONYMS

CBO	Community Based Organisation
CIF	Capital Investment Framework
CIP	Comprehensive Infrastructure Plan
COGTA	Co-operative Governance and Traditional Affairs
CSIR	Council for Scientific and Industrial Research
DMP	Disaster Risk Management Plan
DWA	Department of Water Affairs
DWAF	Department of Water Affairs and Forestry
EAP	Employee Assistance Programme
ECD	Early Childhood Centres
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
EPWP	Expanded Public Works Programme
ESMP	Environmental Service Management Plan
GDP	Gross Domestic Product
GIS	Geographical Information Systems
GVA	Gross Value Added
HDA	Housing Development Agency
HSP	Housing Development Plan
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HR	Human Resources
ICT	Information Communication Technology
IDZ	Industrial Development Zone
IGR	Intergovernmental Relations
IAMP	Infrastructure asset management plan
IDP	Integrated Development Plan
IWQMS	Integrated Water Quality Management System
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development

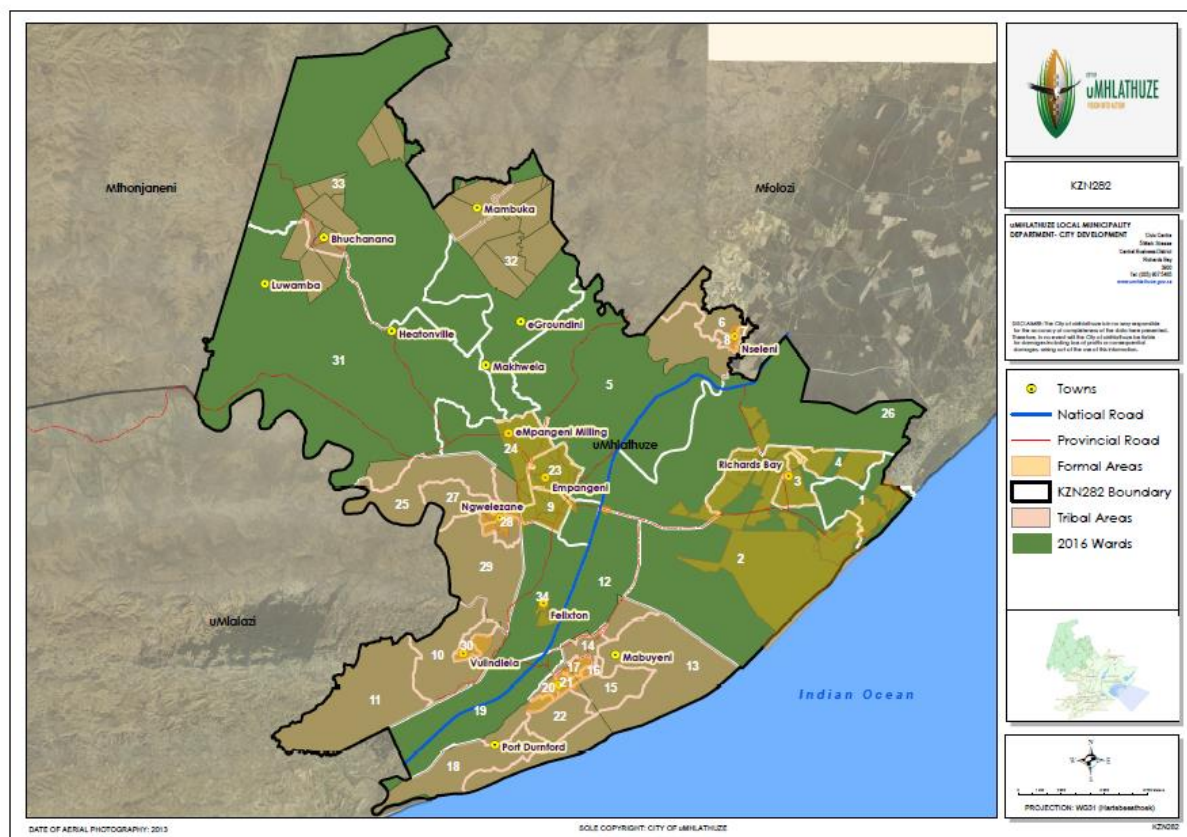
LUMF	Land Use Management Framework
LUMS	Land Use Management System
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium-Term Revenue and Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NGO	Non-governmental organisation
NSP	National Strategic Plan
OSS	Operation Sukuma Sakhe
PMS	Performance Management Systems
RDP	Reconstruction and Development Programme
SANAS	South African National Accreditation System
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SEA	Strategic Environmental Assessment
SEDA	Small Enterprise Development Agency
SEZ	Special Economic Zone
SMME	Small, Medium and Micro Enterprise
SOE	State-Owned Enterprise
SONA	State of the Nation Address
STI	Sexually Transmitted Infection
TB	Tuberculosis
VIP	Ventilated Improved Pit
WSB	Water Services Backlog
WSDP	Water Services Development Plan

WQMS	Water Quality Monitoring Systems
KCD	King Cetshwayo District
COU	City of uMhlathuze
UCTO	uMhlathuze Community Tourism Organisation

SECTION A: EXECUTIVE SUMMARY

1. Who are we?

Map 1: uMhlathuze Locality Map



The City of uMhlathuze (KZ 282) is situated on the north-east coast of the province of KwaZulu-Natal, about 180 kilometers north-east of Durban. The uMhlathuze land area covers 123 359 ha and incorporates Richards Bay, Empangeni, eSikhaleni, Ngwelezane, eNseleni, Felixton, Vulindlela, Bhucanana and Heatonville as well as the rural areas under Traditional Councils namely, Dube, Mkhwanazi, Khoza (Bhejane), Zungu (Madlebe), Somopho (Mthembu), Obuka (Biyela) and Obizo (Cebekhulu). The population is estimated at 410 456 as per Community Survey 2016, although in terms of Census 2011 the total population was estimated at 334 459. The number of households increased from 86 609 in 2011 to 110503 as per Community Survey 2016. The municipality borders a coastline that spans approximately 45 kilometers. The N2 highway traverses the uMhlathuze Municipality in a north-east direction towards the Swaziland border and south-west towards Durban. It effectively forms a division between Empangeni and Richards Bay. The R34 Provincial Main Road passes through Empangeni towards Melmoth.

The uMhlathuze Municipality was established on 5 December 2000 after the demarcation process and the local government elections of that date.

There are a number of natural and man-made phenomena that have shaped and continue to shape the uMhlathuze Municipality. The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze, Nsezi and Ntambanana.

The main access into the municipal area is via the N2 in a north south direction and in an east west direction the R34 from Ntambanana. Other significant roads in the area include the MR431 (that provides a northerly entry into Richards Bay from the N2) as well as the Old Main Road that straddle the N2. Railway lines are prevalent in the municipal area but do not provide a passenger service, only a commercial/industrial service is provided.

Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. There is one airport and a couple of land strips in the municipal area. In 2016 uMhlathuze was contributing 48% towards GDP within the King Cetshwayo District.

2. How was this plan developed?

The Draft IDP Review 2018/2019 was developed mainly on the basis of addressing the MEC comments as raised in the 2017/2018 IDP in line with the draft IDP Assessment criteria for 2018/2019. The following table indicates municipal interventions on the issues raised:

MEC Comment	Intervention/ Improvement
Municipal Transformation and Institutional Arrangements	
Filling of two critical positions: - DMM: Infrastructure and Technical Services - DMM: Community Services	The positions have been filled. Awaiting MEC's concurrence on Electrical and Energy Deputy Municipal Manager's position.
Filling of vacant posts to decrease the vacancy rate of 24.2%.	The vacancy rate has increased to 28,1% as at February 2018, this is due to the work-study that will be commissioned by the municipality. Only vacant funded positions are currently being filled. Vacant unfunded positions are currently placed on hold until the study is completed. The process has already started (advertising).
Enforcement of Retention Strategies.	The City has a talent Management Strategy adopted by Council in 2016, which takes into account succession and retention mechanism.

MEC Comment	Intervention/ Improvement
	Council has a draft review retention strategy currently being workshopped with relevant structures and will subsequently be adopted in May 2018 by Council.
Local Economic Development	
Development and adoption of Investment Retention policy.	The municipality has a drafted Investment Incentive Policy which will be submitted to Council for adoption in May 2018. The development of the Investment Retention Policy will be done with assistance of the Provincial Department of Economic Development, Tourism and Environmental Affairs who are currently finalising their own policy.
Alignment of IDP with DGD	There is a holistic alignment across the document, most particularly on the LED Strategy (roadmap) The Draft King Cetshwayo District Growth and Development Plan 2035, Goals and strategies are incorporated and aligned to the municipal strategic framework in the IDP.
Improvement of participation of people with disabilities in municipal programs.	SCM Policy set aside 20% for People with Disabilities.
Basic Service Delivery	
IDP to provide a link between WSDP to the water and Sanitation's website.	The link is provided in the draft 2018/2019 IDP Review. The WSDP is currently under review upon completion in August 2018 as per project plan; the website will be updated accordingly.
Adoption of Water and Sanitation Operations and Maintenance.	Adopted Operations and Maintenance plans are included in the Draft IDP (Soft copy)
Data and data sources be correctly referenced.	All maps and tables in the document have been updated to reflect accurately data source of information.
A map indicating waste collection points.	A map indicting waste collection sites, transfer stations and Regional landfill site has been developed and included in the Draft IDP and Integrated Waste Management Plan (IWMP).

MEC Comment	Intervention/ Improvement
Development and inclusion of the Integrated Transport plan and Public Transport Plan.	The municipality is in a process of developing a Comprehensive Integrated Transport Plan, the consultant has been appointment, and the estimated completion of the project is 2018/2019.
Inclusion of Eskom projects	Only one project has been confirmed by Eskom, to be implemented at uMhlathuze in 2018/2019 Financial Year. Project Name: Nsimbakazi – Luwamba Budget Allocation: R3 574 100,00 Connections : 200
Review of Human Settlement Plan to align with KZN Master Spatial Planning.	The Human Settlement Plan Review 2018/2019 takes into consideration the KZN Master Spatial Planning, a Human Settlement chapter is included in the Draft IDP 2018/2019.
Financial Viability and Management	
Challenges experienced within SCM Unit with appropriate measures to address challenges.	There are no particular challenges within the SCM unit. Council has recently established a Bid Administration unit to strengthen bid administration.
Indication of consultants used if any and costs incurred by the consultants.	Council utilises the services of a service provider to perform due diligence on the annual financial statements. The annual cost for this consultant is approximately R 100 000.
Technical services unit was not addressed.	This is no longer part of the assessment criteria. However, it is addressed under Municipal Transformation and Institutional Development KPA by means of a municipal organogram.
Financial ratios for past three years with calculations.	Financial Ratios are included in the Draft IDP 2018/2019.
Purpose of borrowing / loans (even if not applicable to the municipality).	The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity, the 2018/19 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans

MEC Comment	Intervention/ Improvement
	requiring both regular principal and interest payments The purpose of borrowing is further expanded on in the draft IDP means of tables and calculations.
Calculations on the level of grant dependency.	Grant dependency calculations are included in the IDP.
Good Governance and Public Participation	
Encouraged to participate in IGR Structures to implement IGR Terms of Reference.	Reference to IGR is made in the document. The municipality participate in a number of IGR Forums including the following structures: • Premier's Coordinating Forum • District Speakers Forum • MUNIMEC • MM's Forum • CFO's Forum • Technical Committees (corporate, technical services, development planners).
Cross Cutting	
SDF not fully compliant with provisions of SPLUMA (Full compliance expected in 2020).	Working towards compliance in 2020, getting assistance through ICM programme, IUDF Implementation (Pilot Project).
Develop a long term development vision as per SPLUMA requirements.	Vision will be finalised upon community participation programme to be conducted during April / May 2018.
Revision of cross-border planning to allow changing circumstances.	Engagements have been held with neighbouring municipalities, draft SDF will capture / cover the cross boarder alignment.
Final SDF Map omitted	The map is attached in the Draft 2018/2019 IDP and SDF Review.
Review EMF, Review Action Plans for climate change, air-quality management plan and biodiversity plans to protect the 174 Red Data Species.	Climate change programs are ongoing and participating at district level. Regarding the updating of various plans business plan for funding have been drafted.
Develop the Disaster Management Plan as matter of urgency as highlighted on previous comments.	The municipality is in a process of developing a new Disaster Management Plan. The Disaster Management Framework has been prepared and accordingly the plan will be finalised by 2018/2019.
Ward Based risk profiling be done and spatially presented to indicate risks and vulnerabilities.	
SDF Review to include:	Draft Strategy will be included as part of the

MEC Comment	Intervention/ Improvement
• Long term spatial vision • Development strategy • Capital Investment Framework (CIF) • Capital Expenditure Framework (CEF) for five years with • Inclusion of projects from other sector departments, mapped with allocated budgets • Projects as outlined in the districts Rural Development Plan	draft SDF Capital Investment Framework (CIF) and Capital Expenditure Framework (CEF) work in progress (IUDF).
Careful consideration of Strategic Integrated Projects (SIPs) 2013.	Addressed on Page 40 of the Draft IDP Review 2018/2019

Amongst the interventions above, the focus was also on the following:

- Legislative compliance in terms of chapter, 4, 5 and 6 of MSA Act No 32 of 2000;
- MEC Letter with assessment comments on the Final IDP 2017/2022;
- Self-Assessment;
- IDP Strategic Framework alignment with uMhlathuze Vision 2030 strategic Plan;
- Development and review of the IDP core sector plans;
- Implementation of the Economic Transformation Roadmap for uMhlathuze Municipality;
- Alignment with Government Priorities E.g. State of the Nation Address, KZN State of the Province Address and State of the City Address;
- Community inputs received during the community outreach programs (IDP Roadshows);
- Different stakeholder comments and requirements;

Council engaged with all relevant stakeholders to solicit views and inputs for the IDP Review (2018/2019). Below is council approved schedule for the public participation meetings held in September 2017, further engagements will be held in April 2018 for the Draft IDP and Budget.

Table 1: IDP and Budget Public Participation Meetings

CLUSTER	WARDS	VENUE	1 ST ROUND	2 nd ROUND
Ward Committees	All Wards	eMpangeni Civic Centre Town Hall	31 August 2017 (Thursday) 17:00	5 April 2018 (Thursday) 17:00
Amakhosi	Traditional Councils	Council Chambers, Richards Bay Civic Centre	01 September 2017 (Friday) 11:00	5 April 2018 (Thursday) 11:00
Wards	1, 2, 3, 4, 5, 6, 7, 8, & 26	Mzuvukile Sports Ground	03 September 2017 (Sunday) 11:00	8 April 2018 (Sunday) 11:00
Wards	9, 23, 24, 25, 27, 28, 29, 31, 32 and 33	Joint IDP Roadshow with King Cetshwayo District Ngwelezane Sports Ground	10 September 2017 (Sunday) 11:00	22 April 2018 (Sunday) 11:00
OSS	OSS	Auditorium	13 September 2017 (Wednesday) 11:00	
Wards	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 30 & 34	ESikhaleni TVET Sports Ground	17 September 2017 (Sunday) 11:00	15 April 2018 (Sunday) 11:00
Stakeholders	All Stakeholders	Council Chambers, Richards Bay Civic Centre	28 September 2017 (Thursday) 10:00	19 April 2018 (Thursday) 17:00

3. What are our Key Challenges?

3.1 UMhlathuze Municipality Identified Challenges

National KPA: Municipal Transformation and Organisational Development

Nr.	Key Challenge	Description
1.	Low skills levels and limited skills development	The Municipality has a responsibility to facilitate the improvement of literacy levels of the community and to ensure adequate skills base to foster enterprise growth and job creation. Scarce skills need to be developed and transferred through partnership with industries and the different organizations that exist in the area.

National KPA: Local Economic Development and Social Development		
Nr.	Key Challenge	Description
2.	High rate of unemployment and sluggish economic growth	Considering the current economic climate and global recession, significant strides have been made to address the key development challenges in the Municipality. Different departments are engaging with different sector departments and agencies in search of sustainable economic development solutions that will assist in improving economic growth and creation of jobs.
3.	High levels of poverty and inequalities	The current high levels of poverty and inequalities in the municipality reflect the national status quo. This is further exacerbated by lack of skills, unemployment and sluggish economic growth. It is therefore necessary to come up with strategic objectives that will enable job opportunities and economic development.
4.	Increased incidents of HIV/AIDS prevalence and communicable diseases	HIV/AIDS is an epidemic which is increasing at an alarming rate and affects communities negatively. Interventions through Operation Sukuma Sakhe are essential to ensure continuous support for efficient and effective service delivery in terms of health related issues. Provision of basic health services and effective healthcare infrastructure, increased financial and human resources in healthcare, awareness and education and poverty alleviation programmes will reduce the increased incidents of HIV/AIDS and communicable diseases.
National KPA: Basic Service Delivery and Infrastructure Management		
Nr.	Key Challenge	Description
5.	Aging municipal infrastructure	Aging municipal infrastructure results in continuous service failures and breakdowns thus affecting effective and efficient delivery of services to communities. It is therefore critical that the municipality work towards managing useful life of assets, ensure life cycle management of infrastructure, and adequate repairs and maintenance.

6.	Lack of water security of supply	The growing demand for water by industries and residents coupled with limited water sources is a major challenge for the municipality. Lack of water supply is further aggravated by unprecedented drought affecting the municipality. It is therefore critical that the municipality implement alternative solutions as part of water conservation and water demand management. Alternative water sources such as desalination, water re-use, rainwater harvesting, etc. should be considered to improve water supply mix.
National KPA: Cross Cutting		
Nr.	Key Challenge	Description
7.	Unsustainable development practices and human settlements	The Municipality faces a challenge of reacting to urban sprawl, which, in turn, results in increased informal settlement, overcrowded schools, ill health, marked spatial disparities, higher cost of providing infrastructure and services, disturbed ecosystems and environmental resources, changes in air quality, change in aesthetics and urban form, as well as loss of land for economic and agricultural services. Our spatial policies and development have not have not helped in the reconstruction and integration processes.
8.	Negative impact of climate change	Escalating greenhouse gas emissions contribute towards climate change and will ultimately impact on human health, food security, natural resources, sea level rise, land loss and coastal infrastructure. As such climate change runs the risk of undoing all of the development gains of the last one and a half decades, and climate change adaptation in all sectors will have to become one of the Municipality's top development priorities.
9.	High levels of crime	High levels of crime have a negative impact on the municipality's quest to become an investment destination of choice. Crime also affects social wellbeing of communities. Strategies for addressing crime including both reactive strategies to respond to crime and

		proactive strategies aimed at stopping crime before it happens are required. The response requires an integrated and multifaceted approach that includes working closely with the different stakeholders such as communities, National and Provincial Government, other stakeholders and private security firms in all areas of crime prevention.
National KPA: Financial Viability and Management		
Nr.	Key Challenge	Description
10.	Limited revenue sources and non-payment for services.	The growing demand for services and limited revenue sources as well as non-payment for services affects the municipality's ability to provide services in line with its developmental mandate. The unresolved issue of rural areas not paying for rates remains a serious threat to sustainable revenue collection and extension of basic services to rural areas. The municipality should maintain favourable credit balance, enhanced rate base by supporting high density developments and identify new revenue streams.
11.	Unsustainable municipal demarcation practices and escalating cost of extending basic services to the newly incorporated wards.	Continuous re-determination of municipal boundaries creates a challenge for the municipality in terms of escalating cost of extending basic services to newly incorporated areas. In most instances incorporated areas do not pay municipal rates thus affecting the ability of the municipality to extend basic services. Furthermore, there is no clear system of financial support by government for municipalities whose boundaries have been re-demarcated to incorporate additional wards.

4. What is our long term Vision?

The Vision

“The Port City of uMhlathuze offering a better quality of life for all its citizens through sustainable development and inclusive economic growth”

Mission Statement:

The City of uMhlathuze commits itself to:

- Job creation and inclusive economic growth through accelerated economic development and transformation;
- Enhancing industry based skills development and strategic support to education priority programmes;
- Community based initiatives to improve quality of citizen's health and well-being;
- Creating safer city through integrated and community based public safety;
- Planned and accelerated rural development interventions;
- Promotion and maintenance of spatial equity and transformation;
- Optimal management of natural resources and commitment to sustainable environmental management;
- Use of Information, Communication and Technology Systems (ICT) to improve productivity and efficiencies in line with Smart City principles; and
- Good governance, capable and developmental municipality.

5. What are we going to do to unlock and address our key challenges?

5.1 UMhlathuze – Development Goals

NATIONAL KPA	UMhlathuze Development Goals
Good Governance and Public Participation	Goal 1 Democratic, Responsible, Transparent , Objective and Equitable Municipal Governance
Basic Services and Infrastructure Provision	Goal 2 Integrated infrastructure and efficient services
Local Economic and Social Development	Goal 3 Viable Economic Growth and Development
	Goal 4 Public Safety and Security
	Goal 5

NATIONAL KPA	UMhlathuze Development Goals
	Safe and Healthy Living Environment
	Goal 6 Social Cohesion
Municipal Institutional Development and Transformation	Goal 7 A municipality that is resourced and committed to attaining the vision and mission of the organisation
Municipal Financial Viability and Management	Goal 8 Sound Financial and Supply Chain Management
Cross Cutting	Goal 9 Integrated Urban and Rural Development
	Goal 10 Immovable Property Management

5.2 Spatial Vision and Development

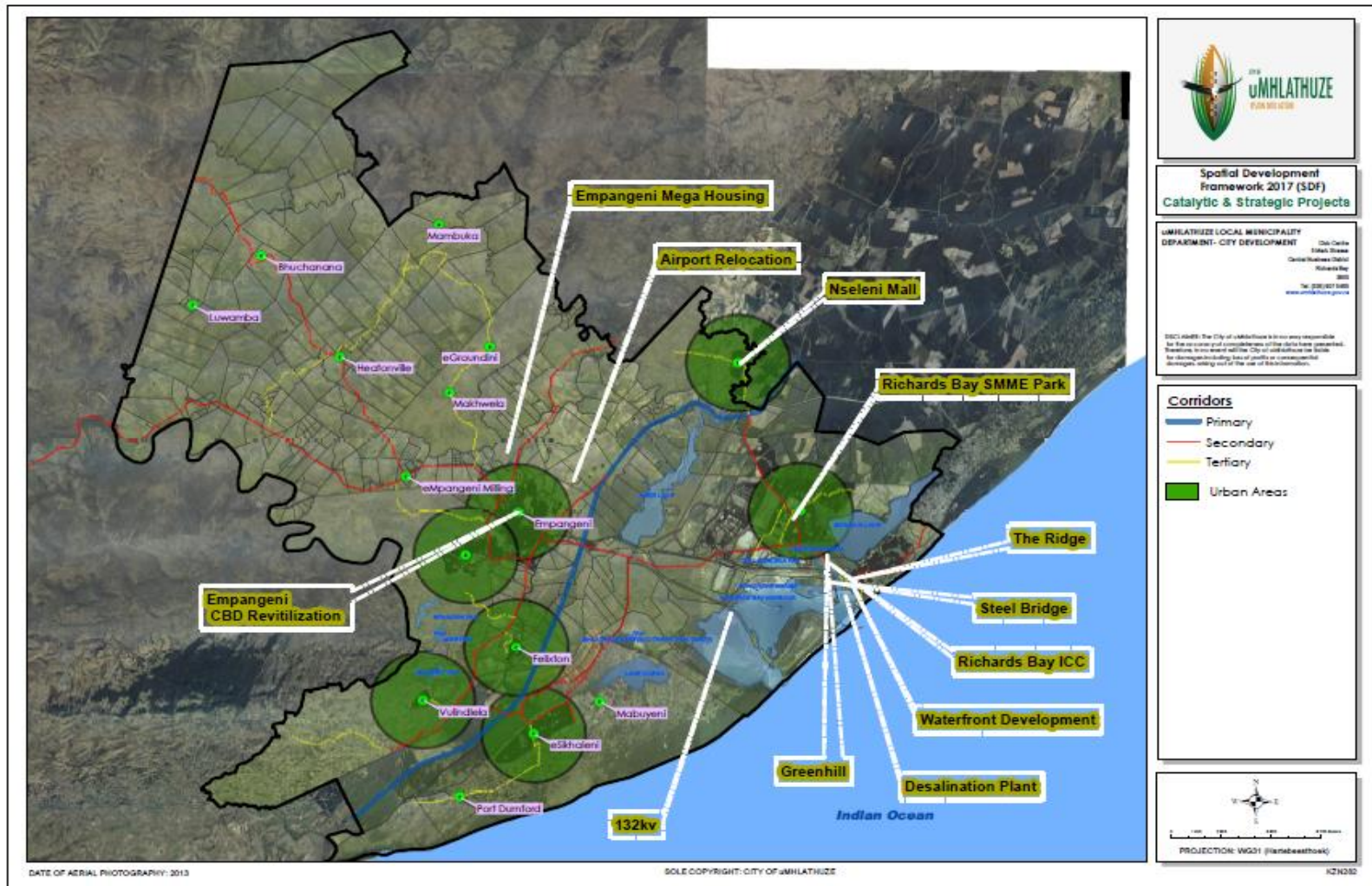
In Support of the above Municipal wide (IDP) vision, the uMhlathuze Municipal Spatial Development Framework Vision is:

"Progressive and sustained socio-economic transformation poised for equal distribution of opportunities to all citizens."

5.3 Development Interventions

The Municipality has identified key development interventions within its nodes. The main objective of these current and planned interventions is to address social, economic and infrastructure challenges. In the primary nodes, the main objectives to the revitalize the urban centres in order to attract investment.

Map 2: Interventions in the Municipal Nodes



6. How will our progress be measured?

To measure and monitor our progress, a Performance Management Framework and Policy was developed and is in place and it is reviewed regularly (annual). Key performance indicators have been refined in support of the municipality's development priorities and objectives aligned with the organizational structure in line with the Integrated Development Plan framework (indexing) to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established and are reflected on the Organisational Performance Management Scorecard attached to the Integrated Development Plan and is reviewed annually together with the Integrated Development Plan review. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans for the Municipal Manager, Chief Operations Officer and the Deputy Municipal Managers (Heads of Department) are prepared annually in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act 56 of 2003.

Performance Evaluation Panels have been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager and performance assessment is taking place on a quarterly basis to ensure that annual departmental targets will be achieved.

SECTION B1: PLANNING AND DEVELOPMENT PRINCIPLES

6.1 PGDS Spatial Planning Principles

The strategic and targeted nature of the Provincial Growth and Development Strategy implies that specific interventions will be undertaken within key geographical areas of Need and Potential.

The Principle of **Environmental Planning** (Bioregional Planning) refers to understanding and respecting the environmental character (potential and vulnerability) and distinctiveness of places and landscapes and promoting balanced development in such areas.

The Principle of **Economic Potential** aims to improving productivity and closing the economic performance gap between the various areas of KwaZulu-Natal towards economic excellence of all areas. Rapid economic growth that is sustained and inclusive is seen as a pre-requisite for the achievement of poverty alleviation.

The Principle of **Sustainable Communities** promotes the building of places where people want to live and work. Again the sense of Quality of Living refers to the balance between environmental quality, addressing social need and promoting economic activities within communities. Often communities within the rural context of KwaZulu-Natal are not located in the areas with perceived highest economic potential. Where low economic potential exists planning and investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities towards building sustainable communities.

The Principle of **Local Self-Sufficiency** promotes locating development in a way that reduces the need to travel, especially by car and enables people as far as possible to meet their need locally.

The Principle of **Spatial Concentration** aims to build on existing concentrations of activities and infrastructure towards improved access of communities to social services and economic activities. In practical terms this promotes concentration along nodes and corridors with multi-sectoral investment i.e. roads, facilities, housing etc. This principle will further assist in overcoming the spatial distortions of the past. Future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres in order for them to become regional gateways.

The Principle of **Sustainable Rural Livelihoods** considers rural areas in a way which is integrated with other decision making associated with the Sustainable Livelihoods framework. This principle requires that spatial planning consider the locality and impact of human, physical, natural, financial and social capitals of an area and spatially structures these in support of each other. Another aspect of this principle is promoting spatial planning in a continuum where rural areas are not addressed as completely separate entities to urban centres, but rather a gradual change in landscape with the potential progression of rural areas to more closely resemble the service standards and quality of living achieved in some urban contexts.

The Principle of **Balanced Development** promotes the linking of areas of economic opportunity with areas in greatest need of economic, social and physical restructuring and regeneration at all spatial scales. In practical terms the principles sought to find a balance between the potentially competing land uses by understanding the relationship and integration between major dimensions within the province and promoting a synergetic mixture of land uses in support of each other at various spatial scales.

The Principle of **Accessibility** simply promotes the highest level of accessibility to resources, services, opportunities and other communities. This is intrinsically linked to transportation planning and should consider localised needs for the transportation of people and goods by various modes of transport as guided by the scale and function of a region.

LOCAL RELEVANCE: The uMhlathuze Municipality abides by sound spatial planning principles as extracted hereunder:

- Environmental awareness and sensitivity with due consideration to EMF and ESMP.
- Promotion of sustainable communities and the realization of restructuring zones in respect of human settlement projects.
- Urban integration and densification to decrease economic cost of travel specifically.
- Introduction of urban development boundary as a measure to achieve spatial concentration.
- Development of rural framework plans being initiated.

6.2 SPLUMA principles

The following provides a summary of the development principles contained in the SPLUMA (Spatial Planning and Land Use Management Act):

(a) The principle of **spatial justice**, whereby –

- i. past spatial and other development imbalances must be redressed through improved access to and use of land;
- ii. spatial development frameworks and policies at all spheres of government must address the inclusion of persons and areas that were previously excluded, with an emphasis on informal settlements, former homeland areas and areas characterized by widespread poverty and deprivation;
- iii. spatial planning mechanisms, including land use schemes, must incorporate provisions that enable redress in access to land by disadvantaged communities and persons;
- iv. land use management systems must include all areas of a municipality and specifically include provisions that are flexible and appropriate for the management of disadvantaged areas, informal settlements and former homeland areas;
- v. land development procedures must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas; and
- vi. a Municipal Planning Tribunal considering an application before it, may not be impeded or restricted in the exercise of its discretion solely on the

ground that the value of land or property is affected by the outcome of the application.

(b) The principle of **spatial sustainability** whereby spatial planning and land use management systems must –

- i. promote land development that is within the fiscal, institutional and administrative means of the Republic;
- ii. ensure that special consideration is given to the protection of prime and unique agricultural land;
- iii. uphold consistency of land use measures in accordance with environmental management instruments;
- iv. promote and stimulate the effective and equitable functioning of land markets;
- v. consider all current and future costs to all parties for the provision of infrastructure and social services in land developments;
- vi. promote land development in locations that are sustainable and limit urban sprawl; and
- vii. result in communities that are viable.

(c) the principle of **efficiency**, whereby –

- i. land development optimises the use of existing resources and infrastructure;
- ii. decision-making procedures are designed to minimise negative financial, social, economic or environmental impacts; and
- iii. development application procedures are efficient and streamlined and timeframes are adhered to by all parties.

(d) the principle of **spatial resilience**, whereby flexibility in spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks.

(e) the principle of **good administration**, whereby –

- i. all spheres of government ensure an integrated approach to land use and land development that is guided by the spatial planning and land use management systems as embodied in this Act;
- ii. all government departments must provide their sector inputs and comply with any other prescribed requirements during the preparation or amendment of spatial development frameworks;
- iii. the requirements of any law relating to land development and land use are met timeously;
- iv. the preparation and amendment of spatial plans, policies, land use schemes as well as procedures for development applications, include

- transparent processes of public participation that afford all parties the opportunity to provide inputs on matters affecting them; and
- v. policies, legislation and procedures must be clearly set in order to inform and empower members of the public.

LOCAL RELEVANCE: The following actions by the uMhlathuze Municipality are of relevance with regard to the SPLUMA principles:

1. Efforts to densify, improve access to opportunities in non-core areas and densification.
2. Focus on sustainability of natural resource based – including protection of agricultural land resources.

Section 12 (1) (a) of the Spatial Planning and Land Use Management Act requires that the national and provincial sphere of government and each municipality must prepare spatial development framework that:

“interpret and represent the spatial development vision of the responsive sphere of government and competent authority”

Section 12 (1) (h) of the Spatial Planning and Land Use Management Act requires that the national and provincial sphere of government and each municipality must prepare spatial development framework that:

“include previously disadvantaged areas, areas under traditional leadership, rural areas, informal settlements, slums and land holdings of state-owned enterprises and government agencies and address their inclusion and integration into spatial, economic, social and environmental objectives of relevant sphere”.

Section 12 (1) (i) of the Spatial Planning and Land Use Management Act requires that the national and provincial sphere of government and each municipality must prepare spatial development framework that:

“address historical spatial imbalances in development”

The Municipal SDF is a primary spatial response to the development context, needs and development vision of the municipality (long term development vision). It is a key land use management tool at a strategic level with an important role to play in guiding and managing Municipal decisions relating to the use, development and planning of land.

The Municipal SDF also guides the form and location of future spatial development in a manner that addresses the imbalances of the past i.e. spatial injustice. It enables the municipality to manage its land resources in a developmental and sustainable manner. It provides an analysis of the spatial problems and provides strategies and programs to address the challenges Defying

SECTION B2: GOVERNMENT PRIORITIES

6.3 Sustainable Development Goals

Sustainable Development Goals offer major improvements on the Millennium Development Goals (MDGs). The SDG framework addresses key systemic barriers to sustainable development such as inequality, unsustainable consumption patterns, weak institutional capacity, and environmental degradation that the MDGs neglected.

The SDG framework provides an overall narrative articulating how the goals will lead to broader outcomes for people and the planet. The 17 goals provide a clearer means-to-end continuum and they also offer better coverage of, and balance between, the three dimensions of sustainable development – social, economic and environmental – and the institutional/governance aspects. The SDGs are embedded in the world's quest to ensure poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production and protecting and managing the natural resource base of economic and social development. These are the overarching objectives and essential requirements for sustainable development.

To this end, the table below outlines the alignment between the SDGs and the uMhlathuze Strategic Framework

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
1.	End Poverty in all its forms everywhere.	Viable Economic Growth And Development.	• Operation Sukuma Sakhe (War Rooms)
2.	End Hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Stimulate key sectors that promote economic growth and create jobs	• Roll out of the Agricultural Development Plan • King Cetshwayo District Fresh Produce Market • Strategic Support to small scale farmers

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
3.	Ensure Healthy Lifestyles and promote well-being for all at all ages.	Safe and Healthy living environment	• Partnership with Private Sector/ Public entities – Phelo Phepha • Healthy lifestyles campaigns, such as walks, aerobics, outdoor gyms • Health screening of communities in partnership with the Department of Health • Established and Functional HIV/AIDS Council • providing support to community health care workers • Promotion of Senior Citizens sporting activities
4.	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Improving Citizens Skills levels and Education	• Skills development initiatives • Career Expo for the community • Mayoral Back to School fund • Mayoral Bursary Fund • Mayoral Programme supporting destitute learners with full school uniform in partnership with Private Sector • Strategic partnership with the Institutions of higher learning (signed MOU's)
5.	Achieve gender equality and empower	Promoting economic growth by providing employment opportunities for	• Established and Functional Women's Forum

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
	all women and girls.	women and youth.	• People With Disabilities Forum • Campaigns in support LGBTI • Preferential Procurement Set aside for Women (40%), Youth (40%) and PWD's (20%) • Internship prioritizing young girls • Targeted skills development programs
6.	Ensure availability and sustainable management of water and sanitation for all.	Integrated infrastructure and efficient services	• Water Demand Management • Water re-use initiatives • Sea Water Desalination • Water conservation • Long term infrastructure investment plan • Roll out of RDP Standard sanitation projects (VIP) targeting rural areas
7.	Ensure access to affordable, reliable and modern energy for all.		• Energy Master Plan • Target reduction of 30% of coal powered stations by 2030 • 2000MW Gas to Power • Renewable Energy Efficiency initiatives • Waste to Energy Project

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
8.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Viable Economic Growth and Development	- Investment in strategic economic infrastructure - Implementation of catalytic projects "game changers" - One stop shop for youth development - Richards Bay Industrial Zone - Investment in SMME Business support centers and incubation - Roll out support infrastructure for SMME (Market Stalls, Trading facilities) - Preferential Procurement Policy
9.	Build resilient infrastructure promote inclusive and sustainable industrialization and foster innovation.	Integrated infrastructure and efficient services	- Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project) - Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno Hub) - Industrialisation through special economic zones (RIBDZ) and Port Expansion
10.	Reduce inequality within and among countries.	Viable economic growth and development	Strategic Implementation of Spatial Development Framework

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
		Integrated Urban and Rural Development	- to foster spatial equity (restructuring zones) - City of uMhlathuze Strategic Roadmap for Economic Development, Transformation and Job Creation
11.	Make cities and human settlements inclusive, safe, resilient and sustainable.	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlement.	- Spatial Transformation Projects - Crime Prevention Strategy - Integrated Human Settlement Plan - Waste Reuse, Reduce and Recycle
12.	Ensure sustainable consumption and production patterns.	Safe and Healthy living environment	- Urban Air Quality Management - Agricultural Support Plan
13.	Take urgent action to combat climate change and its impacts.	Optimal management of natural resources and commitment to sustainable environmental management.	- Climate Change Adaptation and Mitigation Programme - Accelerating low emission development - Responding with adaptation initiatives - Urban Air Quality Management

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
			- Signed Global Compact of Mayors - Gas to Power Project - Water Reuse Project
14.	Conserve sustainably use of oceans, seas and marine resources for sustainable development.		- Estuary Management Plan - Green Drop
15.	Protect, restore and promote sustainable use of terrestrial ecosystem, sustainable manage forests, combat desertification and halt and reverser land degradation and halt biodiversity loss.		- Environmental Services Management Plan - UMhlathuze Open Space Management System (UOSPM) - Environmental Management Framework
16.	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels.	Democratic responsible, transparent , objective and equitable municipal governance	- City of uMhlathuze Crime Prevention Strategy - Community Policing Forums - OSS War Rooms
17.	Strengthen the means of implementation and revitalize the	Democratic responsible, transparent , objective and equitable municipal	Concluded international Relations and twinning

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
	global partnership for sustainable development.	governance	arrangement with strategic cities • Membership of international organisations • Trade missions • Host international delegations and diplomats

6.4 Climate Change Resolution

In November and December 2015, the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP21) took place in Paris. UNFCCC is an international environmental agreement on climate change, of which there are 195 States Parties, including the South Africa.

The UN Intergovernmental Panel on Climate Change (IPCC) has warned of the consequences of failing to limit global temperature rises to at least 2 degrees Celsius (above pre-industrial times), highlighting that the impacts would pose a threat to humanity and could lead to irreversible climate change.

The meeting in Paris was hailed as a make-or-break opportunity to secure an international agreement on approaches to tackling climate change, a commitment to a longer-term goal of near zero net emissions in the second half of the century, and supporting a transition to a clean economy and low carbon society.

The key points of the Paris Agreement are summarised below. The agreement is due to come into force in 2020.

Climate Change Resolutions		
Nr.	Key Points	Resolution
1.	Mitigation: reducing emissions	• A long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels; • To aim to limit the increase to 1.5°C, since this would significantly reduce risks and the impacts of climate change; • On the need for global emissions to peak as soon as possible, recognising that this will take longer for developing countries; • To undertake rapid reductions thereafter in accordance with the best available science.
2.	Transparency and global stock take	• Come together every 5 years to set more ambitious targets as required by science; • Report to each other and the public on how well they are doing to implement their targets; • Track progress towards the long-term goal through a robust transparency and accountability system.
3.	Adaptation	• Strengthen societies' ability to deal with the impacts of climate change; • Provide continued and enhanced international support for adaptation to developing countries.
4.	Loss and damage	• Recognises the importance of averting, minimising and addressing loss and damage associated with the adverse effects of climate change;

Climate Change Resolutions		
Nr.	Key Points	Resolution
		Acknowledges the need to cooperate and enhance the understanding, action and support in different areas such as early warning systems, emergency preparedness and risk insurance.
5.	Support	- The EU and other developed countries will continue to support climate action to reduce emissions and build resilience to climate change impacts in developing countries. - Other countries are encouraged to provide or continue to provide such support voluntarily. - Developed countries intend to continue their existing collective goal to mobilise USD 100 billion per year until 2025 when a new collective goal will be set.

6.5 Habitat 3 human settlement new urban agenda

The United Nations Conference on Housing and Sustainable Urban Development held in Quito, led to delegations adopting the New Urban Agenda, which is a new framework that lays how cities should be planned and managed to best promote sustainable urbanisation.

It is now the responsibility of national government and local authorities to implement the agenda with technical and financial partnerships. Below is a summary of the world leaders' commitment to New Urban Agenda:

Table 2: New Urban Agenda

Nr.	Priority	Description
1.	Provide basic services for all citizens	These services include: access to housing, safe drinking water and sanitation, nutritious food, healthcare and family planning, education, culture and access to communication technologies.
2.	Ensure that all citizens have access to equal opportunities and face no discrimination	Everyone has the right to benefit from what their cities offer. The New Urban Agenda calls on city authorities to take into account the needs of women, youth and children, people with disabilities, marginalized groups, older persons, indigenous people, among other groups.
3.	Promote measures that support cleaner	Tackling air pollution in cities is good both for people's health and for the planet. In the Agenda, leaders have committed to increase their use of renewable energy, provide better and greener public transport, and

Nr.	Priority	Description
	cities	sustainably manage their natural resources.
4.	Strengthen resilience in cities to reduce the risk and the impact of disasters	Many cities have felt the impact of natural disasters and leaders have now committed to implement mitigation and adaptation measures to minimize these impacts. Some of these measures include: better urban planning, quality infrastructure and improving local responses.
5.	Take action to address climate change by reducing their greenhouse gas emissions	Leaders have committed to involve not just the local government but all actors of society to take climate action taking into account the Paris Agreement on climate change which seeks to limit the increase in global temperature to well below 2 degrees Celsius. Sustainable cities that reduce emissions from energy and build resilience can play a lead role.
6.	Fully respect the rights of refugees, migrants and internally displaced persons regardless of their migration status	Leaders have recognized that migration poses challenges but it also brings significant contributions to urban life. Because of this, they have committed to establish measures that help migrants, refugees and IDPs make positive contributions to societies.
7.	Improve connectivity and support innovative and green initiatives	This includes establishing partnerships with businesses and civil society to find sustainable solutions to urban challenges
8.	Promote safe, accessible and green public spaces	Human interaction should be facilitated by urban planning, which is why the Agenda calls for an increase in public spaces such as sidewalks, cycling lanes, gardens, squares and parks. Sustainable urban design plays a key role in ensuring the liveability and prosperity of a city

6.6 National Plan Priorities

The National Planning Commission issued the first draft of the National Development Plan in November 2011 for consideration – its priorities are summarized in the table below:

Table 3: National Plan Priorities

No.	National Plan Priorities	Strategic Alignment Thereof
1	Create jobs	Viable Economic growth and development
2	Expand infrastructure	Integrated Infrastructure and efficient services
3	Use resources properly	Democratic, responsible, transparent, objective and equitable Municipal Governance
4	Inclusive planning	Integrated Urban and Rural Development
5	Quality education	To improve citizens skills levels and education
6	Quality healthcare	Safe and Healthy living environment
7	Build a capable state	Democratic, responsible, transparent, objective and equitable municipal governance
8	Fight corruption	Safe and Healthy living environment
9	Unite the nation	Social Cohesion

6.7 14 National Outcomes

The 14 National Outcomes that all provincial governments must align to are:

No.	National Outcome	Strategic Alignment Thereof
1	Improved Quality of basic education	To improve citizens skills levels and education
2	A long and healthy life for all South Africans	Safe and Healthy living environment
3	All people in South Africa are and feel safe	Public Safety and Security
4	Decent employment through inclusive economic growth	Viable economic growth and development
5	Skilled and capable workforce to support an inclusive growth path	municipality resourced and committed to Attaining the vision and mission of the organization
6	An efficient, competitive and responsive infrastructure network	Efficient and integrated infrastructure and services
7	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Viable economic growth and development
8	Sustainable human settlements and improved quality of household life	To promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing
9	Responsive, accountable, effective and efficient local government system	Democratic, responsible, transparent, objective and equitable municipal governance
10	Protect and enhance our	To promote environmental; conservation

No.	National Outcome	Strategic Alignment Thereof
	environmental assets and natural resources	and promotion
11	Create a better South Africa, a better Africa, and a better world	Promoting social cohesion
12	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Democratic, responsible, transparent, objective and equitable municipal governance
13	An inclusive and responsive Social protection system	Democratic, responsible, transparent, objective and equitable municipal governance
14	Nation building and social cohesion	Social cohesion

6.8 5 National Priorities

The Five National and Six Provincial Priorities include the following:

No.	Five National (Including 6 th Provincial) Priorities	Alignment
1	Job creation (Decent work and Economic growth)	Viable economic growth and development
2	Education	To improve citizens skills levels and education
3	Health	Safe and healthy living environment
4	Rural development, food security and land reform	Integrated Urban and Rural Development
5	Fighting crime and corruption	Public Safety and Security
6	Nation-building and good governance	Democratic, Responsible, Transparent, Objective and Equitable Municipal Governance and Social Cohesion

6.9 Provincial Growth and Development Strategy (PGDS) and District G

No.	PGDS Strategic Goal	KCDM DGDP Goals	COU Strategic Goals	CoU Interventions aligned to PGDP and DGDP Strategic Objectives
1	Inclusive Economic Growth	Inclusive Economic Growth	Viable economic growth and development	• Roll out of the Agricultural Development Plan • King Cetshwayo District Fresh Produce Market • Strategic Support to small scale farmers • investment in strategic economic infrastructure • Implementation of catalytic projects "game changers" • One stop shop for youth development • Richards Bay Industrial Zone • Investment in SMME Business support centers and incubation • Roll out support infrastructure for SMME (Market Stalls, Trading facilities) • Preferential Procurement Policy • Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project) • Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub) • Industrialisation through special economic zones (RIBDZ) and Port Expansion
2	Human Resource Development	Human Resource Development	Municipality that is resources and committed to attaining the vision and mission of the organisation.	• Skills development initiatives • Career Expo for the community • Mayoral Back to School fund • Mayoral Bursary Fund • Mayoral Programme supporting destitute learners with full school uniform in partnership with Private Sector • Strategic partnership with the Institutions of higher

				learning (signed MOU's)
3	Human and Community Development	Human and Community Development	Viable economic growth and development	• Operation Sukuma Sakhe (War Rooms) • Partnership with Private Sector/ Public entities – Phelo Phepha • Healthy lifestyles campaigns, such as walks, aerobics, outdoor gyms • Health screening of communities in partnership with the Department of Health • Established and Functional HIV/AIDS Council • providing support to community health care workers • Promotion of Senior Citizens sporting activities • Established and Functional Women's Forum • People With Disabilities Forum • Campaigns in support LGBTI • Preferential Procurement Set aside for Women (40%), Youth (40%) and PWD's (20%) • Internship prioritizing young girls • Targeted skills development programs • City of uMhlathuze Crime Prevention Strategy • Community Policing Forums • OSS War Rooms
4	Strategic Infrastructure	Strategic Infrastructure	Integrated infrastructure and efficient services	• Water Demand Management • Water re-use initiatives • Sea Water Desalination • Water conservation • Long term infrastructure investment plan • Roll out of RDP Standard sanitation projects (VIP) targeting rural areas

				• Energy Master Plan • Target reduction of 30% of coal powered stations by 2030 • 2000MW Gas to Power • Renewable Energy Efficiency initiatives • Waste to Energy Project
5	Environmental Sustainability	Environmental Sustainability	Optimal management of natural resources and commitment to sustainable environmental management	• Climate Change Adaptation and Mitigation Programme • Accelerating low emission development • Responding with adaption initiatives • Urban Air Quality Management • Signed Global Compact of Mayors • Gas to Power Project • Water Reuse Project • Estuary Management Plan • Green Drop • Environmental Services Management Plan • UMhlathuze Open Space Management System (UOSPM) • Environmental Management Framework
6	Governance and Policy	Governance and Policy	Democratic, Responsible, Transparent, Objective and Equitable Municipal Governance and Social Cohesion	• Concluded international Relations and twinning arrangement with strategic cities • Membership of international organisations • Trade missions • Host international delegations and diplomats
7	Spatial Equity	Spatial Equity	Integrated urban and rural development	• Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project)

				• Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub) • Strategic Implementation of Spatial Development Framework to foster spatial equity (restructuring zones) • City of uMhlathuze Strategic Roadmap for Economic Development, Transformation and Job Creation

6.10 Strategic Integrated Projects

The Presidential Infrastructure Coordinating Commission (PIC) identified 18 SIPs of which the following have direct relevance to the Municipality:

SIP 1 Unlocking the northern mineral belt with Primary Mineral Reserves Waterberg as the catalyst	The rail capacity between Mpumalanga and Richards Bay is relevant in in this instance. The uMhlathuze Municipality has budgeted R100 million to spend on the electricity line to RBCT to avoid future failure of electricity supply to this large export facility. The Port expansion of Richards Bay is a permanent discussion item between the uMhlathuze Municipality and the Richards Bay Port (Transnet).
SIP 8 Green energy in support of the South African economy	Numerous green economy initiatives are either being pursued or supported by the uMhlathuze Municipality in its area of jurisdiction.

6.11 UMhlathuze Vision 2030 Strategic Roadmap

During 2017, a Strategic Roadmap for the uMhlathuze Municipality was compiled with a special focus on the identification of critical levers to optimize growth and inclusive development opportunities in the Municipality. The key motivation was formulation of compelling yet practicable strategic goals capable of propelling the city to its next level.

The following strategic initiatives were agreed upon:

1. Improvement of Basic Services
2. Advancing Inclusive Economic Development and Private Sector Investment
3. Social Regeneration and Upliftment
4. Create Environmental Sustainable Development
5. Cross Cutting Initiatives

Hereunder a summary of the respective programmes identified under these strategic initiatives is provided:

Table 4: Vision 2030 Strategic Roadmap Programmes

STRATEGIC INITIATIVE: IMPROVEMENT OF BASIC SERVICES	
Programme 1: Basic Services Monitoring and Tracking Programme (Service Delivery Nerve Centre)	To monitor effective delivery of basic services through a 'single view' of the customer and suite of services and projects delivered to communities; in order to prevent duplications of effort and investment, as well as harmonise city's projects and operational activities.
Programme 2: Spatial Transformation and Land Banking	The programme aims to advance spatial transformation goals (equity and access) and strategically forecast long term development goals in order to secure land provision for industrial growth and social purposes.
ADVANCING INCLUSIVE ECONOMIC DEVELOPMENT AND PRIVATE SECTOR INVESTMENT	
Programme 3: Investment Coordination, Monitoring and Alignment	To coordinate and track investment initiatives in the City in order to achieve multi-stakeholder alignment and synergies in the roll-out of private sector investment programmes.
Programme 4: Investment Promotion Initiative	To position the City as an investment and tourism destination of choice to local and international audiences
Programme 5: Logistics and Port-Based Initiatives	The programme aims to optimise the city's competitive position as a Port City and its strategic location along the main route connecting Durban and Mozambique, as well as rail line connecting with the hinterland.
Programme 6: Agricultural Development Initiative	The programme aims to promote and unlock agricultural sector as a feasible and sustainable contributor to economic development of the city.
Programme 7: City of uMhlathuze Knowledge Hub	To establish knowledge repository (virtual / face-to-face) to drive broader business and investor intelligence on the city, support innovation, capture economic and social research, profile trading partners, record project histories and learnings, as well as serve as a base for commissioning ongoing specialist studies relevant to city's development

Programme 8: Investment and Development Funding	The purpose of the programme is to seek supplementary and alternative funding sources meant to activate investment and development in the City - noting the limitations in traditional sources of funding and pressing social provisioning needs.
SOCIAL REGENERATION AND UPLIFTMENT	
Programme 9: Strategic Learning and Growth Initiative	The purpose of the initiative is to: ○ create interfaces between industry and educational institutions in order to determine skills supply and demand balances ○ reconcile learning content priorities between educational institutions and industry to engineer relevance and connectedness ○ forecast new skill requirements and facilitating expedited acquisition of such skills through defined partnership agreements and other means ○ mobilise and connect the youth of the city with industry and to drive learning, innovation and solutions in line with gainful opportunities
Programme 10: uMhlathuze City Sports and Arts Initiative	To advance the brand stature, social balance and cohesion of the city through coordinated sports, arts and recreation strategic initiatives
Programme 11: Safety and Security Mobilisation Programme	The programme elevates the agenda of transforming the City of uMhlathuze into a safe and secure environment in which it is fitting to live, work and make business. The programme counteracts the negative insecurity trends and their effects on social well-being, business growth and investment.
Programme 12: Social Regeneration and Engagement Intervention	The programme is a deliberate and structured intervention to counteract moral and social decay within the jurisdiction of the municipality by driving social change programmes and messages through leadership and other community structures.

CREATE ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT	
Programme 13: Climate Change Intervention Programme	The purpose of the programme is to introduce mitigation strategies and management of climate change factors impacting development and welfare of the citizenry in the City

CROSS CUTTING INITIATIVES	
Programme 14: Integrated and Strategic Infrastructure Investment	The purpose of the programme is to develop a long term integrated and strategic infrastructure investment roadmap that is aligned to the Spatial Development Framework and in line with the priorities of the City and investors. This includes infrastructure renewal, upgrade and development of new infrastructure (social and economic infrastructure).
Programme 15: Socio-Economic Transformation Programme	The purpose of the programme is to develop an integrated and focused socio- economic transformation programme with specific packaged deliverables and interventions aimed at addressing the triple challenges of poverty, unemployment and inequality at local government level working with other spheres of government and social partners

6.12 Integrated Urban Development Framework (IUDF)

The Integrated Urban Development Framework (IUDF) is a policy framework guiding the reorganization of the urban system of South Africa so that cities and towns can become inclusive, resource efficient and adequate places to live, as per the vision outlined in the National Development Plan (NDP).

The overall outcome of the IUDF is spatial transformation. This new focus for South Africa steers urban growth towards a sustainable growth model of compact, connected and coordinated cities and towns. The IUDF implementation plan identifies a number of short term proposals to achieve spatial transformation.

The overall objective of the IUDF is to create efficient urban spaces by: -

- Reducing travel costs and distances
- Aligning land use, transport planning and housing
- Preventing development of housing in marginal areas
- Increasing urban densities and reducing sprawl
- Shifting jobs and investment toward dense peripheral townships
- Improving public transport and the coordination between transport modes

The IUDF has its premise on the following nine levers:

1. Integrated Urban Planning and Maintenance
2. Integrated Transport and Mobility

3. Integrated and Sustainable Human Settlements
4. Integrated Urban Infrastructure
5. Efficient land governance and management
6. Inclusive economic development
7. Empowered active communities
8. Effective urban governance
9. Sustainable finances

These listed levers relate very specifically to the pillar of spatial transformation and both are embraced by the Municipality. The Municipality is planning and implementing for improved public transport, investment is aimed at aiding the Township Economy and a number of processes are underway to establish integrated human settlements in the area. Specific projects are identified in the SDF Implementation Plan (Section 12) in support of spatial transformation and in line with the listed levers.

National COGTA, through the ICM (Intermediate City Municipality) City Support Programme is supporting the uMhlathuze Municipality, as an identified as a pilot municipality to draw on a technical support grant to:

- o Access top level global expertise to assist it with diagnostic analysis, land use/spatial planning, long-term infrastructure planning, capital projects management and technical support in specific areas.
- o Access a suite of nationally developed tools from the City Support Programme, MISA and COGTA (Cooperative Governance and Traditional Affairs) which have been piloted in other metropolitan areas around SA.
- o Obtain support from COGTA to develop a municipal SDF in terms of SPLUMA, which addresses spatial integration issues in the municipality, and around which national and provincial departments will coordinate their efforts.
- o Obtain support for the development of a Capital Expenditure Framework in order to meet the criteria for accessing the Integrated Urban Development Grant.

The above support programme has commenced.

6.13 Back to Basics

Following the national government elections of 2014, the national Department of Cooperative Governance and Traditional Affairs (CoGTA) embarked on a programme called "Back to basics – serving our communities better." The programme acknowledges local government as the primary site for service delivery and the programme seeks to assist local government to enforce its mandate for service delivery.

The programme identified the following as challenges that need to be addressed:

- Collapse of municipal infrastructure services
- Inadequate and/or slow response to service delivery challenges
- "Social distance" between the public representative and the communities reflects poor public participation in the processes of local government
- Financial viability of some municipalities in particular low revenue collection
- Mismatch and/or lack of skills of the personnel in local government
- Breakdown in values and good governance which is manifested by rent-seeking and corruption

To address the challenges above, the back-to-basics programme has identified a set of indicators on which municipalities report against on a continuous basis. These are discussed below and the City of uMhlathuze's response to these is provided.

Key Performance Areas for the Back-to-Basics Approach

	Back to basics	Alignment
1.	Basic Services: Creating decent living conditions	Integrated Urban and Rural Development
2.	Good Governance	Democratic, responsible, transparent and objective and equitable municipal governance
3.	Public Participation :Putting People First	Democratic, responsible, transparent and objective and equitable municipal governance
4.	Sound Financial Management	Sound financial and supply chain management
5.	Building Capable Institutions and Administrations	Municipality that is resourced and committed to attaining the vision and mission of the organisation

Back to Basics Implementation Programmes

The municipality is implementing targeted programmes as part of enhancing Back to Basics initiatives. These initiatives are continuously being implemented and add value to service delivery, driven by management and political office bearers. A dedicated senior official has been appointed to coordinate B2B in the municipality. The following are some of the interventions:

Number	Intervention	Target
1.	EPWP/CWP	Day to day basic services such as; Waste Management, Grass cutting and Parks maintenance
2.	Road rehabilitation: Area based	Potholes, maintenance of sidewalks, cleaning of storm water channels
3.	Clean up campaigns and special operations	Illegal Dumping, Grass cutting, removal of illegal connections, fixing dysfunctional streetlights
4.	Civic Education	Save Water Campaign

6.14 State of the Nation Address (SONA) 2018

The State of the Nation Address is important for all South Africans because it outlines government's Programme of Action for the year ahead. The Programme of Action is government's plans for the country and people of South Africa. This was President Ramaphosa's First State of the Nation Address (SONA) to the joint sitting of the two houses of Parliament since his election on the 15th of February 2018. The following is a summary of the country's action plan for the 2018/2019 Year: -

Focus area	Action Plan
Transformation	- Support black industrialists – to build a new generation of black and women producers that are able to build enterprises of significant scale and capability - Use competition policy to open markets to new black entrants. - Invest in the development of township and rural enterprises.
Infrastructure	- Assemble team to speed up implementation of new projects, particularly water projects, health facilities and road maintenance.
Mining	- Intensify engagements with all stakeholders on the Mining Charter. - Finalise the MPRDA Amendment Bill by end of first quarter this year. - Stakeholder engagement to deal with mining fatalities.
Small business, co-ops, township enterprises	- Honour 30% of procurement allocation to these enterprises. - Invest in SME incubation. - Welcome SME Fund initiative by corporate sector.
Land and agriculture	- Accelerate land redistribution programme AND make more land available. - Expropriate land without compensation, our approach, taking into account food security, agricultural production and growth of the sector.
Fourth industrial revolution	- Digital Industrial revolution commission to be established. - Allocation of spectrum to reduce barriers to entry.
National Minimum Wage	- Introduce NMW by May 1 benefiting more than 6 million South Africans.

Health and NHI	- Scale up our testing and treating campaign by initiating an additional two million people on anti-retroviral treatment by December 2020. - The NHI Bill is now ready to be processed through government and will be submitted to Parliament in the next few weeks.
Education	- This year free higher education and training will be available to first year students from households with a gross combined annual income of up to R350,000. - All public schools have begun offering an African language. - First National Senior Certificate examination on South African Sign Language, which will be offered to deaf learners at the end of 2018.
Social Grants	- Urgently take decisive steps to comply with all directions of the Constitutional Court. - Take action to ensure no person in government is undermining implementation deadlines set by the court.
Social Sector/Civil Society	- Convene a Social Sector Summit during the course of this year to recognise the critical role they play in society.
State/governance	- Review the funding models of SOEs and other measures. - Change the way that boards are appointed. - Remove board members from any role in procurement.
Corruption/state capture	- The commission of inquiry into state capture to commence its work shortly. - The Commission should not displace the regular work of the country's law enforcement agencies in investigating and prosecuting any and all acts of corruption. - Urge professional bodies and regulatory authorities to take action against members who are found to have acted improperly and unethically. - Urgently attend to the leadership issues at the National Prosecuting Authority to ensure that this critical institution is stabilised and able to perform its mandate unhindered. - Appoint a Commission of Inquiry into Tax Administration and Governance of SARS.

	Visit every national department to engage with senior leadership to ensure that the work of government is effectively aligned.

6.15 State of the Province Address (SOPA) 2018

The Premier of KwaZulu Natal, Premier Willies Mchunu delivered the State of the Province address on the 28th of February 2018, at the Pietermaritzburg Royal Sports grounds under the theme “Leading with integrity towards growing an inclusive economy for integrated, targeted and effective service delivery to improve quality of life” The State of the Province address was based on the progress made with the implementation of the PDGP and also on the areas of improvement. The table below indicates:

PGDP GOALS	PROGRESS AND INTERVENTIONS
Growing a more inclusive economy	- About 2.536 million people employed and more than 100 000 jobs created in 2017, - Youth employment currently 38.6% (more still needs to be done), - Focus on key drivers and sectors of the economy of KZN and increase new entrance to create employment, - Invest SA KwaZulu-Natal One Stop Shop officially opened in November 2017, - Short term focus on agriculture, manufacturing and tourism sectors - Radical Economic Transformation Program 2018, focusing on Operation Vula - 6.4% passenger growth in King Shaka airport, with 90% international passengers' increment. - Program Sukuma 10 000 to be launched in 2018, targets 10 000 jobs for youth, women, and people with disabilities - KwaZulu Natal Youth Development Fund to be launched in 2018
Human Resource Development	- Improvement with the ECD centres enrolments. - Improvement of the matric pass rate to 72% - R375 million to fund 3500 bursaries, including R20 million for 437 bursaries for orphaned and vulnerable youth. - Implementation of the provincial HRD Strategy
Human and Community Development	- Commitment to ward based approach via operation Sukuma Sakhe - Commitment to implement the Poverty Eradication Master Plan, the Social Cohesion, Moral regeneration Strategy and KZN Crime Prevention Strategy - Poverty Eradication and RADICAL Agrarian Socio- Economic Transformation (RASET) linked with

	- operation Sukuma Sakhe (OSS) - Marginal decline in life expectancy over the 2017, due to unnatural deaths and communicable lifestyle diseases - Improvement of Healthcare facilities and increases the number of medical practitioners. - About R419 million over three years mobilised to implement prevention programs to reduce new HIV infections and fight TB - National Health Insurance (NHI) moving to stage II - R1.4 Billion EMpangeni Integrated Residential Development project in uMhlathuze among eight provincial catalytic projects - Crime statistics decreased to 2.9% - Establishment of the Community Complaints and Instability Rapid Response Unit (CCIRRU)
Development of strategic infrastructure	- A benchmark of at least 20% of the total budget by provincial and municipal be set for maintaining and expanding infrastructure. - Review of the development of multi-nodal hubs - Decommissioned container handling cranes from the port of Durban will benefit the short term container handling demand in the Port of Richards Bay - uMkhuze Airport upgrade underway - ICT – Connectivity and speed to be improved and Cost of data to be reduced. Alternative funding models to implement faster the Broadband programme
Ensuring Environmental Sustainability	- KwaZulu Nata AMAFA and Research Institute Bill concluded - Committed to Climate Change resolutions
Providing Good Governance With Clear And Related Policies	- Alignment of NDP, PGDP, DGDP, IDP's and Wad Based Plans - Committed to reduce fraud and corruption; lifestyle audits of officials in high risk positions will be initiated in collaboration with SARS - Rationalisation of provincial public entities is to be concluded Local Governance matters linked to B2B that needs urgent attention

	- Improving the level of functionality of public participation structures - Managing relations between Municipal and Traditional Leadership structures - Eliminating unfunded budgets in municipalities - Improving revenue collection and debt management - Increasing the number of municipalities and entities with clean audits - Improving financial provision for Operation and maintenance of critical infrastructure - Eliminating municipalities defaulting on payment arrangements with ESKOM - Preventing water losses; and - Improving technical capacity to manage growth and development
Striving for Spatial Equity	- Focus on promoting spatial equity and integrated land use management towards balanced urban and rural development - Inkululeko approach to precinct planning - Review of Provincial Spatial Development Framework underway

Table 5: Municipal Intervention to government imperatives

National KPA	uMhlathuze Goals	uMhlathuze Mission	SDG	National Plan Priorities	12 National Outcomes	5 National Priorities	PGDS Goals	Municipal Intervention / Programme
Good Governance and Public Participation	Democratic, responsible, Transparent, Objective and equitable Municipal Governance	Good governance, capable and developmental municipality	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Inclusive Planning	Responsive, accountable, effective and efficient local government system	Nation Building and Good Governance	Governance and Policy	Operation Clean Audit Customer Care Policy and Service Standards Anti-Fraud and Corruption Policy including whistle bower hotline
				Unite the Nation Fight Corruption				
Basic Service Delivery and Infrastructure Provision	Integrated infrastructure and efficient services	Good governance, capable and developmental municipality	Ensure availability and sustainable management of water and sanitation for all; ensure access to affordable, reliable and modern energy for all	Expand Infrastructure	An efficient, competitive and responsive infrastructure network		Strategic Infrastructure	City of uMhlathuze 2030 Long Term Strategic Plan including infrastructure investment
			End hunger achieve food security and improved nutrition and promote sustainable agriculture		Vibrant, equitable, sustainable rural communities contributing towards food security for all			Strategic Roadmap for Economic Development, Transformation and Job creation
	Integrated urban and rural development	Promotion and maintenance of spatial equity and transformation	Make cities and human settlement inclusive, safe, resilient and sustainable		Sustainable human settlements and improved quality of household life		Spatial Equity	Integrated Huma Settlement Plan and Spatial Development Framework for 2017/2022
		Optimal management of natural resources and commitment to sustainable environmental management	Take urgent action to combat climate change and its impacts.		Protect and enhance our environmental assets and natural resources		Environmental sustainability	City of uMhlathuze Climate Change Strategy and Action Plan
Local Economic Development	Viable economic growth and development	Job Creation through and inclusive economic growth	promote sustained, inclusive and sustainable economic growth, full and production employment and decent work for all	Create Jobs		Job Creation	Inclusive economic growth	Strategic Roadmap for Economic Development, Transformation and Job creation
		Enhancing industry based skills development and strategic support to education priority programs	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Quality Education	Skilled and capable workforce to support an inclusive growth path	Education		City of uMhlathuze Operation Sukuma Sakhe and War Rooms Strategic partnership with institutions of higher learning including SETAs
					Quality basic education			
	Safe and healthy living environment	Community based initiatives to improve quality of citizens health and well-being	Ensure healthy lifestyles and promote well-being for all at all ages	Quality Healthcare	A long and healthy life for all South Africans	Health		City of uMhlathuze Operation Sukuma Sakhe and War Rooms
			Reduce Child Mortality					
		Job Creation through and inclusive economic growth			Decent employment through inclusive economic growth	Rural development, food security and land reform		Strategic Roadmap for Economic Development, Transformation and Job creation
	Public safety and security	Creating a safer city through integrated and community based public safety	Achieve gender equality and empower all women and girls		All people in South Africa are and feel safe	Fighting crime and corruption		City of uMhlathuze Crime Prevention Strategy
Municipal Institutional Development and Transformation	Municipality that is resources and committed toattaining the vision and mission of the organisation	Use of ICT to improve productivity and efficiencies in line with Smart City principles		Build a Capable State	Create a better South Africa, a better Africa, and a better world		Human Resource Development	uMhlathuze Human Resources Development Strategy
					An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship		Human and Community Development	
Municipal Financial Viability and Management	Sound financial and supply chain management	Good governance, capable and developmental municipality		Use Resources Properly				Supply Chain Management Policy Revenue Enhancement Plan 15 Cataylytic Projects Capex Project Steering Committee Operation Clean Audit

SECTION C: SITUATIONAL ANALYSIS

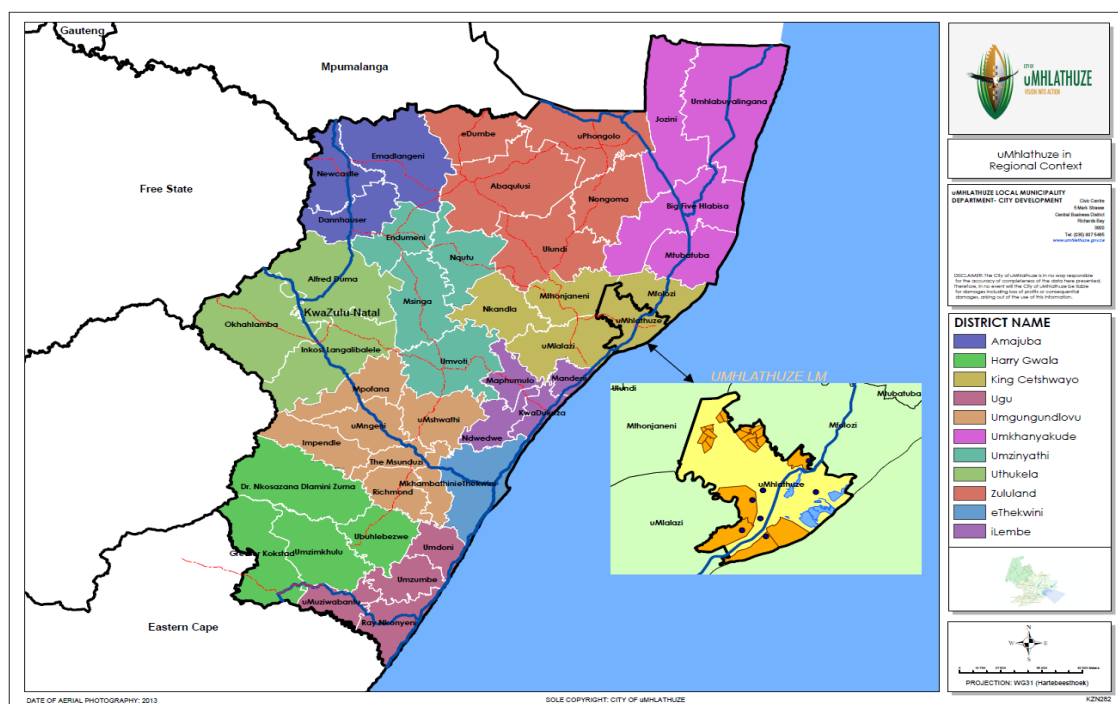
7. Spatial Analysis

7.1 Regional Context

The City of uMhlathuze (KZ 282) is situated on the north-east coast of the province of KwaZulu-Natal, about 180 kilometers north-east of Durban. The uMhlathuze land area currently covers 123 359 ha and incorporates Richards Bay, Empangeni, eSikhaleni, Ngwelezane, eNseleni, Felixton, Vulindlela, Bhucanana, Heatonville as well as the rural areas under Traditional Councils namely, Dube, Mkhwanazi, Khoza, Zungu (Madlebe), Somopho, Obizo and small portion of Obuka. The population is estimated at 410 456 as per Community Survey 2016. The municipality borders a coastline that spans approximately 45 kilometers. The N2 highway traverses the uMhlathuze Municipality in a north-east direction towards the Swaziland border and south-west towards Durban. The R34 Provincial Main Road passes through Empangeni towards Melmoth.

The following map and supporting table provides details in respect of the locality of the uMhlathuze Municipality and population changes in the areas between 1996, 2001 and 2011.

Map 3: uMhlathuze in Regional Context



uMhlathuze's climate is characterized by a warm to hot and humid subtropical climate, with warm moist summers. Average daily maximum temperatures range

from 29 °C in January to 23 °C in July, and extremes can reach more than 40 °C in summer. The average annual rainfall is 1 228 mm and most (~80%) of the rainfall occurs in the summer, from October to March, although rainfall also occurs in winter (~20%).

The Richards Bay area is generally very flat and is situated on a coastal plain and whilst going west towards Empangeni the terrain rises and becomes undulating.

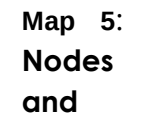
7.2 Administrative entities

The uMhlathuze Municipality was established on 5 December 2000 after the demarcation process and the local government elections of that date. As such it encompasses the towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton as well as the Traditional Authority areas under Amakhosi Dube, Mkhwanazi, Khoza, Mbuyazi, Zungu, Mthembu, Cebekhulu and small portions of Biyela (Obuka). The uMhlathuze Local Municipality has been divided into 34 municipal wards.

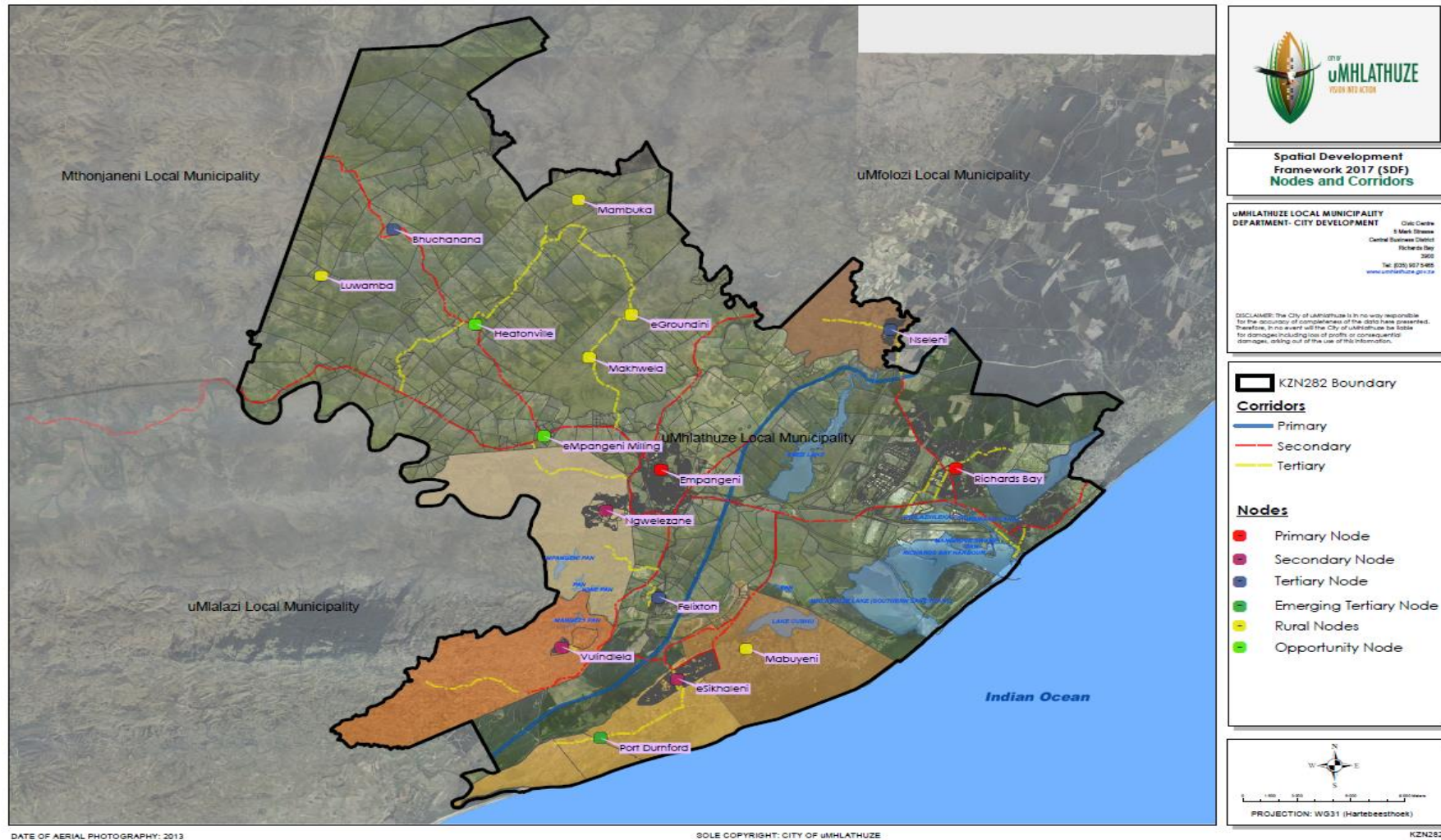
7.3 Structuring Elements

There are a number of natural and man-made phenomena that have shaped and continue to shape the uMhlathuze Municipality. The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze and Nsezi. The main access into the municipal area is via the N2 in a north south direction and in an east west direction the R34 from Ntambanana. Other significant roads in the area include the MR431 (that provides a northerly entry into Richards Bay from the N2) as well as the Old Main Road that straddle the N2. Railway lines are prevalent in the municipal area but do not provide a passenger service, only a commercial/industrial service is provided.

The municipality has the benefit of about 45km of coastline of which about 80% is in its natural state. Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. There is one airport and a couple of land strips in the municipal area. The municipal areas includes the formal towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton as well as the Traditional Authority areas under Amakhosi Dube, Mkhwanazi, Khoza, Mbuyazi, Mthembu, Biyela, Cebekhulu and Zungu. Apart from the areas of natural significance, large tracts of land are under commercial agricultural production.



Corridors



7.4 Existing Nodes and Corridors

The previous map inset provides more details in respect of the main nodes and corridors in the uMhlathuze Municipality. From the map it can be seen that the two primary nodes on the municipal area are Richards Bay and Felixton. ESikhaleni is an emerging primary node. The towns of Ngwelezane, Vulindlela and Felixton are primary nodes while ENSeleni and Bhucanana have been classified as a tertiary node.

7.5 Land ownership

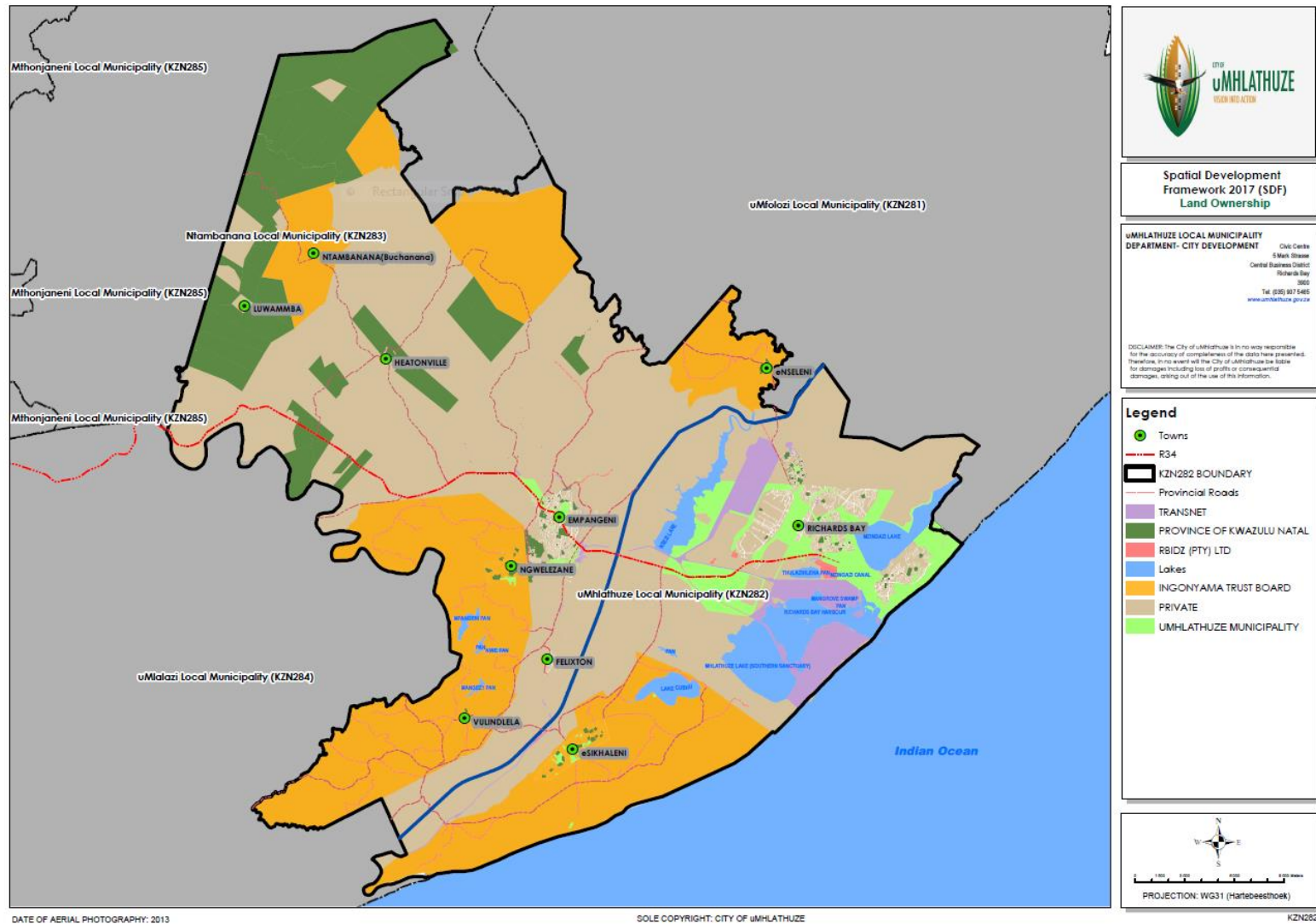
The following table provides a breakdown of the land ownership in terms of hectares

Table 6: Land Ownership Breakdown

Land Owners	Area(Hectares)
Province of KZN	14167
City of uMhlathuze	4259
Transnet	2989
IDZ	107
Ingonyama Trust Board	63795
Private	32467
Lakes	5541
Total	123325

One of the biggest Municipal challenges in relation to land ownership is the distribution and allocation of land in the Ingonyama Trust Board land which is mainly administered by Traditional Authorities. Such distribution is common in the peri-urban and infill areas. This situation led to formation of unplanned settlements which put pressure to the Municipality from services provision perspective.

Map 6: Land Ownership in uMhlathuze



7.6 Land Claims

The uMhlathuze Municipality area was subject to two land claims filed in accordance with the Restitution of Land Rights Act 22 of 1994.

1. Combined claim filed by the Mbonambi/Mbuyazi and Mthiyane Traditional Authorities – Richards Bay. The original claims focused on the following areas:
 - o Mbonambi claim - extending from the Reserve 4 boundary in the North/East of Mzingazi Village incorporating the whole of Meerensee and the beach and bay area towards the south up to the bridge over the John Ross road near the northern turnoff to the harbour. This is the general area where the people of Mbonambi lived (comprising of Erf 5333, Richards Bay).
 - o Mthiyane claim - extending from the north eastern boundary of Reserve 6 to Lake Nsezi in the south (the whole of the original Reserve 6) incorporating various residential areas, the Central Business area, general industrial area and Mondi. This is the general area where members of the Mthiyane Tribe (Mandlazini group) resided. (This area excludes the Mandlazini Trust area which has already been returned to the Mandlazini people).

The above-mentioned two claims were subsequently combined by the Land Claims Commissioner and are now referred to as the Mandlazini claim.

2. Claim filed by the Mkhwanazi Traditional – ESikhaleni Area

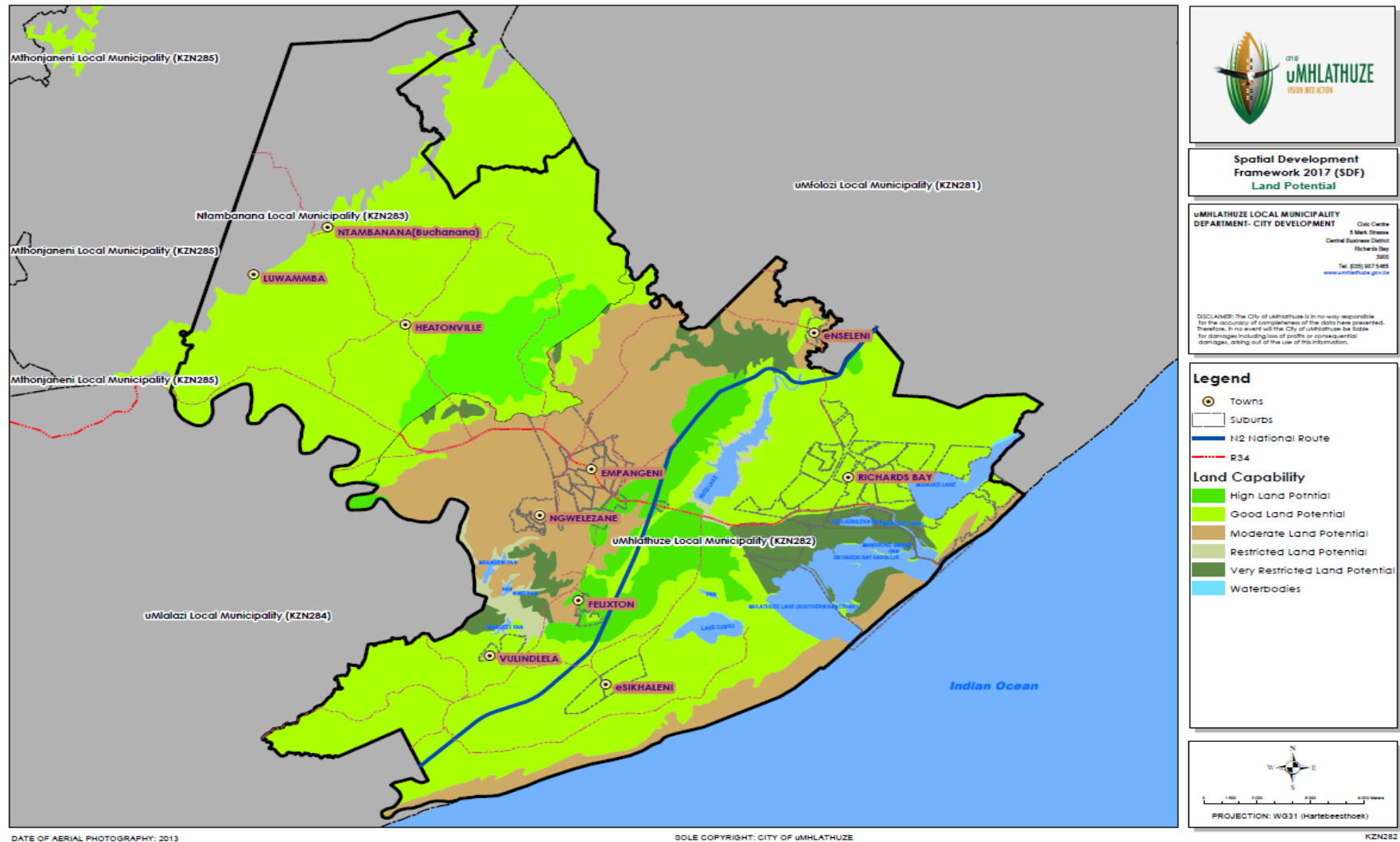
A claim related to the ESikhaleni residential area known as the “Mkhwanazi” claim has been ongoing from January 2004. The land claim affects the following properties:

No.	Property Description	Extent	Current Title Deed	Current Owner	Bonds & Restrictive Conditions (Interdicts)
1	Erf No 2868 of the Township of ESikhaleni	262,4109 ha	T52531/1999 T52610/2001	uMhlathuze Municipality	None
2	Portion 5 of the farm Reserve No. 10 No. 15830	360,6249 ha	T52530/1999 T52610/2001	uMhlathuze Municipality	None

Updates in respect of the above are sought by the Municipality on a regular basis.

7.7 Land Capability

Map 7: Land Capability



The following table provides a breakdown of land potential/capability in terms of hectares and percentages.

Table 7: Land Capability Breakdown

	Size(hectares)	Percentage(%)
High Land Potential	6959ha	9%
Good land Potential	39519ha	50%
Moderate Land Potential	21565ha	27%
Restricted Land Potential	2259ha	3%
Very Restricted Land Potential	7632ha	10%
Waterbodies	1400ha	1%
Total	79334ha	100%

7.8 Private Sector Developments

It be noted that there are many development initiatives driven by the council of uMhlathuze. In this section, a summary of initiatives driven by private sector will be listed hereunder:

7.8.1 Zulti South

Tisand, Richards Bay Mining (RB Mining) and Richards Bay Titanium, trading as Richards Bay Minerals (RBM), is situated just north of Richards Bay in Zululand, KwaZulu-Natal. RBM processes the heavy minerals located in the coastal sands in the area and is a leading producer of titanium minerals, high purity iron and zircon. RBM has been in operation to the north of Richards Bay for approximately 30 years on two of its mining leases: Tisand and Zulti North. RBM is also in possession of a further mining lease, located along a 20 km stretch of coastline to the south of Richards Bay and the uMhlathuze River and north of Port Durnford, the Zulti South Mine Lease Area (ZSMLA). It is on land owned by the Ingonyama Trust and falls within the uMhlathuze Local and King Cetshwayo District Municipalities' areas of jurisdiction. In order to sustain existing mining operations, RB Mining proposes to mine heavy minerals from ZSMLA as operations in the north reach the end of their lifespan.

Running along the coast near eSikhaleni, the mine will draw out heavy minerals including ilmenite, to produce titanium dioxide feedstock and pig iron, ultimately used in making automotive parts, ceramic tiles and sanitary ware.

7.8.2 SAPPI Housing Development

Sappi Manufacturing/MDC is proposing to establish an integrated residential township to the north of Birdswood. Proposed land uses include Commercial, Office, Filling Station, Community Facilities, Hospital, Frail care, Worship and Pre-School, High School, Primary Schools, Retirement village.

The residential components contain a proposed 262 single residential erven, medium density residential stands for about 2400 units (at 30 units per hectare) as well as high density residential stands for about 3100 units (at 60 units per hectare). It is understood that the EIA for the above project has been submitted and the submission of the PDA for planning approval is awaited.

7.8.3 Westview Residential

The proposed development provides for about 540 single residential erven, 1 commercial erven, 3 high-density residential erven, 4 open space erven, 2 conservation erven, 1 Erf to be reserved for the construction of electrical works, 1 worship Erf and 1 primary school Erf

The total extent of the development is about 61 Ha and it is located to the east of the western outskirts of Empangeni town and abuts the existing residential suburb of Hillview. Commercial farmland is located to the west and south of the site while the Empangeni Prison is located to the east of the site. Tronox mining industry is located to the north-east of the site, across the R34.

7.8.4 Carsdale

The development proposes to establish a mixed residential development consisting of 671 single residential erven, 2 commercial erven, 1 group housing erf, 3 open space erven and 3 conservation erven. The property is situated on the western outskirts of Empangeni and abuts the existing residential suburb of Panorama. The property is traversed by the Mkhumbane River on the west, as well as Main Road P166 between Ngwelezane and the R34.

7.9 Environmental Analysis

7.9.1 Geomorphology

The geomorphology of the landscape is generally described as a low-relief area that is bounded by a coastline and a high-relieve terrain on the landward side. Forming part of the Zululand Coastal Plain, the area indicates a history of erosion and sedimentation, and sea level fluctuations. Past geomorphologic processes have resulted in a unique landscape that supports complex hydrological systems, which in turn have resulted in high level of species diversity. The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time. Landscape features are therefore important factors for decision-making and development planning.

7.9.2 Climate

The City of uMhlathuze is characterized by a warm to hot and humid subtropical climate, with warm moist winters. Average daily maximum temperatures range from 29°C in January to 23°C in July, and extremes can reach more than 40 °C in summer. The average annual rainfall is 1228mm and most (80 %) of the rainfall occurs in the summer, from October to March. Extreme rainfall and thundershowers has occurred

on several occasions in the Zululand Region, resulting in extensive flooding with loss of life, property and infrastructure. An increasing trend in the frequency of cyclonic activity has been observed, which needs to be considered in future planning of the region.

7.9.3 Biodiversity

The area falls within the Maputaland-Pondoland-Albany Biodiversity hotspot which is recognized as the second richest floristic region in Africa: containing approximately 80 % of the of South Africa's remaining forests, rich birdlife and many other significant flora and fauna species. The uMhlathuze Municipal Area supports a total of 174 Red Data species, which has been reported as amongst the highest in the country for an area of its size. This remarkable concentration of Red Data Species is one of the main reasons that the remaining percentage of its surface area under indigenous cover is considered largely irreplaceable by KZN Wildlife for meeting its conservation objectives in the province.

7.9.4 Water Resources

The geology and geomorphology of the area controls the transport and storage of water and influences the hydraulic functions of the ground water system. Furthermore, the soils are very permeable and almost all the rainfall infiltrates into the groundwater, where it is temporarily stored before being discharged into the streams, lakes and wetlands. Consequently, the streams are generally perennial and seldom stop flowing even in drought conditions. This also creates a large underground storage reservoir that consistently sustains the coastal lakes which form the main water supply resources for the municipality.

7.9.5 Heritage

The City of uMhlathuze has high potential for archaeological heritage resources of different classes of significance. Although a considerable amount of sites has been recorded, there remain gaps in availability of data on the local heritage. A desktop survey indicated a total of 125 recorded archaeological sites, which range from the Stone Age Period to the recent historic period. Most of the sites recorded indicated pressure from mining and infrastructure development within the municipal area.

7.9.6 Environmental Assets

Economic Development: Coastal Dunes contain heavy minerals that are sought after for mining, which is a key sector in the context of regional economic development and national plans.

Tourism: The beaches are significant tourism assets for the municipality, attracting an Annual Beach Festival and hosting beach events at Alkanstrand, and providing seasonal holiday destination and on-going recreational amenity. Other tourism assets worthy of preservation are the area's lakes and forests, heritage sites, conservation areas around Mzingazi River, and the estuary found south of the Port. The proposed developments of the waterfront, has a strong tourism focus.

Environmental assets and socio-economic indicators have therefore been considered in the conceptual plans for the Waterfront.

Water Resources: The coastal Lakes (Lake Mzingazi, Lake Cubhu and Lake Nsezi) are important water resources for the municipality. The development of Richards Bay in particular, with its industrial development, has seen a significant increase in the abstraction rates of these lakes over the past 20 years.

Ecological Features: Water logged areas have been drained to accommodate development but has in the process, created important hydrological and ecological linkages. In certain instances, these artificial regimes have resulted in the formation of valuable natural assets that support high levels of biodiversity and species endemism. An example of such is the Thulazihleka Pan system in Richards Bay.

7.9.7 Threats to Ecosystem Goods and Services

Atmosphere: Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions. This is because the quality of the air influences people's well-being and ecological integrity. It has been reported that there will be adverse risks to human health and to the environment, as well as exacerbating climate change, should current trends prevail.

Landscape: Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise.

Hydrology and Water Resources: The area is characterized by a complex hydrology and climate change would therefore have an impact on water resources in the area. At present, the availability and variability of water within the catchment is fully subscribed or allocated and there are predictions that the demand for water will grow. Against this backdrop, there are questions where future water will come from. Furthermore, a decline in water quality in streams, lakes and rivers pose a risk for communities that extract water for subsistence, domestic or personal consumption

Figure 1: Air and Water Pollution from industrial and mining activities



Pollution: Established developments, by virtue of specific land-uses, and growing population pressures, have resulted in intrinsic pressures on the environment. These

manifest in the form of pollution which impact on the environment on various scales from localized illegal dumping to air and water pollution.

Figure 2: Illegal dumping is a serious cause for concern and which warrants significant resources to manage



Landscape: Specific qualities of a landscape (natural vegetation, water bodies, landscaped parks etc.) provide aesthetically pleasing environments for the inhabitants of the area. The cumulative impact of development pressure and future planning scenarios however, pose a major threat to visual quality and a sense of place.

Coastal Management: Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise.

Biodiversity: A large proportion of the Biodiversity Hotspot is being transformed and degraded by human activities, resulting in many vegetation types being vulnerable to further disturbances. These disturbances threaten species complexity and lead to imbalances within ecosystem.

7.9.8 Environmental Priorities and Objectives

Having considered various sources of information, and given the current sphere of governance and accountability, the City of uMhlathuze has identified and prioritized the following as key to meeting its environmental targets and objectives:

- To ensure legal compliance of environmental bylaws and legislative requirements by all (Council, Employees, Contractors)

- To ensure sufficient suite of local environmental bylaws and effective enforcement thereof
- Regulation of land use and enforcement of usage of land in terms of the town planning scheme and land use management system
- To minimize air pollution (prevention and reduction) in the City of uMhlathuze through efficient monitoring
- To reduce overall water pollution within the municipality as a result of land use practices through monitoring hotspots and imposing stringent requirements during EIA and planning processes
- To ensure management of all water resources in a sustainable manner by adhering to lake management plans and water services bylaws
- To ensure the management of soil and land resources in a sustainable manner through environmental and land use planning
- To ensure the protection of habitats and natural resources that would contribute to conservation targets of the province
- To preserve heritage resources by preventing damage and loss through development planning processes and through the tourism sector
- Complying with the provisions of the National Environmental Management: Integrated Coastal Management Act
- Maintaining the biological diversity and productivity of coastal ecosystems through implementation of coastal management programme and estuary management plans
- To comply with the provisions of National Environmental Management: Waste Act by appointment of a waste management officer and compilation of a waste management plan for the City of uMhlathuze
- To improve energy efficiency of existing facilities and reducing demand in terms of the strategy set out in the energy sector plan, and facilitating renewable energy/co-generation initiatives and projects
- To be prepared and anticipate disaster management within the municipality
- To ensure that the municipality maintains its environmental assets through environmental tools such as project specific EIA's, the EMF and the Environmental Framework of the SDF
- To increase the knowledge and understanding, and prepare for vulnerability to environmental changes within the municipality

7.9.9 Comparative and Competitive Advantages of the Municipality

Given the strategic economic or development imperatives of the area, some of which are of National importance, the City of uMhlathuze needs to ensure that the landscape and social indicators are managed sustainably.

Table 8: Competitive and Comparative Advantages

LANDSCAPE FACTORS: LAND USE	
Port and related infrastructure	As the main economic attraction of the area, the port is the overarching priority for stimulating the local economy. It is also a provincial priority in that it is the growth engine for one of the primary provincial growth nodes. Port and related infrastructure is classified as Strategic Important Developments and such is important for the national economy. Port expansion options are addressed in the Port Development Framework (2007) which has been integrated with the City's IDP and SDF and form parts of the City's Local Economic Development Strategy.
Transport	The City's Arterial Road Framework and Airport Framework Plan are under review (2009). The John Ross Parkway is currently being upgraded. Over the long-term it may need to be rebuilt to accommodate the proposed port layout plan, encroaching into land earmarked for development for the IDZ.
Rail infrastructure	Rail infrastructure links the port with the hinterland to ensure the flow of resources. The National Infrastructure Plan makes provision for expansion and upgrades of transport networks.
Industrial development	The Richards Bay Industrial Development Zone has been designated as a national priority for stimulating growth in the manufacturing sector. The manufacturing sector is important in the province (largest contributor to PGDP). The City promotes "competitiveness in the manufacturing sector whilst advancing downstream value-adding opportunities that are labour intensive".
Commercial activities	National Government: Promote Local Economic Development Initiatives The City's IDP promotes a diversity of economic activities and the Local Economic Development Plan makes provision for growth in the commercial sector by encouraging new initiatives for emerging businesses, the informal sector and SMMEs.
Agriculture	Agriculture is a provincial development priority (food security). The focus of the City's Agricultural Development Strategy and Plan is on traditional authority areas and addressed emerging farmers. There are no local priorities for agriculture expansion within the study area.
Tourism	The region within which the study area is located has been identified as a provincial tourism priority. The City's IDP acknowledges the tourism potential of the area and promotes the enhancement of this potential.
Mining	Mining of mineral resources is an important economic activity in the region. There is only one mine in the study area while mining rights have been assigned to the south of the area.

LANDSCAPE FACTORS: LAND USE	
Energy	The City has an Energy Strategy (2009) to “minimise the local and global environmental impacts of energy use by adopting and promoting efficient demand-side practices and by encouraging the uptake of renewable energy options within all sectors”. The strategy defines objectives for the environmental, social, economic and institutional sectors. It also sets demand side and supply side targets for the municipality. Existing electric overhead power lines serves the city and the aluminium smelters. These power lines may need to be relocated further north to accommodate the proposed port layout plan, encroaching into land earmarked for development for the IDZ.
Housing	Sustainable human settlements are a national policy goal. Private land ownership, lack of suitable infrastructure, environmentally sensitive wetlands, geotechnical and environmental considerations limits suitability. A number of potential land parcels have been identified with housing potential and urban densification is receiving attention. An increasing need for housing within or close to the CBD is projected. The greatest need for housing occurs in rural/tribal areas and the removal of slums and informal settlements is a priority. Land tenure is a major challenge.
Waste Services and Infrastructure	The management and minimisation of waste streams in the study area is a concern due to a lack of adequate disposal infrastructure and services. The City has an Integrated Waste Management Plan (2017) to “protect natural resources by managing and minimising waste streams” in the study area. In view of future potential industrial expansion the Plan may need to be reviewed and strategies need to be devised, in cooperation with the District Municipality who is responsible for addressing the inadequate landfill capacity to serve the area over the short-term.
Water and sanitation services and infrastructure	The uMhlathuze Municipal area is supplied with potable water from Lake Mzingazi, Lake Cubhu, Nseleni river (Nsezi Lake) and Mhlathuze river. There are concerns about the long-term sustainable supply of water to sustain economic growth. The priorities for water and sanitation provision are specified in the City's Water Services Management Plan (2013) where the focus is predominantly on the “provision of safe, sustainable and affordable water services, the right of access to basic water supply and sanitation”. The Plan acknowledges the threats of diseases and environmental problems posed by water and sanitation backlogs in the rural areas. UMhlathuze is the process of reviewing the WSDP in 2018. The Plan does will consider the supply of water to meet future growth demands and suggest ways to optimise use of existing water resources.
LANDSCAPE FACTORS: SOCIAL	
Community health and	Reducing poverty and unemployment and inequalities are national

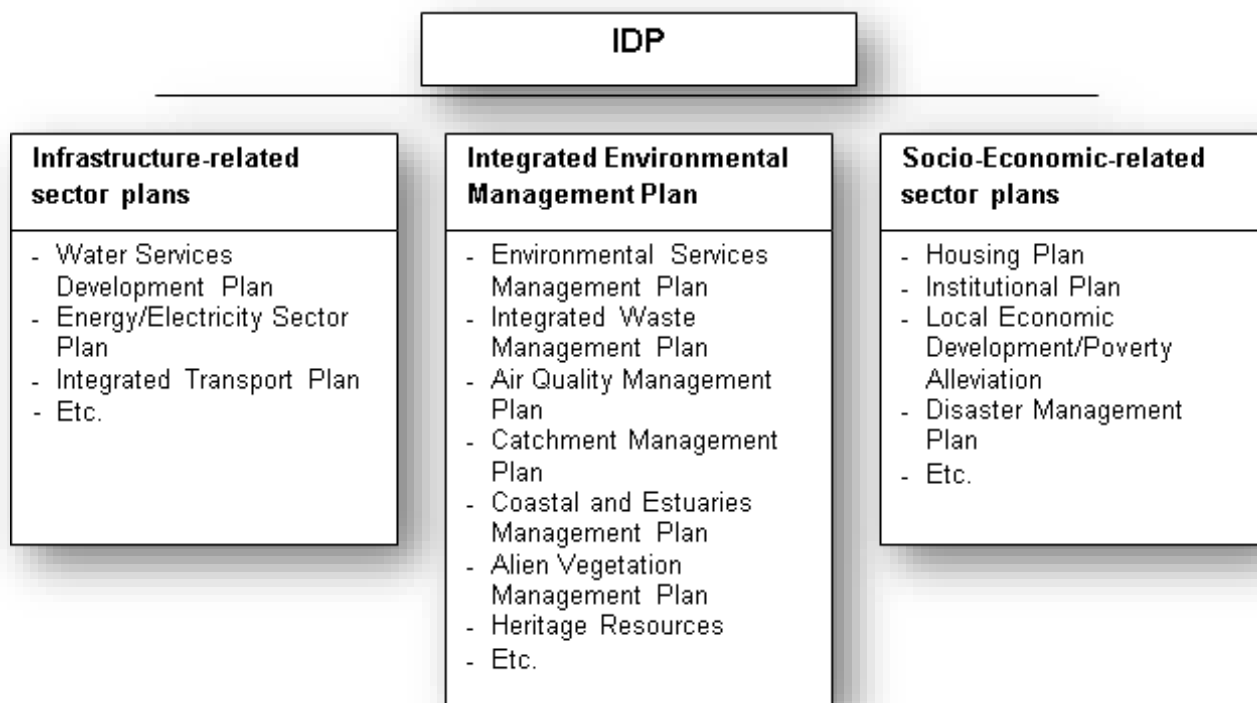
LANDSCAPE FACTORS: LAND USE	
wellbeing	and provincial priorities. The city's IDP defines the associated priorities based on the needs of urban vs. rural communities. Safety and security, employment creation, social welfare, community facilities, health, education, housing and agriculture is important to the communities in the area. Community upliftment and empowerment of rural areas and demand for affordable housing are priorities in terms of community well-being. The IDP gives special attention to sport and recreation in order to “develop provide and maintain suitable sport and recreation facilities and amenities in an organised, effective and cost-efficient manner with the co-operation of all role-players whilst utilising available resources efficiently and effectively”. There are important natural assets that are valued by communities in the north of the study area for their recreational value. The City's Disaster Management Plan aims to protect the public, public property, infrastructure and services from the risk of disaster potential through prevention and mitigation. There are low-lying areas in the study area (within flood lines) which may be exposed to risk. The health of all communities is a concern due to the prevailing air pollution levels but this is not acknowledged in local plans.
Vulnerable communities	Rural communities are vulnerable because of their economic status. Poor people must receive special attention in planning. The threat of diseases and environmental problems posed by water and sanitation backlogs in the rural areas are important.

7.9.10 Environmental Governance

Despite policy challenges on a national and provincial level from where legislation is derived, the prevailing system of environmental governance within the municipal jurisdiction is reasonably strong, both in the private and public sectors. This is particularly resonant amongst industries that interact with the global community, who are compelled to meet international standards and subscribe best practice guidelines when it comes to environmental performance. There is however, unprecedented pressure on the municipality to manage local environmental objectives and deliver on the following:

- Plan and manage for a sustainable City
- Deliver sustainable services
- Govern the area in a responsible manner

The overarching plan that enables Council to perform these functions in terms of the abovementioned two roles is the IDP, and its associated Sector Plans, as prescribed in legislation or as required during the IDP process:



Public participation and engagement during environmental planning

Public participation and involvement of interested and affected parties is a legal requirement of an EIA process. All applications subject to environmental approval thus go through rigorous public participation. This has furthermore cascaded to other processes such as the EMF and conceptual planning for proposed developments. In fact, with the case of the Waterfront Planning, a public participation exercise was conducted upfront to inform the conceptual designs.

Environmental Policy and Bylaws

Certain environmental or public health issues are not provided for in terms of Provincial or National Environmental Legislation, which implies that the municipality must rely on enabling powers of the Local Authority to ensure that communities are safeguarded against environmental degradation. The municipality has, to this end, numerous bylaws that serve to protect the environment, and the community's rights to a healthy environment. To achieve this, the following applicable bylaws must be enforced:

- Beach
- Cemetery

- Electricity Supply
- Environmental Health
- Flammable Liquids
- Funeral Undertakers
- Keeping of animals
- Nuisances
- Outdoor Advertising
- Possession and Discharge of Fireworks
- Solid Waste
- Street Trading
- Water Services Bylaws (Including Storm water management)

Furthermore, various policies have been adopted by the Council, namely, a broad Environmental Policy that is aligned to the principles of Section 28 NEMA: Duty of Care to the Environment; Policy on EIA's, and the clearing of vegetation within Public Open Spaces.

The focus on energy management and green buildings presents further opportunities for development of a policy framework for the City, which the relevant sectors are looking into.

Accountability towards Environmental Performance

A range of environmental competencies and responsibilities have been delegated to South African local authorities that may be controlled or influenced by appointed officials, elected politicians or civil society. Within the City of uMhlathuze, the environmental performance needs to be addressed by means of the implementing the programmes identified in the table below:

Table 9: Tools for Measuring Environmental Performance

Tools/Programmes for Measuring Environmental Performance	Status	Responsible Department/Section
Permit Registers	Proposed	Community Services
EIA Registers (Internal & External applications)	Implemented	City Development
Air Quality Management Plan	Proposed,	Community Services
Wetland Management Plan	In Progress, Budgeted for	City Development, DWA, KZNWL, and DAEA
Biodiversity Sector Plan	Proposed	City Development, SANBI, KZNWL, and DAEA

Tools/Programmes for Measuring Environmental Performance	Status	Responsible Department/Section
Water Services Development Plan	Approved by Council, effective 1 January 2014	Infrastructure and Technical Services
Lake Management Plans	In progress, Draft available	Infrastructure and Technical Services
Alien Weed Control Programme	Commenced	Infrastructure and Technical Services
Estuary Management Plan	In Progress	Community Services
Heritage Management Plan	Proposed	City Development, uThungulu District, DAEA and KZNWL
Waste Management Plan	In Progress	Community Services
Climate Change Strategy	Budgeted for	Community Services
Energy Sector Plan	Adopted by Council. Implementation ongoing	Championed by City Development
Health / Air Quality Study	Adopted by Council. Implementation phase	Championed by Infrastructure and Technical Services
Low Emissions Development Strategy	Commissioned by DAEA (CEDARA/Head Office)	Community Services, uThungulu District Municipality,
	Commenced: Partnership with ICLEI	

It is important to note that the above programmes have taken into consideration the outcomes and recommendations of the EMF.

7.9.11 Environmental Services Management Plan

The ESMP outlines, amongst others, the following critical goals Environmental Services Management:

- To define cohesive and functional spatial management units within the municipal area that need to be managed in order to optimise the delivery of environmental services.
- To develop management plans for each management unit that identify the management activities required to secure environmental services supply.

The areas that provide environmental services to the City are spatially defined, and the following “Levels” of protection were determined:

Level 1: Environmental Corridors (Nature Reserves): Included in the nature reserve zone are areas of high biodiversity and environmental significance that require a high level of legal protection. It is recommended that these areas be proclaimed as nature reserves in terms of relevant legislation such as the National Environmental Management Protected Areas Act.

Level 2: Conservation Zone: Included in the conservation zone are areas of biodiversity/ environmental significance, which are not viable for proclamation as nature reserves, but that require some form of legal protection. No transformation of the natural assets or the development of land for purposes other than conservation should be permitted in this zone. Sustainable use of renewable resources is permitted.

Level 3: Open Space Linkage Zone: Included in the open space linkage zone are areas that provide a natural buffer for Level 1 and 2 Zones, areas that provide a natural link between Level 1 and 2 Zones and areas that supply, or ensure the supply of, significant environmental services. Transformation of natural assets and the development of land in these zones should only be permitted under controlled conditions.

Level 4: Development Zone: Includes all areas that are not included in Level 1, 2 and 3 zones. Areas in this zone are either already developed or transformed and contain land and natural assets that are not critical for environmental service supply.

7.9.12 Air Quality

The National Environmental Management: Air Quality Act, 2004 which is referred as NEM: AQA provides an objective-based approach to the management of air quality at different government and operational levels. NEM: AQA distinctively shift from exclusively source-based air pollution control to holistic and integrated effects-based air quality management. It also focuses on adverse impacts of air pollution on the ambient environment.

The City of uMhlathuze is known to be one of the highly industrialized areas in the country, consisting of various types of industries including smelters, pulp and paper

mills, chemicals, harbour, iron steel, fertiliser, coal exporters, mineral mining, forests, cement, blasting, sugar cane and expanding industrial development zone (IDZ).

The harbour, also known as Port of Richards Bay, is considered to be the largest in South Africa. It is known to be one of the growing power houses for exporting and importing activities of different commodities. Apart from the array of industries, are residential areas both rural and urban, in which various domestic activities including burning of wood, tyres, imbawula, and agricultural are conducted.

The Medical Research Council in 2000 conducted a preliminary health study in Richards Bay driven by the public concern about the status of air quality within the City of uMhlathuze. The study found that there was a high level of public concern about air quality and the associated health impacts in the area. In 2006, the City of uMhlathuze through the lead of Environmental Planning Division, appointed the Airshed Planning Professionals (Pty) Ltd to conduct a study purposed to assess air quality within the municipality and use this as one of the tools to inform their Spatial Development Framework.

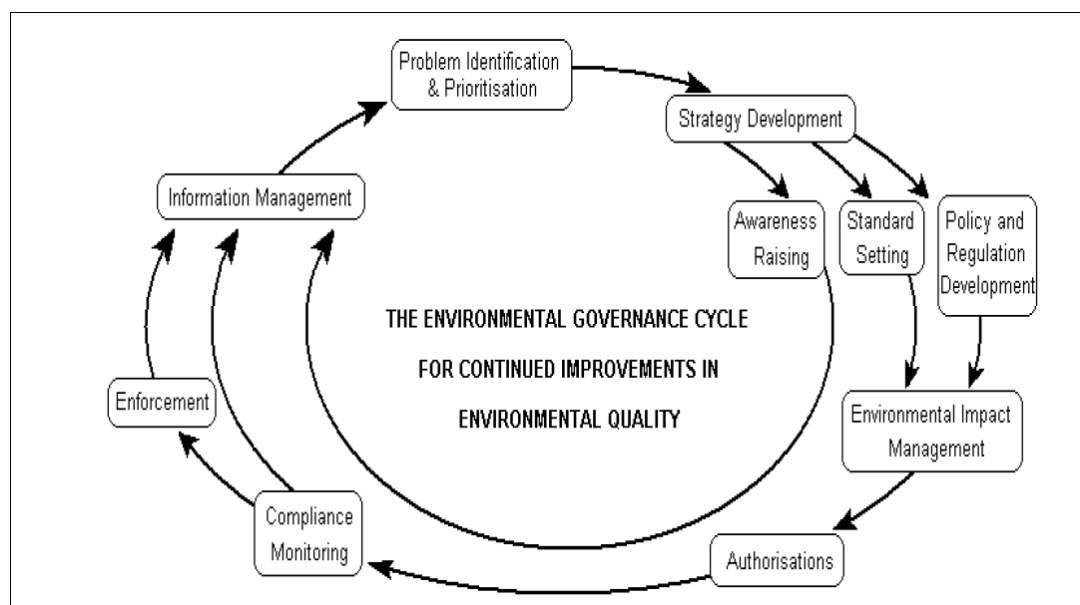
The Department Agriculture and Environmental Affairs in Kwa-Zulu Natal (DAEA) in partnership with the City of uMhlathuze in 2011, appointed Gondwana Environmental Solutions to conduct a study to describe the range of ambient exposures of criteria pollutants through ambient monitoring systems. This study aimed to assess the potential risks posed by such exposures through health risk assessment concerning the health of communities in the Richards Bay and ESikhaleni

Considering previous studies that were conducted in the area, The City of uMhlathuze, with its limited budget prioritized amongst other community needs, purchasing of Ambient Air Quality Monitoring Stations to continually monitor and publicise the status of air quality within its boundaries.

Approach to Air Quality Governance

The effective approach to air quality is highly dependent on eight (8) steps prescribed in the National Framework for Air Quality Management. The government cycle provides a useful framework for achieving continuous improvement over time as depicted in figure below:

Figure 3: Environmental Governance Cycle for Continued improvements in Environmental Quality



Awareness Raising

This is one of the strategies identified in the air quality governance cycle of the 2012 National Framework for Air Quality Management in the Republic of South Africa. This activity was initiated since 2012. The main purpose of awareness-raising is to bring about positive changes towards air quality. Sharing of knowledge, experiences and access to information can lead to sustainable voluntary changes than imposed legislation. These awareness-raising are targeting various stakeholders. The emphasis is on adverse impacts of air pollution, climate change, human health and the environment. Below are examples of awareness programme conducted in various sectors.

uMhlathuze Municipality continuously conduct the following awareness programmes targeted at different stakeholders

- School awareness raising
- Clinic awareness- raising
- Awareness – raising: Ward Committee Meetings
- Industries Environmental Awareness
- Formal Industries – To discuss change in legislation
- Informal Industries

- Bill Boards

Compliance Monitoring

Section 2 (12) of Chapter two (2) of NEM: AQA mandates the local municipalities to monitor the ambient air in order to determine the pollutants and their concentration and come up with strategies of reducing emissions. In response to NEM: AQA, the City of uMhlathuze purchased three (3) ambient monitoring stations and strategically placed them in three different areas of concern. These stations are located at eSikhaleni, Arboretum and Brackenham Cemetery. The data collected by these stations are continuous.

Map 8: Location of Ambient Air Quality Monitoring Stations (highlighted Yellow Pins)

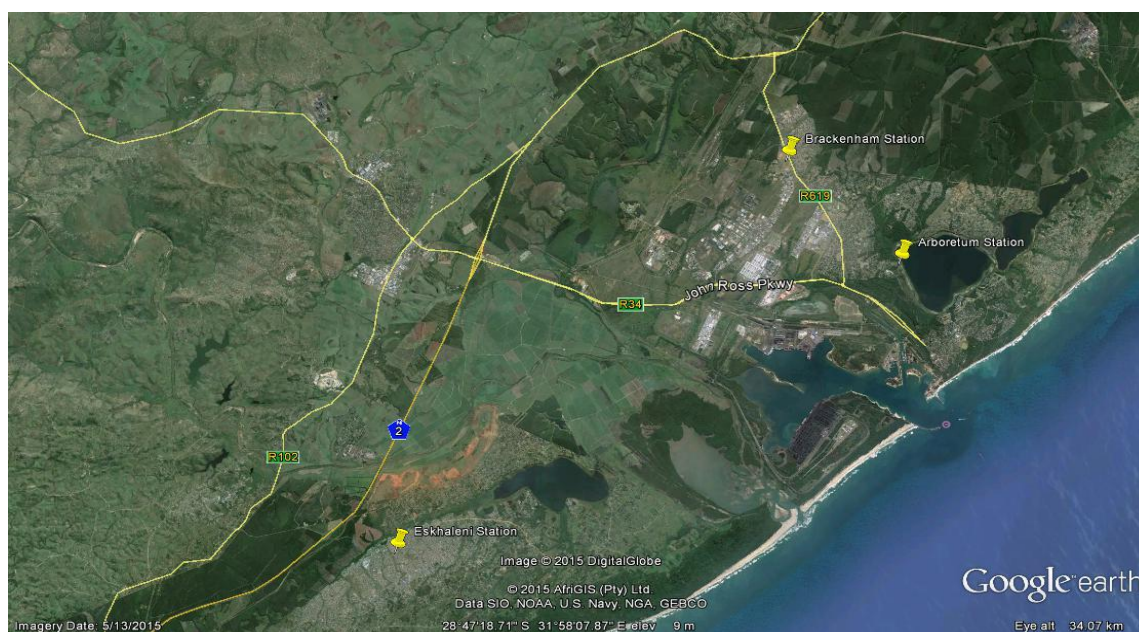


Table 10: Ambient Air Quality Monitoring Stations Co-ordinates

Stations	Station Name	S-Coordinates	E-Coordinates
1	Arboretum	24°45'39,40"	32°04'42,40"
2	Brackenham	28°43'48,90"	32°02'05,20"
3	eSikhaleni	28°52'08,50"	31°54'35,10"

The pollutants currently measured by these stations include sulphur dioxide (SO₂), nitrogen dioxide (NO₂), particulate matter with an aerodynamic diameter less than 10 microns (PM₁₀), particulate matter less than 2.5 microns (PM_{2.5}) and ozone (O₃). The stations also monitor meteorological data, including Wind direction (WD), Wind speed (WS), Temperature (T), Relative Humidity (RH) and Rain Fall (RF)

Table 11: Shows pollutants measured in each monitoring station

Station Name	SO2	NOx	PM10	PM2.5	O3
Arboretum	√	√	√	√	√
Brackenham	√	√	√	√	√
eSikhaleni	√	√	√	√	√

Table 12: Shows meteorological station and parameters that are monitored

Station Name	Int Temp	Amp1	WD	WS	RH	RF
Arboretum	√	√	√	√	√	√
Brackenham	√	√	√	√	√	√
eSikhaleni	√	√	√	√	√	√

Enforcement

The City of uMhlathuze is currently in progress with air quality by-laws that will be enforceable to all transgressors.

AIR Quality Management – Future Plan of Action**Table 13: Immediate Plan of Action**

ITEM	ACTION
Air Quality Management Policy	To assess level of air pollution to areas where monitoring has not been conducted through Passive Sampling
Air Quality Management By-laws	Draft AQMB. Discussion of admission of guilt fines with the Chief Magistrate is in progress

Table 14: Intermediate Action

The phase duration is two to three years. The roll-out of this phase is dependent on the availability of funds.

ITEM	ACTION
Baseline Studies- to assist in the expansion of air quality monitoring network	Passive sampling devices were deployed at seven (7) different sites within the jurisdiction of uMhlathuze in January 2018. These seven sites include eNseleni, eMpangeni, Dlangezwa, Alton CoU Clinic, ZCBF, Melomed Hospital and vicinity of Harbour. The first batch has been sent to the laboratory for analysis and awaiting for results

ITEM	ACTION
Air Quality Management Plan	Requested budget for 2018/2019
Dispersion Modeling	Requested budget for 2018/2019
Stricter Air Quality Management Standards	To be developed after implementation of by-laws

Table 15: Long-Term Action

The phase duration is within two to three years. The roll-out of this phase is dependent on availability of funds.

ITEM	ACTION
Vehicle Emission Testing	To reducing the motor vehicle emissions: To be implemented after intermediate stage
Health studies in relation to air quality	to determine relationship between air quality and illnesses within the City of uMhlathuze
Development of Air Quality Index	To indicate status of air for the area of uMhlathuze: To be developed after intermediate stage

The implementation of afore-mentioned strategies has shown reduction in air pollution. The establishment of the Air Quality Management Unit enforces compliance to the stipulated legislation. It is therefore deduced that the introduction of Emission Reduction Plan has contributed positively in the reduction of pollution.

7.9.13 Coastal Issues

Coastal Management:

The uMhlathuze municipality is bordered by approximately 48 km of coastline, which presents a number of economic, conservation and recreational opportunities. The shoreline is characterized by sandy beaches, well established dune formations, estuarine environments, and hosts the country's largest deep water Port.

Coastal Erosion:

As is the case with most coastal municipalities in KwaZulu-Natal, the Municipality has encountered severe coastal erosion, which requires a management response that would prevent further loss of beaches, damage to property and infrastructure. Being predisposed to disruption of natural wave action because of the Port entrance, Alkanstrand beach at Richards Bay requires a reliable sand bypassing scheme. In the absence of sand budget on the Northern beaches, the municipality has to

implement soft engineering techniques to mitigate against an eroding coastline. Any further development of the coast is furthermore required to take cognizance of the Coastal setback lines adopted by the municipality.

Coastal access:

Sanctioned by the National Environmental a Management: Integrated Coastal Management Act 24 of 2008, a number of coastal access points are being considered. These access areas are strategically important as they aim to create safe, equitable beach access, as well as improved recreational and tourism opportunities.

7.9.14 Biodiversity and Development

The greater uMhlathuze Municipal Area supports a total of 174 Red Data species, which according to the South African National Biodiversity Institute, ranks amongst the highest in the country for an area of its size. This remarkable concentration of Red Data Species is one the main reasons that most of the remaining percentage of undeveloped, indigenous land cover, is considered irreplaceable by Ezemvelo KZN Wildlife for meeting its conservation objectives in the Province.

Table 16: Biodiversity Significance

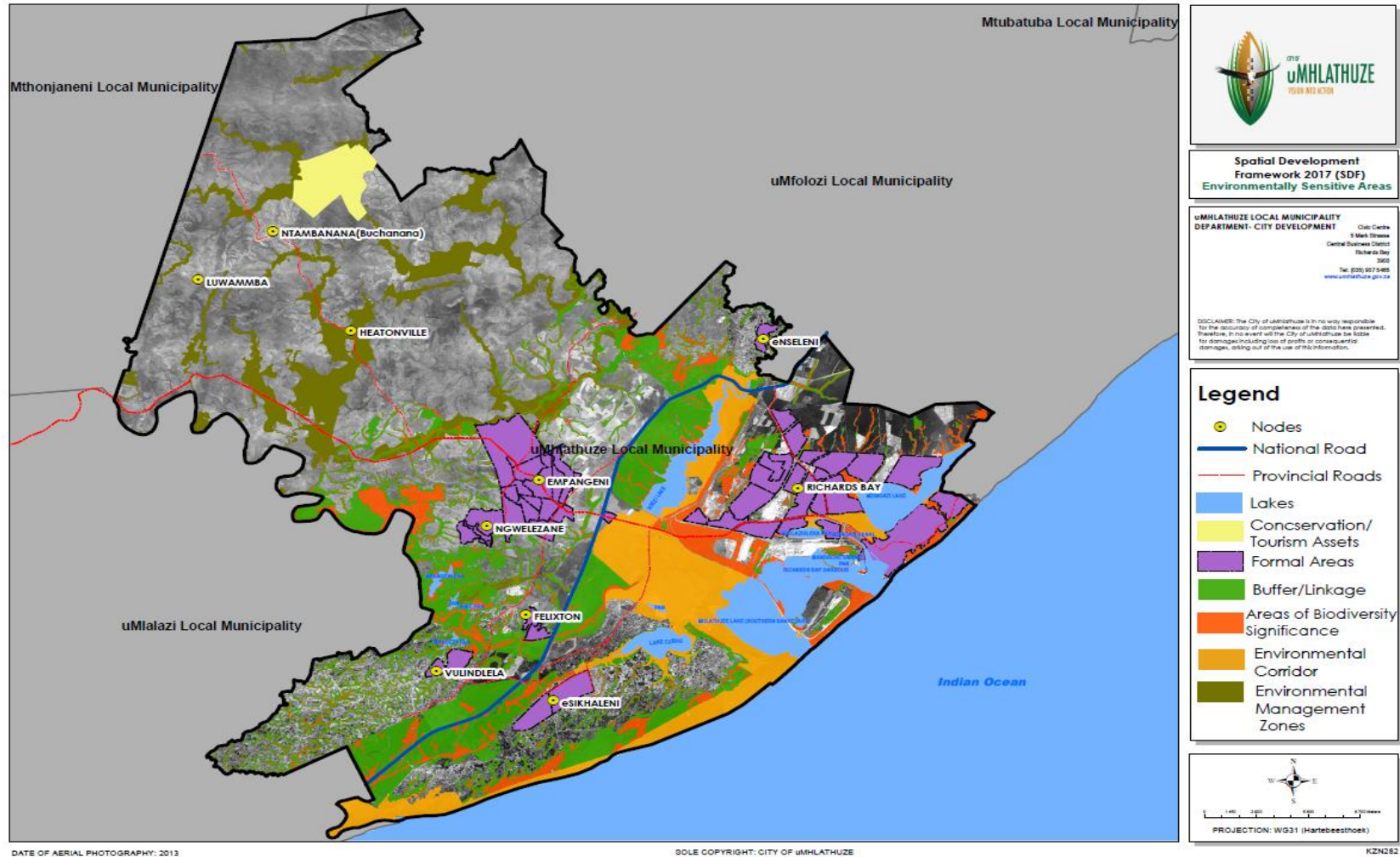
Vegetation Type	Red Data Species (Significance)	Conservation Target
Grasslands	124	100 % following a detailed survey. Conservation of a substantial portion of the remaining natural asset in the region is required if conservation objectives are to be pursued
Forests	90	
Nseleni River Lake Nsezi System	70	
Large Wetlands	55	
Estuaries	28	
Lakes	18	
Mhlathuze River System	11	
Swamp Forests	9	

All of the remaining ecosystem types are important for supporting Red Data Species, implying that there is a direct conflict with future development imperatives. The Spatial Development Framework has identified such development opportunities for the area. Port expansion with associated industrial development is the single most significant opportunity in the area with tremendous potential to grow the local, regional and national economy. Existing planning approaches in the area also present opportunities to enhance conservation and hence tourism objectives. The limited space to accommodate the growth demand in the area reflects the realities of ecological risks that may arise and the anticipated conflict between conservation and development. The situation highlights the need for closer collaboration and

coordinated planning between environmental stakeholders and prospective developers.

Environmental Sensitive areas as discussed are mapped at overleaf:

Map 9: Environmental Sensitive Areas

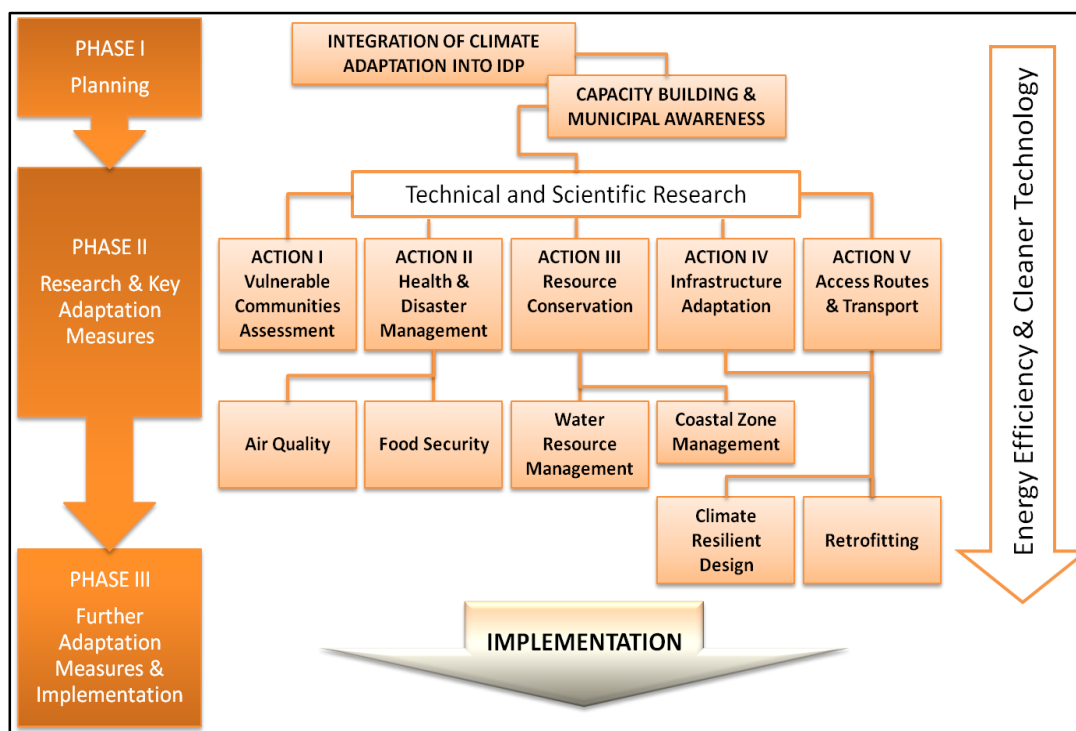


7.9.15 Response to Climate Change

Regardless of the attempts to mitigate the impacts of climate change, it is widely accepted that many of the anticipated changes are destined to take place. The climate change strategy was therefore drafted on the basis of two fundamental principles, i.e. **mitigation** and **adaptation** through the implementation of the Climate Change Municipal Action Plan.

The Municipal Action plan adopts a phased approach to allow for a systematic and realistic response to potential climate impacts. Represented in the following figure, it is proposed that the plan be adopted over a 5-year period, coinciding with the rollout of the Municipality's Integrated Development Plan (IDP).

Figure 4: Phased Approach to Municipal Action Plan



The following table provides a more detailed explanation of the above:

Table 17: Phased Approach to Municipal Action Plan

Phase 1	Integration into the IDP The long term vision of the municipality is to mainstream all sector plans within the IDP and within decision-making procedures to allow for protection of resources and communities, in line with the Climate Change Strategy. Appointment of a Climate “Champion” The climate champion would ensure that the Municipality's projects and

	activities are carried out in accordance with local and international environmental legislation and policy, and within the Integrated Development Plan (IDP). In summary, this role would be included as a performance area of the Department: City Development, which would involve: ○ Awareness creation in terms of local climate change impacts ○ Development of climate change mitigation and adaptation plans ○ Ensure integration into IDP ○ Initiating international fundraising for climate change related projects; which would utilise existing personnel Municipal Awareness Programme The process of mainstreaming climate change issues into municipal planning should begin within the Municipality itself, with the aim of disseminating this knowledge to decision makers. This should be initiated through a brief awareness campaign for various departments (perhaps through a presentation by the climate champion within branch meetings), and provision of a communicative pamphlet or brief. This should serve, at a minimum, to initiate climate thinking within Municipal structures. Climate Change Working Group The establishment of a Climate Change Working Group or partnership will encourage communication between Municipal departments, industry and NGO role-players for open discussion of climate impacts and solutions from various points of view.
Phase 2 Adaptation Actions	Vulnerable Communities Assessment It is recommended that the Municipality undertake a vulnerability profile of the area in order to determine geographically where climate-related health impacts are likely to be exacerbated by differential vulnerability. The results of this assessment will provide maps indicating areas of concern and priority with regard to climate change impacts in the Municipality – an example may be communities living within flood line areas, which would be vulnerable to floods. Health and Disaster Management A two-step response to Health and Disaster management is recommended: ○ An assessment of health care facilities in the Municipality in terms of capacity and facilities. Identification of obvious shortcomings or priority areas. ○ Completion of the Disaster Management Plan taking into account the need for responses to climate change induced flood or storm events and/or disease outbreaks. This Plan furthermore requires communication and dissemination to the Municipality and public.

	Agriculture and Communities Food security of Municipal residents, particularly in peri-urban and rural settlements, is a long-term concern for the Municipality. Although responsibility in terms of food security for the public is not considered to lie with the Municipality, but rather with government, it is important that the Municipality assess agricultural concerns and is aware of the need to alleviate climate-induced pressure on food security. Some examples include: ○ Launching of marketing campaigns for local fresh produce ○ Establishment of food production partnerships within the communities (CBOs) ○ Knowledge sharing regarding crop type and yield assessment for future initiatives This may lead to longer term research projects into crop viability and livelihoods assessment. The Municipality could potentially apply for international funding for such initiatives. Resource Conservation Water resources are of extreme importance within South Africa, and water quality is of particular concern in the uMhlathuze area. The following responses to this issue are recommended: ○ The Municipality, in conjunction with UMhlathuze Water should evaluate the existing infrastructure to determine the sustainability of that infrastructure to supply water in an uncertain climatic future. The investigation should prepare a "Future's demand" profile for the city in terms of water requirements which should be evaluated in terms of climate influenced rainfall. ○ The Municipality forming a partnership with the Catchment Management Forum to allow for reporting and assessment of water quality testing and management. ○ Make improvements to urban drainage, the use of sustainable drainage systems, schemes that 'make space for water' ○ Stormwater retention/detention ponds and constructed wetlands ○ Incorporation of extreme precipitation events into storm sewer design, land use planning and zoning to avoid locating structures and buildings in flood/landslide prone areas (these will need to be mapped as a component of re-setting the city 1:50 year flood lines). Biodiversity Through discussions with local stakeholders, the development of an Invasive Species Management Plan was seen as significant in addressing of biodiversity and conservation concerns within the Municipality Infrastructure Adaptation

A culture of 'climate resilient' infrastructure design and construction needs to be instilled within the Municipality's decision makers, engineers and architects. In terms of city buildings, roads and water management structures, the Municipality may respond through the 'retrofitting' of facilities (widening of storm water channels, fitting of cooling devices, etc.) or through the proactive construction of new infrastructure with climate change impacts in mind. Dialogue with engineers and architects are required to disseminate climate change modelling data and to discuss the implications, both practically and economically, and to allow for discussions around the best possible action.

This action applies to both residential and commercial buildings, and includes the following aspects:

- Determining whether the existing dams and reservoirs provide adequate storage capacity under variable rainfall conditions
Evaluate whether pipeline infrastructure can cope with increased flows
- Establishment of a culture of 'climate resilient' planning
- The establishment of effective building guidelines, including, for example, the use of vegetation buffers and reduced amounts of impervious surfacing to reduce runoff.
- Revision of the Municipality's flood lines and adequate design of storm water drains and water storage structures. These should take into account heavier, more intense floods and increased runoff.
- Use of 'climate resilient' building materials (particularly for informal housing).
- Prevention of settlement and development in floodplains.
- Confirmation and consideration of the ocean setback lines and beach erosion study in terms of projected sea level rise, and risk assessment for these with regard to vulnerable communities and infrastructure.

Transport Planning

It is recommended that the Municipality identify problem areas for widening of bridges (retrofitting) or provision of alternate routes. Problem areas already identified include the Richards Bay Minerals and the Nsezi Lake Routes. It is understood that road and transport infrastructure is managed at a provincial level; however, the Municipality should play an important role in the identification of problem areas and the lobbying to provincial government in terms of infrastructure improvement. Part of the process also entails a campaign to encourage incentives for car-pooling and the use of cleaner fuels for Municipal vehicles. Dialogue should be initiated on the introduction of safe and energy efficient public transport mechanisms, which could aim to improve air quality and congestion in the city centre.

The first two phases of the Climate Change Strategy require thorough implementation, follow up and monitoring. These actions should be

	continuously assessed and supplemented with new findings, and updated with municipal plans, goals and communication resources. Through this iterative process the City of uMhlathuze would demonstrate its proactive response to the threat of climate change, for the City, its industries and local communities.

Vulnerable Communities Identified

Given the inherent sensitive environmental attributes or features that are applicable within the municipality boundaries (coastal floodplain, groundwater and soil conditions, ecological services, proximity to water bodies such as lakes and rivers), flooding was considered to be the most significant impact in terms of the climate change projections for the city. The following areas were identified to being most prone to flooding:

- Mzingazi;
- Mandlazini; and
- ESikhaleni (specific attention to uMzingwenya and Lake Cubhu communities)

7.10 Spatial and Environmental SWOT Analysis

STRENGTHS	WEAKNESSES
○ Proximity of the municipal area to the N2 highway that traverses the Municipality in a north-east direction towards the Swaziland border and south-west towards Durban. ○ Good road accessibility ○ The municipality borders a coastline that spans approximately 45 kilometres ○ The municipality borders a coastline that spans approximately 45 kilometres ○ Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. ○ High level of species diversity. ○ The beaches are significant tourism assets for the municipality.	○ Funding challenges to implement Alien Invasive and Greening Strategy. ○ The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the uMhlathuze and Nsezi. These water systems offer opportunities but also limit development opportunities. ○ Gaps in availability of data on the local heritage. ○ A remarkable concentration of Red Data Species is one of the main reasons that the remaining percentage of the municipal surface area under indigenous cover is considered largely irreplaceable by KZN Wildlife for meetings its conservation objectives in the province.

○ Alien Invasive and Greening Strategy in place. ○ Spatial Development Framework has been developed and is in place. ○ Climate change Strategy in place.	
OPPORTUNITIES	THREATS
○ There is one airport and a couple of land strips in the municipal area. ○ Economic node to the North-Eastern parts of the Province ○ The R34 Provincial Main Road passes through Empangeni towards Melmoth. ○ There are two primary nodes in the municipal area i.e. Richards Bay and Felixton. ESikhaleni is an emerging primary node. ○ Coastal Dunes contain heavy minerals that are sought after for mining.	○ Distance from major economic node in the province ○ The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time. ○ An increasing trend in the frequency of cyclonic activity has been observed. ○ Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise. ○ Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions. ○ The area is characterized by a complex hydrology and climate change would therefore have an impact on water resources in the area.

7.11 Disaster Management

7.11.1 Status of Municipal Institutional Capacity

Disaster Management Framework

The City of uMhlathuze Disaster Management Framework is essential to ensure an efficient and effective disaster management effort in its area of jurisdiction. The Disaster Management Framework also has to ensure that all role players in the disaster management arena (including Government, None-Government Organizations, Traditional Authorities and the Private Sector) work together in a coherent and coordinated fashion to prevent and or mitigate the occurrence of disasters.

Disaster management bylaws are in the process of being adopted by Council. Bylaws have to be promulgated to give effect to the provisions of Council's Disaster Management Framework. These bylaws will be aimed at ensuring public safety before, during and or after the occurrence of a catastrophic event.

Disaster Management Plan

The City of UMhlathuze is in a process of developing a new Disaster Management Plan for 2018. The municipality took an approach to begin with the Disaster Management Framework and thereafter the plan will be developed.

Disaster Management Center

The focal point of all efforts in disaster risk management lies in the Disaster Management Center. The center is required to fulfill numerous important disaster risk management functions; namely planning, resource management, reporting etc. The City of uMhlathuze is utilizing the Fire Station as the base of its disaster management center.

The disaster management unit is strategically placed at the fire station to meet all the requirements of the disaster management center, as most of such are readily available.

The City of uMhlathuze shall entirely execute, facilitate and promote an integrated, coordinated and uniform approach to the disaster management continuum (prevention, mitigation and recovery) in its area of jurisdiction. This disaster management approach involves and will take cognizance of national, provincial and municipal organs of state, statutory functionaries, private sector, communities and other role players involved in disaster management.

Disaster Management Advisory Forum

UMhlathuze Municipality has established and has a fully functional Disaster Advisory Forum as per the requirements of the ct. This is a body in which the municipality and

other disaster management role-players consult one another and coordinate their actions on matters relating to disaster management within the area of jurisdiction of the municipality. At least the following persons/organizations serve on the above forum:

- Head of District Disaster Management Center
- Representatives of line function departments in the municipality
- Traditional leaders
- Councilors responsible for disaster management
- Non-Governmental Organizations (NGOs)
- Community Based Organizations (CBOs)
- Private Sector E.g. Chamber of Business
- Institutions that can provide scientific and technological advice

The roles and functions of the Disaster Management Advisory Forum can be summarized as follow:

- To be the point of coordination for all the role players.
- To facilitate cooperation amongst disaster management role-players.
- To develop the capacity and understating about disaster management amongst the key role- players.
- To develop resources sharing arrangements around financing including the delivery of emergency services and responding to emergencies or disasters.
- To report to key-stakeholders including the municipal council, district municipality, provincial and national government of matters of disaster management.

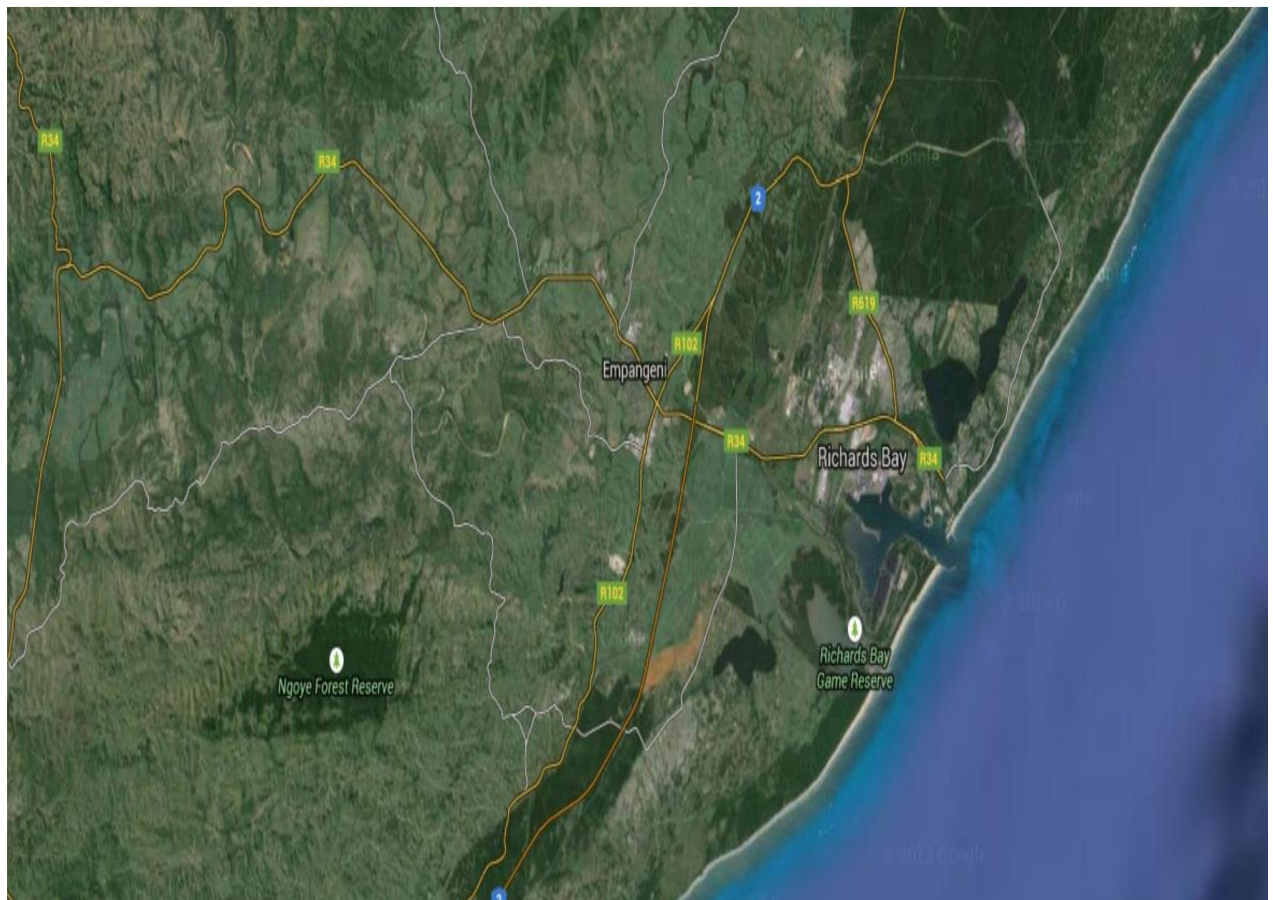
7.11.2 Disaster Risk Assessment

Table 18: Priority Risks.

Risks	Areas Of Occurrence	Frequency	Magnitude	Early Warning	Capacity	Level of Risk
Piet Fires	Ward 1,3,4 plantation	Throughout the year	5% plantation	Uncontrolled burnings	82% fire services	
Veld Fires		Once in a year, 2 or 3 days	60% open field and plantation	Weather services, wind speed, dry veld, fire danger index	82% fire services	
Structural Fires	Nseleni, ESikhaleni, Ndabayakhe, Ngwelezane, Dumisani Makhaye	Throughout the year	45% households and other buildings	Load shading, illegal electric connections, unmonitored used of candles	82% fire services	
Vehicle Accidents	N2 and John Ross Highway	Throughout the year		Over speeding, reckless driving, un-road worthy vehicles	Fire services, traffic officers, EMRS, SAPS	

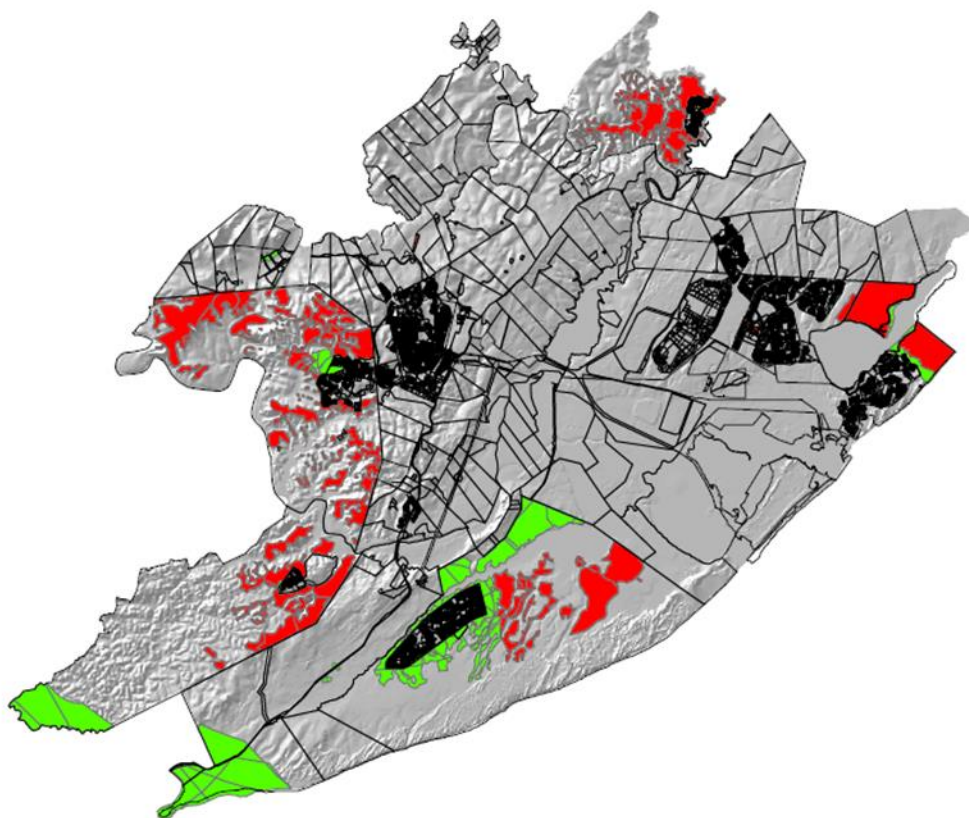
Risks	Areas Of Occurrence	Frequency	Magnitude	Early Warning	Capacity	Level of Risk
Flooding	ESikhaleni, Nseleni, Mabuyeni, Matshane, Ngwelezane	During heavy rains		Weather services, blocked drains, uncleaned water drainage, water measuring poles	Fire and rescue, Environmental Health, SAPS, EMRS, Agriculture, storm water and rural roads, clinics	
Strong Winds	Matshane, Ndabayakhe, ESikhaleni, Nseleni, Niwe, Empangeni, Richards Bay		70%	Weather services		
Air Pollution	Richards Bay industries, Nseleni, Bay Stone, Felixton	Throughout the year	30%	Smoke, smell, dust		
Illegal Dumping	Richards Bay open velds, eSikhaleni, Nseleni, eMpangeni,	Throughout the year	40%	High grass and tree next to the settlements		
Draught	Entire uMhlathuze	Severe climate change	78%	Severe heat, dry rivers and dams, no rain		
Epidemics	Close to the rivers and contaminated foreigners with diseases from other countries	When there is an out-break	70%	News, number of casualties		
Crime	House breakings. Rape, Hijackings, Arm robbery	Throughout the year	55%	Level of unemployment and poverty, rate of school leavers and substance abuse, hide away places		

Map 10: Hazards Map



Map 11 : Disaster Management Vulnerability Map

Legend



7.11.3 Disaster Risk Reduction

Hyogo framework of action as a planning tool

The hyogo framework of action with 5 priorities can be utilized as a planning tool for disaster risk reduction. There five priorities for the hyogo framework of action are as follows:

- Governance – ensuring that risk reduction is a national and a local priority with strong institutional basis for implementation.
- Risks Identification- identifies, assesses and monitors disaster risks and enhances early warnings.
- Knowledge- use knowledge, innovation and education to build a culture of safety and resilience at all levels.
- Reducing underlying risk factors.
- Strengthen disaster preparedness for effective responses.

The table below provides for the annual implementation for plan for the Disaster Management Services.

Table 19 : Disaster Management Programmes

NATIONAL KPA	MUNICIPALITY'S AREA OF FOCUS	ROJECTS/ PROGRAMMES	RELEVANT HYOGO FRAMEWORK FOR ACTION	INDICATOR
MAXIMIZE DISASTER REDUCTION	Conduct a Comprehensive Disaster Risk Assessment in the municipality's area of jurisdiction	Appointment of a Service Provider to Conduct a Comprehensive Disaster Risk Assessment and put measures in place to monitor risks	Risk Identification, Assessment and Enhance Early Warnings	Comprehensive document with prioritized disaster risks, communities at risk and the same included in the disaster management Plan
	Enhance Early Warning Systems	Dispatch Early Warnings to Community Level		Identified Community Members to which early warnings can be dispatched
	Promote Risk Reduction	Conduct Disaster Management Community Awareness		Number of Communities/ people attended the awareness
		Increment of Grant in Aid Budget	Strengthen Disaster Preparedness for Effective Response	Relief Procured
		Development of a Standardized Industrial Emergency guideline for Emergency Plans		Document Presented to Industries and Submitted to Council for Approval
		Review and Update Disaster Management Plan on quarterly basis		Updated plan with latest information
		Coordinate Emergency Drills or Exercises		Number of Emergency Exercises held
		Procurement of Disaster Management Promotional Material including schools guides	Use Knowledge, Innovation and Education to build a culture of safety and Resilience at all levels	Promotional material dispatched and Number of people benefited including schools
		Commemoration of International Disaster		Communities, Schools, Private Sector, Government

		Management		Departments, NGOs and all other stakeholders converging together and emergency services showcasing

7.11.4 Disaster Response and Recovery

- City of uMhlathuze Compiled standard operating procedures (SOPs)
- City of uMhlathuze will ensure that all response personnel are trained in the standard operating procedures.
- City of uMhlathuze will ensure that rehabilitation and reconstruction plans relating to the primary activities of the specific/department/municipal entity are developed in line with disaster risk management plans.
- The Municipality has a fully operational twenty-four-hour call centre and a disaster management centre
- The municipality has Fire stations in Richards Bay, eMpangeni. ESikhaleni Fire station is currently under construction.

7.11.5 Training and Awareness

Communication and stakeholders' participation on disaster management issues in the City of uMhlathuze will be executed through a consultative process, education, and public awareness initiated by the Disaster Management Center. This will take into consideration the municipality's strategy on community participation.

The City of uMhlathuze is committed in ensuring that, during risks identification and prioritization, information management and dissemination processes there-of, directly acquire and involve indigenous knowledge through community leaders and community structures representatives.

Currently awareness is conducted through PIER [Public Information Education and Relation] Some of the public awareness activities include,

- School/ public awareness campaigns on Basic Fire Fighting and Disaster Management

7.11.6 Funding Arrangements

The City of uMhlathuze shall endeavor to budget for identified projects and programmes for disaster management with the effort of complying with its Disaster Management Framework as well as the statutory documents as required.

7.11.7 Municipal Cross-Boundary Cooperation

According to the new dispensation of wall- to- wall municipalities clearly indicating that, there is no land that does not fall under a municipal area, it is of paramount to understand that, disasters know no boundaries and as a result a strategy in a form of a

memorandum of understanding is crucial to ensure cooperation amongst neighbouring municipalities during disasters.

7.12 Business Continuity Management

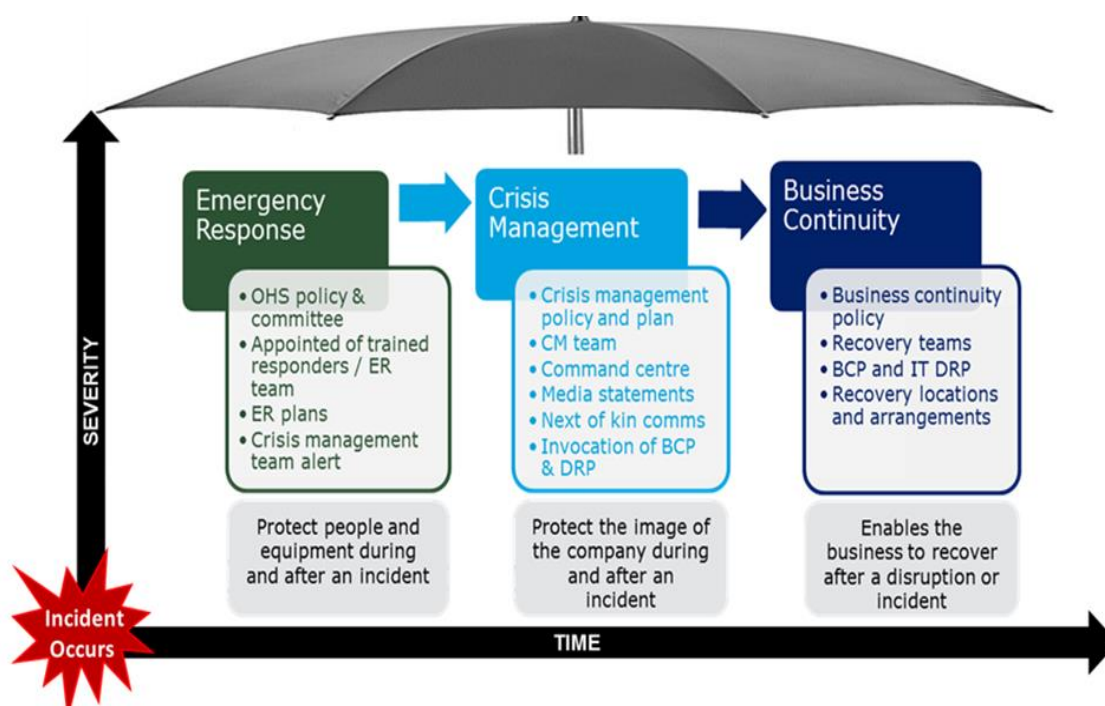
In the event of a material disruption to its critical activities, the City of uMhlathuze is committed to ensuring the continuity of the Municipality by:

- Ensuring the safety and wellbeing of its employees, contractors and visitors
- Protecting the wellbeing of the environment and society in which the Municipality operates
- Minimising the adverse impact of the disruption to the Municipality's operations
- Ensuring continuity of the critical processes to a predefined, acceptable level.

To achieve this, uMhlathuze has integrated Business Continuity Management (BCM) as an essential part of its day-to-day operations. The Municipal Manager has established a BCM policy to provide the framework around which uMhlathuze's BCM capability and programme are designed and built.

An overview of Business Continuity and when it comes into practice is depicted in the diagram below:

Figure 5: BCM Overview



The objectives of uMhlathuze's BCM programme are to:

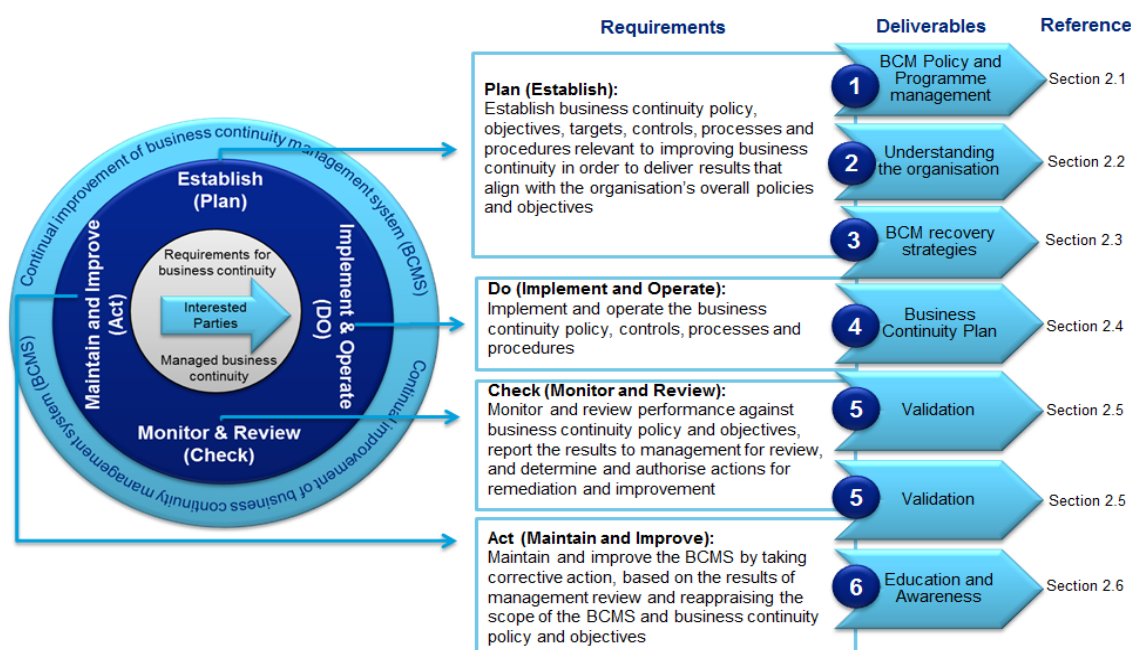
- Protect the Municipality, including its staff and stakeholders, by minimising the impact of a material disruption to critical activities, ensuring continuation of service delivery to the community
- Understand and communicate the recovery needs of the Municipality and ensure an appropriate recovery capability is provided

- Recover the Municipality in a planned and controlled manner, meeting the requirements of the municipality and complying with applicable laws, contracts, regulations etc.
- Ensure that Business Continuity is an essential part of municipal planning and development
- Maintain staff, customer and stakeholder contact and confidence.

A strategy to achieve policy objectives was approved by Council together with the policy, and it is within this architecture that Council undertook a two-year project to establish a Business Continuity Plan for the Richards Bay Civic Centre as phase one of the roll out. The reasoning behind commencing with this building is that it is the main centre of engagement with the public as well as the management hub of the organisation.

In line with the International Standards Organisation (ISO) 22301 standard and the Business Continuity Institute's (BCI) Good Practice Guideline (GPG) 2013, the BCP Project structure assumed the following form:

Figure 6: BCM lifecycle (left) and project phases (right)



At the time of reporting, all Business Continuity Plans were in place and validated, and the project was nearing completion and at the stage of closeout. Due to the complex nature and high level of involvement required to complete Business Continuity Plans for the Richards Bay Civic Centre as a point of departure, further project phases will include the establishment of plans for all Council Buildings, subject to resource availability.

7.12.1 Disaster Management: SWOT Analysis

STRENGTHS	WEAKNESSES

- o Disaster Management Framework in place - o All role players in the disaster management arena (including Government, None-Government Organizations, Traditional Authorities and the Private Sector) work together to prevent and or mitigate the occurrence of disasters - o Disaster Management Bylaws aimed give effect to the provisions of Council's Disaster Management Framework. - o Disaster Management Advisory Forum in place	- o Efficient provision of disaster management services reliant on ongoing cooperation between all role players in the disaster management area - o lack of resources such as appointment of support of staff and equipment - o Lack of capacity to adequately handle all kinds disaster related incidents - o Poor coordination between departments to respond to disaster situations - o Inadequate communication platforms for disaster alerts and responses
OPPORTUNITIES	THREATS
- o Existing disaster management center located at the Fire Station - o Potential growth in terms of expanding and economical - o Collaboration with the private sector and government departments - o Training and activation of community based disaster management volunteers - o Improving human settlement planning in collaboration with traditional institutions - o Fully functional disaster management center - o Institutionalization of business continuity –disaster recovery plan	- o The location of the municipality on the coastline and its proximity to shipping routes present numerous natural marine and coastal threats. - o Due to the deep-water port in Richards Bay, the City is a choice location for heavy industries that inevitably present a range of human-induced disaster risks. - o The settlement of communities in disaster high risk areas - o Draught and inclement weather

8. DEMOGRAPHIC CHARACTERISTICS

8.1 Demographic Indicators

8.1.1 Population and Household Numbers

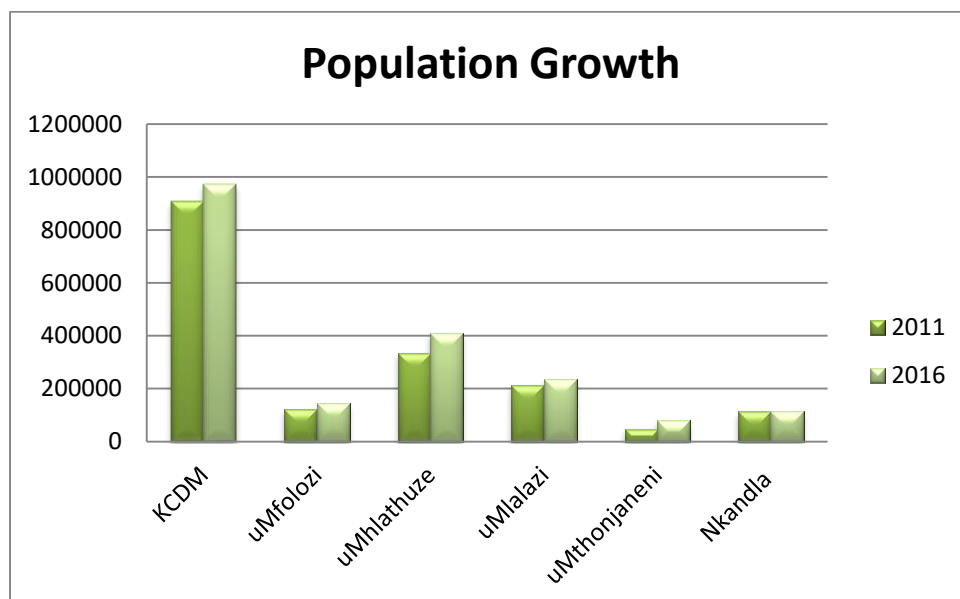
UMhlathuze Municipalities is located in King Cetshwayo District. The population increase in King Cetshwayo District, broken down per municipality is indicated in the table and explanatory figure herewith.

Table 20: Population Numbers

	KCDM	IMFOLOZI	UMHLATHU ZE	UMLALAZI	MTHONJA NENI	NKANDLA
2011	907519	122889	334459	213601	47818	114416
2016	971135	144363	410465	233140	78883	114284
% Growth	7,01%	17,47%	22,73%	9,15%	64,97%	-0,12%

Source: Census 2011 and Community Survey 2016

Figure 7: Population Growth



Source: Census 2011 and Community Survey 2016

the 2016 Community Survey indicates that the population of uMhlathuze Municipality has increased by just over 22% between 2011 and 2016. This increase is indicated in relation to the King Cetshwayo District Family of Municipalities, as per table 9 and Figure 4.

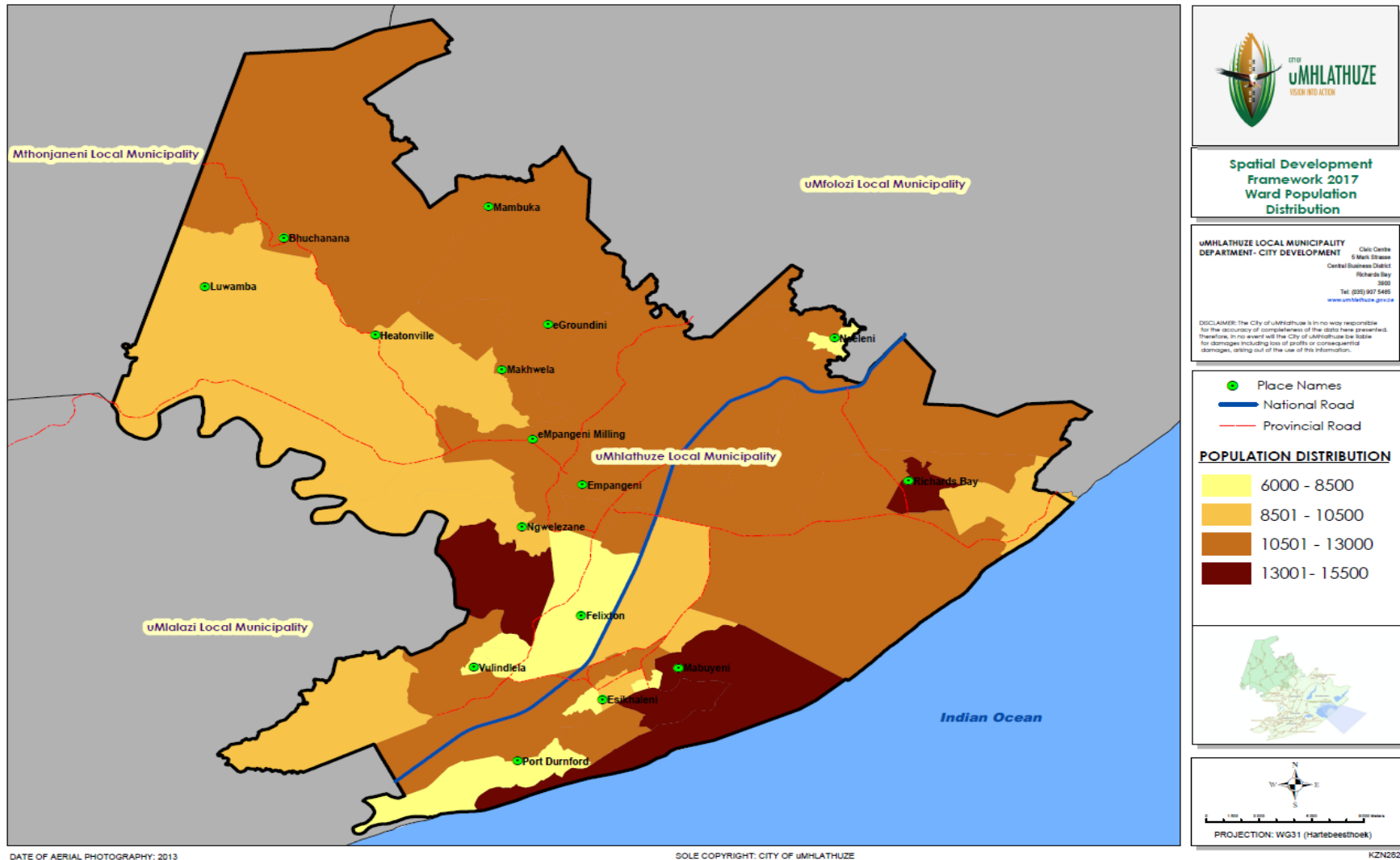
In context of the above, it has to be borne in mind that a portion of the population increase is the result of an enlarged municipal area following the inclusion of three (3) wards from the former Ntambanana post the 2016 Local Government Elections.

Population growth scenarios have been applied to the base figure from the 2016 Community Survey. Adequate data and research is not available at this time to apply an historic growth trend as the composition of the municipality, in terms of boundaries

and wards, has changed post the Local Government Elections of 2016. The following base data has therefore been used:

- A baseline population in the uMhlathuze Municipality of 410 465 people in 2016 as per the Community Survey
- A calculated household size of 3.95 as derived from 2011 census data
- A total number of 103 915 households in the municipal area derived from the above Community Survey.

Map 12: Population Distribution



Source: uMhlathuze SDF 2017

Table 21: Population Growth Scenarios from 2016 to 2030

	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024	2 025	2 026	2 027	2 028	2 029	2 030
1.5% Increase	410 465	416 622	422 871	429 214	435 653	442 187	448 820	455 552	462 386	469 322	476 361	483 507	490 759	498 121	505 593
Households	103 915	105 474	107 056	108 662	110 292	111 946	113 625	115 330	117 060	118 816	120 598	122 407	124 243	126 107	127 998
2% Increase	410 465	418 674	427 048	435 589	444 301	453 187	462 250	471 495	480 925	490 544	500 355	510 362	520 569	530 980	541 600
Households	103 915	105 993	108 113	110 276	112 481	114 731	117 025	119 366	121 753	124 188	126 672	129 205	131 790	134 425	137 114
3% Increase	410 465	422 779	435 462	448 526	461 982	475 841	490 117	504 820	519 965	535 564	551 631	568 180	585 225	602 782	620 865
Households	103 915	107 033	110 244	113 551	116 957	120 466	124 080	127 803	131 637	135 586	139 653	143 843	148 158	152 603	157 181
4% Increase	410 465	426 884	443 959	461 717	480 186	499 393	519 369	540 144	561 750	584 220	607 588	631 892	657 168	683 454	710 793
Households	103 915	108 072	112 395	116 890	121 566	126 429	131 486	136 745	142 215	147 904	153 820	159 973	166 372	173 026	179 947
5% Increase	410 465	430 988	452 538	475 165	498 923	523 869	550 062	577 565	606 444	636 766	668 604	702 034	737 136	773 993	812 693
Households	103 915	109 111	114 566	120 295	126 310	132 625	139 256	146 219	153 530	161 207	169 267	177 730	186 617	195 948	205 745

From the above, the following is highlighted:

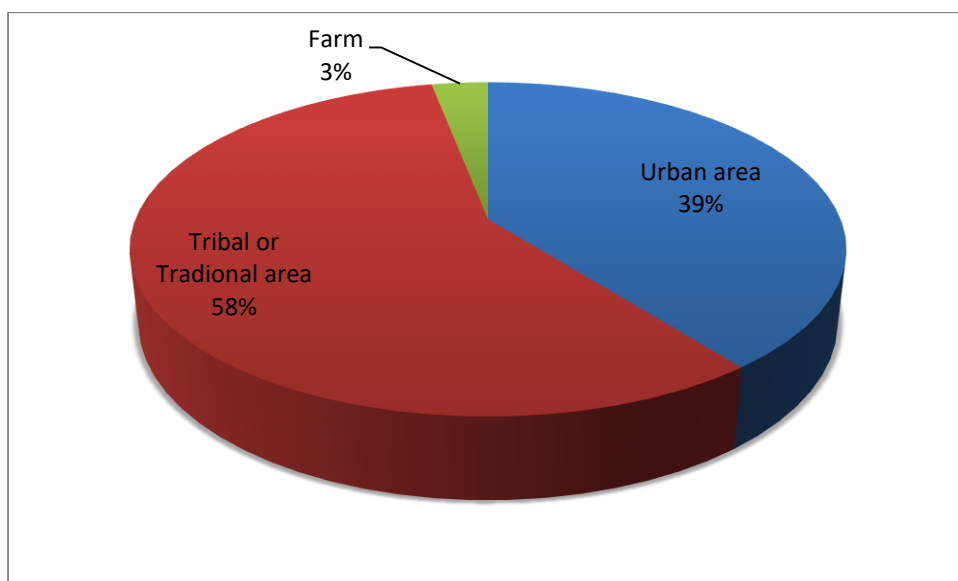
- At a steady population increase of 1,5% per annum, the municipal population will surpass 500 000 people by 2030.
- The municipality will reach a population of 500 000 before 2021 if a population growth rate of 5% takes place over the next few years.
- At such a 5% per annum population growth rate the number of households in the municipality will double b

Table 22: Household Numbers and Sizes

Ward	Number	Households	Size
1	12146	3406	3.57
2	12255	3931	3.12
3	9058	2586	3.50
4	12473	2941	4.24
5	15564	3391	4.59
6	12544	3549	3.53
7	5895	2232	2.64
8	5136	1815	2.83
9	13558	4317	3.14
10	11311	2513	4.50
11	9130	1513	6.03
12	8574	1963	4.37
13	14928	2688	5.55
14	12316	3263	3.77
15	12251	3064	4.00
16	7801	1878	4.15
17	10462	3346	3.13
18	14887	2880	5.17
19	12019	2983	4.03
20	8551	2488	3.44
21	6950	1931	3.60
22	9181	1960	4.68
23	10704	3323	3.22
24	18332	4371	4.19
25	13870	3162	4.39
26	11524	2909	3.96
27	8874	2673	3.32
28	7441	2355	3.16
29	15368	3368	4.56
30	11360	3915	2.90
31	9820	2074	4.73
32	9474	1586	5.97
33	10707	1941	5.52
	364464	92315	3.95

Source: Census 2011

Figure 8: Geo Type



Source: Census 2011

A total population of 58% resides within Tribal areas, followed by Urban Area where 39 % of the total population resides, thirdly is small percentage of the population of 3 % resides in Farm Land. The municipality has a huge area, classified as tribal. It is therefore important that programs like Rural Development are fully employed by the municipality in order to improve service standards in those areas. Further it is important that a municipality maintains a good relationship with traditional leaders within uMhlathuze, so that service delivery will not be comprised.

8.1.2 Population Gender Breakdown**Table 23: Population and Gender per Ward**

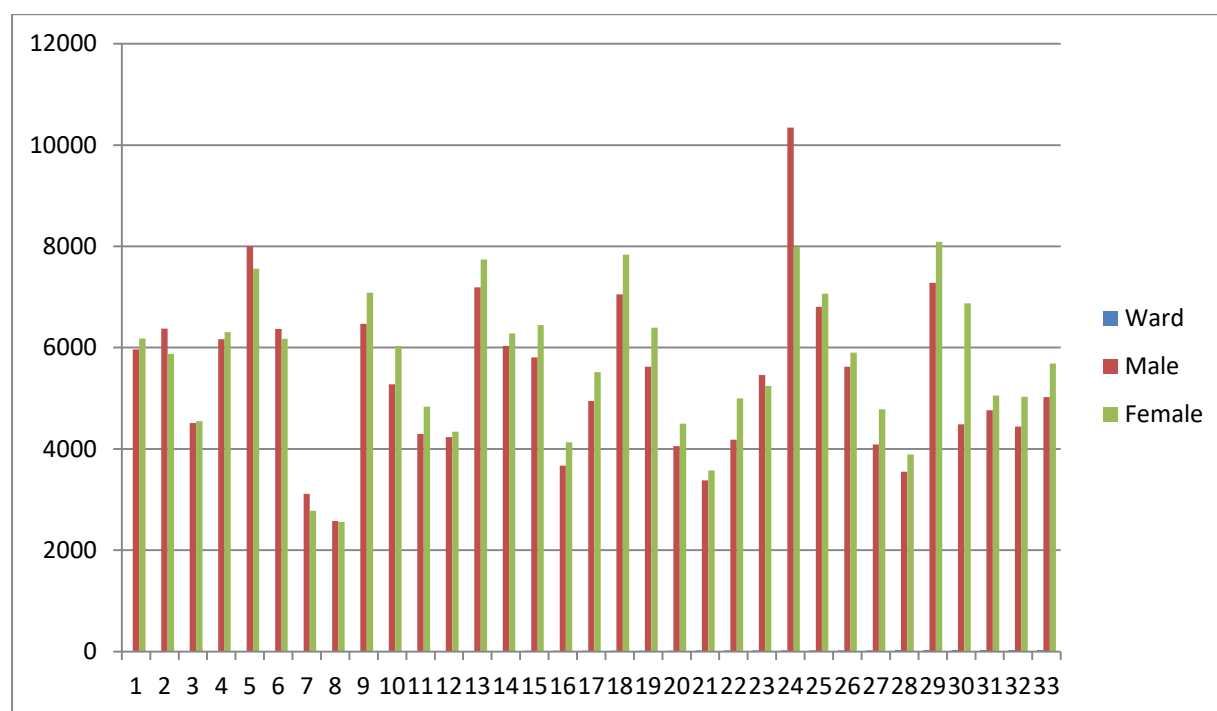
Ward	Male	Female	Grand Total
1	5966	6179	12145
2	6377	5877	12254
3	4510	4548	9058
4	6168	6304	12472
5	8003	7560	15564
6	6371	6173	12544
7	3116	2780	5896
8	2577	2559	5137
9	6473	7085	13558
10	5277	6033	11310
11	4295	4836	9131
12	4234	4341	8574
13	7190	7738	14928
14	6033	6283	12315
15	5808	6444	12252
16	3669	4132	7801
17	4949	5514	10463
18	7050	7837	14887
19	5626	6394	12020
20	4055	4497	8552
21	3377	3573	6950
22	4180	5001	9181
23	5461	5242	10703
24	10346	7985	18331
25	6804	7067	13871
26	5622	5901	11523
27	4090	4783	8873
28	3550	3890	7440
29	7281	8086	15367
30	4485	6874	11359
31	4767	5052	9819
32	4443	5031	9474
33	5022	5688	10710
TOTAL	177175	187287	364462

Source: Census 2011

The municipal wards that have the highest population numbers are wards 5, 13, 18, 24, 25 and 29.

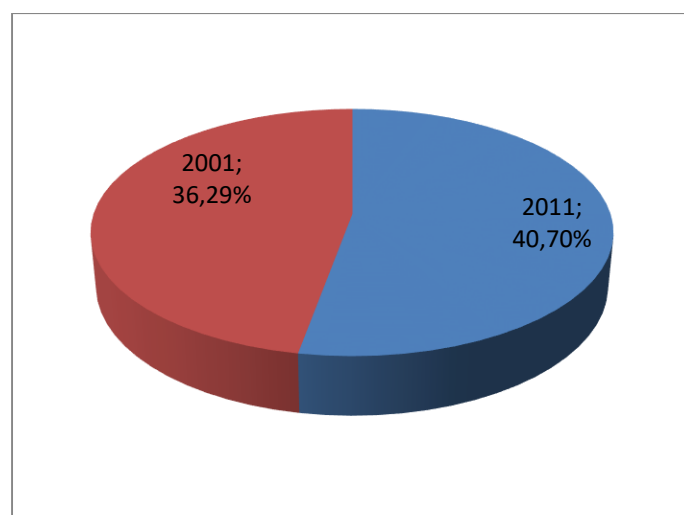
In line with national and provincial trends, there are more females than males in the Municipality, i.e. 187 287 females and 177175 males. The wards where the number of males is higher than the number of females are wards 2, 5, 7, 8, 23 and 24. It is possible that single males live in these wards and are employed in the municipal area and that their families live elsewhere.

Figure 9: Gender Breakdown per Ward



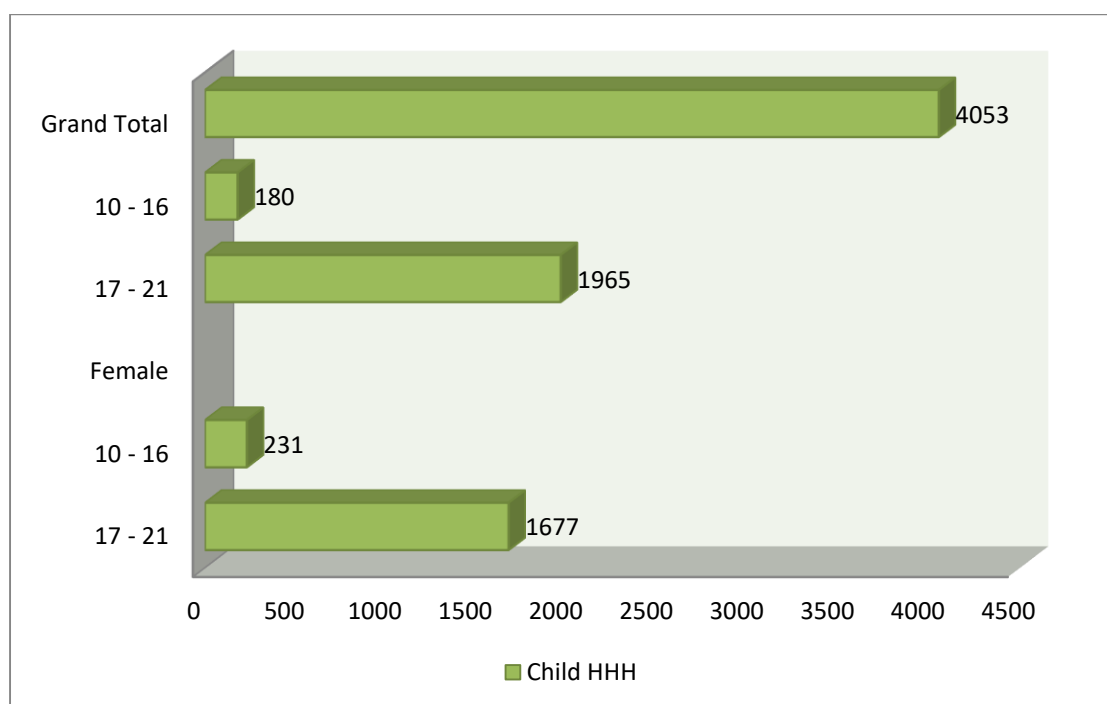
Source: Census 2011

Figure 10: Female Headed Households



Source: Census 2011

The number of Female headed Households has increased from 2001 from 36.29 % to 40.70% in 2011. This can be attributed by many factors including the high level of divorce cases, and the fact that more women are becoming more independent.

Figure 11: Child Headed Households

Source: Census 2011

About 5 % of uMhlathuze Households are Child and Adolescent Headed Households. The needs of these children are complex, many and diverse. Of importance are their rights that are compromised. According to Jacobs (2005)¹, Smart (2003)², and UNICEF (2003)³, these children are often found to be fulfilling parenting roles and tasks like household chores, helping siblings with homework, providing emotional support, taking care of ill parents and providing spiritual guidance to family and sibling. They are vulnerable to all types of abuse because the family environment that served as a safety net has been eroded. The children are at risk of contracting HIV/AIDS and suffer psychological instability. They are often poor; they live in poor conditions and are exposed to hard labour. They are at risk of poor education as they quite often lack money to pay for their schooling or that of their siblings. Other risks are unemployability because of poor education and lack of skills; disease; prostitution; crime; pregnancy; poor or no shelter and no knowledge about their rights. They are exposed to emotional trauma, as they may have to cope with multiple losses in the form of death, sibling dispersal, relocation and reconstitution of the family after the death of parents.

Children in these households need shelter, clothes, food, education, access to health facilities, care giving and life skills, including coping with drugs and alcohol abuse, and protection against physical harm, sexual abuse and exploitation.

¹ Jacobs, M. 2005. *South African Child Gauge*. Children's Institute.

² Smart, R. 2003. *Policies for Orphans and Vulnerable Children: A Framework for Moving Ahead*. Policy Project.

³ UNICEF. 2003. *Working with Children in Unstable Situations*. UNICEF.

8.1.3 Age Breakdown

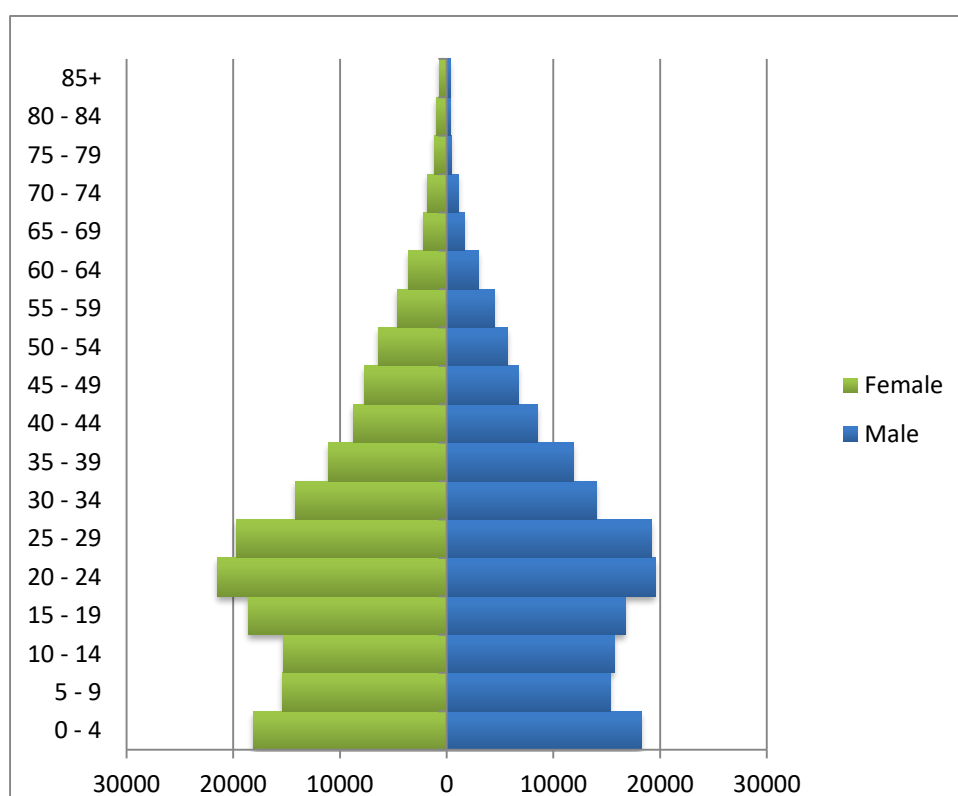
The population age cohort <15 has been declining at the district and uMhlathuze Local Municipality level while the population cohort for the 15-64 age group has shown an increase at both the district and local municipality level between 2001 and 2011. The latter could be indicative of increased perceptions of employment opportunities in the uMhlathuze area resulting in an in-migration into the area. An increase in the older age cohort (65+) is also observed between 2001 and 2011. Such could be indicative of the elderly deciding to reside in the area upon retirement or of improved health care facilities and an improved standard of living.

Table 24: Population Age Structure

	Population		Age Structure (Percentage % of Population)					
			<15		15-64		65+	
	2001	2011	2001	2011	2001	2011	2001	2011
DC28: Uthungulu	885965	907519	38.3	34.8	57.3	60.7	4.4	4.5
KZN282: uMhlathuze	289190	334459	33.0	29.3	64.2	67.5	2.8	3.2

Source: Census 2011

Figure 12: Age in Completed Years by Gender



Source: Census 2011

The Figure and the table above indicate that Municipality is dominated by a young population in terms of Age. It is imperative that the municipality develop programs and projects that will respond to youth issues. Further strategies for youth development, in terms of empowering youth in different skills must take priority in municipality's strategies. If youth is not developed and empowered, municipality will have no future leaders.

8.1.4 Life Expectancy

According to Stats SA life expectancy for females in KZN increased from 51 years (2001–2006) to 55.2 years (2006–2011), and for males increased from 45.7 years (2001–2006) to 50 years (2006–2011)

8.1.5 Education

Education levels are provided for the 2001 and 2011 census years. Comparisons are made with the levels in the country, the uThungulu District as well as the local municipalities in the uThungulu district. The following table provides a summary of the situation while more explanatory figures are provided hereafter of specific situations.

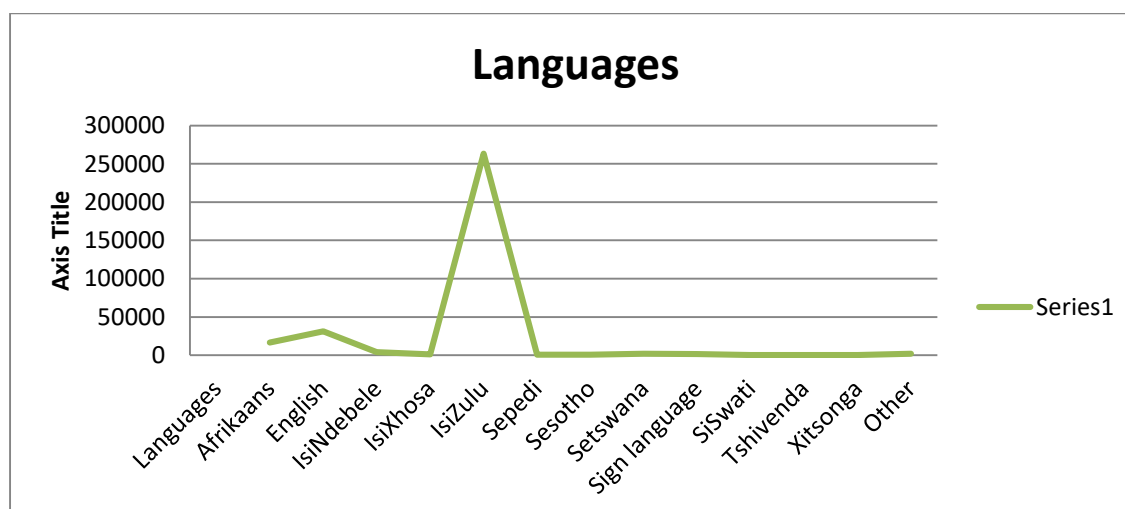
Table 25: Comparative Education Levels

	No Schooling		Higher Education		Matric		Primary Educational Enrolment aged 6-13	
	2001	2011	2001	2011	2001	2011	2001	2011
South Africa	17.9	8.4	8.4	6.7	22.1	27.8	91	93.1
DC28: Uthungulu	31.6	15.7	5.8	4.2	18.3	29.5	88.3	89.6
uMhlathuze	18.5	7.2	10.9	7.3	27.6	36.9	90.1	91.7
Nkandla	49.8	28.8	2.5	1.7	11.5	21.0	88.7	86.7
Mfolozi	29.6	14.6	2.3	1.2	14.5	30.3	89.3	88.2
Ntambanana	38.0	21.2	1.5	0.8	10.4	23.1	86.4	91.3
uMlalazi	39.2	22.5	3.5	2.9	13.2	22.9	87.0	88.9
Mthonjaneni	37.3	23.3	3.9	2.3	14.7	22.1	85.6	88.9

Source: Census 2011

Although there has been a slight increase in the primary enrolment levels at national and district level, it remains concerning that, in some instances, nearly 10% of children of school going age, are not attending school. Reasons could relate to access, affordability and other poverty related factors such as HIV/Aids for this. The number of persons that do not have any education (no schooling) has declined between 2001 and 2011 as indicted in the figure hereunder.

Figure 13: Language for Persons Weighted in uMhlathuze

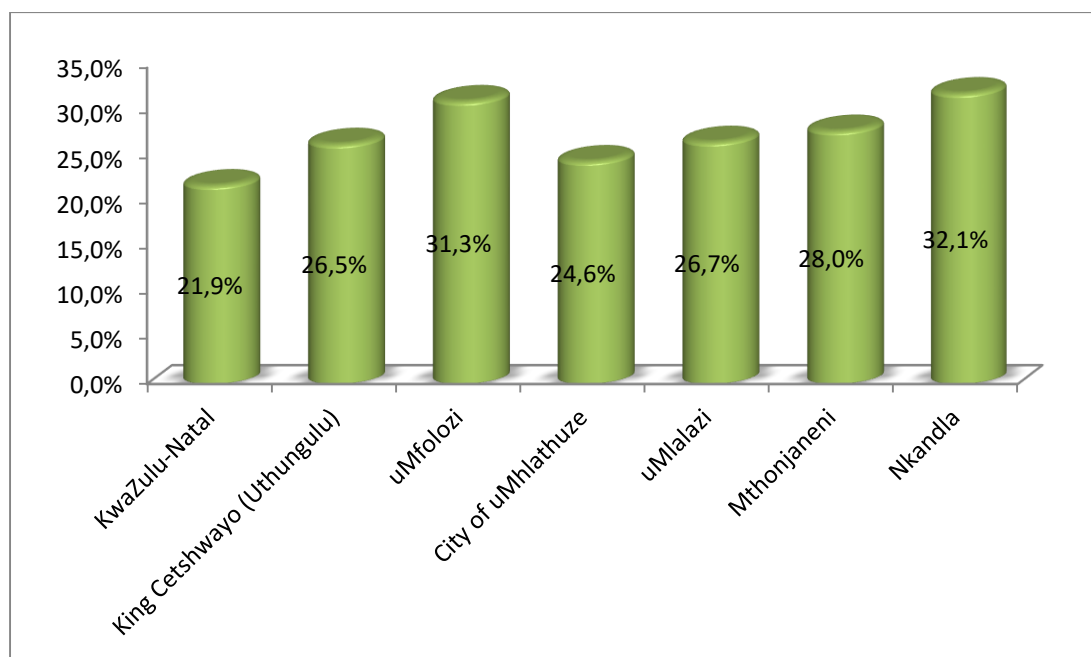


Source: Census 2011

isiZulu is the most common language in South Africa, spoken by nearly 23% of the total population. But it's a regional language, with 71.8% of its speakers to be found in KwaZulu-Natal, where it is the language of 80.9% of the provincial population. The figure above indicates that in uMhlathuze Municipality isiZulu is also a majority language spoken by 78.73% of its population. In the Second place is English spoken by 9.3 % of the total population. In third place is Afrikaans, spoken by 13.3% of the total population.

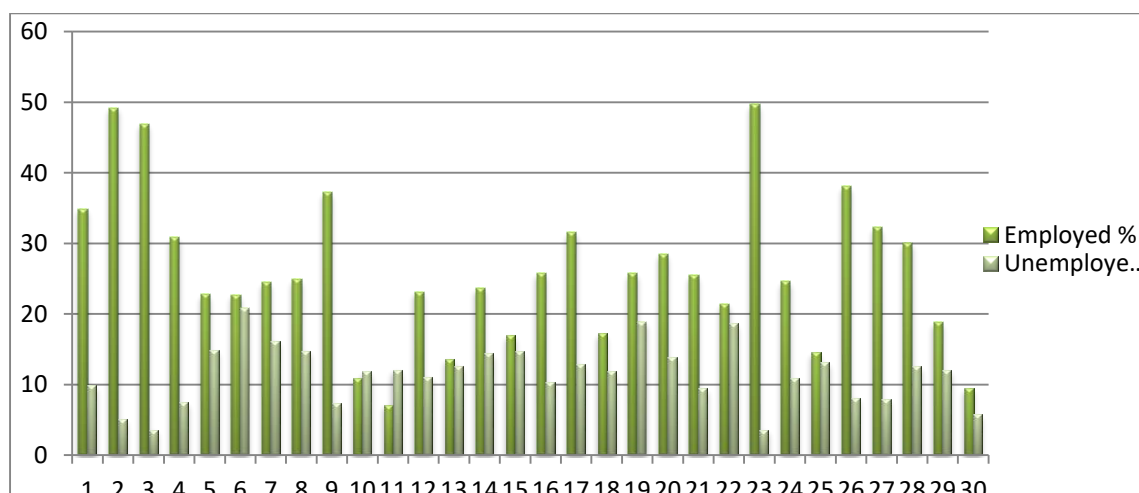
8.1.6 Employment

Figure 14: Total Employment within KwaZulu Natal



Source: Global Insights 2017 feminist

Figure 15: Percentage Employment per Ward



Source: Census 2011

The above figure and table on the left shows the percentage of persons in the respective municipal wards that are employed and unemployed. The highest percentage employment is in Ward 1, 2, 3, 9, 23 and 29. These wards largely correlate

with the developed urban areas of Richards Bay and Empangeni. Unemployment levels seem to be highest (as a percentage) in Wards 6, 19 and 22. These wards largely correlate with areas that are developing (densifying) on the urban periphery of ESikhaleni and Nseleni. With the wards to be incorporated there is positive rate of employment as compared to unemployment. The highest rate of unemployment from the wards to be incorporated is found in ward 5.

8.1.7 Income and Dependency

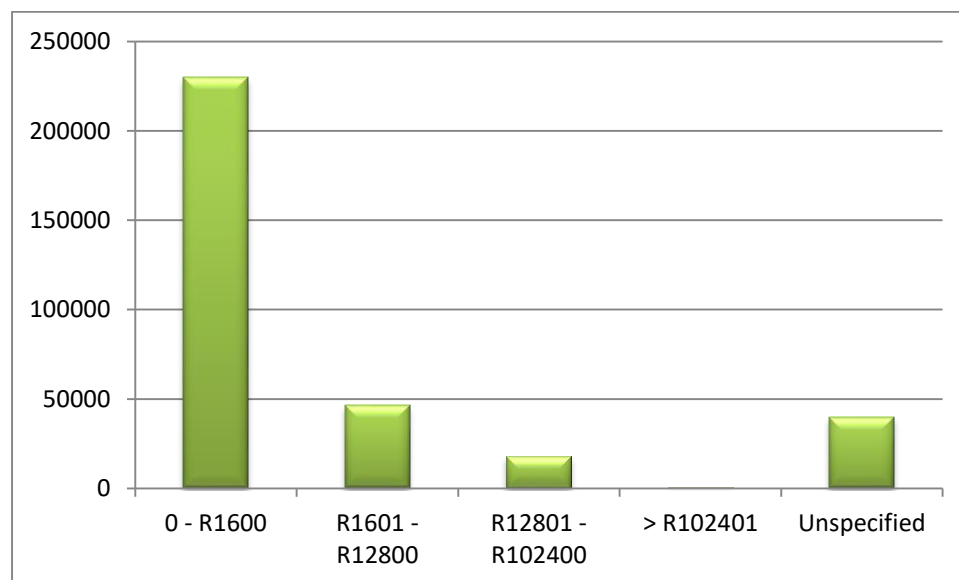
Income levels and the number of dependents have a significant impact on the ability of an employed person to meet the financial needs of his/her dependents. The following table does indicate monthly individual income levels for all 30 wards in uMhlathuze

Table 26: Individual Monthly Income at Ward Level

Wards	0 - R1600	R1601 - R12800	R12801 - R102400	> R102401	Unspecified
1	6463	2064	1552	97	1969
2	3829	2740	2507	70	3108
3	3532	2169	1706	51	1600
4	7841	1773	1356	60	1442
5	12857	1337	157	4	1209
6	10135	1377	144	12	875
7	4774	649	75	0	397
8	3926	925	60	3	223
9	7426	3054	1660	35	1381
10	7641	1364	129	4	2170
11	7886	397	42	6	800
12	6943	1002	38	6	586
13	13029	1030	110	4	756
14	9854	1513	96	3	849
15	10559	1010	110	9	563
16	6172	817	343	50	419
17	7277	1783	887	9	506
18	12036	1153	129	7	1561
19	8852	1666	684	12	807
20	6201	1501	303	13	535
21	5211	1266	226	8	238
22	6984	1084	292	2	819
23	4945	2629	1735	82	1312
24	8881	2357	946	36	6109
25	11664	1212	72	10	912
26	5930	2797	1154	14	1628
27	6013	1749	762	12	338
28	4622	1678	246	1	891
29	12832	1618	260	6	652
30	5590	592	112	13	5052
31	8277	945	63	3	531
32	8106	462	45	12	852
33	9714	420	54	3	516
Total	229905	46306	17893	639	39707

Although the above table does not indicate percentage (%) but numbers only, it still provides a clear indication of the magnitude of poverty (in respect of income levels) in the respective wards. Very high numbers of persons in Wards 5, 6, 13, 15, 18, 25 and 29 earn less than R1600 per month.

Figure 16: Monthly Individual Income in uMhlathuze



Source: Census 2011

As noted, the number of dependents on a salary has a significant impact on the ability of the salary to meet basic needs. The following table provides the official Census 2011 dependency ratios for South Africa, KwaZulu-Natal, the uThungulu District as well as the Local Municipalities in the uThungulu District.

Figure 17: Poverty Head Count

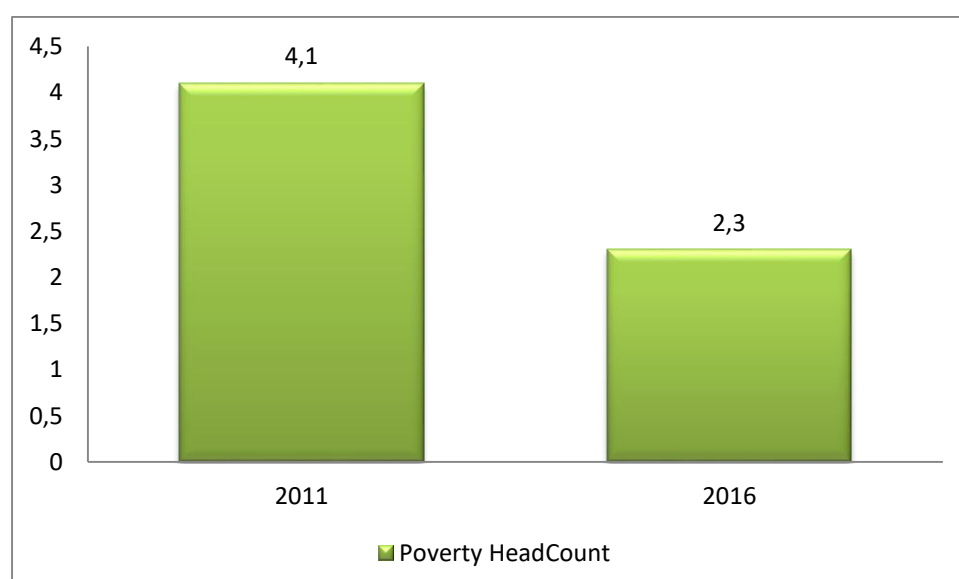
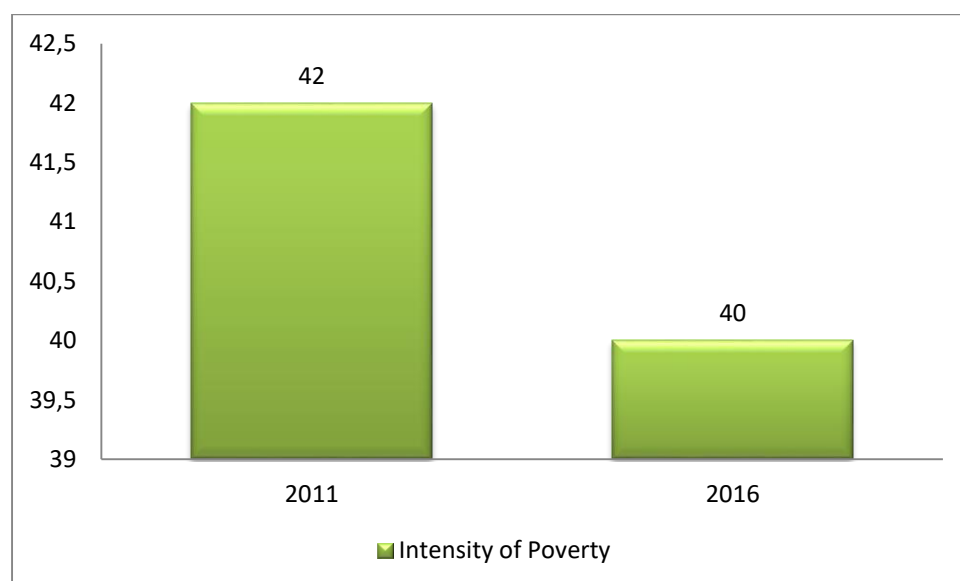


Figure 18: Intensity of poverty

There is a noticeable decrease in poverty headcount, whereas the extent of intensity of poverty remains relatively high comparatively

Table 27: Comparative Dependency Ratio

	Dependency Ratio	
	per 100 (15-64)	
	2001	2011
SOUTH AFRICA	58.7	52.7
KWAZULU-NATAL	65.4	58.5
DC28: Uthungulu	74.5	64.7
KZN282: uMhlathuze	55.8	48.2
KZN286: Nkandla	99.2	86.6
KZN281: Mfolozi	80.2	68.2
KZN283: Ntambanana	85.7	79.3
KZN284: uMlalazi	81.5	74.9

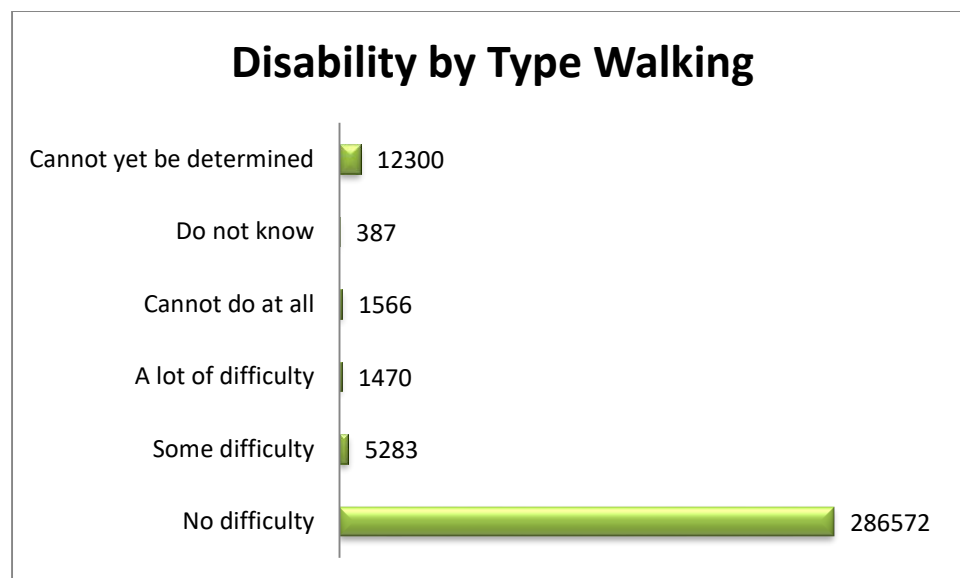
Source: Census 2011

The dependency ratio on KZN was higher in 2001 and remains higher in 2011 than that of the country. The situation is also worse in uThungulu (King Cetshwayo) than in the province. The dependency in uMhlathuze is lower than that of the country.

8.1.8 Disability by Type

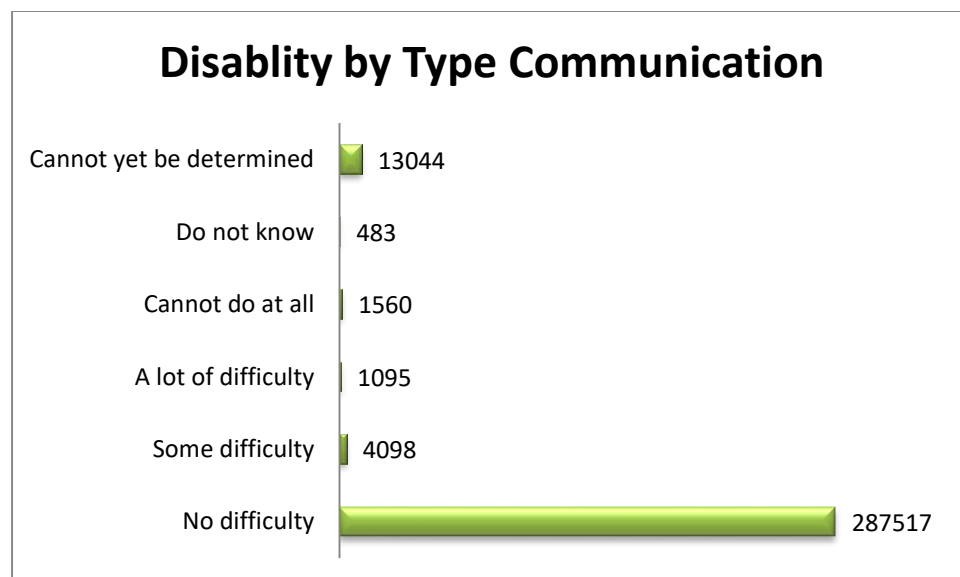
The following figures will indicate the number of people that live with different types of disabilities within in uMhlathuze Municipality.

Figure 19: Disability by Type Walking



Source: Census 2011

Figure 20: Disability by Type Communication



Source: Census 2011

Figure 21: Disability by Type Hearing

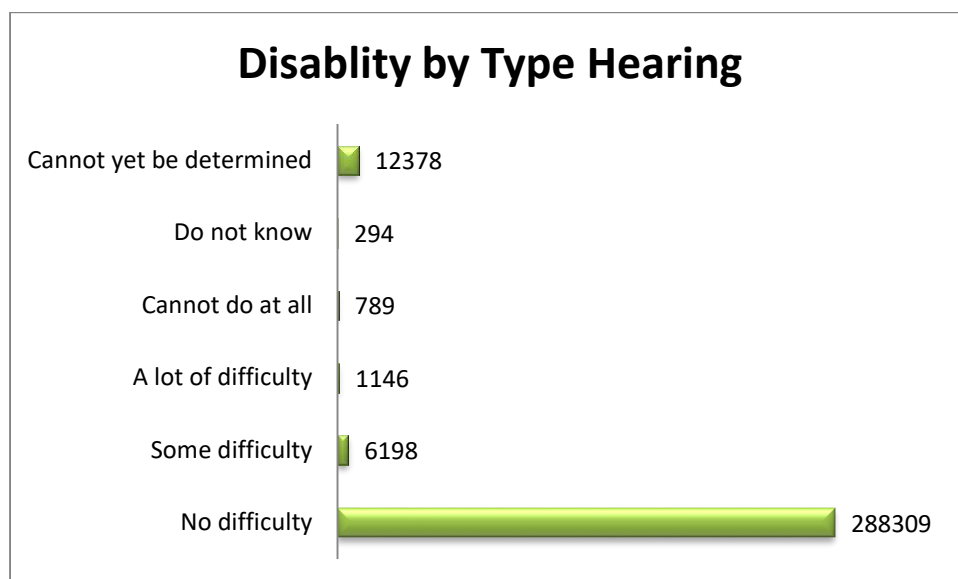
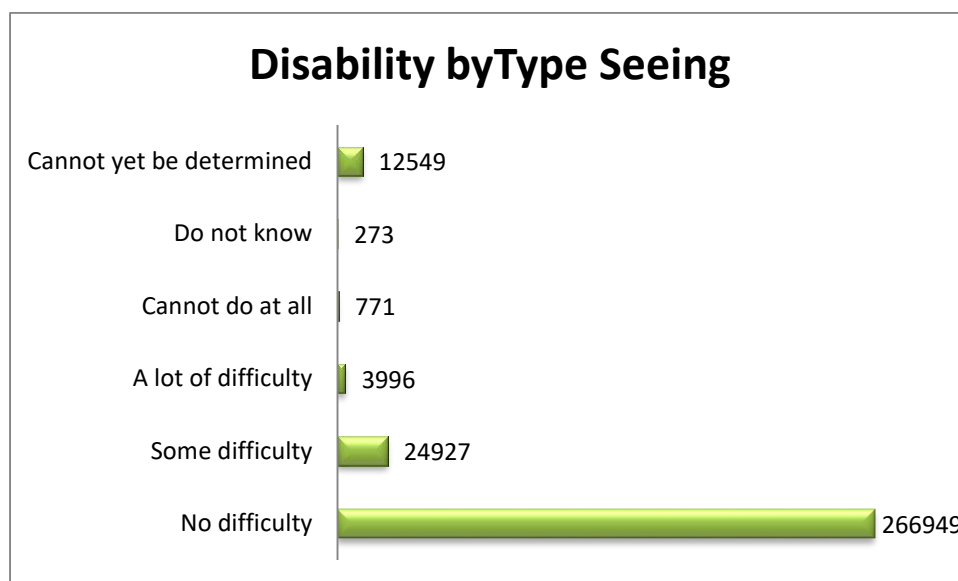


Figure 22 : Disability by Type Seeing



From the above figures it is evident that within uMhlathuze population there are people living with different disabilities. It is important therefore for the municipality in their implementations plans to develop initiatives that will support and develop people living with disabilities. In different structure of the municipality they should be represented so that they have their inputs on developmental issues considered and what challenges are they facing within the society, which must be addressed through cooperative governance initiatives by different government departments. Further uMhlathuze must consider in all their constructions, or when approving building plans that the needs of people living with disabilities must never be compromised. On Job opportunities priority should also be given to people living with disabilities, in terms of the employment equity act.

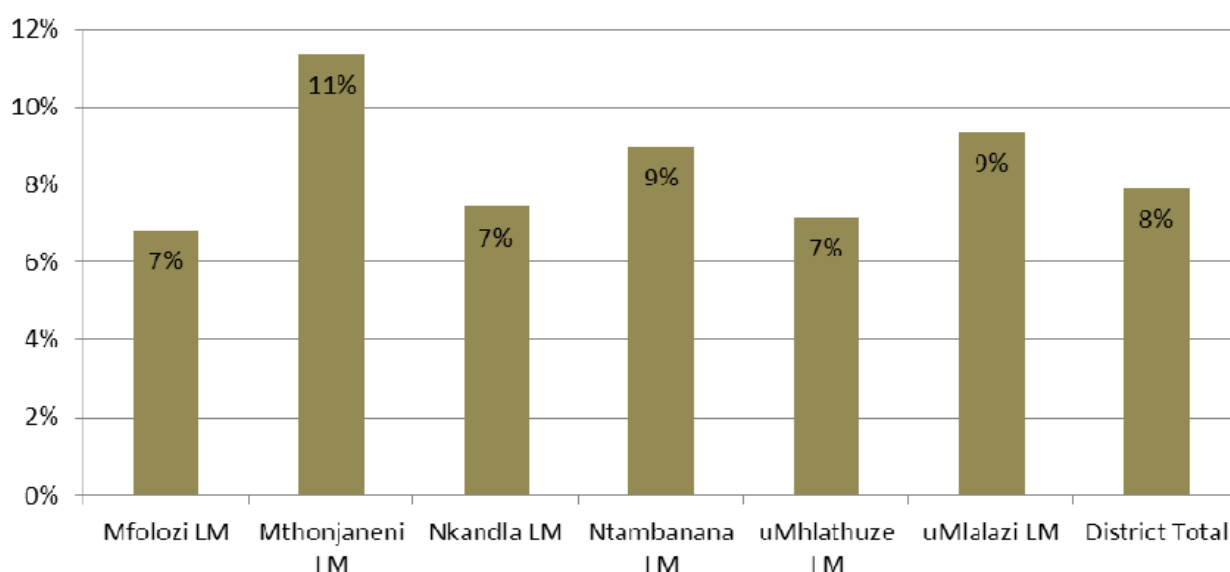
8.1.9 HIV/Aids

uMhlathuze is providing resources to the Premier's Sukuma Sakhe Programme which seeks to reduce HIV and AIDS which is also prevalent amongst young people through awareness programmes. Typical impacts of AIDS include decreased productivity of workers, increased absenteeism and additional costs of training new workers. It also represents a greater demand and pressure on health facilities and as the statistics gathered from antenatal clinics indicate a very real problem of AIDS orphans and child (minor) headed households. These factors must be taken cognizance of when devising local economic development strategies.

8.1.10 Fertility Rates/Recorded Live Births

KwaZulu Natal recorded a total fertility rate (TFR) of 2.9 children per woman in 2006 - 2011 (among the highest in the country); the second worst life expectancy (50.6 years) in the same period and the worst under- five mortality rate in 2007 (93 deaths per 1,000 live births).

The National target is 8.4%. Anything above this indicates high teenage pregnancy.



Source: 2017/2018 King Cetshwayo District IDP

8.1.11 Mortality Rates

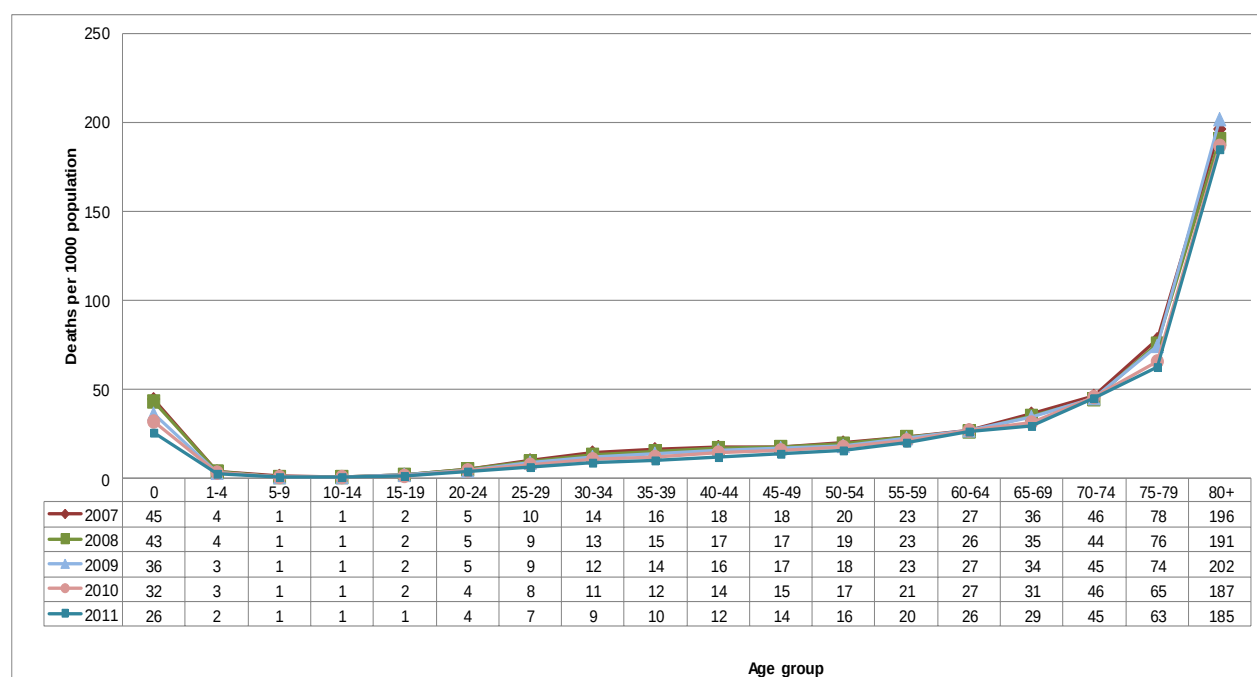
Table 28: Number of deaths by Age, Sex, Years of Dearth, 2009-2011

Age group	2010				2011			
	Male	Female	Unsp.	Total	Male	Female	Unsp.	Total
0	18 235	16 045	376	34 656	14 637	12 956	492	28 085
1-4	6 978	6 070	43	13 091	5 217	4 662	46	9 925
5-9	2 538	2 089	5	4 632	2 299	1 983	7	4 289
10-14	2 420	2 112	3	4 535	2 064	1 776	5	3 845
15-19	4 397	3 955	18	8 370	4 054	3 496	25	7 575
20-24	9 400	10 640	33	20 073	8 433	8 767	80	17 280

Age group	2010				2011			
	Male	Female	Unsp.	Total	Male	Female	Unsp.	Total
25-29	16 440	19 397	61	35 898	14 682	15 850	141	30 673
30-34	22 321	21 352	67	43 740	19 251	17 498	133	36 882
35-39	24 680	20 314	46	45 040	22 061	17 175	104	39 340
40-44	23 246	17 573	44	40 863	20 559	15 247	93	35 899
45-49	22 836	16 305	56	39 197	20 607	14 683	58	35 348
50-54	21 910	15 164	30	37 104	20 754	14 117	66	34 937
55-59	20 874	14 274	33	35 181	20 039	14 024	47	34 110
60-64	20 017	14 744	26	34 787	20 079	14 707	57	34 843
65-69	17 224	14 560	21	31 805	16 725	14 061	24	30 810
70-74	15 802	16 644	13	32 459	16 260	16 586	21	32 867
75-79	11 741	16 083	8	27 832	11 541	16 257	18	27 816
80-84	9 909	16 187	11	26 107	9 834	16 511	14	26 359
85-89	5 758	10 485	5	16 248	5 895	11 020	13	16 928
90+	4 078	10 713	8	14 799	4 325	11 259	7	15 591
Unspecifi	818	230	259	1 307	1 253	602	546	2 401
Total	281 622	264 936	1 166	547 724	260 569	243 237	1 997	505 803

Source: Statistics SA 2011

The table above and the figure below provide statistics on the number of deaths by age, sex and years of death occurrences within King Cetshwayo District Municipality. The figure above shows a decrease in the total number of deaths in the district, from 547 724 to 505 803. This could be attributed by the increase in life expectancy, further the rolling out of ARV could also be a contributing factor to such a decrease. People are also adapting to a healthy living lifestyles which improves general health. Specific programs like health awareness must be done continuously in partnership with the Department of Health of importance to note in the substantial number infants/stillborn deaths within the district. More measure must be put in place, i.e. pregnant mothers must be encouraged to attend Antenatal Care Classes, as lack of knowledge could also contribute to mothers giving birth before time.

Figure 23: King Cetshwayo District - Age Specific Death Rates by year of death 2007-2011

Source Census 2011

In terms of death's occurrence by age a group, from ages 60 upwards there is an increase in the number of death occurrences followed by ages 0-4.

Table 29: The Ten leading underlying natural causes of deaths by district municipality of death occurrence, 2011

King Cetshwayo (uThungulu)		No.	%
1	Tuberculosis (A15-A19)**	1 270	14,5
2	Influenza and pneumonia (J09-J18)	501	5,7
3	Other viral diseases (B25-B34)	462	5,3
4	Cerebrovascular diseases (I60-I69)	442	5,0
5	Human immunodeficiency virus [HIV] disease (B20-B24)	418	4,8
6	Other forms of heart disease (I30-I52)	397	4,5
7	Diabetes mellitus (E10-E14)	364	4,2
8	Intestinal infectious diseases (A00-A09)	330	3,8
9	Hypertensive diseases (I10-I15)	237	2,7
10	Certain disorders involving the immune mechanism (D80-D89)	184	2,1
	Other natural causes	3 287	37,5
	Non-natural causes	866	9,9
	All causes	8 758	100,0

Source: Census 2011

8.2 Key Findings

- The uMhlathuze and uMfolozi Local Municipalities are the only municipalities in the King Cetshwayo District that have experienced a net population increase between 2001 and 2011. Their population increase has been significant, more than 14%. The increase in the population from 1996 to 2011 has been just below 2% per annum.
- uMhlathuze is the municipality with the largest population in the district.
- At a projected population annual growth rate for uMhlathuze of 2%, the municipal population will double by the year 2050, 35 years from now. The impact of such a population increase on municipal services as well as other governmental services is very significant.
- The uMhlathuze Local Municipality has the smallest household size in the district with 3.9. This has remained the same since 2001.
- The municipal wards that have the highest population numbers are wards 5, 13, 18, 24, 25 and 29.
- In line with national and provincial trends, there are more females than males in the Municipality, i.e. 171 516 females and 162 943 males.
- The wards where the number of males is higher than the number of females are wards 2, 5, 7, 8, 23 and 24. It is possible that single males live in these wards and are employed in the municipal area and that their families live elsewhere.
- The population age cohort <15 has been declining at the district and uMhlathuze Local Municipality level while the population cohort for the 15-64 age group has shown an increase at both the district and local municipality level between 2001 and 2011. The latter could be indicative of increased perceptions of employment opportunities in the uMhlathuze area resulting in an in-migration into the area.
- Although there has been a slight increase in the primary enrolment levels at national and district level, it remains concerning that, in some instances, nearly 10% of children of school going age, are not attending school.
- It is also concerning to note with reference to the previous table that there has been a decline in the percentage (%) of persons with a higher education.
- The highest percentage employment is in Ward 1, 2, 3, 9, 23 and 29. These wards largely correlate with the developed urban areas of Richards Bay and Empangeni.
- Unemployment levels seem to be highest (as a percentage) in Wards 6, 19 and 22. These wards largely correlate with areas that are developing (densifying) on the urban periphery of ESikhaleni and Nseleni.
- Very high numbers of persons in Wards 5, 6, 13, 15, 18, 25 and 29 earn less than R1600 per month.
- The dependency ratio on KZN was higher in 2001 and remains higher in 2011 than that of the country. The situation is also worse in uThungulu than in the province. The dependency in uMhlathuze is lower than that of the country.

9. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT ANALYSIS

PGDS GOAL: HUMAN RESOURCE DEVELOPMENT

9.1 Municipal Powers and Functions

A municipality has the functions and powers assigned to it in terms of Sections 156 and 229 of the Constitution. Chapter 5 of the Local Government: Municipal Structures Act, 117 of 1998 clearly defines those functions and powers vested in a local municipality, notably:

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

In setting out the functions of a Local Municipality, the Municipal Systems Act indicates that the Minister responsible for Local Government may authorize a Local Municipality to perform the following functions of a District Municipality. The uMhlathuze Municipality performs the following:

- o Potable water supply systems
- o Bulk supply of electricity
- o Domestic waste-water systems
- o Sewage disposal systems
- o Municipal Health Services.

More specifically, the objectives of local government are: -

- o Air and Noise Pollution
- o Building, Trading Regulations, Liquor and Public, Nuisance Control
- o Fire Fighting Services
- o Pounds
- o Public Places
- o Refuse Removal, Refuse Dumps and Solid Waste
- o Street Trading
- o Street Lighting
- o Traffic and Parks
- o Electricity Reticulation
- o Cleansing and Trade Areas
- o Beaches and Amusement Facilities
- o Billboards and Display of Advertisements in Public Places
- o Cemeteries, Funeral Parlours and Crematoria

- Licensing, Facilities for Accommodation, Care and Burial of Animals
- Fencing and Fences
- Local Amenities
- Local Tourism
- Municipal Airports
- Municipal Planning
- Municipal Public Transport
- Storm Water Management
- Local Sport Facilities
- Markets Stalls / Trade Areas
- Municipal Abattoirs
- Municipal Parks and Recreation

9.2 Municipal Transformation

9.2.1 Employment Equity Plan

uMhlathuze Municipality has an Employment Equity Plan which was Adopted in 2013 and will be in implementation until the year 2018. The main objective of the Employment Equity Plan is mainly on achieving transformation and equality in the workplace by promoting equal opportunity and fair treatment in the employment through the elimination of unfair discrimination, through the EEP Council further commits itself to implement affirmative action measures to redress the historical disadvantages in employment as a result of the apartheid legacy which restricted members of the designated groups from entry to employment, advancement or development of such.

The number and levels of employees from designated and non-designated groups (as at February 2018) is provided in the following table:

Figure 24: Designated and Non-Designated Employment Numbers and Levels as at February 2018

OCCUPATIONAL LEVEL	LEVEL	VACANT POSTS	MALE								FEMALE								PERSONS WITH DISABILITIES			FOREIGN NATIONALS		TOTAL POSITIONS FILLED	TOTAL POSITIONS PER LEVEL
			AFRICAN		COLOURED		INDIAN		WHITE		AFRICAN		COLOURED		INDIAN		WHITE		MALE	FEMALE	NUM GOAL PWD	MALE	FEMALE		
			CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL							
TOP MANAGEMENT	26	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	23	1	3	2.52	0	0.12	0	0.42	0	0.18	3	2.28	0	0.12	0	0.24	0	0.12	0	0	0	0	0	6	6
TOTAL		1	4	3.52	0	0.12	0	0.42	0	0.18	3	2.28	0	0.12	0	0.24	0	0.12	0	0	0	0	7	7	
SENIOR MANAGEMENT	22	5	7	7	0	0	1	1	1	0	1	5	0	0	0	0	0	0	0	0	0	0	10	13	
	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	19	14	14	22	0	0	0	6	5	0	8	20	0	0	0	3	5	0	0	0	0	1	0	33	51
	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		19	21	29	0	0	1	7	6	0	9	25	0	0	0	3	5	0	0	0	0	1	0	43	64
PROFESSIONALLY QUALIFIED & EXPERIENCED SPECIALISTS / MIDDLE MANAGEMENT	17	7	14	13	0	0	2	2	1	1	5	9	0	0	0	1	0	0	0	0	0	1	0	23	26
	16	7	8	8	0	0	0	2	1	0	0	7	0	0	1	1	1	0	0	0	0	0	0	11	18
	15	22	21	29	0	0	3	6	3	2	17	25	1	0	1	2	7	0	0	0	2	0	0	53	64
	14	0	1	2	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	3
TOTAL		36	44	52	0	0	5	10	5	3	22	42	1	0	2	4	8	0	0	0	2	1	0	88	111
SKILLED TECHNICAL & ACADEMICALLY QUALIFIED / JUNIOR MANAGEMENT / SUPERVISORS / FOREMAN / SUPERINTENDENTS	13	2	3	4	0	0	0	1	1	0	0	3	0	0	0	0	0	0	0	0	0	0	0	4	8
	12	16	18	24	0	0	2	4	2	2	16	20	0	0	2	2	2	1	0	0	1	0	0	42	53
	11	37	47	59	2	2	3	9	4	5	36	54	1	0	5	6	8	3	0	0	3	0	0	106	138
	10	25	36	38	0	0	3	8	6	3	18	32	0	0	0	4	3	1	0	0	1	0	0	66	86
	9	41	63	76	0	1	8	13	9	6	44	68	1	1	6	8	13	4	0	0	6	0	0	144	177
TOTAL		121	167	201	2	3	16	35	22	16	114	177	2	1	13	20	26	9	0	0	11	0	0	362	462
SEMI-SKILLED & DISCRETIONARY DECISION MAKING	8	20	57	51	0	1	0	8	12	4	29	44	1	1	1	5	2	3	0	0	3	0	0	102	117
	7	19	45	38	0	1	3	6	1	2	26	32	1	0	4	4	2	1	0	0	1	0	0	82	84
	6	68	152	133	0	4	2	21	4	10	77	117	2	1	3	14	3	7	0	0	6	0	0	243	307
	5	56	105	104	0	3	3	19	1	7	68	95	2	3	3	11	10	5	0	0	5	0	0	192	247
	4	118	156	151	1	4	2	28	2	12	92	138	1	3	4	15	1	7	0	0	7	0	0	259	358
TOTAL		281	515	477	1	13	10	82	20	35	292	426	7	8	15	49	18	23	0	0	22	0	0	878	1113
UNSKILLED & DEFINED DECISION MAKING	3	143	306	268	1	8	0	45	4	21	205	242	0	5	1	28	0	14	0	0	13	0	0	517	631
	2	13	17	19	0	1	0	4	0	1	10	17	0	0	0	2	0	0	0	0	1	0	0	27	44
	1	1	2	3	0	0	0	0	0	0	7	1	0	0	0	0	0	0	0	0	0	0	0	9	4
TOTAL		157	325	290	1	9	0	49	4	22	222	260	0	5	1	30	0	14	0	0	14	0	0	553	679
TEMPORARY WORKERS		10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	
TOTAL PERMANENT EMPLOYEES		615	1076	1052.5	4	25.12	32	183.42	57	76.18	662	932.28	10	14.12	31	106.24	57	46.12	0	0	49	2	0	1931	2546
TOTAL TEMPORARY EMPLOYEES		10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		625	1076	1052.5	4	25.12	32	183.42	57	76.18	662	932.28	10	14.12	31	106.24	57	46.12	0	0	49	2	0	1931	2546

An Employment Equity Committee has been established and is responsible for the following

- o Ensuring that the Employment Equity Act is being implemented.

9.2.2 Employment of Disabled Employees

As per the requirement from the Department of Labour, employers are required to employ a total of 2% disabled persons, meaning that Council needs to employ a minimum of 44 disabled persons. Council currently has 18 known disabled employees. In order to attract people with disabilities, positions which are suitable for people with disabilities are to be identified and will be stated as such on the advertisements. The Municipality has a strategy on employment of people living with disabilities contained in (DMS1106399)

9.2.3 Labour Relations

Labour Relations section primarily deals with managing and strengthening relations between Organised Labour and Management and all employees of Council irrespective of their Union affiliation. The principle of freedom of association is encouraged by Labour Relations to ensure that no employee is victimized for being a member of a trade union and the rights of those who are non-members are protected. The section is also responsible for workshops/ training for supervisors and shop stewards to ensure relations are continuously maintained at a workplace level.

All disciplinary processes and grievance processes are dealt with in terms of the Collective Agreements agreed upon at the South African Local Government Bargaining Council (SALGBC). The above mentioned agreements as well as substantive agreements are continuously negotiated between parties to the SALGBC, i.e., the South African Local Government Association (SALGA) and Organised Labour (SAMWU and IMATU). Appeals are also dealt with in terms of the same Collective Agreement until cases are referred to the Bargaining Council for Conciliation and Arbitration. Labour Relations also represents Council with cases that appear before the Bargaining Council and the CCMA, as well as those referred to Labour Court.

The Labour Relations section is also responsible for the following:

- o Facilitation of and preparation meetings for the Local Labour Forum (LLF) in conjunction with the Committee Section;
- o Ensuring that the Local Labour Forum meetings are attended by all parties (Councilors nominated to represent Council at the forum, Management representatives as well as union representatives);
- o Workshop Supervisors/Superintendents/Managers on best practices in areas of leadership and management, disciplinary processes and procedures, grievance handling and all other Labour Relations matters in line with relevant legislation.

The section also assists with training of shop stewards on labour law, disciplinary and grievance handling processes;

- Foster better relationships between management and Organised Labour at all levels of the organisation;
- Assist and advise line management and employees on good governance principles;
- Develop and implement Labour Policy and all other labour related policies;
- Advise the Municipal Manager and Senior Management on all labour related matters;
- Ensure compliance with Collective Agreement and any other Labour Related Legislation;
- Conduct Inductions of new employees on Labour Relations matters;
- Advise and assist Supervisors in managing discipline in their sections.

9.3 Organisational Development

The Council strives to maintain and enforce a strict workflow to ensure: -

- Uniformity
- Security
- Accessibility
- Transparency

There are more than 15 Portfolio Committees which are scheduled to meet twice a month that feed into the two EXCO's per month. Thereafter EXCO recommendations and resolutions of the Executive Committee are submitted monthly to the full Council meeting for final approval. Numerous ad hoc and other departmental committees exist and are operational.

All reports are aligned to the IDP Objectives and approved by the Municipal Manager before they are placed on an agenda.

9.3.1 Institutional Arrangements

In lieu of the above, the following committee structures are in the place in the Municipality:

Table 30: Council Committees

○ Bylaws ○ Standing Orders ○ uMhlathuze Public Transport Liaison Committee ○ Public Participation Committee	Section 79 Committees
○ Corporate Services ○ Community Services ○ Geographical Naming Committee ○ Financial Services	Section 80 Committees

○ City Development ○ Aesthetics ○ Mandlazini Trust ○ Mzingazi Joint Steering Committee ○ Social Compact ○ SPLUMA ○ Infrastructure and Technical Services	
○ Municipal Public Accounts Committee (MPAC)	Established in terms of Municipal Structures Act, Municipal Systems Act and Municipal Finance Management Act
○ Section 62 Appeals Committee	Established in terms of Local Government Municipal Systems Act, 32 of 2000.
○ Local Labour Forum	Established in terms of the Organisational Rights Agreement
○ Audit Committee ○ Performance Audit Committee ○ Performance Evaluation Panel (Section 57 Employees) ○ Performance Evaluation Panel (Municipal Manager)	Performance Audit, Performance Evaluation Panels
○ Board of Trustees	
○ Bid Specification ○ Bid Evaluation ○ Bid Adjudication	Supply Chain Management Committees

9.3.2 Organizational Structure

uMhlathuze Municipality is the third largest Municipality in KwaZulu Natal hence it has large number of workforce. Below is the profile of uMhlathuze Municipality's workforce as indicated in the Employment Equity Plan.

uMhlathuze workforce profile	figures	percentage
Total Positions	2704	100%
Total Vacancies	760	
Vacant Ratio	629	28,10%

The vacancy ratio has increased as compared to the previous financial year, from 24% to 28. 10%. In 2017 Council took a decision to commission a work study that will determine the number of positions and levels that the city needs to fill in order to ensure its continued productivity and efficiency on the delivery of services

The organizational structure of the Municipality aligns, to a large degree to the National Key Performance Areas (as well as the corresponding municipal strategies). It be noted that because of the high number of municipal workforce it is therefore impossible in this instance to place an organogram which covers all positions within the municipality. Hence only the Top and Senior Management organograms for the Municipality are provided on the following page.

Table 31: Personnel Numbers

Summary of Personnel Numbers Number	2016/17			Current Year 2017/18			Budget Year 2018/19		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	67	67	–	67	67	–	67	67	–
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	7	7	–	7	7	–	8	8	–
Other Managers	17	15	–	17	13	–	17	15	–
Professionals	400	305	–	393	297	–	394	304	–
Finance	47	33	–	46	32	–	46	32	–
Spatial/town planning	33	30	–	33	29	–	33	29	–
Information Technology	11	11	–	11	11	–	11	10	–
Roads	22	19	–	22	19	–	22	19	–
Electricity	40	32	–	40	32	–	41	32	–
Water	16	12	–	16	12	–	16	12	–
Sanitation	24	17	–	24	17	–	24	17	–
Refuse	11	11	–	10	10	–	10	10	–
Other	196	140	–	191	135	–	191	143	–
Technicians	533	455	–	533	455	–	533	455	–
Finance	31	22	–	31	22	–	31	22	–
Spatial/town planning	26	23	–	26	23	–	26	23	–
Information Technology	6	5	–	6	5	–	6	5	–
Roads	48	42	–	48	42	–	48	42	–
Electricity	60	49	–	60	49	–	60	49	–
Water	34	37	–	34	37	–	34	37	–
Sanitation	34	25	–	34	25	–	34	25	–
Refuse	13	13	–	13	13	–	13	13	–
Other	281	239	–	281	239	–	281	239	–
Clerks (Clerical and administrative)	297	263	–	315	281	–	315	285	–
Skilled agricultural and fishery workers	2	2	–	2	2	–	2	2	–
Craft and related trades	3	3	–	3	3	–	3	3	–
Plant and Machine Operators	87	82	–	87	82	–	87	82	–
Elementary Occupations	1 598	1 426	–	1 592	1 420	–	1 592	1 437	–
TOTAL PERSONNEL NUMBERS	3 011	2 625	–	3 016	2 627	–	3 018	2 658	–
% increase				0.2%	0.1%	–	0.1%	1.2%	–
Total municipal employees headcount	2 944	2 558	–	2 949	2 560	–	2 951	2 591	–
Finance personnel headcount	241	189	–	235	185	–	237	173	–
Human Resources personnel headcount	37	32	–	41	32	–	42	33	–

Source: uMhlathuze Municipality's 2018/2019 MTREF

Figure 25: Senior Management

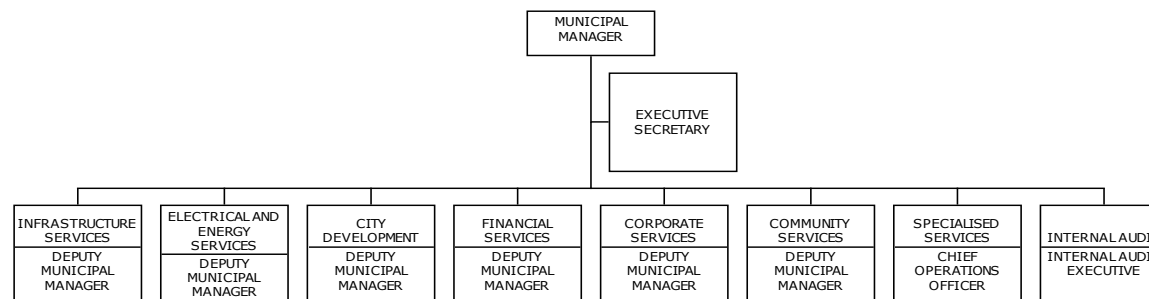


Figure 26: Office of the Municipal Manager

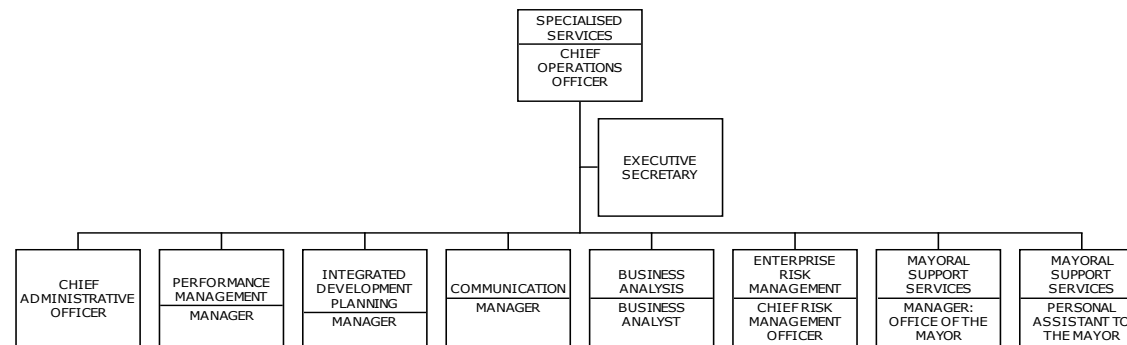


Figure 27: Corporate Services Department

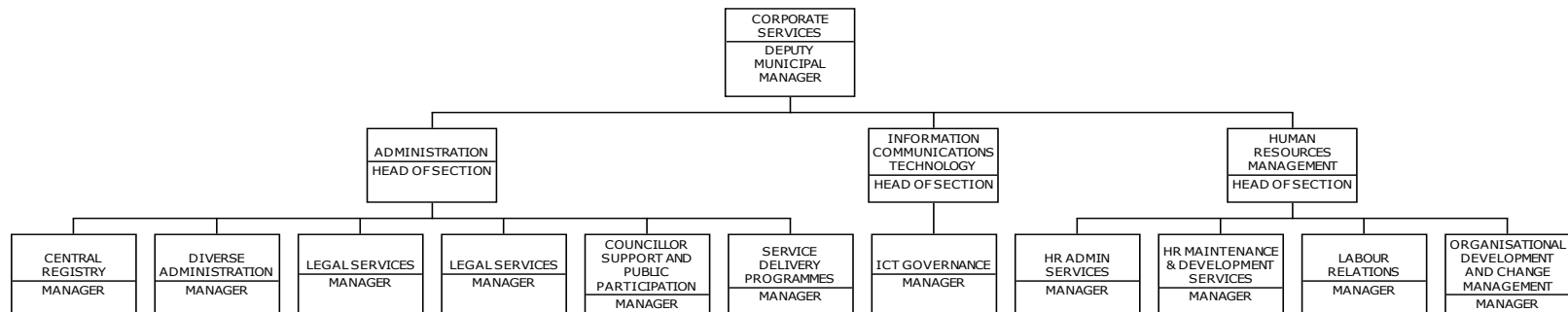


Figure 28: City Development Department

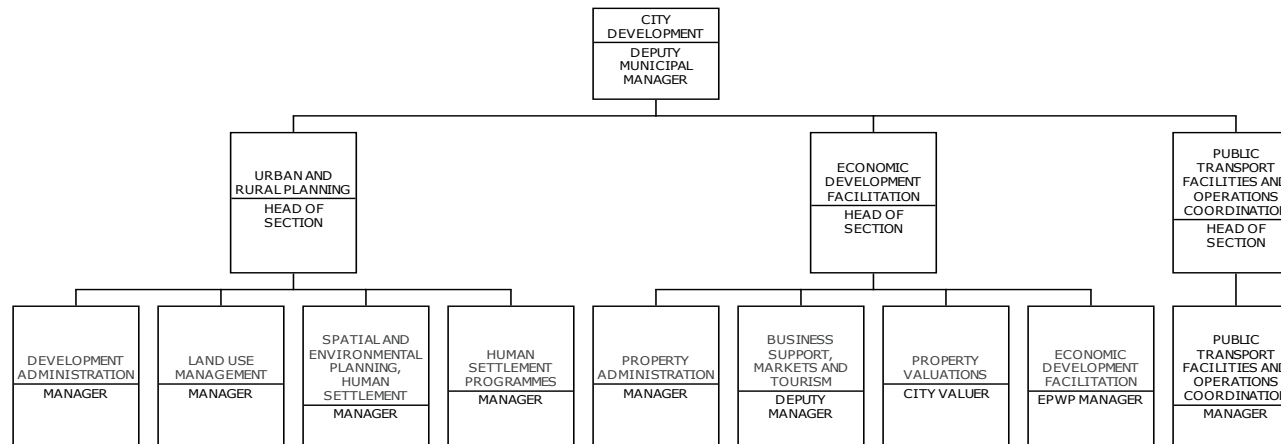


Figure 29: Financial Services

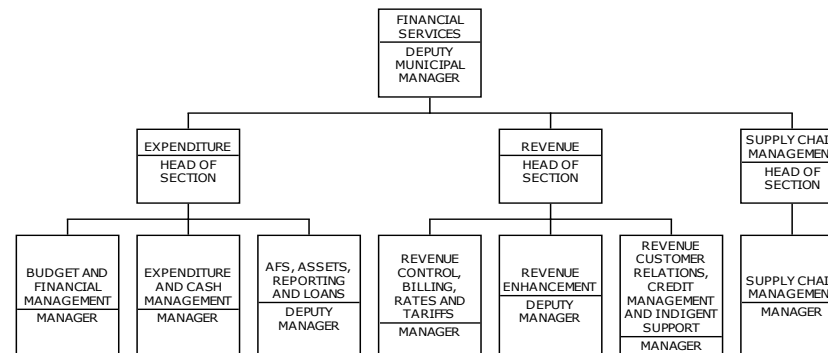


Figure 30: Community Services

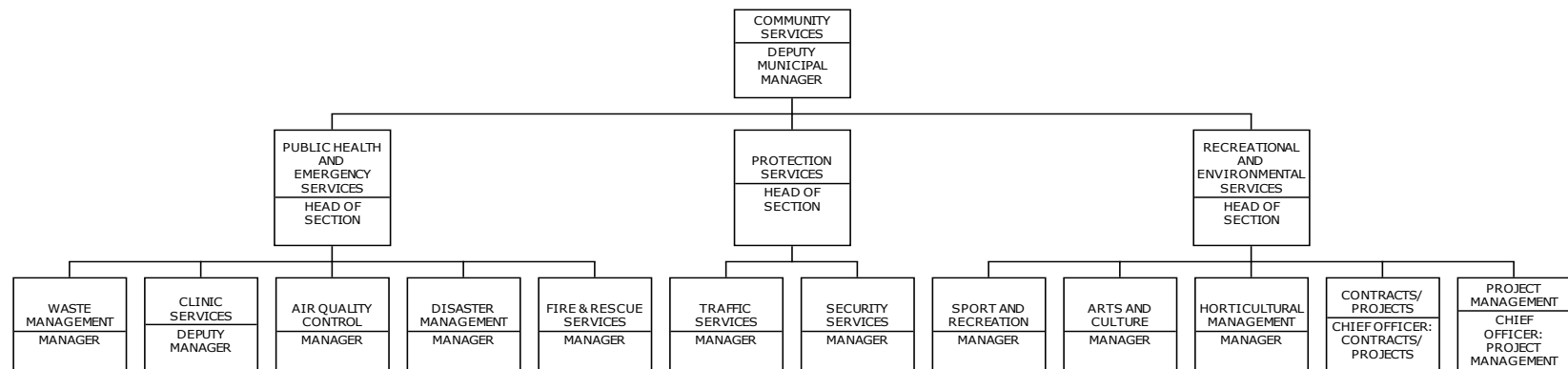


Figure 31: Energy Services

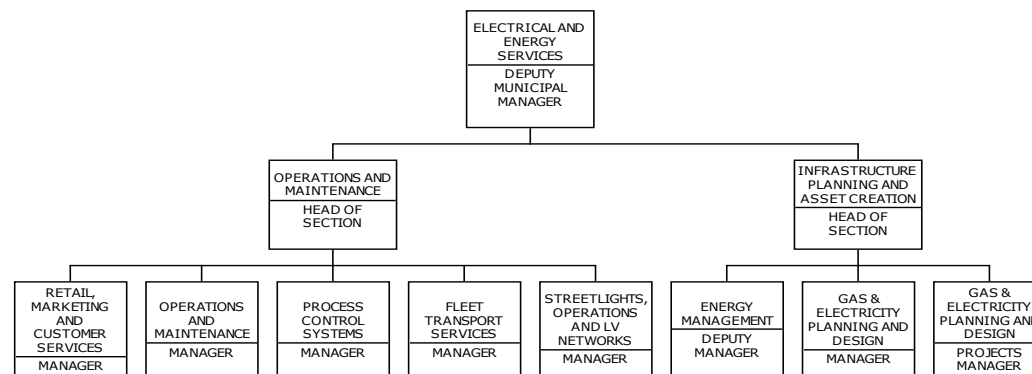
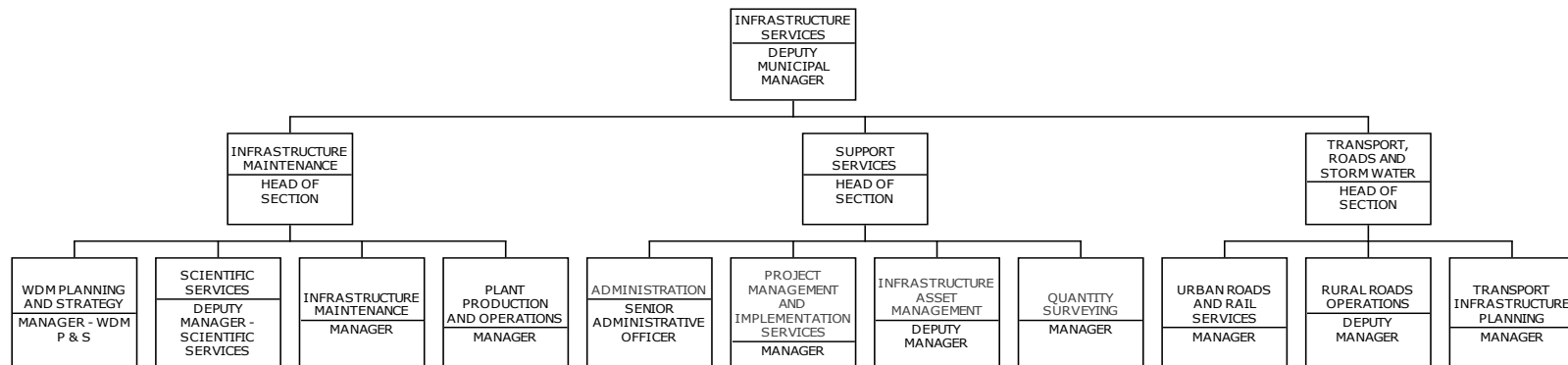


Figure 32: Infrastructure Services



9.3.3 Municipal Institutional Capacity and critical posts

10.3.3.1 Critical Posts

The posts of Municipal Manager, as well as all Section 56 posts, are considered as critical posts. All these posts are filled within uMhlathuze Municipal Organisation.

10.3.3.2 Municipal Institutional Capacity

As indicated previously in the document, uMhlathuze Municipality has five departments which are aligned to five National Key Performance Areas. Below an overview is given in terms of each department's functions or responsibilities:

Municipal Departments	Departmental Functions
Office of the Municipal Manager	• Integrated Development Planning • Performance Management • Communication and Marketing • Internal Audit • Specialised Services • Enterprise Risk Management
Corporate Services	• Diverse Administration • Legal Services • ICT • Councillor Support and Public Participation •
Community Services	• Public Safety and Security Services • Environmental Health /Health and Cleaning • Recreation and Environmental Services
City Development	• Property Administration • Local Economic Development • Urban and Rural Planning
Infrastructure and Technical Services	• Water and Sanitation • Roads • Electricity Services • Transports Roads and Storm Water • Engineering Supply Services
Financial Services	• Income • Expenditure • Supply chain

9.3.4 Employment Equity Plan

9.3.5 Human Resource Strategy

uMhlathuze Municipality has an adopted Human Resource Strategy (DMS 717671). The foundation of the Human Resources function is a Human Resources Strategy which supports the Integrated Development Plan of the municipality. UMhlathuze Municipality, the plan addresses the following;

- Training and development
- Labour Relations
- Personnel Administration
- Organisational Development and Change Management
- Employee Assistance and
- SHE Risk Management

The implementation of the above is explained briefly at the beginning of the section and also below:

10.3.4.1 Workplace Skills Plan - Training and Development

The vision of the Training and Development sub – section of Human Resources is to ensure that Council has a skilled and capable workforce to support inclusive growth and development of skills within the City. This is achieved through co-ordinating and providing quality assured skills development and training interventions to Councillors and employees to ensure that they function at an optimal level thus contributing to effective and efficient service delivery.

The Training and Development component has positioned itself strategically to improve current training and development practices within Council as well as to form strategic partnerships with accredited Training and Development Institutions, Corporates as well as other entities within the Local Government Sector to establish a standard of best practice.

Skilling of Council employees is achieved through relevant training interventions and sustainable development initiatives that cascade skills to all disciplines on all levels within the organisation. The Workplace Skills Plan (WSP) serves as the strategic document that gives direction on training and development within the Municipality. Council has an adopted WSP which is aligned to the National Skills Development Strategy (NSDS), the Skills Development Act 97 of 1998 as well as the Skills Levies Act 09 of 1999. The WSP and Annual Training Report (ATR) are submitted annually to the LGSETA. Submission of these reports ensures that Council receives its mandatory grant. Council also has a Bursary Policy which caters for employees and their children.

The Training Programmes (for employees) as indicated below have taken place during the period 1 July 2017 to 26 January 2018:

- Induction for new employees;
- Computer Induction;
- SALGA Senior Management Induction;
- Minimum Competency Training;
- SCM and Bid Committee Training;
- Internal Audit Training;
- GCC 2015 Contract Management Training;
- EAP Training for Supervisors;
- Talent Management Training;
- Performance Management Training;
- BCP Validation Training;
- Project Management Training;
- Manager / Supervisor Training;
- Peace Officer Training;
- Traffic Officer Training;
- Quality Assurance Training for Building Inspectors;
- Building Control Masterclass;
- Tree / Pole Pruner Training;
- Operate a Chainsaw Training;
- Asset Management Training;
- HR Roadshows;
- Financial Literacy Training;
- Basic Fire Fighting Training;
- HSS Practical Training;
- Safety Representatives Training;
- Hazard Identification and Risk Assessment Training;
- Labour Relations Training for Shop Stewards;
- Employment Equity Training;
- GAPSKILL Training;
- Assessor Training;
- SDF Training;
- Electrical Trade Test Training;
- Advanced Switching Training;
- Diesel Mechanic Training;
- Road Marking Training;
- Local Government Accounting Learnership;
- MS Excel Training;
- Registry Management Training;
- Report Writer Training;
- Advanced Office Management, and;

- SALGA Training for Committee Officers.

The Training Programmes (for Councillors) as indicated below have taken place during the period 1 July 2017 to 26 January 2018:

- Internal Council Induction;
- SALGA Induction;
- CoGTA Sector Based Induction;
- MPAC Training;
- GroupWise Training;
- Computer Induction, and;
- SPLUMA Training.

Work Integrated Learning

A Memorandum of Agreement (MoA) was signed between the City of uMhlathuze and the UMfolozi TVET College where the agreement proposed that Council shall provide opportunities to UMfolozi TVET College students to gain the workplace experience in order to graduate. In the 2017/2018 financial year, Council is currently hosting 49 learners on internships / apprenticeships / learnerships / Graduate Programmes and In-service Training

Graduate Development Programme

Council has also embarked on a Graduate Development Programme that has been funded by National Treasury. During the 2017/2018 financial year, 15 graduates joined the City of uMhlathuze to receive skills development and workplace experience as part of a programme funded by the National Government through the Infrastructure Skills Development Grant (ISDG). The aim of the programme is to develop the engineering and technical knowledge of the graduates in their chosen fields in line with the requirements of respective statutory bodies for them to be registered with as professionals upon the completion of the training period.

Grant funded Training

During the 2017/2018 financial year, Council shall also be training employees in the electrical and bricklaying disciplines. The training interventions include; skills programmes, RPL Trade testing and apprenticeships. These interventions have been funded through the Chemical SETA (CHIETA).

9.3.6 Talent Management Strategy

9.3.6.1 Retention Strategy

The municipality has a draft review retention strategy that is currently being engaged on with different effected structures. The draft will be submitted to council after intensive engagements with affected parties. However, there are many other strategies that the municipality currently implements for the purposes of employee retention, amongst others are the following strategies:

- Scarce skills allowance to certain positions
- Training and development of employees
- Scarce skills paid at a top notch level
- University Bursaries for Employees' children
- Tertiary Education Bursaries for employees
- Level 15 and above gets fringe benefits including cell phone and car allowance
- Employee Assistance Programs for Employees
- Implementation of Performance Management System from level 15 and above

Employee Assistance Programme (EAP)

The City of uMhlathuze values employees as the most important asset to sustain the organisation. City of uMhlathuze takes responsibility for helping employees to deal with pressures of life. Thus, this organization has undertaken to provide its employees with an Employee Assistance Programme (EAP).

EAP is a work based intervention programme aimed at an early identification and resolving of the employees personal and work related problems, which may have an adverse effect in their work performance. The vision of the City of uMhlathuze is to "improve quality of life for all its citizens through sustainable development". The employees form an integral part of the citizens, thus the Municipality has recognized that employees are indeed the most valuable assets and resources.

The total wellbeing of employees adds up to the wellbeing of the municipality. EAP put focus and emphasis on four Health and Wellbeing spheres which are: Psychological/ Emotional wellbeing, Physiological wellbeing, Spiritual Wellbeing and Social wellbeing. Thus, EAP came as a helping tool to the Municipality's commitment to assist employees to deal with their social and emotional pressures and also to remain productive. EAP is also playing a role through its programmes to enhance the municipality's profitability by reducing absenteeism, turnover, tardiness, accidents, medical claims and improving service delivery.

The Employee Assistance Programme (EAP) section works tirelessly to assist employees and their family members in need of counseling assistance. Some of the section 5-year plan programs and events include the following:

Proactive Programmes

- EAP Supervisory and Managers Training
- Emotional Intelligence for the Executive
- Alcohol and Drug Abuse
- Financial management
- Stress Management
- Employee Wellness Day/S (Health Screening Day/S, Work and Play)
- Health Awareness Campaigns (as per South African Health Awareness calendar) together with Occupation clinic and Peer Education programme

Reactive Programmes

- The section Practitioners also provide counselling on different concerns of life including but not limited to family issues, work related matters, social concerns and conducting trauma debriefing sessions to employees who get exposed to traumatic incidents.
- Other reactive programmes include making referrals to external Practitioners like Clinical Psychologists, Psychiatrists etc. and also referrals to the Rehabilitation centers.

Attending EAP is free of charge to all employees of uMhlathuze municipality and assistance is available during the working days. EAP section is also working together with other local resources like SANCA (to refer Alcohol and drug abuses cases), Lifeline and SABCOHA (South African Business Coalition against HIV/AIDS) In addition to the above mentioned programmes EAP section has mandated itself to give back to the University of Zululand Psychology and Human Resources students by conducting EAP and HR (in collaboration with other HR sections) information sharing workshop sessions (on request by the University) where Employee Assistance programme content and other HR sections duties and functions are shared.

Table 32: Human Resource Policies

No.	Policy Name		Council Resolution
1.	Induction and Orientation of Staff	Procedures for Inducting new staff	5698
2.	Human Resources Strategy		DMS (717671)
3.	Staff Training	Policy on Training of staff	5215
4.	Bursary Policy for Officials and their children	Bursary Processes and requirements for Bursary	10747

No.	Policy Name		Council Resolution
		Applications	
5.	Staff Succession Planning Policy	Staff succession planning processes for Council	7444
6.	Anti – Nepotism Policy	Processes in place to ensure there is no nepotism in placements	6978
7.	Acting Arrangements Policy	Conditions for Acting arrangements	6979
8.	Recruitment and Selection of Temporary Staff Policy	Processes and criteria for recruitment and selection of temporary staff	6977
9.	Recruitment and Selection Policy (Amended)	Processes and criteria for recruitment and selection of staff	10110
10.	Intoxication on Duty	Procedures for dealing with and prevention of staff being intoxicated whilst on duty.	7445
11.	Employee Assistance Programme	Guidance and procedures regarding the enhancement of Health and wellbeing of all staff members.	6311
12.	In-house training for External students	Programme for students conducting in-service training	1243
13.	Policy on the Utilisation of Council Vehicles for Certain gatherings	Conditions for the Utilisation of Council Vehicles for Certain gatherings	8596
14.	Rapid Advancement Policy	Conditions for the Rapid advancement of Council employees in identified posts	8211
15.	Notch Increase Policy	Conditions for notch increases	8688
16.	Relocation and Moving Expense Policy	Processes and criteria for the relocation and moving expenses of the newly appointed employee.	8597
17.	Employment Equity Plan		9665 (DMS 785445)
18.	Employment Equity Policy		9438

No.	Policy Name		Council Resolution
19.	Leave Policy		10244

OHS Policies

No	Document	DMS Number	Act Ref
1.1	OHS Policy	1055965	Section 7 (1)
1.2	Approved OHS Policy Guidelines	1088552	Section 7 (2)
1.3	Transportation Of Employees	602827	Section 8 (2) (A)
1.4	Intoxication On Duty	538499	Gsr 2 (A)
1.5	Personal Protective Equipment And Clothing	319523	Gsr 2 (3)
1.6	Smoking	415902	Tpca
1.7	Heat Exhaustion	462132	Erw 2 (4)

ICT Policies

No.	Policy Name	DESCRIPTION	Council Resolution
1.	Corporate Governance of ICT Policy	Policy governing the alignment, implementation and the use of ICT in support of Municipal objectives based on the National Government Policy framework passed by the cabinet on 21 November 2012. The National Policy to which the Municipal policy is adapted places accountability for ICT on Council (Leadership).	CR10702 (RPT 159157)
2.	ICT Security Policy	The policy outlines the ICT controls and regulatory framework that must be adhered to for the ICT hardware, software and all data assets.	Same resolution as above. Policies were approved under one (1) comprehensive report : CR10702 (RPT 159157)
3.	Computer Utilisation Policy	Regulates and outlines the rules for proper and responsible use of the ICT for the benefit of the organisation, (the do's and don'ts).	Same resolution as above. Policies were approved under one (1) comprehensive report : CR10702 (RPT 159157)
4.	Network Password Policy	The policy guides the users on the creation, safeguarding and the utilisation of their ICT passwords.	Same resolution as above. Policies were approved under one (1) comprehensive report : CR10702 (RPT 159157)
5.	Change Control Policy	Change Control Policy in ICT aims to improve stability and reduce system downtime, ensuring all changes are tracked and there is a formalised change control practice in place	Same resolution as above. Policies were approved under one (1) comprehensive report : CR10702 (RPT 159157)

No.	Policy Name	DESCRIPTION	Council Resolution
		with rollback procedures.	
6.	Disaster Recovery and ICT Service Continuity Plan	The policy guides the process of recovery and service continuity in the event of a disaster, ensuring that the efforts are co-ordinated and the recovery process unfolds in an orderly, timely and efficient manner.	Same resolution as above. Policies were approved under one (1) comprehensive report : CR10702 (RPT 159157)

9.3.7 ICT Governance Framework

In line with the National Corporate Governance of ICT Policy Framework, the uMhlathuze Municipality ICT Governance Policy (DMS 925194) was approved by Council on 31 March 2016. The purpose of ICT Governance Policy is to provide a strategic direction for the ICT Services supported by the ICT Strategy and the Enterprise Architecture documents, ensuring that ICT goals are aligned with the Municipal objectives as outlined in the IDP, the risks are managed appropriately, and the ICT resources are used responsibly. In providing strategic direction, ICT Governance Policy enables the ICT team members to focus and contribute effectively towards the attainment of departmental goals which in turn contributes towards the attainment of Municipal goals. The purpose of ICT Governance as per COBIT Governance Framework is to ensure the following:

- IT is aligned with the business
- IT enables the business and maximises benefits
- IT resources are used responsibly
- IT risks are managed appropriately

In implementing ICT Governance Policy, an ICT Steering Committee was established and is fully functional, constituted by senior management representatives and chaired by the Accounting Officer. As Council provides an oversight role over the ICT Services, the reports of the ICT Steering Committee also serve at the Corporate Services Portfolio, EXCO and Council.

The following documents, among others support and enable the implementation of ICT Governance:

- uMhlathuze Municipality has an approved 5-year ICT Strategy document
- ICT maintains the ICT Risk Register in document number as part of Enterprise Risk Management.
- ICT organisational structure indicating the roles and responsibilities.
- The ICT Service performance must be periodically reviewed against targets. Performance reports must be submitted to the ICT Steering Committee, Corporate Services Portfolio and the Audit Committee.

- ICT projects are approved by the ICT Steering Committee through a formalised process.
- All ICT equipment acquisitions and contractor appointments are conducted in accordance with the approved City of uMhlathuze Supply Chain Management Policy.

Funded Key ICT Projects for 2017/2018 – 2018/2019 Financial Year:

Below is an extract of funded, key ICT projects for 2017/2018- 2018/2019

Project Name		Project Info	Budget	Status
1	ERP – Enterprise Resource Planning Solution (Tender 8/2/1/UMH02-15/16)	Enterprise Resource Planning System (ERP) Phase 2 currently underway. Phase 1 of the project (Feasibility Study) was completed on 30 June 2017).	R 30 000 000	In progress: Tender has been awarded and implementation of SAP ERP Solution is underway. This is a multi-year project over a 5 year period
2	Fraud Detection and Security Management Solution (SITA procurement)	Procurement and implementation of a Fraud Detection and Security Management Solution through the State Information Technology Agency (SITA)	R 3 100 000	In Progress: The project is expected to be complete by 30 June 2018.
3	Delegate System for EXCO Room, Auditorium and Empangeni Council Chamber (Tender 8/2/1/UMH155-17/18)	Replacement of Audio-Visual Equipment (Delegate System) at EXCO Room, Richards Bay Auditorium and Empangeni Council Chamber	R 780 000	In Progress: The vetting of the Service Level Agreement is underway. The ordering of the equipment will take place once the agreement is concluded, however the completion of the project is expected to be 30 June 2018.
4	Emergency Services System	Replacement of the Emergency Service System (ESS) for Traffic Section and Fire and Rescue Services	R 500 000	In Progress: The Proof of Concept (POC) is being implemented for testing. Should the system satisfy the Municipal business and technical requirements, the procurement process will commence. The targeted date for completion of procurement processes and implementation is 30 April 2018.
5	Cabling Upgrade for Empangeni Civic Centre 1 and 2	Replacement of old CAT5 cabling with the new CAT6 cabling at the Empangeni Civic 1 and 2	R 1 020 000	In Progress: Tender has been awarded and the completion timeframe is four months after the signing of the Service Level Agreement.

9.3.8 Change Management

This unit aims at improving the overall effectiveness of the organisation through planned, comprehensive and systematic processes. It involves intervening in the processes, structure and culture of the organisation. There is a strong emphasis on organisational behaviour, human resource development and organisational change. The following are important issues to note:

- Organisational design refers to the process of aligning the structure of the organisation with its objectives, with the ultimate aim of improving the efficiency and effectiveness of the organisation.
- Managing change and transition cuts across all the phases of the organisational structuring process. It includes communication and consultation with staff and key stakeholders. How effectively change and transition are managed has a major impact on the final outcome of the organisational structuring processes or any other changes the organisation have to deal with.

Finer adjustments are however continuously taking place, upon approval by Council. One of the major challenges experienced by the Municipality was the lack of a job evaluation forum in order to determine post levels. The South African Local Government Association however initiated a process of getting a job evaluation done. Five Job Evaluation Units were established in the Province. The uMhlathuze Municipality falls within Region four (4). Job evaluation is currently under way.

9.4 Municipal Transformation and Organisational Development: SWOT Analysis

STRENGTHS	WEAKNESSES
○ Municipal Organogram is in place ○ Section 79, 80 and other Council Committees established and are operational ○ A reliable ICT system for effective functioning and efficient service delivery ○ Human Resource Policies in Place ○ Employment Assistance Programme ○ 24 hours operational Call Centred with toll free ○ Fully functional ward committees ○ Functional Local Labour Forum ○ Progressive Employment Equity Plan ○ Critical senior management vacancies filled ○ Stable labour relations	○ Unsatisfactory attraction and employment of disabled personnel ○ Inadequate budget allocations for programs such as the EAP ○ Inadequate skills development resources ○ Organisational structure not aligned to long term strategy ○ Poor change management initiatives ○ Misplaced professionals

OPPORTUNITIES	THREATS
○ Institutionalisation of Batho-Pele Principles ○ Implementation of the E-Council system, eliminating cost for paper used in agendas etc. ○ Bursary Policy for councillors, employees and members of the public ○ Graduate Development Programmes and off-the –job training is offered to graduates ○ Improving diversity management	○ Staff low moral ○ Lack of proper implementation of the Succession Policy ○ Delays in finalising job evaluations ○ Failure/slow process of addressing Identified risks within the organisation ○ Staff turn-over in critical and scarce skills positions ○ Limited investment in ICT infrastructure upgrades ○ Lack of comprehensive skills audit

10. SERVICE DELIVERY AND INFRASTRUCTURE ANALYSIS

10.1 Introduction

In accordance with the Municipal Structures Act (No 117 of 1998), uMhlathuze Local Municipality is the Water Services Authority (WSA) and the Water Service Provider (WSP).

The WSA has a duty to all consumers, or potential consumers, in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water supply and sanitation (collectively referred to as water services). As a WSA, the uMhlathuze Municipality focuses on water services and on providing at least a basic level of service to consumers in its area of jurisdiction. To achieve this, the municipality takes a leading role in planning the following:

- Service Level Objectives;
- Water Resources;
- Water Conservation and Demand Management;
- Bulk Infrastructure;
- Institutional Arrangements;
- Organisational Support;
- Financial Management; and
- Tariff Policy;

The Municipality is the process of reviewing the WSDP which was adopted in 2013. The draft WSDP is adopted together with the Final IDP Review in May 2018 according. The Water Services Development Plan (WSDP) is a key tool in achieving the objectives as mentioned above. The WSDP also feeds information into the Integrated Development Plan (IDP), which is the annual multi-sectoral plan for uMhlathuze Municipality.

The Municipality has a link to the WSDP website; <http://ws.dwa.gov.za/wsdp/Login.aspx?ReturnUrl=%2fWSDP%2f>. The link provides information on the uMhlathuze WSDP. The current information as it appears on the website will be updated as part of the WSDP review process which is underway.

10.2 Water and Sanitation

Water and sanitation backlogs have been monitored and are reported on a quarterly basis to the Council structures by the Infrastructure Services Department. The City of uMhlathuze has formulated a level of service policy for Water and Sanitation, and this is defined in the Free Basic Water (FBW) policy. The policy identifies and deals with the following levels of water services:

- (a) Supply of water through communal water services i.e. Standpipe.

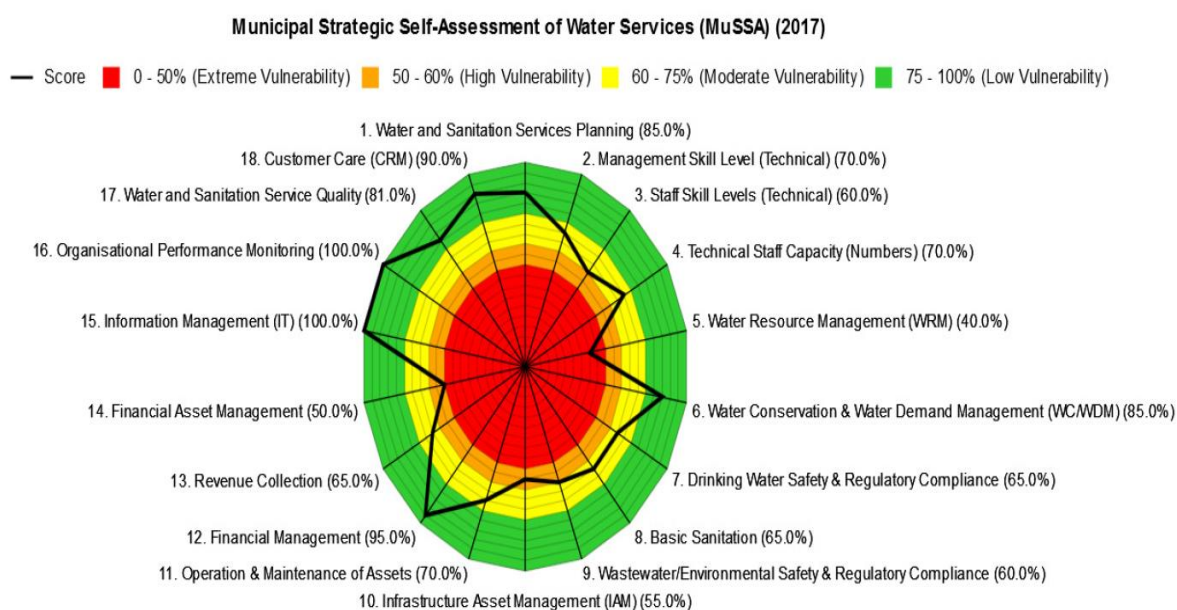
(b) Supply of uncontrolled volume of water to a household where a water meter is installed.

In formalised urban areas a waterborne system is implemented and in rural areas Ventilated Improved Pit (VIP) Latrines are installed. In peri-urban areas or dense settlements adjacent to urban areas, which are close to a Water Resource, the municipality promotes the installation of shallow sewers to protect a water resource.

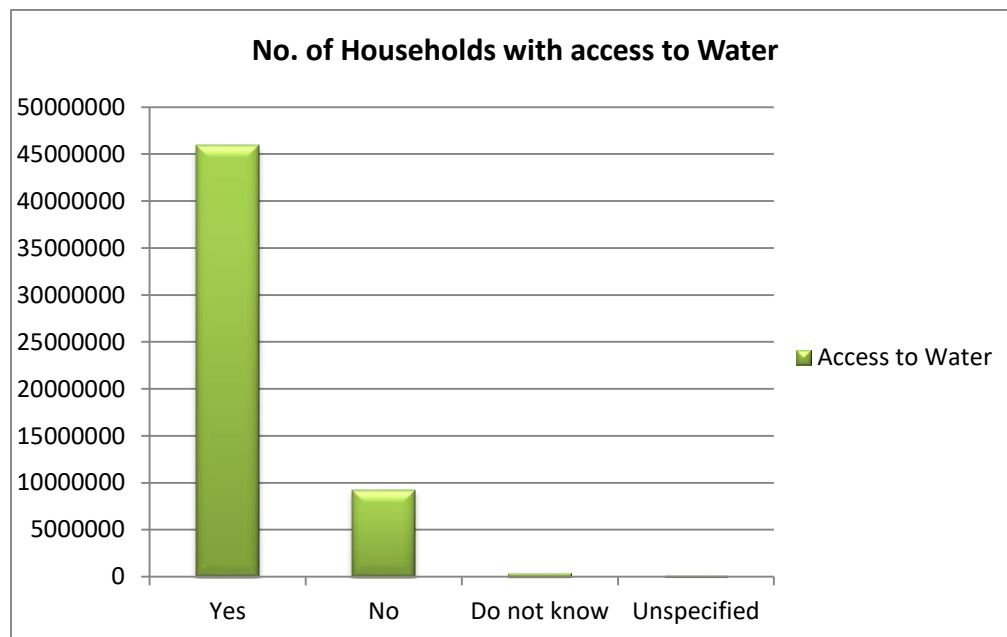
10.2.1 Municipal Strategic Self-Assessment of Water Service (MuSSA)

The municipality participated in the 2017 Municipal Strategic Self-Assessment (MuSSA) Survey. The purpose of the MuSSA it is to survey and assess the overall business health of a municipality when fulfilling its water service function. Below is a spider diagram illustrating the vulnerability levels across key areas:

Figure 33: Institutional Vulnerability Assessment



To note from the diagram above is a concerning 40% Vulnerability on Water Resource Management. The municipality is in a process of developing a Lakes Management Plan, which will manage water resources including Lake Mzingazi, Lake Cubhu and other lakes. This project is budgeted for the 2018/2019 Financial year. The details obtained from the Community Survey 2016 below are provided for comparison purposes

Figure 34: Access to Safe Drinking Water, Community Survey 2016

Source: Community Survey 2016

According to Community Survey, 2016 about 89% of households in uMhlathuze obtain water from the uMhlathuze Municipality. 3% households obtain water from Water tankers. Very few households are still reliant on Borehole and spring to obtain water. More than 43,000 households obtain water through pipes inside the dwelling. Community Survey 2016 indicates that more than 45 000 households have access to safe drinking water in uMhlathuze Municipal. The Municipality continues to strive in an effort to ensure that all residents have access to clean water.

Figure 35: Main Source of Drinking

Main source of drinking water	No of HH
Piped (tap) water inside dwelling	47511
Piped (tap) water inside yard	53778
Piped water on communal stand	2591
Borehole in yard	100
Rain-water tank in yard	599
Neighbours tap	1232
Public/communal tap	817
Water-carrier/tanker	3476
Borehole outside yard	251
Flowing water/stream/river	94
Well	0
Spring	19
Other	35

Source: Community Survey 2016

Table 33: Water Backlogs

Service Level	Baseline (2016/2017)	2017/2018 Target	Stats Ending December 2017
Total households = 110 503 (2011 Stats SA) Revised Stat	Households with access to water	Households with access to water	Household with access to water
ACCESS TO WATER	86 113	87 113	86 555
House connections	44 308	44 308	44 308
Yard Connections	41805	42 805	42 247
Communal Supply > 200 m (Backlog) Supplied with JOJO Tanks	24 390	23 390	23 948
New Installations reducing Backlogs (Target)	951	1 000	Actual Q1 = 335 Actual Q2= 107

At commencement of the financial year a total of **93.39%** households had access to the basic RDP level of water supply service as at 30 June 2017. The figure of 93.39% has been adjusted due to the addition of new wards to the City of uMhlathuze and therefore the target will change to accommodate the new wards. The basic level for the provision of water is communal supply less than 200 metres from a household. The target for 2017/2018 on Water Provision is **78.83%**. The target for households to be upgraded to yard-taps for 2018/2019 financial year is set at **(1 000)**. The changes in the number of households with backlogs are due to the addition of new households from the new wards that were under the then Ntambanana Municipality. Access to water at 31 December 2017 is **78.33%** and the water backlog is **21.67%**.

The following map is, based on the 2011 Census Data, it spatially depicts areas of backlogs in respect of water,

Samples from various sources are collected for analysis of key parameters to determine water quality.

Table 34: Total samples from July 2017 to Jan 2018

SOURCE	SAMPLES
Surface Water (Industrial)	76
Surface Water (Pump station)	126
Surface Water (Urban/Rural Suburbs)	30
Surface Water (Rivers/Streams/Canal)	33
Industrial Effluent	171
Surface Water (Lakes)	150
Alton Landfill (Boreholes)	42
Coastal Water (Blue Flag)	66
External Service Provider (MW)	126
Richards Bay Cemetery (Boreholes)	6
eSikhawini Cemetery (Boreholes)	2
GRAND TOTAL	828

○ **Drinking Water and Wastewater Systems**

uMhlathuze Water is responsible for the water and wastewater purification and distribution function. An extensive water quality-monitoring program for drinking water and wastewater quality has been implemented. The monitoring program contains the following:

- Water Treatment Works
- Drinking Water Reticulation monitoring and;
- Waste Water Treatment Works

○ **Water Pollution Management**

The Water Quality Monitoring Program (WQMP) (CR4711, 7 August 2008) has been developed and implemented, so that council meets the statutory requirements and for the sustainability of water resources within its area of jurisdiction. The following areas are monitored for possible pollution:

SAMPLE TYPE	DESCRIPTION
Surface Water	Lakes (Cubhu & Mzingazi) Rural/Urban Suburbs (stormwater streams) Rivers/Streams/ Canals Industrial (stormwater streams) Pump-stations (streams close to pump stations)
Coastal Water	Alkanstrand 1 & 2
Groundwater	Municipal Cemetery

	Landfill Site
Sewage	Industrial Effluent (sewage network)

Sample types being monitored by the WQMP**10.2.3 Blue and Green Drop Status**

The Blue Drop process measures and compares the results of the performance of Water Service Authorities and their Providers, and subsequently rewards (or penalises) the municipality upon evidence of their excellence (or failures) according to the minimum standards or requirements that have been defined. Awareness of this performance is obtained by pressure through the customers, the media, political classes and Non-Governmental Organisations. The strategy revolves around the identification of mediocre performing municipalities who consequently correct the identified shortcomings, as well as the introduction of competitiveness amongst the municipalities and using benchmarking in a market where competition is difficult to implement.

The Green Drop regulation programme seeks to identify and develop the core competencies required for the sector that if strengthened, will gradually and sustainably improve the level of wastewater management in South Africa.

Since 2013 DWS has not conducted any assessment but nevertheless the municipality has adopted the Blue and Green drop framework and utilise it to benchmark its services.

10.2.4 Water Loss

The water loss percentage has stabilised to an average of 26% which is a reduction of over 18% since the Reduction of Non-Revenue Contract in which started in 2014. The challenge now is to zoom in to the individual zones as has been established by the consulting team.

Table 35: March 2016 Water Balance Summary for City of uMhlathuze

Supply Area	SIV (kl/quarter)	Billed Metered Consumption (kl/quarter)	Billed Unmetered Consumption (kl/quarter)	Unbilled Metered Consumption (kl/quarter)	Unbilled Unmetered Consumption (kl/quarter)	Real Losses (kl/quarter)	Apparent Losses (kl/quarter)	Non- Revenue Water (kl/quarter)	NR (%)
Richards Bay	2 561 310	2 114 436	3 319	59 323	52 171	298 523	33 538	443 555	17
ENseleni	415 933	180 849	98 395	10 483	18 479	45 891	56 845	136 689	33
Empangeni	1 949 321	1 616 112	85	4 750	10 249	286 305	31 821	333 124	17
Ngwelezane	586 493	310 343	95 790	-	18 898	84 287	77 175	180 360	31
eSikhaleni	2 189 714	1 151 646	227 436	65 538	36 219	427 981	280 893	810 632	37
Vulindlela	513 796	216 389	124 127	-	23 257	67 777	82 245	173 280	34
Total City of uMhlathuze Operational Area	8 216 567	5 589 775	549 152	140 094	159 273	1 210 764	562 517	2 077 640	25

10.2.5 Water and Wastewater Operation

The Municipality has 3 WTW (Water Treatment Works) and 5 WWTW (Waste Water Treatment Works). The following table indicates their design capacities and operating capacities. In addition, challenges with the operations are also noted.

Table 36: Design and Operating Capacities of Treatment Plants

Name	Design Capacity (ML/day)	Operating Capacity (ML/day)	Challenges
Mzingazi WTW	65	60	Increased rural demand for King Cetshwayo
ESikhaleni WTW	36	31	- High demand compared to capacity - No alternative power supply during Eskom power outages - Night restrictions
Ngwelezane WTW	8	8	- Breakdown on raw water pumps due to sand in the river - High raw turbidity when raining - High demand and need Magazulu supplementary - Flooding during summer season
ESikhaleni WWTW	12.5	6.5	-
Ngwelezane WWTW	5.8	2.9	- Community members are building houses on the ponds - Aerators need to be replaced - Flooding of the plant when it rains
Nseleni WWTW	3	1.2	-
Empangeni WWTW	14.5	9	- Degritter to be replaced - Digesters to be repaired - Drying beds to be rehabilitated - Ponds to be rehabilitated
Vulindlela WWTW	2.8	1	Flooding of the plant when it rains

Water Quality Achievements

- Water Quality Management section has managed to implement permit system, which assist the municipality to minimise impacts to the sewage system from discharge of effluent by companies.

- Review of drinking water and wastewater Incident and Failure Response Management Protocols
- Review of Water Safety Plan and Wastewater Risk Abatement Plan

Key Projects

Laboratory Information Management System (LIMS)

Laboratory Information Management System (LIMS) is a software that is used for creation, processing and storage of laboratory information according to ISO 17025 and customer requirements. By use of a LIMS, the laboratory can automate workflows, integrate instruments, and manage samples, analytical results and associated information for reporting purposes. The Scientific Services is in the process of implementing Labware LIMS which will allow for effective management of data to improve laboratory efficiency and reliability.

Trade Effluent Management System

The sewage disposal system in the City of uMhlathuze has been developed in response to requirements to protect public health and minimize the environmental impact of wastewater discharges. Over time, the industrial and commercial base of the city has expanded and industrial effluent from these activities has been accepted into the Sewerage System as a service to business.

The operation and performance of municipal wastewater treatment works and the resultant final treated effluent and waste discharge is fully dependent on:

- a) the nature of the activities in the wastewater treatment works catchment area
- b) the proportions of domestic and industrial effluents in the inflow
- c) the overall volume of effluent received; and
- d) the concentration of the effluent received

The Municipality ensures that all the contributors connected to the sewer system adhere to the required stipulations of the Water Services By-Laws. To ensure adherence of trade/industrial effluent discharged into the Municipal sewer system in accordance with Section 86 (1) and Section 88 (1) of the Water Services Bylaws

Permit Management System

The permit management system will be implemented to manage effluent disposal permits in terms of Sections 86 & 88 of the Water Service By-laws. Not only must the control measures and revenue collection be controlled more efficiently, the system must be implemented to protect the council from penalties and validate cost recoveries.

The requirements to detect fraudulent acquisition of effluent disposal permits were discussed during the initial workshops in 2015. The significance of electronic management of permits; web based application and issuing of permits to contributors were identified. Currently the threat of fraudulent use of permits is also a high risk matter.

Council requires a publicly accessible system to allow its clients to apply for effluent disposal permits. The clients should be able to apply for a new, or look up their existing permits and either: renew, amend, transfer or cancel the permit(s). The permit system should provide the Council' staff the ability to validate and approve permits; in addition to keeping track of all water quality tests performed for the allocated permit.

Cost recoveries do not only concern the cost of remedying the effects thereof, but also all costs related to tracing the source of the non-compliant effluent discharged. The full cost recovered in terms of the current bylaws would also include the recovery of costs incurred to repair damages to the environment. This ensures that the "polluter-pays" principle is fully applied to whoever may have caused the pollution incident.

10.2.6 Sanitation

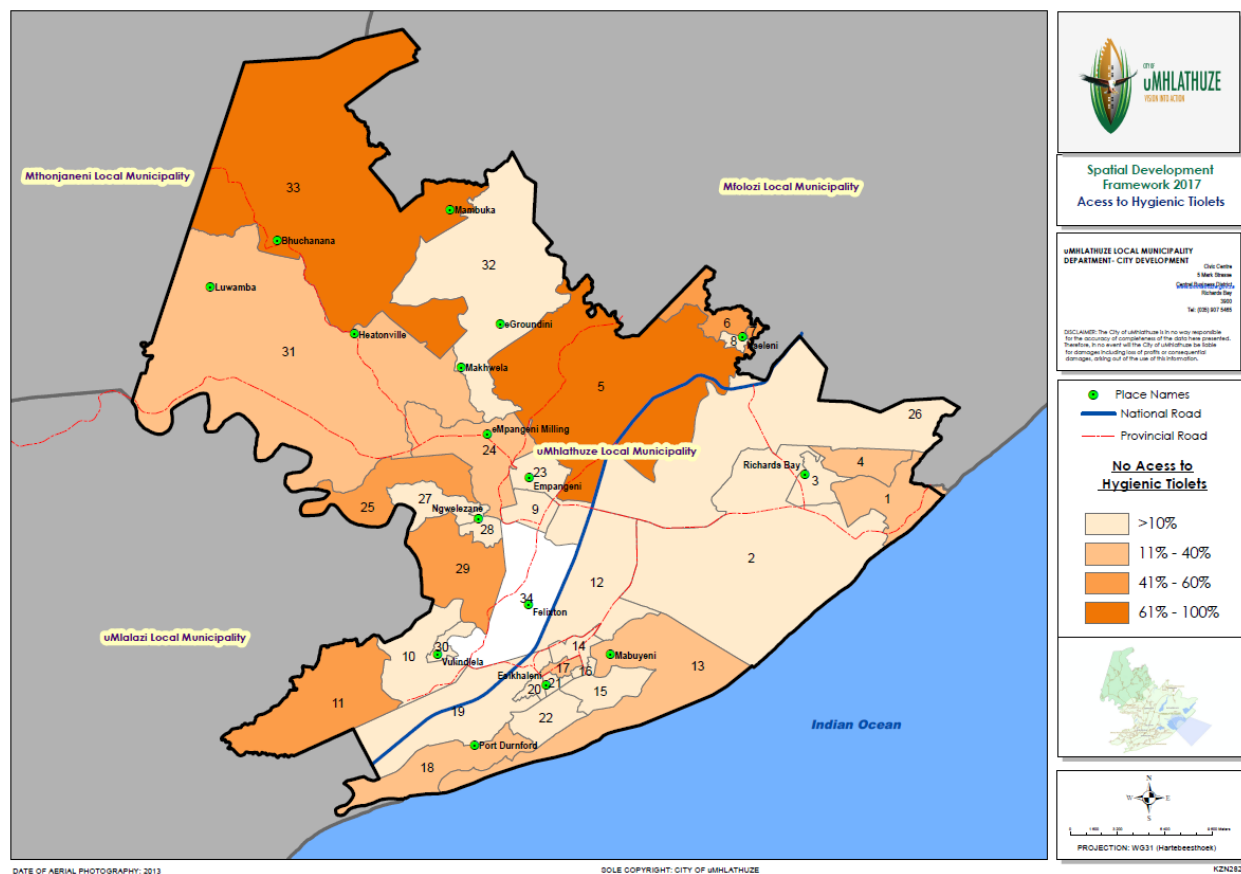
At commencement of the financial year a total of **90.44%** households had access to the basic level of service for sanitation as at 30 June 2017. The basic (RDP) level is one VIP toilet per household. The target for 2017/2018 for basic RDP level of sanitation service is set at **75%**. The target for 2018/2019 financial year of VIP toilets to be constructed is **2 500**. The changes in the number of households with backlogs are due to the addition of new households from the new wards that were under King Cetshwayo District Municipality

Table 37: Municipality Calculated Sanitation Backlogs

Service Level	Baseline (2016/2017)	2017/2018 Target	Stats Ending December 2017
Total households = 110 503 (2011 Stats SA)	Households with access to sanitation	Households with access to sanitation	Households with access to sanitation
ACCESS TO SANITATION	83 392	85 892	84 877
Waterborne Sewerage	43 068	43 068	43 068
VIP Toilets	40 324	42 824	41 809
Backlogs	27 111	24 611	25 626
New Installations (VIP)	2 553	2 500	Actual Q1 = 734 Actual Q2 =751

Access to Sanitation as at 31 December 2017 is **76.81%** and the Sanitation backlog is **23.19%**.

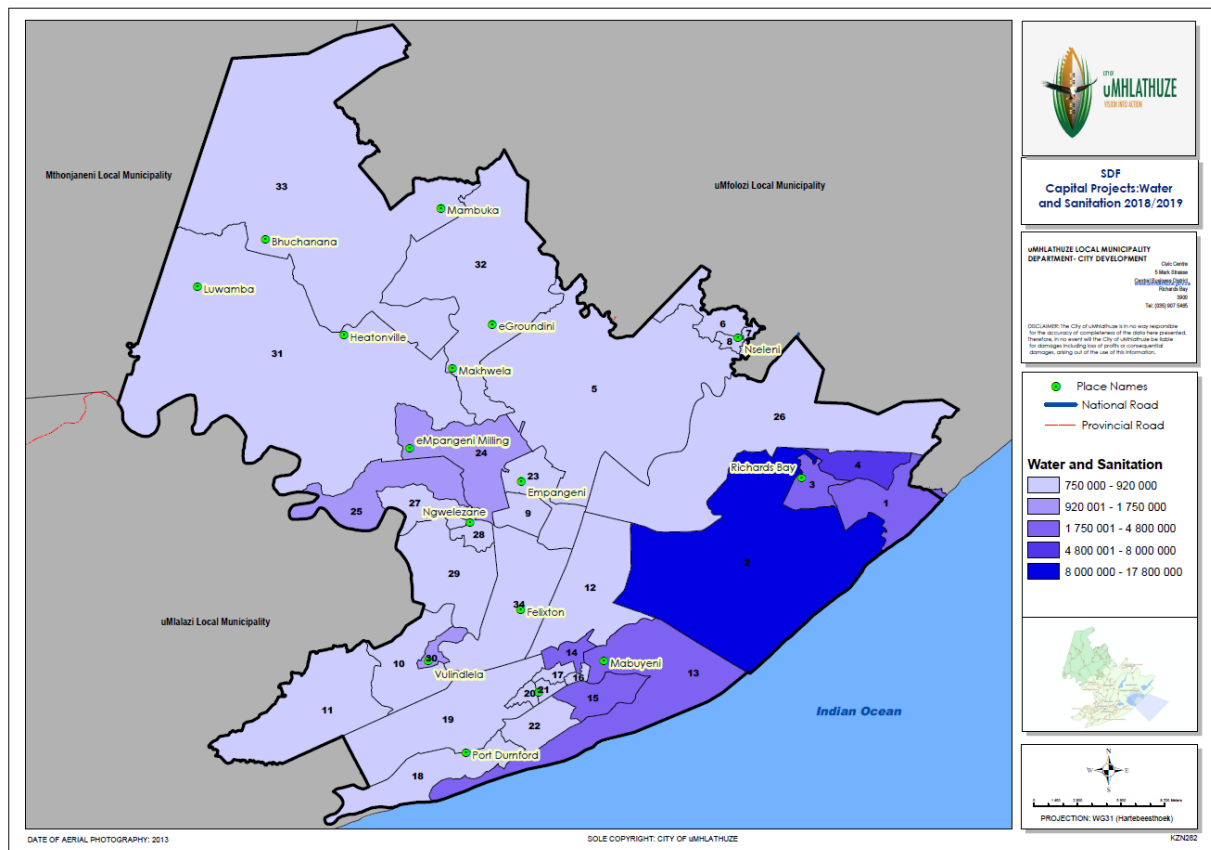
Map 14: Access to hygienic toilets



Source: uMhlathuze SDF Review 2017

From the map above it can be seen at which spatial locality large percentages of households do not have access to hygienic toilet facilities

10.2.7 Water and Sanitation Capital Investment Framework for 2017/2018 – 2018/2019



10.2.8 Operations and Maintenance

The municipality has adopted operations and maintenance plans for water and sanitation; however, because of the thickness of the plan due to different activities in the section it is impossible to include it in IDP. The approval of maintenance plans is delegated to the affected Deputy Municipal Managers. Soft copies of the O& M plans are attached as an annexure to the Final Review 2018/2019.

10.2.9 Water and Sanitation Projects

All water and sanitation projects are reflected on **Section F, under Major Funded Project Sub-Section**

10.3 Solid Waste Management

10.3.1 Waste Collection

The Constitution of South Africa, 1996 provides the foundation for environmental regulation and policy in South Africa. The right to environmental protection and to live in an environment that is not harmful to health or well-being is set out in the Bill of Rights (section 24 of Chapter 2). This fundamental right underpins environmental policy and law, in particular the framework environmental legislation established by the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA).

The Waste Act fundamentally reforms the law regulating waste management, and for the first time provides a coherent and integrated legislative framework addressing all the steps in the waste management hierarchy.

10.3.2 STRATEGIC GOALS

There are eight strategic goals around which the uMhlathuze Waste Management Strategy was developed, in line with National Strategy for Waste Management. They are structured as follows:

- ❖ *Goal 1: Promote waste minimisation, re-use, recycling and recovery of waste.*
- ❖ *Goal 2: Ensure the effective and efficient delivery of waste services.*
- ❖ *Goal 3: Grow the contribution of the waste sector to the green economy*
- ❖ *Goal 4: Ensure that people are aware of the impact of waste on their health, well-being and the environment.*
- ❖ *Goal 5: Achieve integrated waste management planning.*
- ❖ *Goal 6: Ensure sound budgeting and financial management for waste services.*
- ❖ *Goal 7: Provide measures to remediate contaminated land.*
- ❖ *Goal 8: Establish effective compliance with and enforcement of the Waste Act.*

In terms of City of uMhlathuze Waste Management the following has been achieved, in line with its strategic goals,

GOAL 1: PROMOTE WASTE MINIMISATION, RE-USE, RECYCLING AND RECOVERY OF WASTE.

Under this goal, recycling program has been implemented in order to minimise waste that goes to landfill site, while at the same time benefiting the communities.

RECYCLING

Two Material Recovery Facilities (MRF) that have been built and are operational, including drop off-points, such as Alton MRF, eNseleni MRF, Essenwood Drop Off, Meerensee Drop Off and 5 nodes in which recyclables are collected.

There currently a partnership with Wildlands Conservation Trust and other small scale recyclers in which the City is working with in order to optimise recycling. The main aim here is the implementation of hierarchy as shown below.

Figure 36: Hierarchy

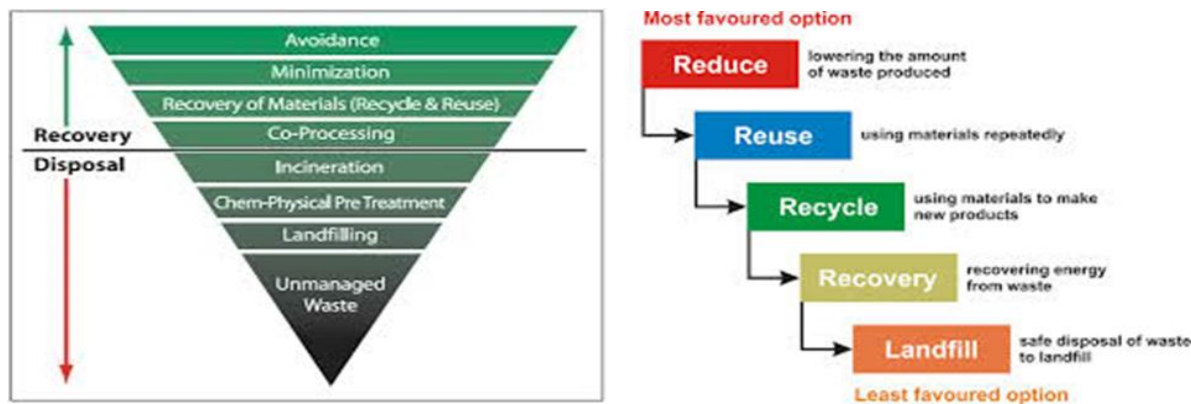


Table 38: different waste streams recycled as at February 2018

MONTH	RECYCLABLES IN TONS	% WASTE MINIMISATION
Quarter 1	2 284	21 %
Quarter 2	3 246	23 %
Quarter 3	3 833	26 %
Quarter 4	11 986	32 %
TOTAL	21 349	26% Average

This reflects that an average of 26 % of the total waste generated and landfilled within the City of uMhlathuze boundaries was recycled, or reused. This program has benefitted a number of individuals in the green economy, referred to as “Waste-preneurs”. The Municipality is still looking at ways of diverting waste away from landfill site, and recycling is just one part of it. City believes that “Waste is a resource out of place”. All this further contributes to **Goal 3**, which deals with contribution of waste sector to green economy.

10.3.3 MATERIAL RECOVERY FACILITIES

Two Material Recovery Facilities have been constructed, and are already operating, contributing to the community directly.

- o **Mzingazi Material Recovery Facility (MRF)**

This was an initiative fully funded by the Municipality to assist towards using waste to benefit communities.

This has just been finalized, even though there are some areas of improvement in terms of infrastructure, such as shelter for those sorting and machinery. This contributes a lot to green economy and empowering communities.

- **eNseleni Material Recovery Facility (MRF)**

This is also a great initiative towards using waste to benefit communities. The service in this centre has started but has a room for improvement. This centre receives recyclables emanating from kerb recycling and community members then sort it on site, they then sell it to different buy back centres. This site still needs a shelter and bailing equipment so as to ensure smooth and protective environment for those sorting. The work carried out is nevertheless not at full capacity operation.

GOAL 2: ENSURE THE EFFECTIVE AND EFFICIENT DELIVERY OF WASTE SERVICES.

In terms of the Constitution the responsibility for waste management functions is to be devolved to the lowest level of government.

It is therefore clear that the City is responsible for Waste Management within its area of jurisdiction and has to ensure proper handling of waste thus preserving a healthy environment.

The following are the core daily operations in achieving goal 2,

- ❖ Weekly waste collection from all 34 wards, both rural and urban, and dispose thereof at an approved landfill site.
- ❖ Street and rank litter picking and public ablution facilities cleaning.
- ❖ Recovery of re-usable and recyclable material from the main stream of waste.
- ❖ Clearing of illegal dumping within the City of UMhlathuze.
- ❖ Plans to eradicate backlog.

In this year all the operational services stated above were achieved according to plan, while at the same time looking at total eradication of backlog in rural areas. A total of about 79 % (73356) on average of total households (92210) had access to the basic weekly solid waste removal service at the end of June 2017, and it should be noted that all wards have access to Waste Management Service.

GOAL 3: GROW THE CONTRIBUTION OF THE WASTE SECTOR TO THE GREEN ECONOMY

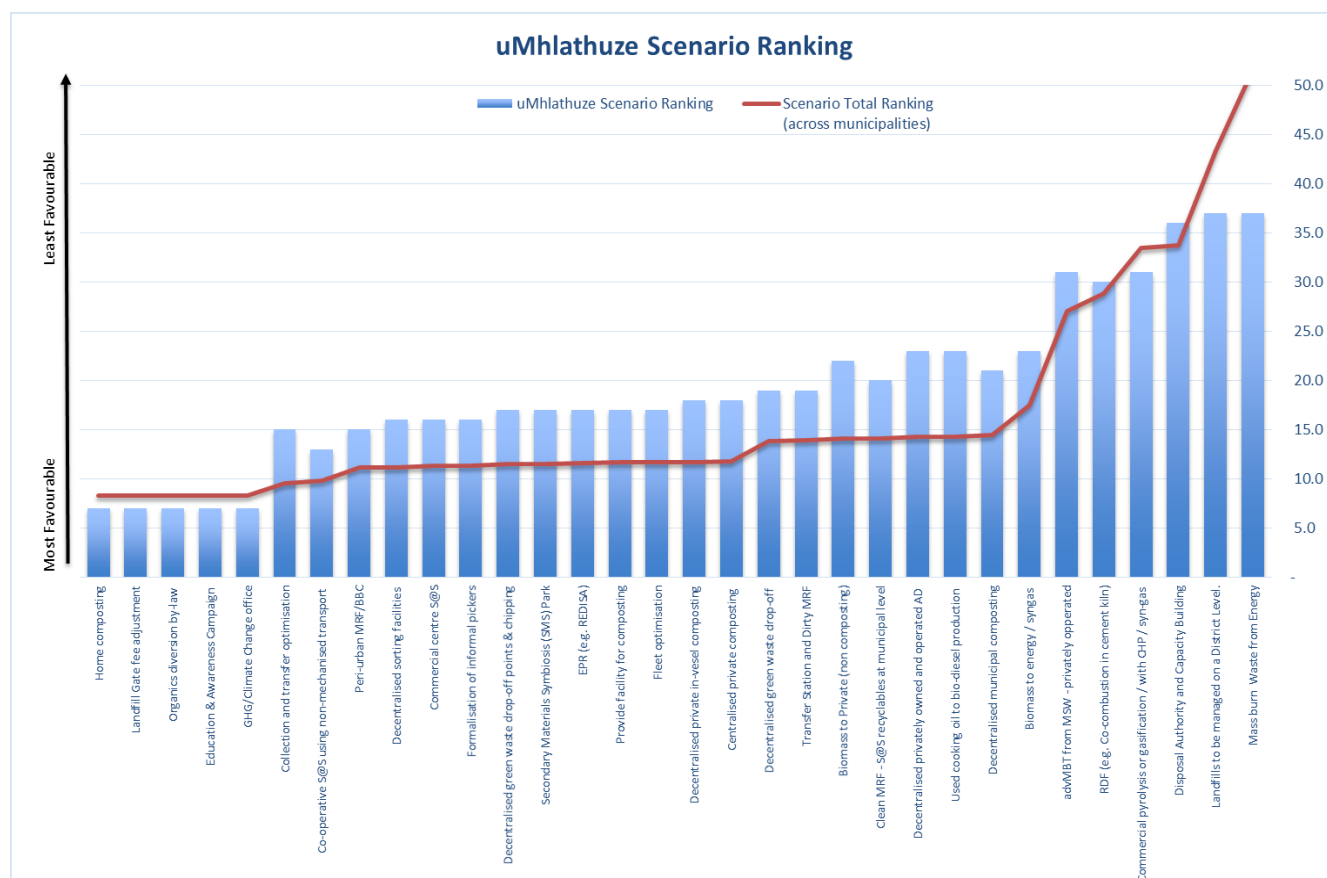
The City of uMhlathuze has conducted a feasibility study on alternative treatment of waste in partnership with National Department of Environmental Affairs. The pre-feasibility has been approved by Council which is looking at food waste as the best option to for soil enhancement.

Currently funding is still awaited for from the department and funders to do a full feasibility study, and the aim is also to use this stream of waste to create jobs, thus contributing to economy, while at the same time preserving environment.

Further studies still need to be explored so as to ensure that all streams of waste are actually used to benefit communities, rather than dumping valuable resources. Different scenarios had to be investigated in order to achieve this.

Scenario Ranking Comparison shown below compares the identified interventions within the municipality. This provides a comparison between the various municipalities and highlights the interventions that are more obviously preferred.

Figure 37: Scenario Ranking



Home composting, the economisation of municipal waste collection, co-operative involvement in separation at source, and various low tech sorting, material recovery, and “buy-back” centres prevailed, with waste to energy being the least preferred/ worse option. It is imperative that any investment and intervention in terms of diverting waste away from landfill site be in line with the scenario stated above.

More study will be conducted in this field to fine tune information so that implementation yields the environmental friendly results, while at the same time contribute to green economy.

GOAL 4: ENSURE THAT PEOPLE ARE AWARE OF THE IMPACT OF WASTE ON THEIR HEALTH, WELL-BEING AND THE ENVIRONMENT.

More environmental awareness and clean-ups are needed in order to educate communities on activities that people do which have negative impact to environment. A number of Community Clean up campaigns were carried out involving scholars and community members. Waste Management is currently looking at another partnership with National Department of Environmental Affairs, which will assist in terms of resources needed for environmental education and awareness.

The Municipality alone conducted 19 waste management environmental awareness campaigns which took place in schools and communities in a form of clean up campaigns, school talks, door to door campaigns, etc.

All these were aimed at ensuring that people start recycling, discourage illegal dumping, anti-litter, so as to promote a healthy environment.

This programme provides assistance as it provides an opportunity for environmental protection.

GOAL 5: ACHIEVE INTEGRATED WASTE MANAGEMENT PLANNING.

The City of uMhlathuze has finalized its updated integrated waste management plan (IWMP) and is currently being implemented.

One of the new exciting projects will be the alternative treatment of waste rather than landfilling. The City is currently busy with study on "*Diversion of waste away from landfill site*", which is funded by German Government through National Department of Environmental Affairs. This pre-feasibility study has been finalized and approved by Council. This contributes a lot towards alternative treatment of waste.

GOAL 6: ENSURE SOUND BUDGETING AND FINANCIAL MANAGEMENT FOR WASTE SERVICES.

Within the limited budget the section has managed to expand service to rural areas, where service was never provided before.

Refuse removal is now provided to all 34 wards of the City of uMhlathuze, even though service is not 100% currently.

The service in rural areas is currently provided as a free basic service, and therefore no income is generated, which means the Municipality should ensure that revenue is enhanced through all possible ways.

The Section continuously survey existing business, as main contributors to revenue, so as to ensure that they receive service they pay for at all times.

The Section has stabilized expenditure on overtime, and currently the section only has planned and approved overtime, but still looking at other avenues so as to ensure that more is done with limited funding.

GOAL 7: PROVIDE MEASURES TO REMEDIATE CONTAMINATED LAND.

Section has developed a comprehensive plan on illegal dumping which outlines the role of each stakeholder within the municipality's jurisdiction, ranging from business, contractors, garden services, law enforcement and even media so as to deal with illegal dumping and land pollution. This plan has yielded good results even before it is fully implemented. Communities are sending information and culprits are caught on the spot. Two Superintendents over and above Law Enforcement Officer have been trained as Peace Officer in order to ensure that those caught dumping are charged accordingly.

GOAL 8: ESTABLISH EFFECTIVE COMPLIANCE WITH AND ENFORCEMENT OF THE WASTE ACT.

In terms of Waste Act, all handlers of waste should be registered with Waste Management Officer. Currently more than 72 waste handlers who have registered already, and that assist so that waste is properly profiled. Furthermore, Waste management Bylaws are being reviewed to be in line with IWMP.

Map 15: Access to Refuse Removal

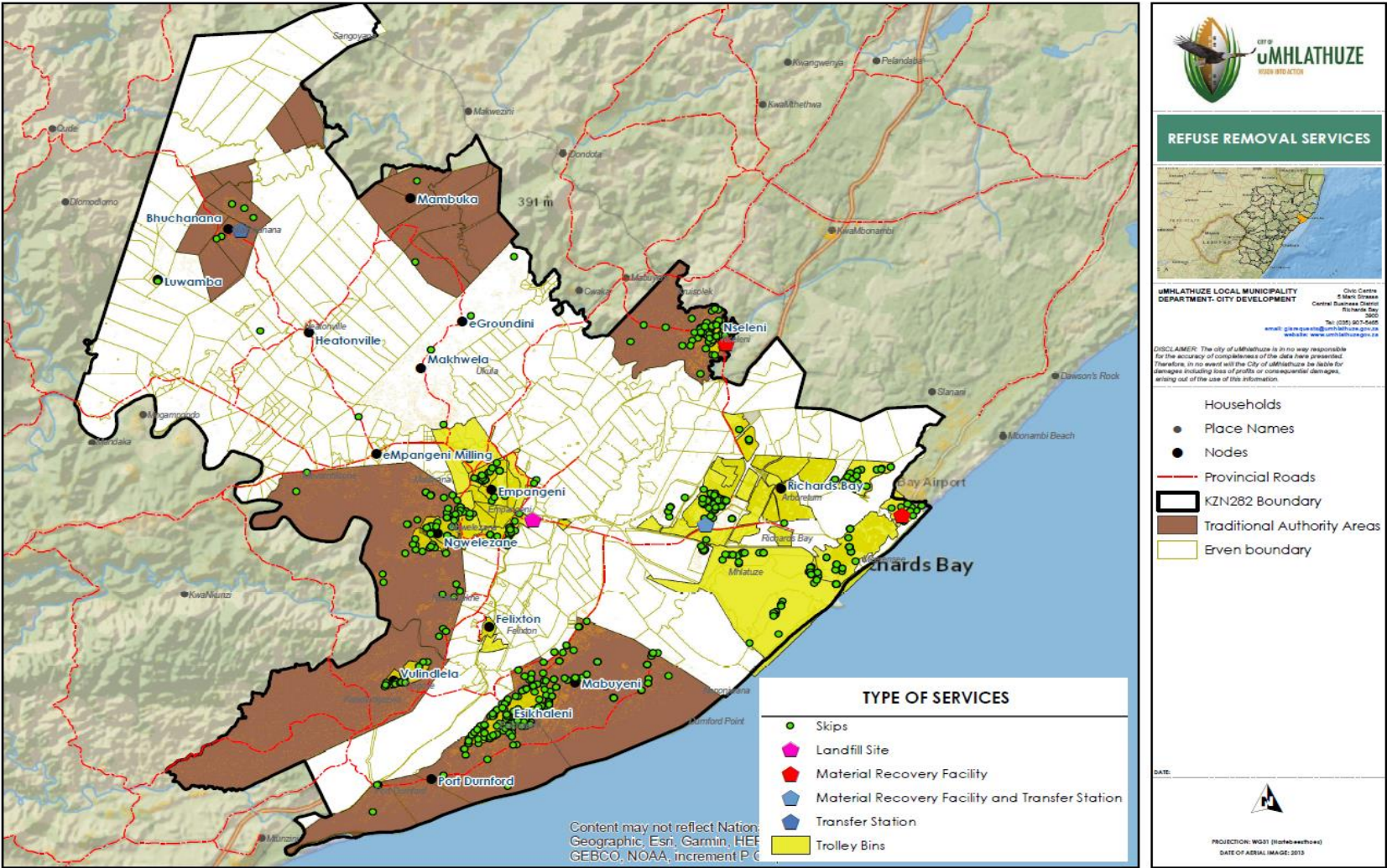


Table 39: Solid Waste Management Indicators and targets

Strategies	Performance Indicator	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
		Actual 2016/2017	Amended incl 2016 Survey	Annual Target	Annual Target	Annual Target	Annual Target
Provide a weekly domestic solid waste removal service to the community	% Households with access to waste disposal	79.55%	67.29%	69.09%	70.90%	72.71%	74.52%
	Number of Households with access to waste disposal	73356	74356	76356	78356	80356	82356
	Number of new Households with access to waste disposal	3987	1000	2000	2000	2000	2000
	Number of Household with access to free waste removal	27469	30000	32000	34000	36000	38000

10.4 Transportation and Storm Water Infrastructure

Within the Infrastructure and Technical Services Department there is a unit responsible for transport, roads, storm water and coastal management. As such, the unit has the following sub-sections:

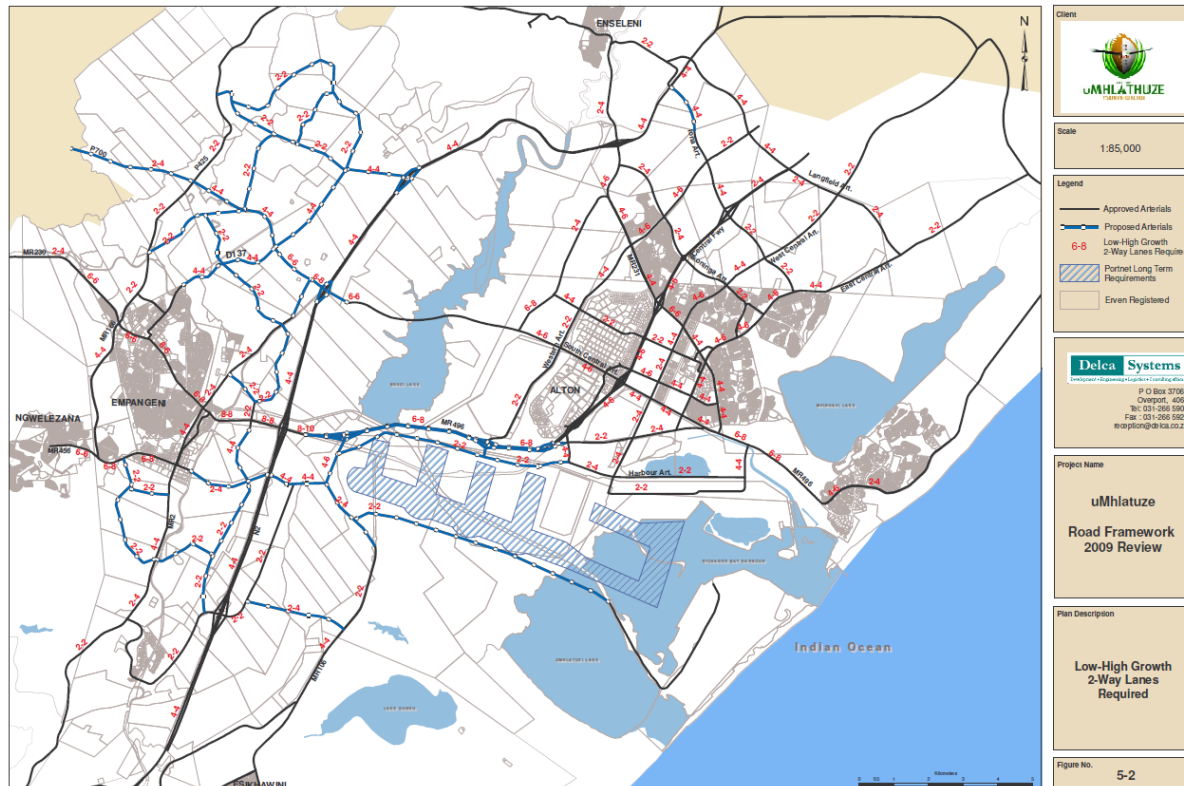
- Urban Roads, Rail and Road Markings
- Transportation Planning and Traffic Signs
- Rural Roads and Stormwater
- Stormwater Coastal Management

The Municipality has recently finalized a Review of its Arterial Road Framework Plan that extends beyond the boundaries of the existing formal urban areas into the proposed expansion areas as indicated hereunder.

Integrated Transport Plan

The Development of the public transport plan and policies are a strategic move aimed at ensuring focus focused approach towards public transport in recognizing and providing for the City's growth. The Municipality is in a process of developing the CITP, the study is underway with data collection from various affected parties, including buses, taxis, etc. Working with the National Department it was realized that a priority should rather be the development of the CITP first than the IPTN

Map 16: Arterial Road Framework Plan



10.4.1 Urban Roads, Rail and Road Markings

The maintenance entails daily pothole repairs, repairs in roads where pipe bursts occurred. Major maintenance is done via the pavement management system. uMhlathuze MUNICIPALITY appointed private service provider for the development of a Pavement Management System (PMS). This PMS presents a network level proposal for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section.

Different road sections require different types of maintenance varying from routine and normal to heavy rehabilitation. Possible project types range from routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction). With the limited funds available it is important that these funds be spent at the right place at the right time to ensure optimum use of funds. The use of PMS is generally accepted as essential for determining the maintenance and upgrading needs/programmes for pavements in a network of roads.

The total length of the paved network is 560.4km (553.8km tar, 0.4km block paving and 6.2km concrete pavements) with an estimated replacement value of R1.85 billion. The average condition of the network can be rated as fair to poor, with 16% of the surfacing and 12% of the structure in the poor to very poor category. The following urban roads are maintained by the city uMhlathuze:

Table 40: Urban Maintenance Road lengths

Area	Suburb	Length of Road (km)
Richards Bay	Alton North	20.5
	Alton South	32.5
	Aquadene	9.8
	Arboreturm	51.7
	Birdswood	22.5
	Brackenham	24.3
	Meerensee	51.2
	Sports complex	0.839
	Veldenvlei	19.2
	Wildenweide	7.3
	Mandlazini	18.2
	Mzingazi	5.5
Empangeni	Central	11.6
	CBD	22
	Empangeni Rail	17
	Fairview	10.1
	Grantham Park	13.8
	Kildare	6.9
	Kuleka	11
	Noordsig	3.8
	Nyala park	13.3
	Richem	6.1
	uMhlathuze Village	10.1
	ZSM Industrial	0.82
	Carsdale	0.4
	Hillview	2.7
	Panorama	6.5
	Zidedele Village	1.4
Ngwelezane	Unit A	17.8
	Unit B	15.1
ESikhaleni	Unit H	48.5
	Unit J	33.7
Felixton		9.8
Nseleni		22.2
Vulindlela		7.9
Not available		15.36
TOTAL		571.419

The following is a representation of the kilometres of different classes of roads in the City and affected wards:

Figure 38: Condition of the Structure

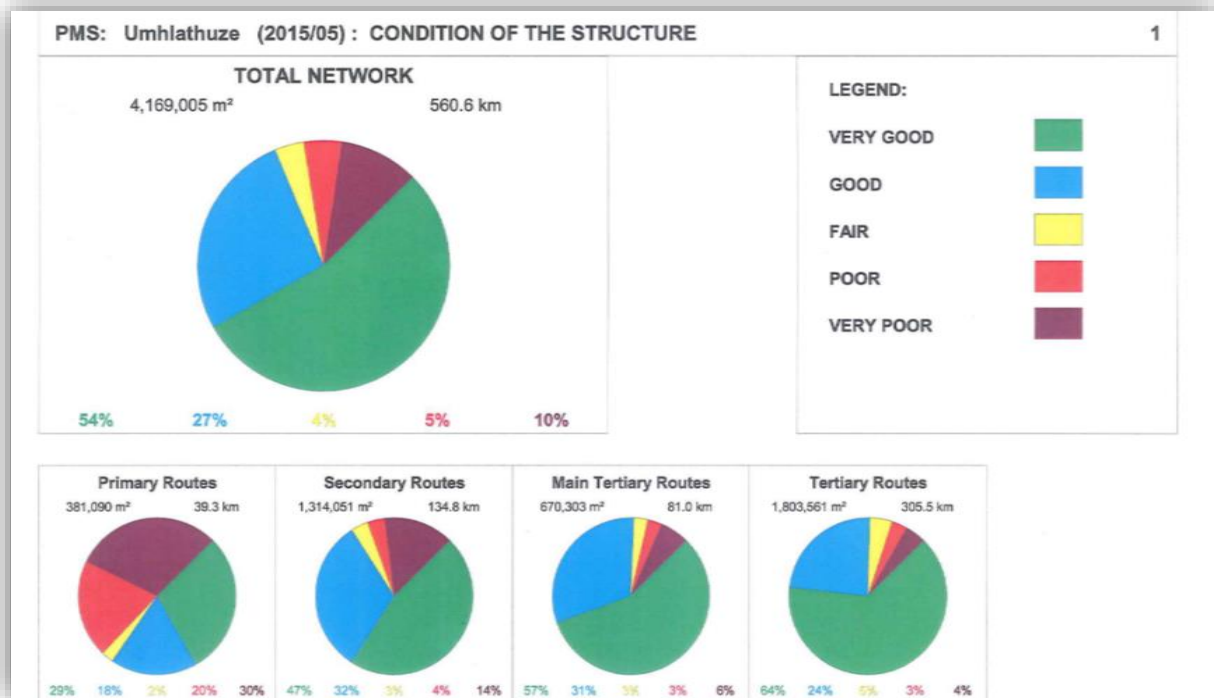
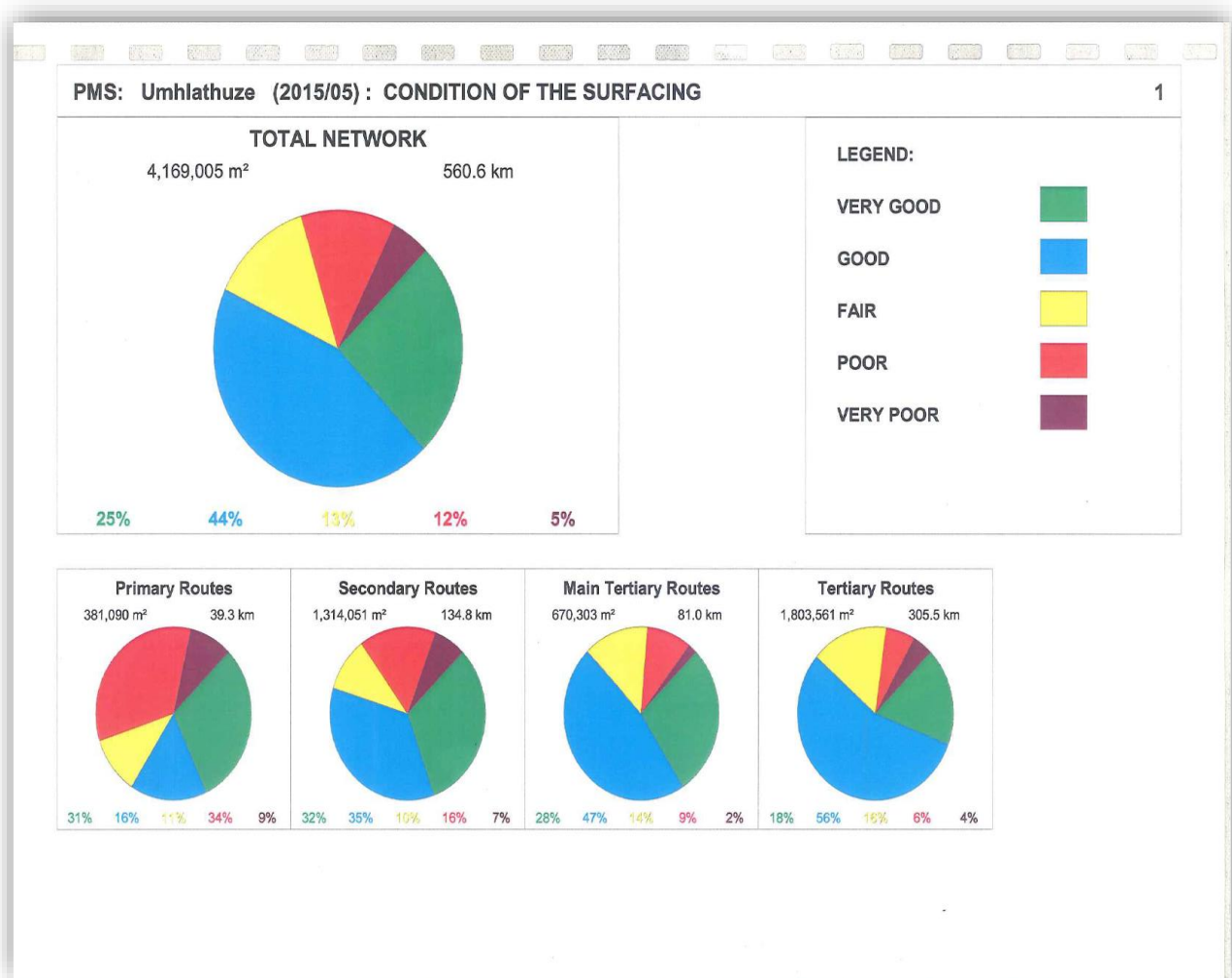


Figure 39: Condition of the Surfacing



The rail sidings are maintained to comply with the standards of the Rail Safety Regulator, which is a national body responsible for the safe operation of all rail lines. Maintenance work is generated by monthly inspections done by representatives from the municipality, a consulting firm and a maintenance contractor. A total length of 17.2 km of rail sidings and 38 turnouts is maintained.

10.4.2 Transportation Planning and Traffic Signals

This section consists of three divisions, i.e.:

- Transportation Planning
- Contract Maintenance
- Traffic Signals

Transportation planning includes the following:

- Planning on the upgrading of existing road infrastructure
- Planning of new roads infrastructure

- Road classification
- Integrated transport mode planning
- Public transport infrastructure planning
- Heavy vehicles operations planning
- Airport framework plan
- Arterial Framework plan

Transport Planning Assistance includes the following:

- Maintenance related quotations for upgrading of existing infrastructure
- Implementation of Traffic Calming
- Traffic counts and planning
- Warrant of traffic signals
- Upgrading of Traffic signals
- Design and Implementation of new Traffic Signals

Traffic Signals relates to the following:

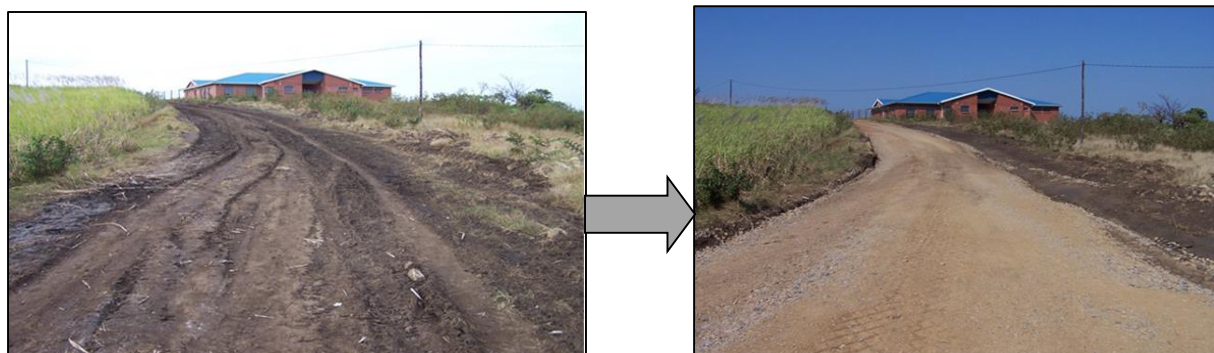
- Maintenance of traffic signals
- Upgrading of traffic signals
- Improvement of technology

Projects and Activities in this section are summarized hereunder:

- Rural Roads Development to source funding via a Business Plan for the upgrading and developing of the rural roads.
- To develop a business plan for the sourcing of funding for the implementation of the Comprehensive Integrated Transport Plan (CITP).
- To develop The Comprehensive Integrated Transport Plan for the City of uMhlathuze (CITP).
- Upgrade of the existing road from North Central Arterial to Grantham Road in Empangeni (John Ross Highway).

10.4.3 Rural Roads and Stormwater

Rural road services are provided to four Traditional Council areas. Infrastructure maintenance section is responsible for maintenance of roads and storm water, pedestrian bridges, bus shelters and vehicle bridges.



10.4.4 Stormwater Systems and Coastal Management

The Stormwater Systems and Coastal Planning section deals with the overall stormwater management and operations functions throughout the City, as well as the Coastal management functions through liaison and coordination of meetings with various stakeholders involved in all activities and functions along the City's coastline.

Priorities for this section include:

- Maintenance and Cleaning of all Stormwater facilities throughout the City.
 - A two (2) year Stormwater Cleaning Contract is currently underway to address the overgrown open drains and stormwater servitudes.
 - The Stormwater Cleaning Contract as above also addresses the cleaning of our streets since waste from streets collects within the stormwater services and causes blockages
- Creating social upliftment through employment from the local community to clean the stormwater facilities and carry out routine maintenance.
 - A two (2) year Stormwater Cleaning Contract is addressing the unemployment conditions throughout the City by means of employment opportunities through the EPWP – Expanded Public Works Programme

Challenges include the following:

- Short to no supply of permanent staff to carry out daily functions.
- Currently section is almost 100% reliant on outsourcing of work to undertake its functions which results in delays when having to execute emergency functions
- Illegal dumping of waste within streets and stormwater servitudes by the community causes overflows through blockages that create flooding of streets and properties.
- Requirement of “peace officers” to address the issuing of fines to members of the community that engages in illegal dumping.

Projects and Activities of the section include:

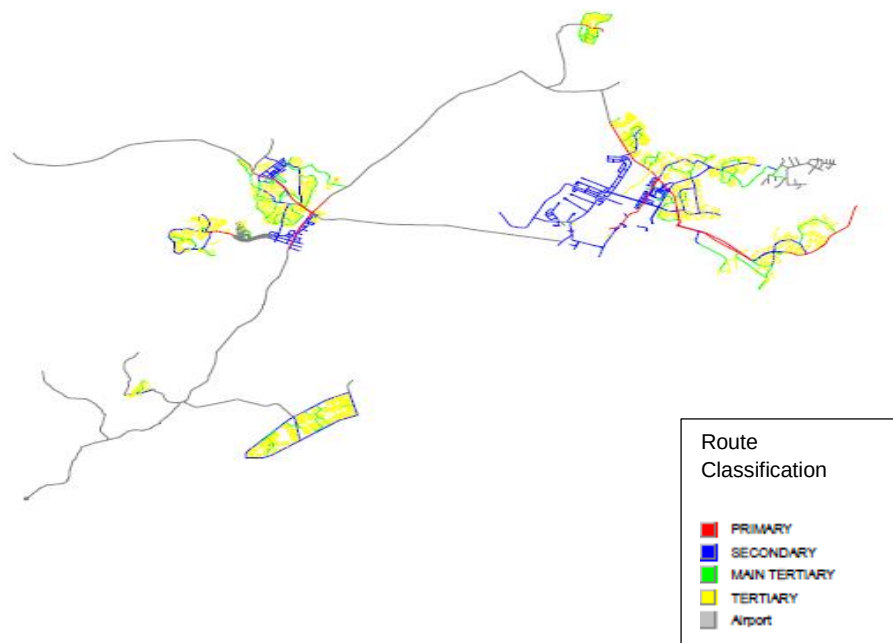
- Repair of Mzingazi River Salt Water Barrier Weir at John Ross Highway Bridge to prevent ingress of salt water through the weir into the fresh water course.
- Community Awareness Project for a Stream Clean-up crossing Saligna Road between John Ross College and Via Cassiandra Road.
- Replacement of all stormwater manhole covers throughout the City with Polymer Concrete manhole covers to prevent scrap metal theft and create a safe environment to the community.
- Maintenance and Cleaning of all Stormwater facilities throughout the City.

10.4.5 Sector Involvement

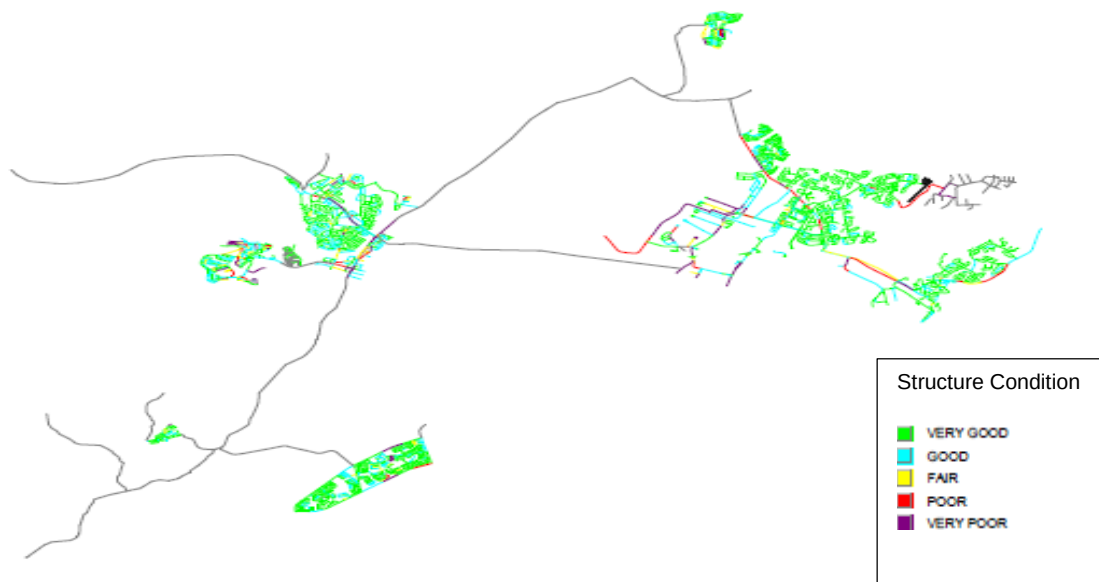
This department works closely with the Department of Transport, the Department of Co-operative Governance which through the Municipal Infrastructure grant has funded a number of capital projects.

The following maps are sourced from the PMS; they indicate spatially projects and status of the resurfacing, rehabilitation, structure and condition, and route classification:

Map 17: Route Classification



Map 18: Structure Condition



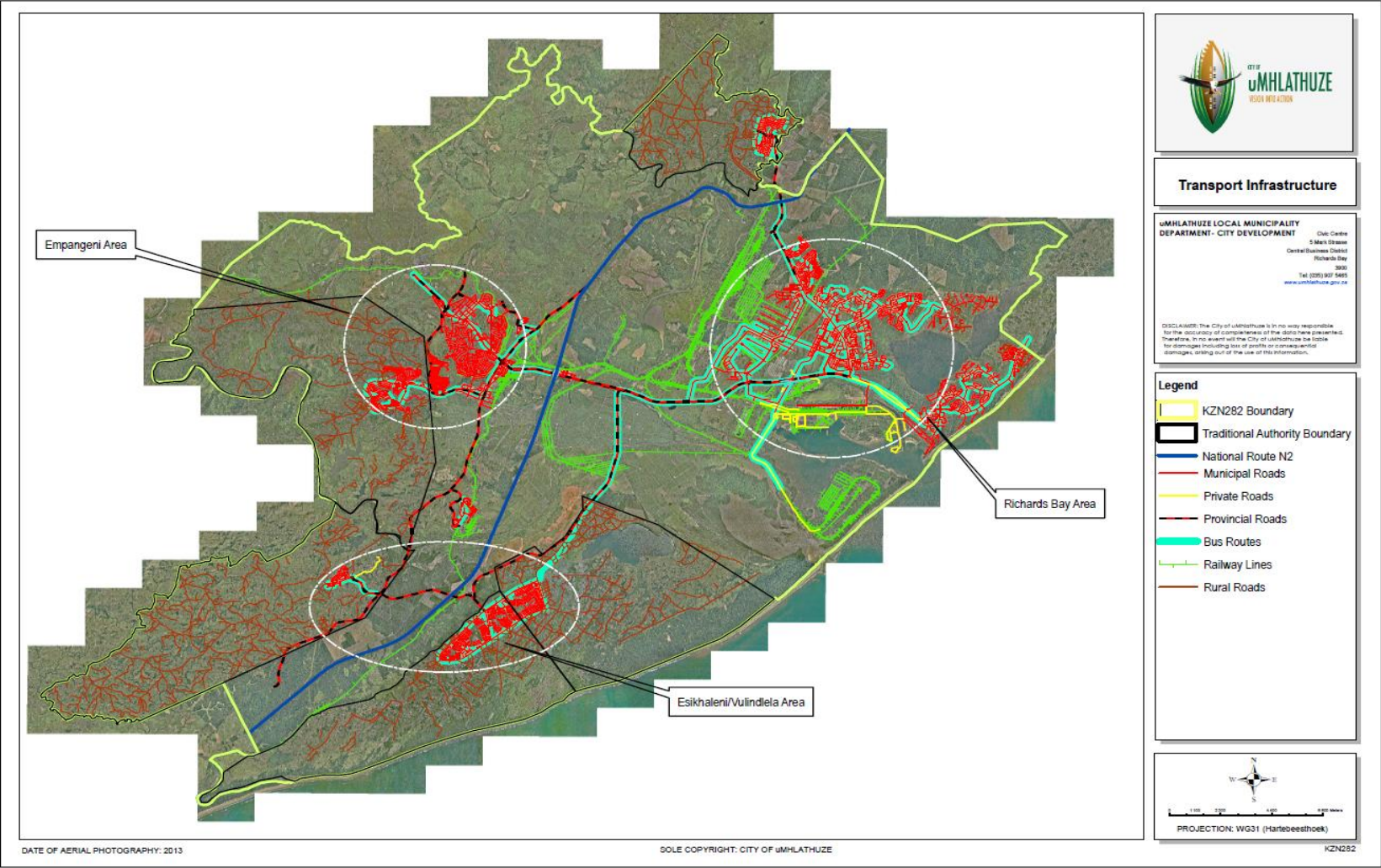
Map 19: Rehabilitation Projects



Map 20: Resurfacing projects

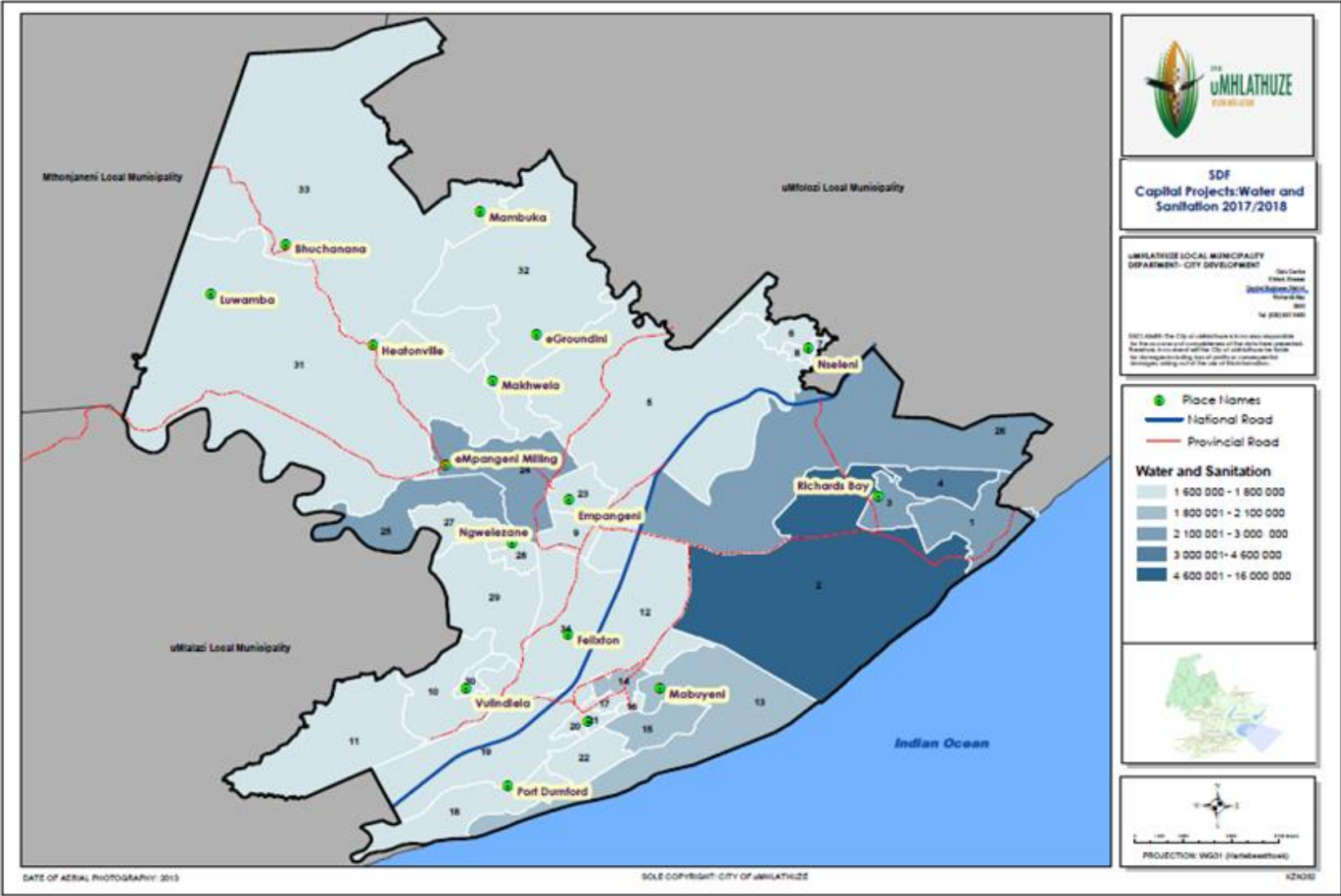


Map 21: Transport Infrastructure



Note : the map is being revised to incorporate road classifications from the areas inherited from Ntambanana , this will be done as part of the CIP development for

Figure 40: Roads and Storm water Projects



10.5 Energy

10.5.1 Introduction

uMhlathuze Municipality has developed an electricity master plan in 2016, which is currently in implementation. The city of uMhlathuze is a licensed electricity provider, however in rural areas electricity is still supplied by ESKOM.

The main objective of Energy Sector Plan is to provide a background and basis for the development of an Energy and Climate Change Strategy for the City of uMhlathuze so as to provide and sustain bulk infrastructure services for anticipated development. This is achieved by delivering the following key outputs:

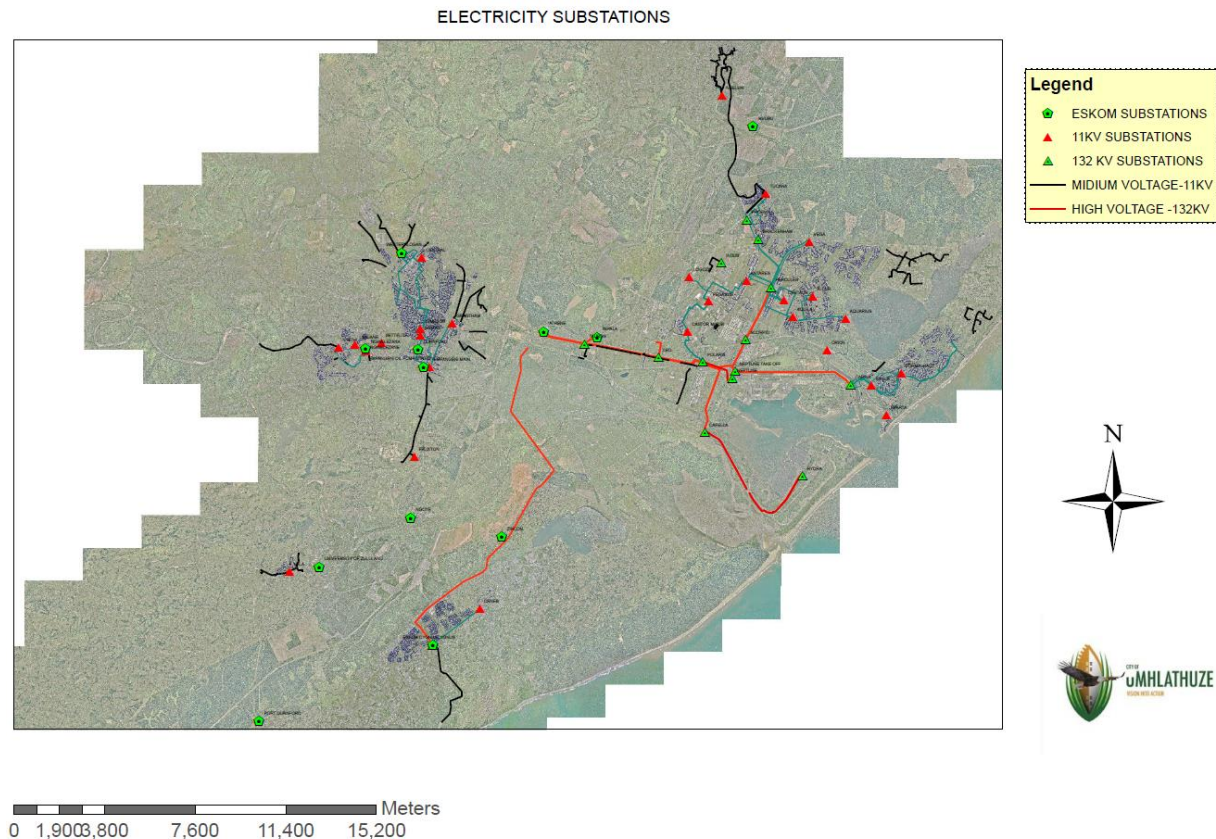
- A snapshot overview of energy supply and demand patterns within the boundaries of City of uMhlathuze supported by load forecast for capacity planning.
- Identification of Sustainability Priorities through IDP community engagement which then informs the capital budget for future planning. These include issues such as access to energy supplies, energy affordability, Climate Change, atmospheric pollution as a result of fossil fuel combustion, social welfare and employment

10.5.2 Access to Electricity

The City of uMhlathuze has no electricity backlogs in its area of supply. The total backlogs of 6429 exist in the areas within the municipality which are directly serviced by Eskom. Municipality is only doing infills for new customers. The main focus of the municipality is on infrastructure provision and maintenance and also provision of public lighting in Traditional Areas.

10.5.3 Summary of Infrastructure

Map 22: Electricity Infrastructure (map currently being updated)



The following provides a synopsis of the extent and nature of infrastructure in the uMhlathuze Municipality for electricity supply purposes as mapped above:

- The City has total of 43 Substations, of which 12 are 132 kV and 31 are 11 kV, 1.94.3 km of 132Kv over headlines.
- 109km of 11kV Overhead Line (OHL).
- 503km of 11kV underground cable (UGC).
- 850 Minisubs.
- 53 Ring Main Units.
- 136 Pole-mounted transformers.
- 7257 customer distribution kiosks
- 17423 Streetlight Poles and 87 Traffic Robots

The above supplies a total of 35 131municipal customers, including Industrial, Commercial and Residential.

The following table summarises the Notified Maximum Demand (NMD) and Recorded Peak in the Municipality:

Table 41: Notified Maximum Demand and Recorded Peak

Point of Delivery (PoD)	Installed Capacity (MVA)	Notified Maximum Demand (MVA)	Recorded Peak (MVA)
Richards Bay	320	230	197
Empangeni Main	20	20	18
Empangeni Western	20	20	17
Felixton	3	0.7	0.754
Vulindlela	3	1	0.86
ESikhaleni	20	16	8.4
Nseleni	3	2.7	2.65
Ngwelezane	10	7	6.43
TOTALS	399	297.4	251.094

10.5.4 Infrastructure Planning

The Electricity Department strives to always maintain a 10% to 20% reserve margin of supply. The impact on capacity is continually assessed given:

- Residential growth, due to individual applications and residential developments
- Individual commercial applications and commercial/office campus developments
- Light & heavy industrial developments

Note: 11kV Western Main in Empangeni and ESikhaleni stations are operating above 95% of maximum installed capacity. The completed Electrical Master Plan outlines the network infrastructure reliability and sustainability for future load growth.

It is critical for the Electricity Department to liaise with relevant stakeholders, on future capacity requirements, to achieve integrated development planning. Such stakeholders include Eskom, LPU's (Large Power Users), Private Developers, IDZ (Industrial Development Zone), SEZ (Special Economic Zone), District Municipality, Provincial and National Governments, Internal Customers from within the Municipal structure.

10.5.5 Electrical Networks Operations and Maintenance

Operations & Maintenance constantly seek to deliver reliable electricity supply to customers by maintaining the network to avoid outages, and by responding promptly

to outages when they occur. Hence, uMhlathuze's network reliability is measured by the frequency and duration of power interruptions in the network. Most of power interruptions that customers experience reflects faults or failures of the medium voltage (MV) network.

NRS 047-1:2005, section 4.5.3 recommends that after unplanned interruptions, power should be restored as follows:

- 30% within 1.5 h;
- 60% within 3.5 h;
- 90% within 7.5h;
- 98% within 24 h; and
- 100% within a week.

The City of UMhlathuze Operations and Maintenance department use the following key performance indicators (KPI) to monitor the network performance.

SAIDI => System Average Interruption Duration Index.

Definition: Average duration (in hours) in total that the customer was without supply.

Formula

$$\text{SAIDI} = \frac{\text{Cust.Affected} \times \text{Duration}}{\text{Cust.Base}}$$

SAIFI => System Average Interruption Frequency Index

Definition: Average frequency that the customers supply is interrupted

Formula

$$\text{SAIFI} = \frac{\text{Cust.Affected} \times \text{Interruptions}}{\text{Cust.Base}}$$

Note: Operations and Maintenance plan is attached as an annexure to the IDP

10.5.6 Technical Operations Centre

City of uMhlathuze operates an extensive telemetry network to monitor their water and sewer distribution infrastructure; electrical substations, and Analytical Instruments. The system consists of a SCADA based master station, situated in the City of uMhlathuze Technical Operations Centre office, and approximately 180 Telemetry outstations for monitoring pump stations, 43 electrical substations and reservoirs over the entire City of uMhlathuze.

Technical Operational current situation is as following:

- Municipal Tracking System – Municipal Integrated Solution & Customer Care Centre
- Electrical Distribution, Load management and Online Metering Systems.
- Fleet Management system (Geotab)
- Water reservoir monitoring SCADA system
- Sewer network line systems – SCADA system
- Street Lights and Management System – Tele-management Systems (under development)
- Pressure management Systems SCADA Dashboard
- SCADA alarm management

10.5.7 Energy Efficient Demand Side Management and Renewable Energy

EEDSM (Energy Efficiency Demand Side Management) involves the following:

Energy Audit for all Municipal Buildings are being done in phases, the Richards Bay civic centre old high consumption building lights are being changed in 2017/2018 (Appointment has been made local company is doing the Retrofitting) into LED building lights which are low energy consumption. eSikheleni Suburbs has more than 1700 old HPS Streetlights Luminaries and first phase of 400 HPS Streetlights Luminaries are being changed in 2017/2018 (Appointment has been made) into LED which are low energy consumption and are a requirement by Government.

Renewable Energy

Study on exploring Gas as the source of Energy within City of uMhlathuze has been made and the recommendations are being investigated for future usage.

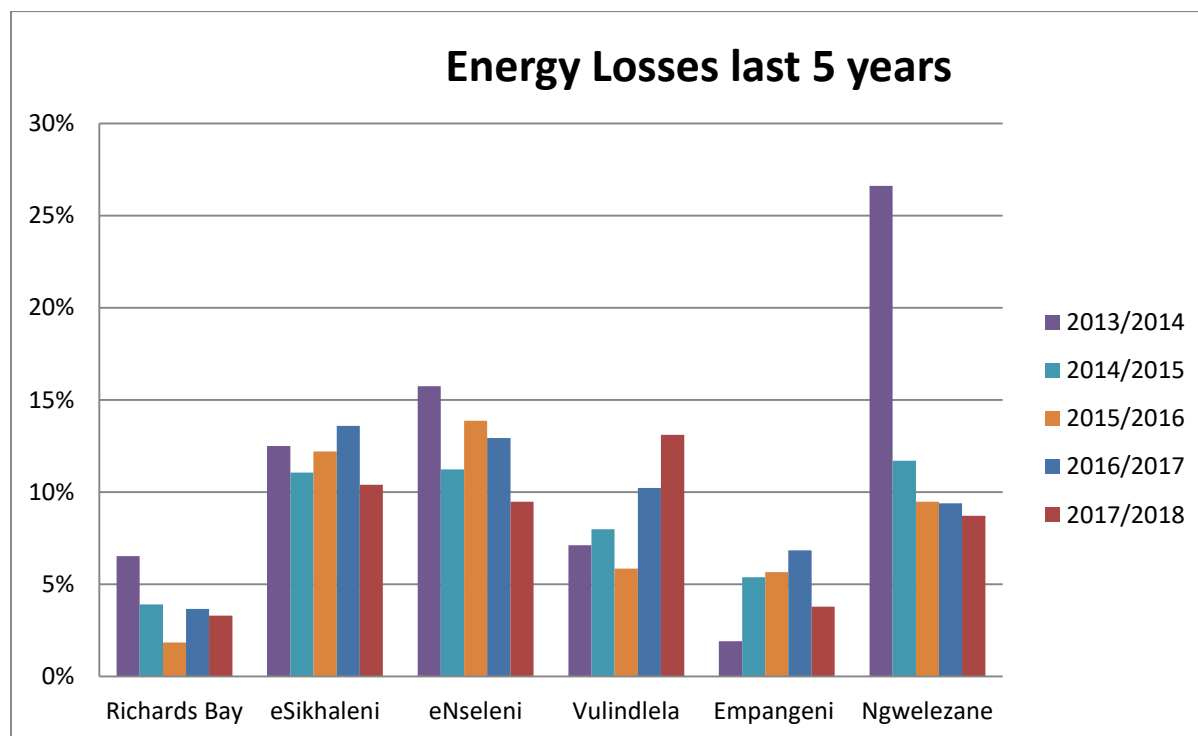
10.5.8 N2 Corridor and Non-Island Areas

The Municipality COU submitted an application to Eskom to cede license for the N2 buffer area (brown field) and “Hand over” assets in the rural areas to the Municipality. The Municipality intends to appoint a services provider to assess the cost implications of the above in respect of:

- Current equipment life expectancy
- Immediate capital outlay
- Refurbishment
- Replacement
- Upgrades
- Expansion
- Maintenance

10.5.9 Energy Losses

Although the national average is 12% and the overall average of the City is 7% it is a concern that some areas are exceeding the 12% national average.



Further Energy losses will be minimised through the implementation of the following projects:

Prepayment Meter Audits: All Areas	Annual Total
Houses Visited (general audits) EES	2 511
Number of customers billed for Tampering:	432
Number of customers billed for Unpaid Elect Consumed (faulty meters):	37
Number of customers billed for Unmetered Elect Consumed:	11
Clearance certificate audits requested by CFO	1 309
Total Audits over the year:	4 300

10.5.10 Electricity Maintenance Plan

The City of uMhlathuze is a utility for distribution of electricity to an area of **825** km². To effectively and safely distribute electricity to residential, commercial and industrial customers, maintenance is critical, as it will always cost much more to replace

equipment that is not properly maintained. There is currently a manual maintenance plan that was developed to outline the maintenance strategy.

There is a total of 43 Substations with 12 being 132 kV substations and 31 being the 11 kV Substations which ultimately feeds our customers. Our key customers are Mondi, RBCT, Foskor, Transnet & IVS and interruption of power to these customers has a significant impact on the environment, revenue & the Provincial economy.

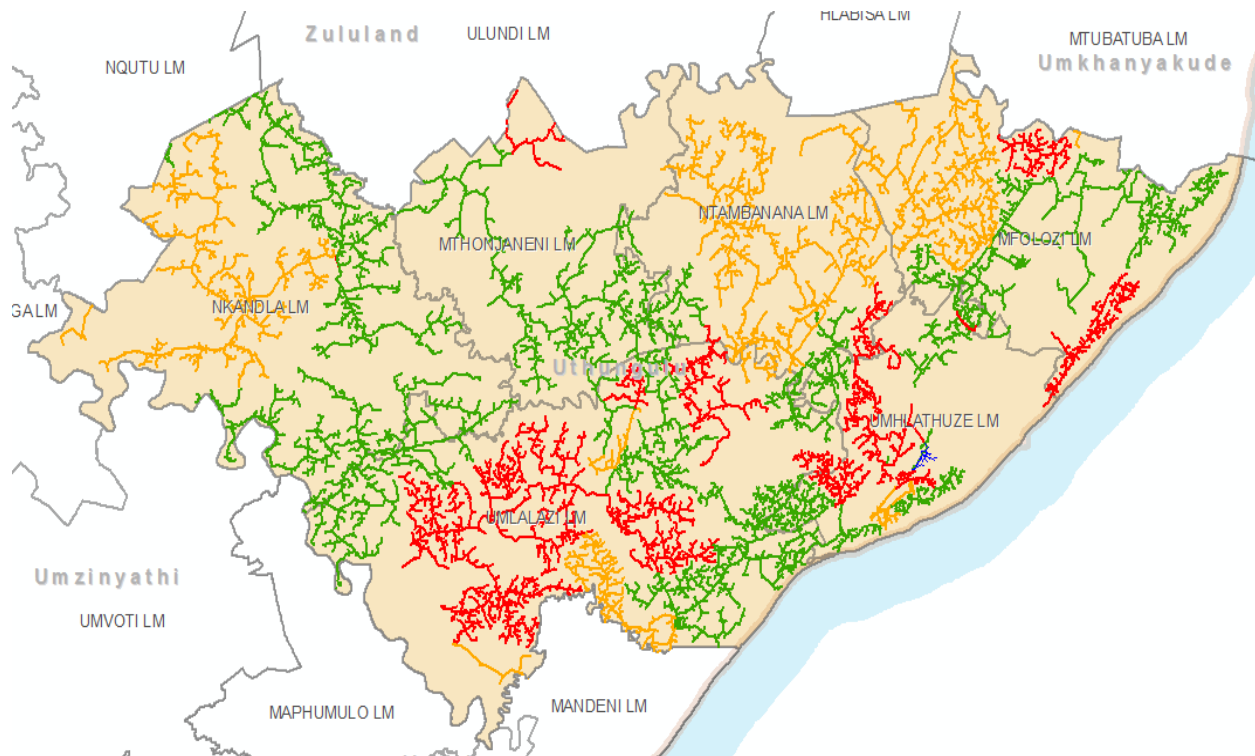
Maintenance strategy

- **SAIDI** => **S**ystem **A**verage **I**nterruption **D**uration **I**ndex
- **Definition:** Average duration (in hours) in total that the customer must be without supply.

- **SAIFI** => **S**ystem **A**verage **I**nterruption **F**requency **I**ndex
- **Definition:** Average frequency that the customers supply is interrupted

- **SLI** => **S**upply **L**oss **I**ndex (***RS**LI if on **R**eticulation network*)
- **Definition:** The total duration the system was out of supply. SLI is an internal measure of transformer availability

Map 23: Capacity Constrains – King Cetshwayo District



Source: Eskom

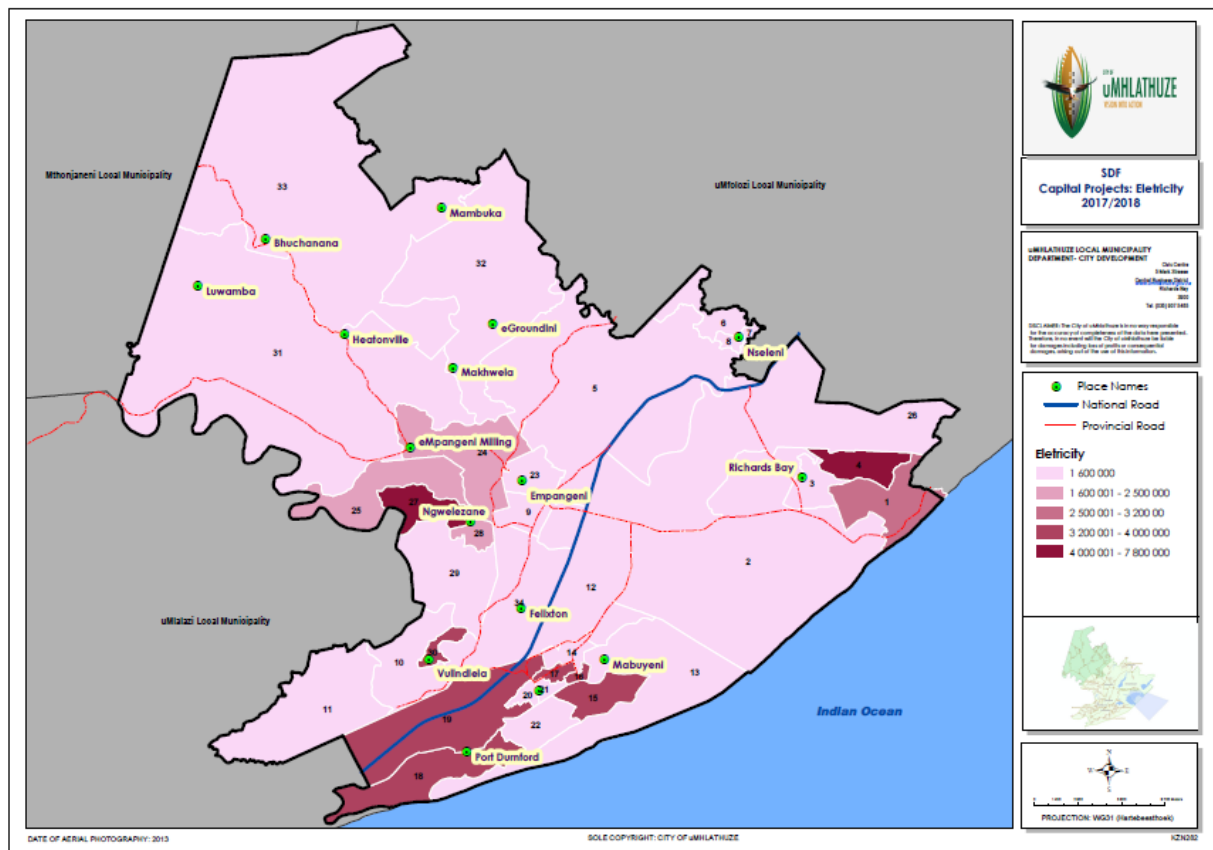
Sector Involvement

This section liaises with a number of stakeholders and departments in terms of strategic infrastructure planning and service provision. However, the most prominent departments are the Department of Energy, Eskom and the Department of Co-operative Governance.

10.5.11 Electricity Capital Investment

In the quest to reduce electrification backlogs the map below summarises the capital investment towards electricity supply services.

Map 24 : Electricity Projects



The map above illustrates some of the major projects the municipality is undertaking in the 2017/2018 – 2018-2019 financial year.

10.6 Sector Involvement and Projects

Table 42: Capital Projects for Electricity, Water, Sanitation and Roads

Detailed project description (quantity & location - outputs & outcomes)	Ward location	Ward benefitting	adopted 2017/2022
Mzingazi ohl upgrade	1	1	1,600,000
Upgrade & signalise of 1 intersection within the city of uMhlathuze	1	1	1,000,000
Water projects	2	2	13,300,000
Upgrading of Birdwood pump station capacity	2	4	2,000,000
Meerensee - garrick rise sewer line replacement 450mm	2	1,2	1,000,000
Veldenvlei pump station	2	1,2,3,4	1,000,000
Construction of a second Meerensee reservoir (20ml)	2	1,2,3,4	100,000
Upgrade of 110mm water pipe in Alton (behind ZCBF to bus depo)	2	2,3	300,000
132kv oil filled cables in the south dunes between Hydra and Capella Substations	2	Whole of municipality	3,800,000
Refuse trucks	2	Whole of municipality	8,000,000
2 x TLB 4 x 4 (urban water & sanitation) 1 x 4ton tipper truck with crane 1 x 10 ton truck 4x4 jetting machine - 4 x 1500 litre water tanker 4x4 truck 1 x 3ton 4x4 honey sucker 4 x double cab 4x4 with canopies and extra's (northern depot)	2	whole of municipality	2,500,000
Water quality equipment	2	Whole of municipality	3,500,000
Replacement of water pipe reticulation in Meerensee	2	Whole of municipality	200,000
Replacement of water pipe reticulation in Meerensee	2	Whole of municipality	500,000
Designs and construction of the city hall - Richards Bay	3	whole of municipality	444,000
Mandlazini ohl upgrade	4	4	700,000
Empangeni bulk services (sewer)	4	4	20,000,000
Roads projects - Mandlazini road (tarring main road)	4	whole of municipality	20,772,000
Empembeni reservoir	13	13,14,15	1,000,000

Detailed project description (quantity & location - outputs & outcomes)	Ward location	Ward benefitting	adopted 2017/2022
Dumisani Makhaye village bulk services (water)	23	9,23,24	3,200,000
Hillview sewer pumpline upgrade	24	24,25	1,000,000
11kv Lokoza switching switchgear replacement	26	Whole of municipality	7,000,000
Electrification of Ngwelezane IDT (Newtown)	27	27	4,500,000
Ngwelezane waterworks 11kv overhead line replacement	28	Whole of municipality	300,000
Upgrade - Vulindlela sewer pipeline	30	30	5,000,000
Reduction of non-revenue (WSIG)	1 - 30	1 - 30	14,500,000
Roads resealing	1, 2, 4, 7, 9, 17,23, 28	1, 2, 3, 4, 6, 7, 8,9, 14,15,16, 17,18,19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 31	38,587,500
Planning and architectural drawings for vacant development of vacant land	1,18,24,25,29	1,18,24,25,29	700,000
Walkways and bridges	1,2,21,23	1,2,21,23	1,500,000
Rural sanitation (counter funding)	1,33	1,33	1,000,000
Electrification of Mandlazini area (564 stands)	1,4,6,8,16,17,20,24,26,28	1,4,6,8,16,17,20,24,26,28	2,100,000
Electrification of Mzingazi area (209 stands)	1,4,6,8,16,17,20,24,26,28	1,4,6,8,16,17,20,24,26,28	3,400,000
Rural/semi-urban areas	10,11,16,17,19,20,21	10,11,16,17,19,20,21	31,132,500
New water meters (rural) - Kwa-Dube traditional areas	14,15,16	14,15,16	500,000
eSikhaleni intersection	14.16.21	14.16.21	10,000,000
High mast lighting installation (traditional areas)	15-19,30	15-19,30	14,192,000
Nseleni pipe replacement (WSIG)	2, 3, 4	2, 3, 4	14,000,000
Air pollution equipment	2,17,26	Whole of municipality	739,900
Upgrade roads - eMpangeni & Aquadene	23 & 26	23 & 26	12,000,000
New Madlebe water meters	24,25,26	24,25,26	2,000,000
Replacement of mv cables from substation to Ngwelezane hospital	24,25,27,28	24,25,27,28	1,500,000

Detailed project description (quantity & location - outputs & outcomes)	Ward location	Ward benefitting	adopted 2017/2022
Ngwelezane main incomers	24,25,27,28	24,25,27,28	700,000
Ubhejane -satellite feeder	24,25,27,28	24,25,27,28	1,100,000
Traffic calming	3,7,16,19,23,26,27,28	3,7,16,19,23,26,27,28	1,000,000
Bus shelters & laybys - all areas	4,5,7,8,18,23,27	4,5,7,8,18,23,27	1,500,000
Rural sanitation	5,12,13,14,15,22,16,18,19,20,22	5,12,13,14,15,22,16,18,19,20,22	31,132,400
Pedestrian bridges rural areas	5,9,12,14,15,16,21,24	5,9,12,14,15,16,21,24	1,500,000
Dumisani Makhaye village bulk services (sanitation)	9,24,23	9,24,23	5,005,900
Energy losses project	Whole of municipality	Whole of municipality	2,000,000
Electrical tools for operations and maintenance	Whole of municipality	Whole of municipality	500,000
Energy saving initiative	Whole of municipality	Whole of municipality	8,900,000
LV electrical network refurbishment	Whole of municipality	Whole of municipality	1,000,000
132kv structures /pylons refurbishment	Whole of municipality	Whole of municipality	2,000,000
MV electrical network refurbishment	Whole of municipality	Whole of municipality	750,000
Dc system replacement	Whole of municipality	Whole of municipality	3,000,000
132kv overhead line refurbishment	Whole of municipality	Whole of municipality	2,000,000
11kv Fomalhaut switching switchgear replacement	Whole of municipality	Whole of municipality	8,000,000
RTU'S replacement	Whole of municipality	Whole of municipality	4,000,000
132 KV station refurbishment	Whole of municipality	Whole of municipality	2,500,000
Quality of supply	Whole of municipality	Whole of municipality	2,000,000
Replacement of 100 rotten poles	Whole of municipality	Whole of municipality	1,600,000
Replacement of 100 rusted poles	Whole of municipality	Whole of municipality	1,500,000
Annual kerb replacement contract	Whole of municipality	Whole of municipality	1,000,000
Annual walkway rehabilitation	Whole of municipality	Whole of municipality	1,000,000

Detailed project description (quantity & location - outputs & outcomes)	Ward location	Ward benefitting	adopted 2017/2022
Rural sanitation (WSIG)	Whole of municipality	Whole of municipality	5,500,000
Standby pumps	Whole of municipality	whole of municipality	600,000
Upgrading of Ms 2 pump station capacity	Whole of municipality	whole of municipality	5,000,000
Upgrade of Ms9 pump station capacity	Whole of municipality	whole of municipality	2,000,000
Replacement of pumps	Whole of municipality	whole of municipality	2,000,000
Mzingazi sewer	Whole of municipality	Whole of municipality	4,000,000
9 water pumps 4inch	Whole of municipality	Whole of municipality	300,000
Upgrade of 110mm water pipe in Alton (behind ZCBF to bus depo)	Whole of municipality	Whole of municipality	500,000
200 JOJO tanks	whole of municipality	whole of municipality	600,000
Water loss and drought relief project	whole of municipality	whole of municipality	1,000,000
Bulk master plan	Whole of municipality	Whole of municipality	1,200,000

10.7 Access to Community Facilities

Cemeteries

UMhlathuze Municipality has six (6) registered cemeteries within its jurisdiction (5 municipal cemeteries and 1 district municipality cemetery- King Cetshwayo). All cemeteries are established, managed in line with legislative and policy prescripts. Two cemeteries in Richards Bay and eSikhaleni are fully functional while those at Empangeni, Nseleni and Vulindlela had reached their burial handling capacity, the only burials that are accommodated in these cemeteries are for those families who had graves reserved and those whose family members were buried on double depth graves. The average number of burials conducted per month at our cemeteries ranged between 54 to 60 interments. The municipality in its long term strategy will investigate the establishment of a Crematorium to cater for cremations as an alternative burial method and also the identification and the upgrading of unregistered cemeteries established in rural areas under Traditional leadership land.

Museum

uMhlathuze Municipality has one Museum situated in Empangeni town. This museum is the storehouse of the heritage of our city and its peoples. It also serves as the educational and cultural awareness centre for youth and for all that has interest. The

main aim of the established museum it is to protect and preserve uMhlathuze's heritage for future generations.

The museum displays new artwork bi - month. Some of the main events in the past year included the Empangeni High School Artwork, Local Artist displays and the Mondi Eisteddfod. Not only are schools and private artists invited to display their work but corporate institutions and groups like the Rotarians and the Woman's Institute also utilize the venue for displays. Artwork is also purchased and added to the municipal assets, the value of which increases every year. Trough combined efforts with arts and culture initiatives local artists are encouraged to make use of the museum, hence there are small crafters selling craft and art work within the premises of the Empangeni Museum.

Access to Community Facilities

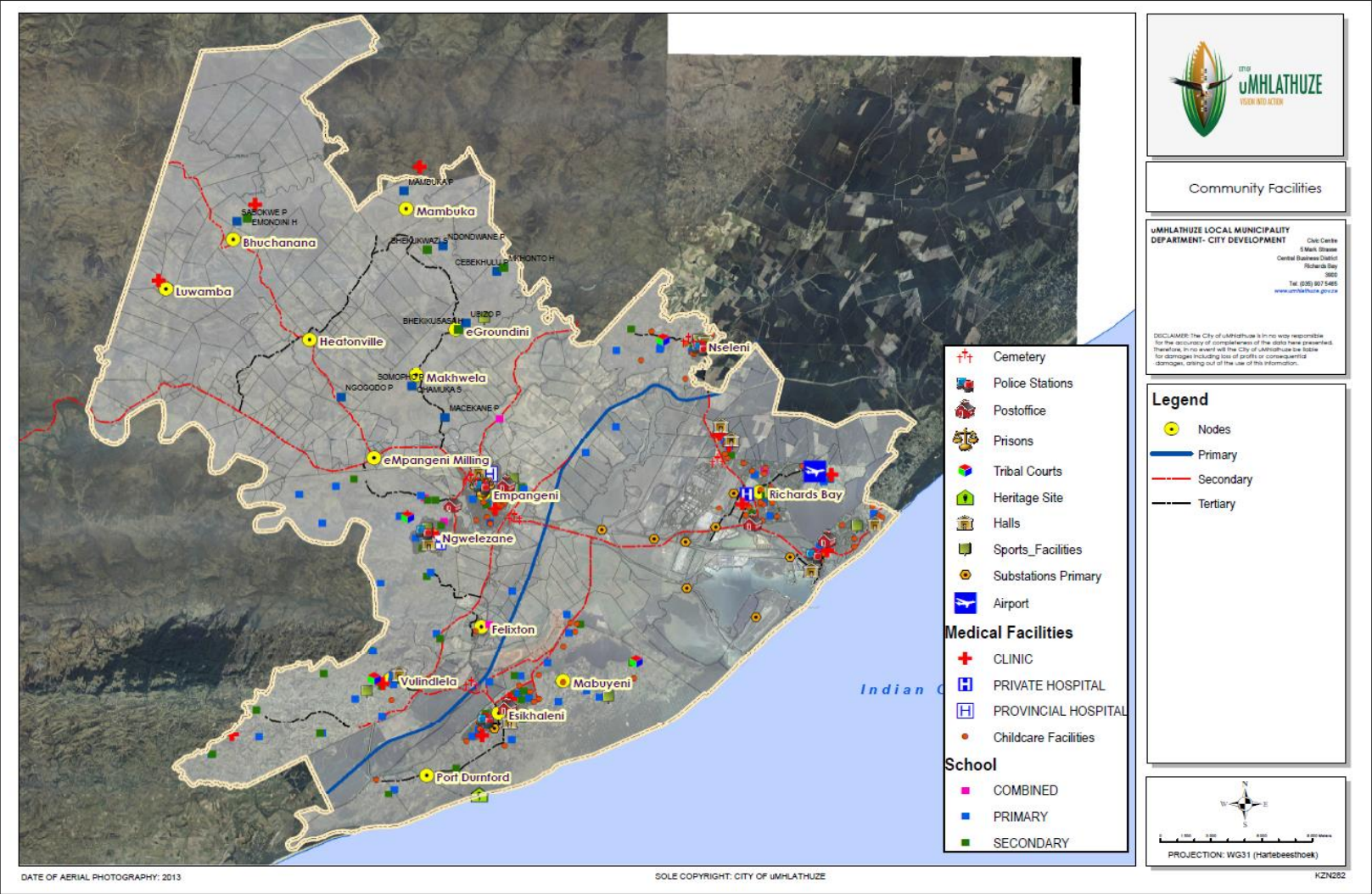
The table below sets out the number of facilities per municipal ward

Table 43: Distribution of Community Facilities

Distribution of Community Facilities																																			
Community Facilities	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	
Libraries		1	1	1		1	1									1									2		1			1				1	
Community Hall	2			2	1		1				2	1	2	1	1		1		1				1	1		2		1		1	1	2	2		
Thusong Centre										1								1														1			
Sport Fields		5	1	1	3	4	1	2	1		4	2	2	1	1		3	3	3	1			2	3	7		3	4	2	2	1	5	3	1	
Cemeteries																							1			1								1	
Museum																							1												
Swimming pools and	2	3																			1	1			2				1	1					
Pension Paypoint																																1			
Total Distribution per Ward	4	9	2	4	4	5	3	2	1	1	6	3	4	2	2	0	5	4	4	2	1	0	5	6	7	5	3	7	3	3	4	8	5	3	

The map below indicates the number of facilities within the municipality

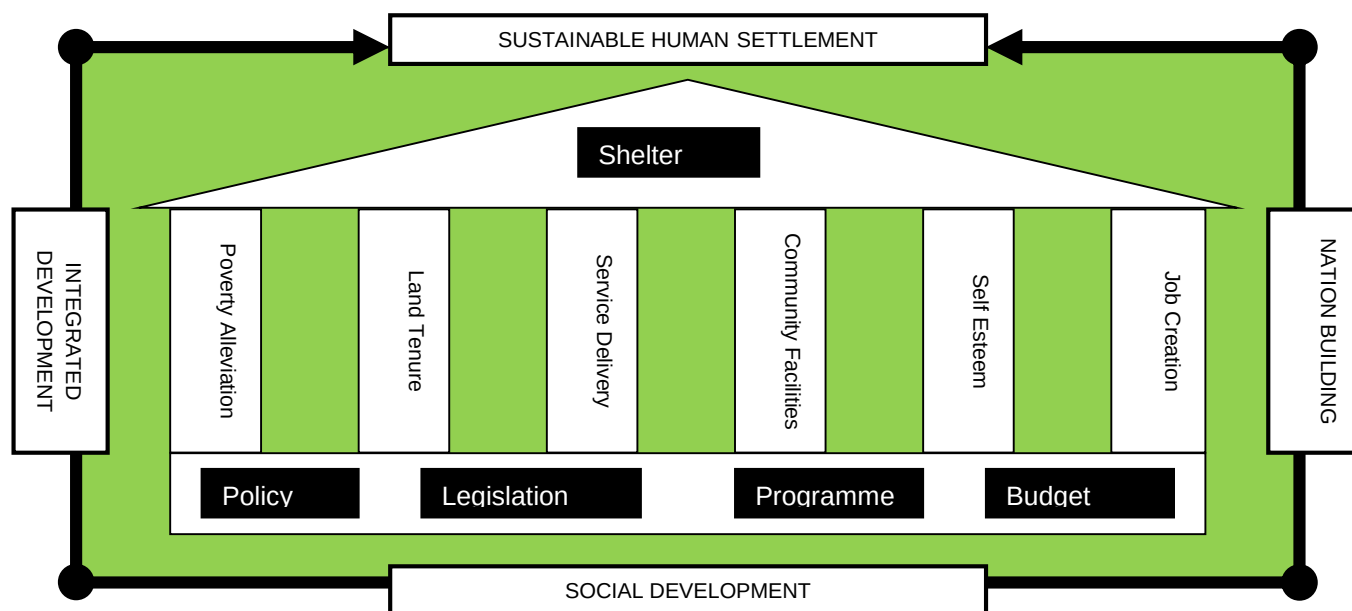
Map 25: Community Facilities



10.8 Human Settlements/Housing Chapter

Housing refers to an integrated approach to development using the delivery of shelter as the primary focus. As indicated in Figure 1 below, housing includes, among others, the development of housing units, service delivery, the upgrading of land tenure rights, social and community development and planning policy issues. Future housing projects should facilitate the attainment of all of these development goals.

Figure 41: Housing Concept



Housing delivery within the uMhlathuze Municipal area of jurisdiction occurs in two different forms. In the first instance, State funded/supported housing in which the municipality serves as a developer and in agreement with the Department of Human Settlements and Implementing Agents (IAs). The second pertains to private sector developments.

The National Housing Code states that every municipality, as part of its integrated development planning "must take all reasonable and necessary steps within its framework of national and provincial housing legislation and policy to ensure the constitutional right to have access to adequate housing is realised on a progressive basis". In order for the municipality to fulfil its role, it must carry out the following housing functions:

1. Housing delivery goals
2. Identify land for housing
3. Housing development

One of the requirements of the municipality is to develop a Human Settlements Sector Plan/Housing Chapter of the IDP, which forms part of the Municipality's Integrated Development Plan (IDP).

The human settlements sector plan is a strategic management tool to assist local municipality to focus its energy to ensure that all activities in the human settlements sector plan are working towards the goal of housing delivery. The human settlements sector plan is aim at achieving the following objectives:

1. to integrate housing development plans into the municipality plans.
2. to develop a comprehensive human settlements plan for City of uMhlathuze providing strategic direction and guidance.
3. to develop a single shared vision and housing development plan between City of uMhlathuze and KZN department of Human Settlements.

The Human Settlements Sector plan for the City of uMhlathuze is founded or guided in the context of National, Provincial and Municipal directives. All the three spheres of government have their own vision, mission and strategies. The uMhlathuze Municipality developed a comprehensive Housing Chapter/Sector Plan that will be adopted by Council in May 2018. For more detailed information, reference should be made to the Final Municipal Housing Sector Plan 2017/18. The Final 2018/2019 Municipal Human Settlements Plan will be adopted by Council in May 2018 together with the Final IDP 2018/2019.

10.8.1 Vision, Mission and Strategies for Different Spheres of Government

Vision: "A nation housed in sustainable human settlements".

Mission: "To facilitate the creation of sustainable Human Settlements and improved quality of household life."

Strategy: As part of laying the foundation for transforming the functioning of human settlements and the workings of the space economy, the 2014 - 2019 Medium Term Strategic Framework focuses on reforms aimed at achieve the following:

- (a) Ensuring that poor households have adequate housing in better living environments
- (b) Supporting the development of a functionally and equitable residential property market
- (c) Improving institutional capacity and coordination for better spatial targeting.

Over the next five years' priority will be given to:

- (a) Scaling up the Upgrading of informal settlements
- (b) Transfer of all title deeds for subsidy units
- (c) Developing a more coherent and inclusive approach to land
- (d) Implementing a coherent multi-segmented social rental-housing programme that includes backyard rentals
- (e) Dealing with affordable market with a particular emphasis on a constructive engagement and strengthening partnerships with the private sector to improve delivery.
- (f) Consolidating the Development Finance Institutions

10.8.2 KZN Provincial Department of Human Vision, Mission and Strategy

Vision: "Together Breaking New Ground to achieve decent, integrated and sustainable human settlements".

Mission: To deliver suitably located housing opportunities and security of tenure over the next five years through collaborative partnership, legislative planning processes and empowerment of women in construction.

Strategy: As part of laying the foundation for transforming the functioning of human settlements and the workings of the space economy, the 2014 - 2019 Medium Term Strategic Framework focuses on reforms aimed at achieve the following:

- (d) Ensuring that poor households have adequate housing in better living environments
- (e) Supporting the development of a functionally and equitable residential property market
- (f) Improving institutional capacity and coordination for better spatial targeting.

Over the next five years' priority will be given to:

- (g) Scaling up the Upgrading of informal settlements
- (h) Transfer of all title deeds for subsidy units
- (i) Developing a more coherent and inclusive approach to land
- (j) Implementing a coherent multi-segmented social rental-housing programme that includes backyard rentals
- (k) Dealing with affordable market with a particular emphasis on a constructive engagement and strengthening partnerships with the private sector to improve delivery
- (l) Consolidating the Development Finance Institutions

10.8.3 King Cetshwayo District Vision, Mission and Strategy

Vision: "The King Cetshwayo District Municipality will facilitate the provision of adequate, sustainable human settlements aligned with the SDF, promoting economic growth taking cognizance of our responsibilities to future generations".

Mission: The mission of King Cetshwayo District Municipality in terms of human settlements provision is:

- To create sustainable Human Settlements and improved quality of household life through:
- the integrated planning of human settlements provision of a choice of housing types,
- ensure the availability of services where human settlements are developed,
- Eradicate slums by providing adequate housing,
- improving the quality of health,
- Community participation, nation building and good governance.

10.8.4 National Development Plan

Chapter 8 of the National Development Plan outlines the proposed strategy (vision 2030) to address the challenge of apartheid geography and create the conditions for more humane and environmentally sustainable living and working environments.

The Key principles of the National Development Plan (Chapter 8) in relation to human settlements are stressed herewith. To fundamentally reshape human settlements by 2050 (with significant progress by 2030), South Africa needs:

- To address inequities in the land market that makes it difficult for the poor to access the benefits of life in towns and cities.
- Stronger measures to reconfigure towns and cities towards more efficient and equitable urban forms.
- Housing and land policies that accommodate diverse household types and circumstances.
- Municipalities that put economic development and jobs at the heart of what they do and how they function.

10.8.5 National Spatial Development Perspective

The ultimate purpose of the NSDP in the South African setting is to fundamentally reconfigure apartheid spatial relations and to implement spatial priorities in ways that meet the constitutional imperative to provide access to basic services and economic opportunities to all, to alleviate poverty and inequality. The NSDP puts forward a set of four normative principles which UMhlathuze municipality has to adhere to. These are:

Principle 1: Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of poverty alleviation

Principle 2: Government spending on fixed investment should be focused on localities of economic growth and / or economic potential in order to gear up private sector investment, stimulate sustainable economic activities and create long-term employment opportunities

Principle 3: Where low economic potential exists investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities.

Principle 4: In order to overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres in order for them to become regional gateways to the global economy.

10.8.6 Provincial Human Settlements Master Spatial Plan

In view of the aim of the Human Settlements Master Plan for KZN to translate the Provincial Growth and Development Strategy into a detailed implementation plan for assisting with the identification of suitable land for housing delivery in the province, it logically flows that the overall approach and structure of the Human Settlements Master Plan should be closely informed by and aligned with Strategic Goal 3 (Human & Community Development) of the provincial growth and development plan. The provincial growth and development plan, which focusses on the implementation of the PGDS essentially consists of a number of key components which includes a clearly defined long term development vision, a set of strategic goals and supportive strategic objectives to pursue this vision, and clearly defined development targets for achieving each of these strategic objectives.

The Human Settlements Master Spatial Plan will specifically focus on Goal 3; Human & Community Development and Objective 12 which addresses the promotion of sustainable human settlement.

10.8.7 National Development Agreement: Outcome 8

A National Delivery Agreement (ministerial performance agreement) has been established between the Presidency and the National Department of Human Settlements (NDoHS). This is one of fourteen outcomes for developments which were formulated which form part of the National Medium Term Strategic Framework for the period 2014-2019. The National Department of Human Settlements MTSF Priorities Target for 2014/15 to 2018/19 are provided herewith as follows:

Primary MTSF Target	Secondary Target	5-Year Target	Annual Target
750 000 households in informal settlements upgraded to level 2 services	households located in 2 200 informal settlements	750 000	150 000
563 000 individual subsidy units (linked with title deeds target)	5 854 units for military veterans included	5 854* 557 146	1 951 111 230
110 000 Gap Housing	70 000 FLISP 40 000 DFIs	70 000 40 000	14 000 10 000
35 000 Affordable rental through the private sector	10 000 mineworker housing 25 000 affordable private rental	10 000 25 000	2 000 5 000
27 000 state led social housing	-	27 000	5 400
10 000 CRU	-	10 000	2 000
900 000 Title Deeds backlog eradicated	-	900 000	180 000
Total number of housing opportunities created by the state* (excl private rental and title deeds backlog)		1 460 000	293 801

10.8.8 KZN Delivery Agreement: Outcome 8

The department identified priority 8 as an area to focus within the department's core. Hence the departmental policies will give priority to the following:

- **Informal Settlements Upgrading:** The department will focus on eradication of informal settlements in high density municipalities such as eThekweni and uMhlatuzi
- **Rental Market:** the department will implement the 5-year Rental Strategic Plan which was launched on 24 May 2013.
- **Job Creation and Decent Work:** The department remains committed to poverty alleviation and job creation in the Province through labour programmes (EPWP).
- In line with the **National Sector priorities**, the KZN Department of Human Settlements MTSF priorities for 2015/15 to 2018/19

Figure 42: MTSF Performance Indicators and Targets

MTSF	Performance Indicators	Targets
Informal Settlements upgrade phase 2	Number of projects implemented	317
Housing Opportunities through People Housing Process	Number of houses built	13,231
Affordable Rental Housing Opportunities	Number of house/units built	4,708
Affordable Housing Opportunities (utilisation of Government Guarantee Policy and Finance Linked Individual Subsidy Scheme)	Number of house built	927
Investment in Public Space	Number of projects completed	9
Eradication of Title Deeds backlog	Number of Transfers	46,576
Availability of well-located land	Number of Hectares acquired	4,157
Use of Catalytic projects to direct investment	Number of projects implemented	6
Accreditation and assignment of municipalities	Number of municipalities accredited	5
Installation of sanitation facilities for households in rural areas with high backlog	Number of VIP's installed	16,338
Engagement with HAD and SHRA	Operationalization of Medium Term Operational Plan	Operational plan operationalised for HDA
Strengthening coordination with key departments contributing to human settlements development especially COGTA, Water Affairs (water boards), Environmental, Public Enterprise, Energy (Eskom) etc.	Number of government structures established	1

10.8.9 City of uMhlathuze's Strategic Approach to Housing Delivery

The uMhlathuze Municipality, aims to meet the strategic outputs of Outcome 8 by:

- Promoting a variety of Housing Typologies and Densities to provide for all Demand Categories;
- Formalising emerging urban settlements of provide formal housing;
- Improving the living environment of households in the informal settlements through incremental access to basic services and structured in situ upgrading (where suitable);
- Creating other forms of tenure through Social Housing/Rental and building new Community Residential Units whilst upgrading the existing hostel blocks;
- Pursuing all available options for the release of suitable, well located state owned land for sustainable human settlements; and
- Enabling opportunities in the GAP market for households earning between R3501-R15000 per month.

It is important that the housing delivery be planned and implemented in conjunction with other facilities and services including economic opportunities, education, health, water and sanitation provision, etc. The delivery of human settlements is aligned to the municipal IDP (Integrated Development Plan) and the SDF (Spatial Development Framework). Integrated human settlements are one of the pillars to attaining spatial transformation. The delivery of human settlements is also intertwined with the delivery of infrastructure as outlined in more detail herewith.

10.8.10 Housing Demand and Prioritisation

Ways of Determining Housing Demand/Need

It is vitally important that due to limited budget and economic challenges the country is faced with; the housing projects should be delivered primary in areas where there is a greatest need. Housing Demand can be calculated in a number of different ways/methods as expanded upon hereunder.

Waiting List

Housing waiting list have a number of short coming including, including applicants putting their names down on more than one municipality waiting list and the problems related to maintenance of such large waiting list. Also many potential beneficiaries do not place their names on this list.

National Housing Needs Register

The National Housing Needs Register (NHNR) is a web based application that contains records related to the need of households for adequate shelter based on captured housing needs questionnaires. The records captured on the NHNR is one of the main sources that is to be used by Provinces and Municipalities for planning and budgeting processes related to Human Settlements Development Grants. The purpose is to create a single integrated database of potential human settlements beneficiaries. It is a tool to support a fair, equitable, transparent, and inclusive selection and approval process for all housing development projects undertaken through the Integrated Residential Development Programme (IRDP).

Census

The current preferred method of calculating housing demand is through the use of statistical data collected in census 2001-2011. Census data on household income levels can be used to determine areas of greatest need based on poverty levels while census data on housing typologies which indicate the number of informal dwellings per ward can be used to determine are of greatest need based on housing backlog.

Currently the municipality does not have credible data on the housing demand/needs of the citizens of the uMhlathuze municipality. The municipality relies mainly on the census statistics, and there are limitations to this method, data can be outdated. The municipality is in the process of implementing/rolling out the National Housing Needs Register (NHNR). The municipality was one of the nine municipalities that showed interest in piloting implementation of the NHNR programme in KZN.

A summary of the Municipal housing backlog or potential beneficiaries per subsidy instrument is provided hereunder:

- Urban Greenfield low income housing: **10000** including Mandlazini and Mzingazi housing backlog
- Social/Rental and Community Residential Units: **5000**
- Rural Housing: **6622** including slums clearance estimated at **2800**

10.8.1 Prioritisation

The removal of slums and informal settlements is a priority of the National and Provincial Department of Human Settlements, and the census of 2011 identified 5100 informal dwellings, with the majority of dwellers located in Khoza/Bhejane, in Dube and Mkhwanazi Traditional Authorities these areas are therefore the areas of greatest need in relation to informal settlements upgrade and slums clearance projects. The Slums backlog has therefore been estimated at 2800 and the total rural housing backlog is estimated in 6622.

In 2014, Project Preparation Trust (PPT) was appointed by the National Department of Human Settlements to provide participatory based planning support to uMhlathuze municipality to produce development frameworks across all seven informal settlements in the municipality. Council so far has not approved the Settlement Assessment and Planning overview and close out report by PPT.

The following seven informal settlements were targeted for assessment and planning

1. uMzingwenya River settlement
2. Bhejane/Khoza (Nseleni) Traditional Authority areas
3. Mzingazi Agri-Village and Buffer Strip settlement
4. Mandlazini Agri-Village and Buffer Strip settlement
5. Mkhwanazi (Vulindlela) Traditional Authority areas
6. Ngwelezana Hospital
7. Vulindlela

The total estimated Social Housing/Community Residential Unit backlog is 5000, which led to the eSikhaleni Hostels and the establishment of rental housing units in Richards

Bay and Empangeni. It is evident that the majoring of people living in the peri-urban areas are workers who cannot afford formal private rental and students with limited choice in respect of available student accommodation.

Currently persons who fall under the gap market category (i.e. R7501-R15000) have a challenge in accessing government housing subsidy and bonds from financial institutions. In most cases this category includes professionals such as nurses, teachers, administration clerks etc.

The President of the Republic of South Africa, Mr. JG Zuma in his State of the National Address on 9 February 2012 stated that R1 billion guarantee funds announced in 2010 to promote access to loans will start its operations in April 2012 and will be managed by the National Housing Finance Corporation. The scheme will enable the Banks to lend to people earning between R3500 and R15 000. The fund will be able to obtain a subsidy of up to R83 000 from Provinces, to enable them to obtain housing finance from an accredited Bank. Beneficiaries qualifying for the Finance Linked Individual Subsidy Programme (FLISP) can only access this subsidy at this stage through an existing housing project as recommended by the National Department of Human Settlements.

The IDP Review outlines that low income earners that earn less than R1600 per month are concentrated in Wards 5, 6, 13, 15, 18, 25, 29 and between R1601 – R12 800 per month in Wards 2, 9, 23, 24 and 26. In addition, middle to high income earners that earn between R12 801 – R102 400 are concentrated in Wards 1-4, 9, 22, 26. The income level analysis per ward guides the municipality in determining the distribution of human settlements instruments/programmes within a human settlements project. For example, where there is a high concentrated of low income earners within a specific ward or surrounding wards than the ratio of low cost/RDP houses or Community Residential Programme units can be higher.

10.8.2 Urbanization and Population Growth

Over the years there has been an influx of people from the rural to the urban areas of the uMhlathuze Municipality. The highest population densities are observed in Nseleni and eSikhaleni while the predominantly settled areas around Nseleni, eSikhaleni and Ngwelezane towns depict the second highest population density. The lowest population densities are found in the non-traditional authority rural areas of the municipality.

1996	2001	2011
196,894	289,190	334,459

Source: STATSSA, 1996, 2001, 2011

10.8.3 Identification of Land for Housing

One of the primary challenges facing the uMhlathuze Municipality is the identification of suitably located land for development. The Municipality has recognized this need through focusing much of its capacity to the investigation of land that is suitable for housing development. The identification of land is a priority of the Municipal IDP and SDF.

The following criteria was used in identification of land suitable of Housing Development

- location;
- ownership;
- availability of bulk and/or connector services;
- accessibility in terms of transport and economic opportunities; and
- linkage to Spatial Development Framework.

Table 44: Land Suitable for Housing Development - SDF Expansion Areas

AREA	LOCATION	LAND OWNERSHIP	PROJECT TYPE	BULK INFRASTRUCTURE AVAILABILITY
Expansion Area A	ESikhaleni-Vulindlela Corridor	State	Mixed Residential	Yes
Expansion Area B	Felixton	Private	Mixed Residential	No
Expansion Area D	Empangeni	Private	High Residential	No
Expansion Area E	Empangeni	Private	Mixed Residential	No
Expansion Area F	Richards Bay-Birdswood-Mandlazini & Veldenvlei	State	Mixed Residential	No
Expansion Area G	Nseleni Interchange	Private	Mixed Residential	No
Expansion Area H	Empangeni (Water-stone)	Private	Mixed Residential	Yes

Table 45: The table below indicated identified State owned land that is suitable for housing development

Erf Number	Ownership	Hectares
11488	State	217
16833	State	920 (100 ha required)
Portion 1 of Erf11489	State	368
16715	State	537
Total	-	2042

10.8.4 UMhlathuze Housing Projects and Programmes Status Quo

In this section, details are provided in respect of Urban Projects, Rural Projects, Programmes as well as the implication of land reform related issues on the municipal area.

Urban Projects

PROJECT NAME	REFERENCE NO.	WARD	NO. OF SITES/UNITS	FINANCIAL YEAR	STATUS
Dumisani Makhaye Village Phase 7	K11010002	24	585	2011/2012	543 houses completed and 4 outstanding
Dumisani Makhaye Village Phase 6 & 8		9 and 24	130 low income 270 Social Housing 1000 CRU	2017/2018	Progress on the installation of bulk water is at 18%. Construction of the Reservoir and Sewer Pump Station will commence in January 2018.
Aquadene Housing Project		26	615 low income 1579 CRU/Social	2015/2016	Bulk water has been completed and sewer is at 97%. Internal services (water, sewer and roads) and bulk storm water installation to commence by 2018.
Empangeni Mega Housing Project		5, 24 and portion of 23	10000	2016/2017	Progress on internal bulks services (water, sewer, roads and storm water) is at 60% for Phase 1. The internal reticulation installation project will commence by April 2018 for Phase 1. Phase 2 in planning stage. Progress on the External bulk water is at 30%. The construction of bulk sewer pipeline is scheduled to begin in January 2018 and finish in June 2019.

Dumisani Makhaye Village



Progress on the installation of bulk water is at 18%. The total number of low income houses that have been constructed at Dumisani Makhaye Village is 2040 houses (Phase 1-3, 5 and 7). Phases 1,2,3 and 5 of the project have been completed. The construction of **Phase 7** will be completed in the 2017/18 financial year as only 4 houses are outstanding. About 157 title deeds have been issued to beneficiaries of low income houses in 2017/18 financial year and more title deeds will be issued.

Phase 6 is at planning stage and it will be converted to FLISP, Social Housing and Community Residential Units to address gap market challenges. This phase will yield about 1000 units and recently 270 units for social housing has been approved and gazetted.

Phase 8 which is also at planning stage of the project will yield about 130 single low income residential houses.

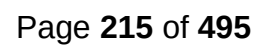
Aquadene Housing Project

The proposed Aquadene Housing development consists of 5 different phases, phase 1, 3 and 4 being owned by the Municipality and phase 2 and 5 being privately owned. The Municipal Planning at this stage will focus on phase 1, 3 and 4 as it will be easy to development these properties since they are owned by the Municipality. The main purpose is to put medium rise buildings along

the main road (MR231) and put low rise (single residential) building in the centre of the proposed development and the existing Aquadene suburb. The bulk water installation has been completed while bulk sewer is completed.

Table 46: Aquadene Housing Project

DEVELOPMENT PHASE	PROPOSED HOUSING TYPE	EST. NUMBER OF SITES		AREAS IN (HA)	LAND OWNERSHIP
1	Low income and CRU/ Social Housing	Low income	CRU/Social Housing	36.3	Council
		359	756		
2	Low income/ medium income	212		11.7	Transnet
3	CRU/ Social Housing	331		3.8614	Council
4	Low income And CRU/ Social Housing	Low income	CRU/Social Housing	14.5	Council
		259	493		
5	Low and medium income	1039		58	Sappi



Empangeni Mega Housing Project (IRDP)

The Empangeni Mega IRDP Housing Project (formerly referred to as Waterstone Country Estate) is the Urban Greenfield project proposed in the vicinity of Empangeni. The project area is located to the east of the Qalakabusha Prison and Dover Combined School, Empangeni.

The project is classified as an integrated residential development programme (IRDP) which will provide a tool to plan and develop integrated settlements that include all the necessary land uses and housing types and price categories to become a sustainable integrated community. It encompasses integrated planning and development, providing for housing, social and economic needs of different income categories.

The project is proposed to consist of the following human settlements programmes:

- **Low income Government Subsidy (RDP Housing):** The programme facilitates the provision of housing for the lowest income persons (e.g. income between R0 - R3 500 per month). The housing unit's size can range from 40 m² – 42 m² consisting of 2 bedrooms. Preliminary indications are that this type of development will cover 35% of the proposed development.
- **Finance Linked Individual Subsidy Programme (FLISP):** It is an instrument to assist qualifying households by providing a once off down payment to those households earning between R3501 – R15000 who have secured mortgage finance to acquire a residential property for the first time. The qualifying beneficiary will qualify for a subsidy of between R10 000 to R87 000 for a property to be financed to the tune of and not exceeding R300 000 purchase price - depending on the income/affordability level.
- **Social Housing:** The Social Housing programme seeks to provide a rental or co-operative housing options for low income persons at a level of scale. The targeted persons are people earning between R3 501 - R7 500 per month. The unit's size can range from 40 m² – 50 m² which can consist of 1,2 or 3 bedrooms.
- **Community Residential Units (CRUs):** The programme facilitates the provision of secure, stable rental tenure for the lowest income persons (e.g. income less than R3 500 per month) who cannot be accommodated in the formal private rental and social housing market. The unit's size can range from 40 m² – 45 m² which consist of 2 or 3 bedrooms.
- Preliminary indications are that the above three types of subsidy programmes (FLISP, Social Housing and CRUs) will cover 35% of the proposed development.

- **Bonded Housing:** The programme will also envisage facilitating the provision of private finance for housing to persons earning between R11000 – R26000, who qualify for formal private housing market. This programme is proposed to cover 30% of the proposed development.

The funding for internal bulk has been made available in two financial years 2017/18 and 2018/19. The municipality has also provided funding for external bulks (water and sewer) to the amount of R40 million. The contractor for Internal Bulks Services (water, sewer, storm water and roads) and External Bulk Services are currently on site.

External Bulk Services



Internal Bulk Services



Units per Phase for Empangeni Mega Housing

Phase	Number of Units
Phase 1A	488
Phase 1B	592
Phase 1C	665
Phase 2	8276
Total	10021

Table 47: RURAL PROJECTS

PROJECT NAME	REFERENCE NO.	WARD	NO. OF SITES	FINANCIAL YEAR	Status
Mkhwanazi Rural Housing	K09090003	10,11,18,19,22 & 30	1000	2011/2012 2012/2013	952 houses built and 48 outstanding
Dube Rural Housing	K11030015	12,13,14,15,16 & 17	1500	2012/2013	1487 house built and 13 house outstanding
Buchanana Rural Housing		33	1500	TBD	Planning
Luwamba Rural Housing	K14050027	31	1000	TBD	Planning

The Municipality appointed 4 Implementing Agents to execute the construction of rural in-situ upgrades projects. Madlebe and Bhejane rural housing projects have been completed. Mkhwanazi rural in-situ project is left with 48 houses to be built due to unbuildable site and 13 outstanding houses in KwaDube rural housing project due to double umuzi built by the contractor. The Implementing Agent for both projects has been declared insolvent, the municipality and the department are currently trying to address this and a Contractor has been appointed to finalise the outstanding houses. The municipality is waiting formal correspondence from the Department. The Municipality received two rural housing projects from the former Ntambanana municipality and both projects are at a planning stage.

10.8.5 Enhanced Extended Discount Benefit Scheme Programme (EEDBS)

The uMhlathuze municipality is currently finalising the Enhanced Extended Discount Benefit Scheme Programme (EEDBS). The following table illustrates the number of post-1994 housing stock that has been transferred to qualifying beneficiaries, since 2016.

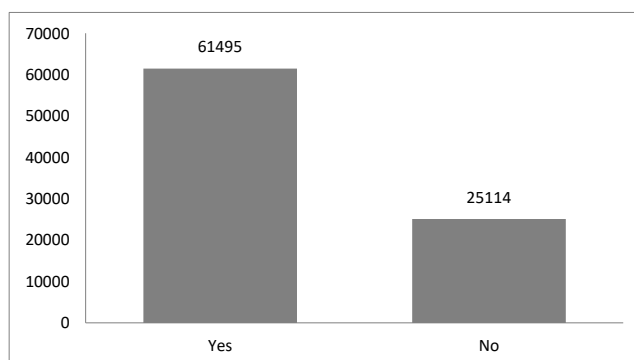
TOWNSHIP NAME / AREA	NO. OF UNITS TO BE	TRANSFERRED

	TRANSFERRED	
Nseleni (Ward 8)	111	59
Ngwelezane (Ward 27 & 28)	37	32
eSikhaleni (Ward 16,17,20,21 &22)	226	156
Vulindlela (Ward 30)	31	NIL
Total	405	247

10.9 Telecommunications

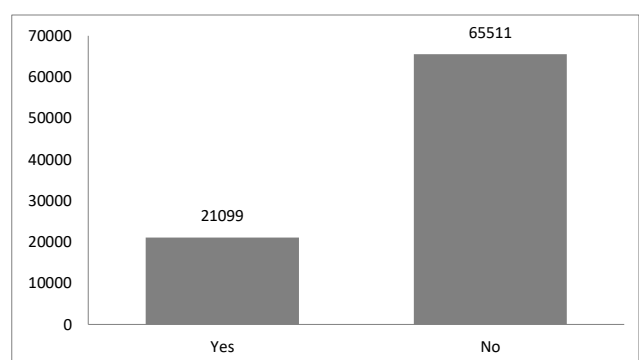
The 2011 census results indicate the following in respect of telecommunications.

Figure 43: Household Access to Radio



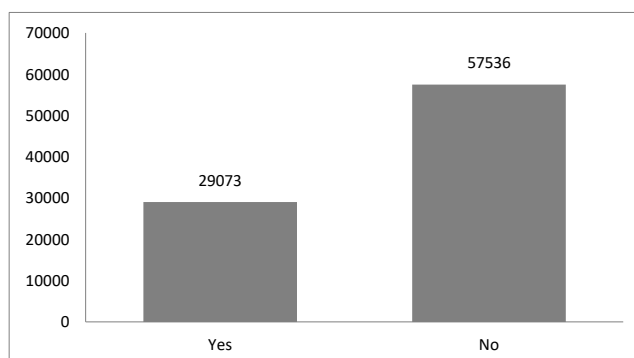
Source: 2011 Census

Figure 44: Household Access to Computer



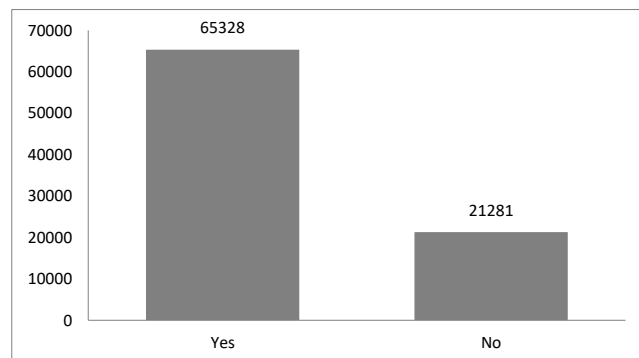
Source: 2011 Census

Figure 45: Household Access to Satellite Television



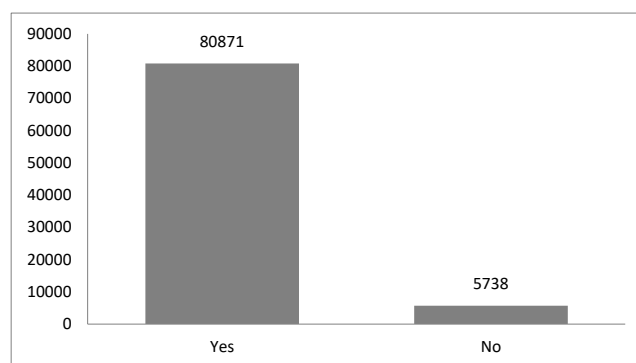
Source: 2011 Census

Figure 46: Household Access to Television



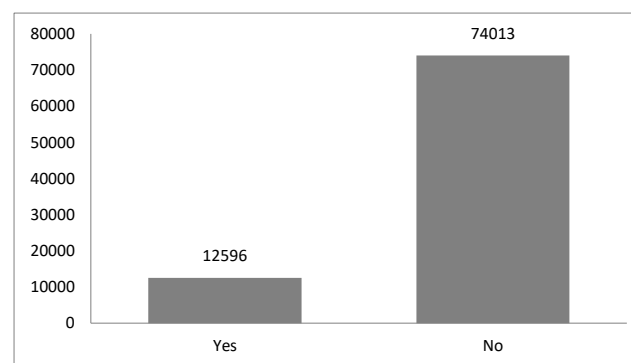
Source: 2011 Census

Figure 47: Household Access to Cellphone



Source: 2011 Census

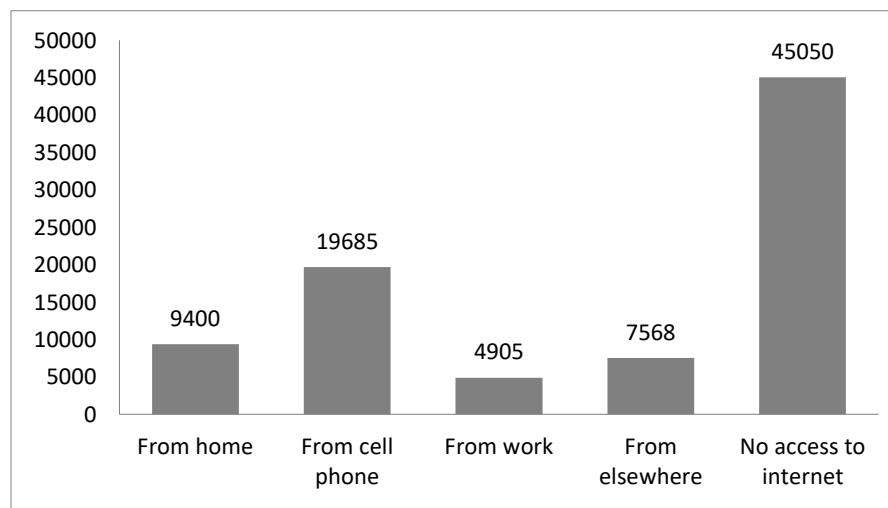
Figure 48: Household Access to Landline



Source: 2011 Census

From the above table it is interesting to note that radio remains a very important and widely used form of communication. Household access to computers is low considering the increasing reliance on computers to perform tasks and activities from school to tertiary education. The comparison between cellphone and landline telephone usage is very interesting and clearly indicates the reliance on mobile communications. The following graph further indicates that mobile phones are the source of internet access to many households as well.

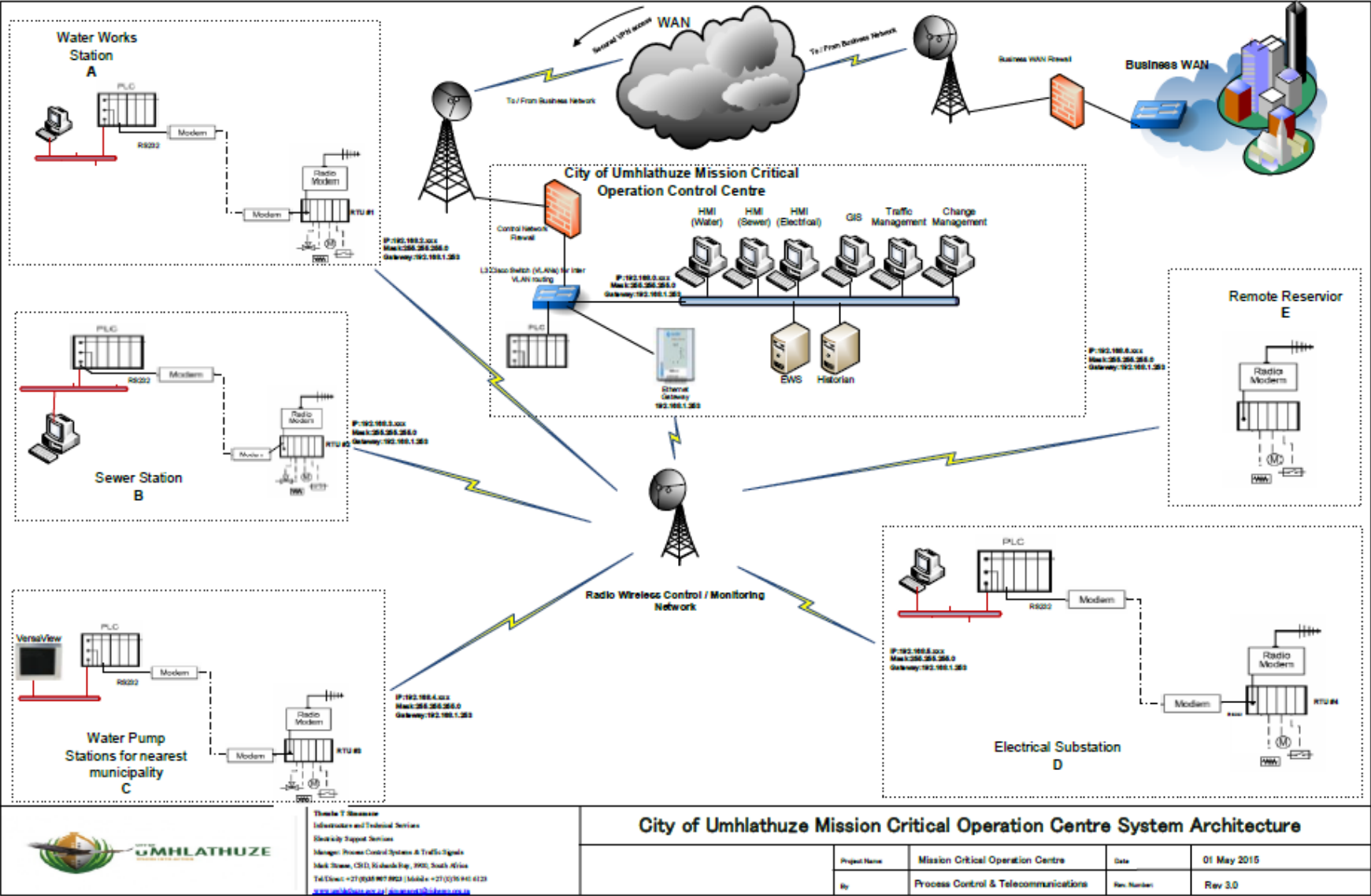
Figure 49: Household Access to Internet



Source: 2011 Census

10.9.1 Broadband

The City of UMhlathuze is a process of developing a comprehensive fixed Infrastructure and broadband solution that is designed for rapid deployment of critical infrastructure and low operating costs for Visibility, Monitoring, Control and Observability, Status is sitting at 30 %. Below are proposed solutions



10.10 Service Delivery and Infrastructure: SWOT analysis

STRENGTHS	WEAKNESSES
○ Very high level of access to water and electricity in the uMhlathuze municipal area ○ Well-functioning Scientific Services section to ensure that the quality of the city's water resources, portable water and wastewater systems are continually monitored in an endeavour to maintain quality and evaluate against set standards/specifications/guidelines ○ Clear division of duties between water and electrical services as a result of unbundling purposes ○ Level 2 Accreditation has been granted to the uMhlathuze Municipality in respect of Human Settlements ○ Continual improvement of the Blue Drop score for the Municipality ○ Continual improvement of the Green Drop score for the Municipality	○ Service interruptions due to ageing infrastructure ○ Indiscriminate dumping by residents of garden waste and builder's rubble ○ Illegal dumping of waste within streets and stormwater servitudes by the community causes overflows through blockages that create flooding of streets and properties. ○ Infrastructure vandalism ○ Inadequate investment in waste management equipment including trucks ○ Ageing personnel especially in waste management section
OPPORTUNITIES	THREATS
○ Successful implementation of the Quality Management System, the management system adopted from ISO 17025 requirements for testing laboratories ○ Maintenance of acceptable standards of water quality ○ Progressive acquisition of yellow plant and other equipment ○ Waste recycling, reduce and reuse initiatives ○ Implementation of mega human settlement projects ○ Progressive and transformational supply chain management policy for capital projects execution ○ Investment in alternative water supply such as desalination, waste water reuse, underground water.	○ Illegal connections ○ Ageing infrastructure: electricity, water and roads ○ Poor capital expenditure ○ Non-payment for services ○ Lack of asset maintenance plan ○ Cost of water tankering ○ Cost of maintaining rural roads ○ Changing municipal boundaries thus impacting on municipal infrastructure backlogs ○ Continuous demand for waterborne sewer in rural areas

11. LOCAL ECONOMIC AND SOCIAL DEVELOPMENT ANALYSIS

11.1 Introduction

uMhlathuze Municipality has the most developed economy of all the municipalities in the District and is the major contributor to the District GDP (it is the third largest local economy in KwaZulu-Natal). Although it has the smallest surface area, it has the largest population of the municipalities in the District. It has the characteristics of a highly industrialized urban complex. Its most important industries are in Richards Bay: these are Richards Bay Minerals, BHP Billiton Aluminium, Mondi, and SAPPI etc.

The uMhlathuze Municipal area is comprised of settlements of three types, urban, peri-urban, and rural. The main urban centres are Richards Bay and Empangeni. Empangeni is an important commercial and service centre for the sub-region. Richards Bay is, however, rapidly becoming of similar standing as a commercial node. Within the urban fabric of these main urban centres there are formal residential areas (including high-rise flats), former R293 towns (the old townships), and recently constructed low-income residential areas. Felixton, Ngwelezane, eSikhaleni, and Nseleni are smaller urban centres in the Municipality. The urban areas are surrounded by large tracts of land under traditional authorities. Traditional authority areas are characterized by dense unplanned settlement, particularly on the borders of towns, driven by ad hoc land allocation through the Amakhosi. Some of these densely settled rural areas are, in effect, urban. Commercial farmland is under sugar cane and timber.

The Municipality is faced with a number of development challenges, unplanned settlement in traditional authority areas, illegal invasion of state land, shortage of housing for all income levels, urban degeneration, and an historical legacy of giving preference to the provision of hard infrastructure over social development.

UMhlathuze Municipality **outsourced the development an LED Plan** which is regarded as the Roadmap for economic growth and transformation in uMhlathuze. Council adopted the plan in 2016 with clear timelines of projects and programs to be implemented within a period of five years.

11.2 Local Economic Development Analysis

LED is intended to maximize the economic potential of municipal jurisdictions throughout the country and, within the context of sustainable development, to spur macro-economic growth through economic growth, employment creation, and development initiatives at the local level. The “local” in local economic development underscores the belief that a

local jurisdiction is often the most appropriate arena for economic intervention as local government enjoys legitimacy deriving from its being a democratically elected body accountable to the local community.

11.2.1 uMhlathuze's Economic Profile

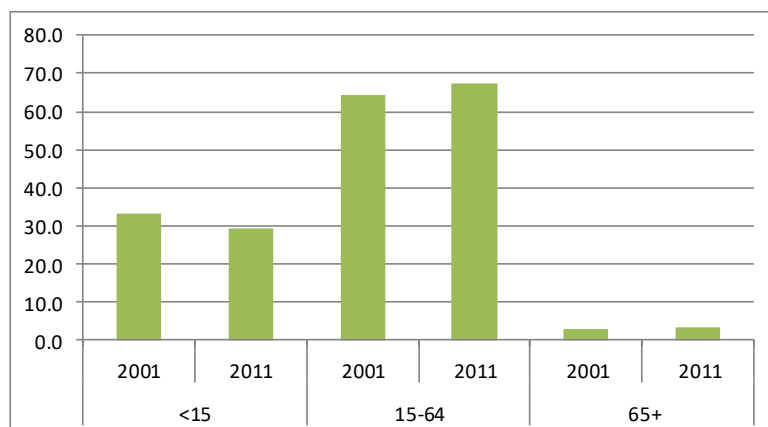
Functional age groups indicate the level of the potential work force in the region. Therefore, the key age group relates to individuals aged 15 to 64 years. The following tables provide a comparison between the 2001 and 2011 census years in respect of the 0-14, 15-64 and 65+ population age cohorts for uMhlathuze and the other municipalities in the King Cetshwayo District (uThungulu District).

Table 48: Economic Population

	Population		Age Structure					
			<15		15-64		65+	
	2001	2011	2001	2011	2001	2011	2001	2011
DC28: Uthungulu	885965	907519	38.3	34.8	57.3	60.7	4.4	4.5
KZN282: uMhlathuze	289190	334459	33.0	29.3	64.2	67.5	2.8	3.2
KZN286: Nkandla	133602	114416	43.7	40.3	50.2	53.6	6.1	6.1
KZN281: Mfolozi	106942	122889	40.1	36.1	55.5	59.5	4.4	4.4
KZN283: Ntamband	84771	74336	41.5	39.2	53.8	55.8	4.7	5.0
KZN284: uMlalazi	221078	213601	39.7	37.2	55.1	57.2	5.2	5.6
KZN285: Mthonjan	50382	47818	39.1	38.3	56.1	56.9	4.8	4.7

Source: 2011 Census

Figure 50: Economic Population



The data presented indicates that there has been a slight decline in the <15-year age cohort and a slight increase in the 15-64 age cohort between the 2001 and 2011 census years.

Source: 2011 Census

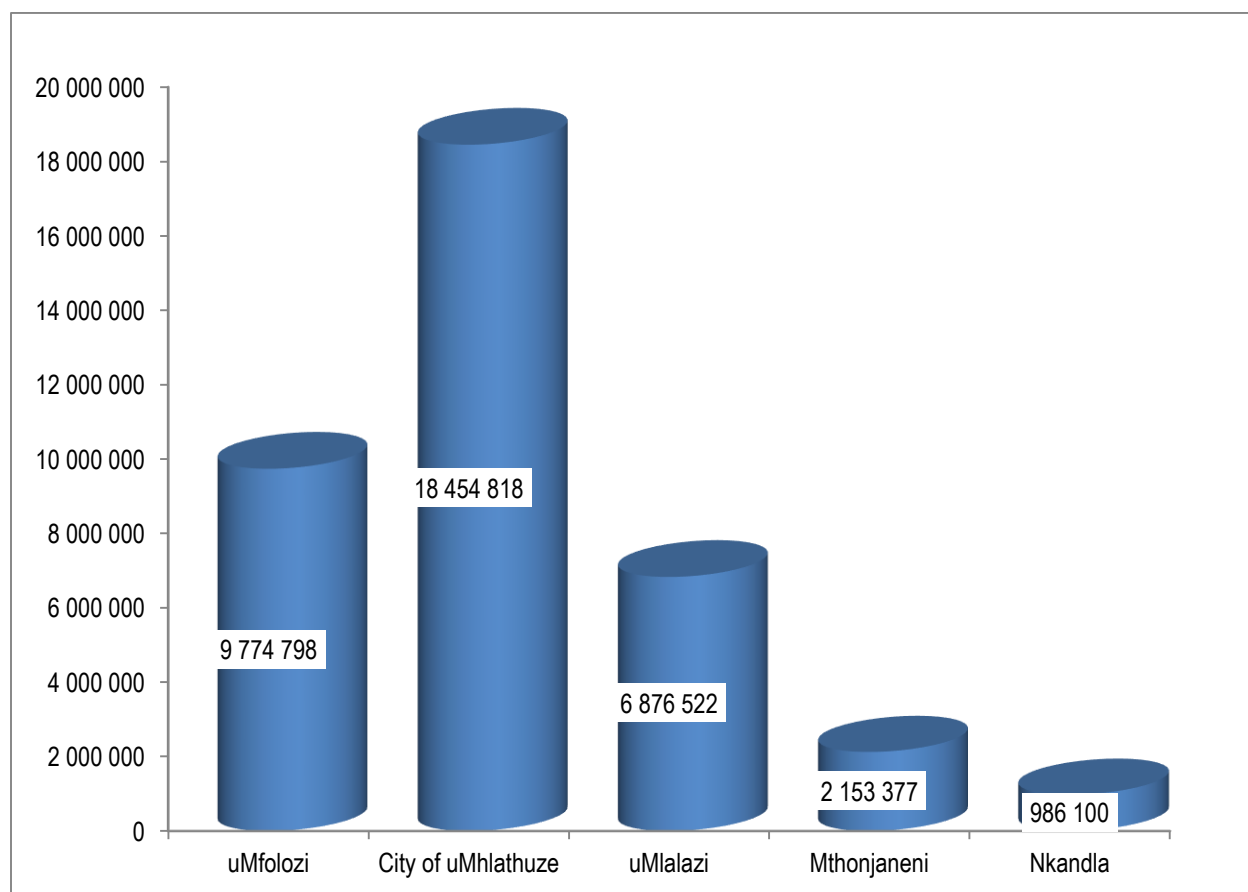
11.2.2 Economic Realities

The municipality has an important role in the national, provincial and district economies on account of the bulk-handling harbour facilities at Richards Bay that enable international trade links. Richards Bay is the largest deep-water port in Africa, and handles the bulk of South Africa's exports. Its development has provided the impetus for large-scale industrial growth.

uMhlathuze has the most developed economy of all the municipalities in the district and is the major contributor to the District GDP (it is the third largest economy in KwaZulu-Natal). It's most important industries are BHP Billiton Aluminum, Mondi, SAPPI, RBCT, Tata Steel and Bell Equipment.

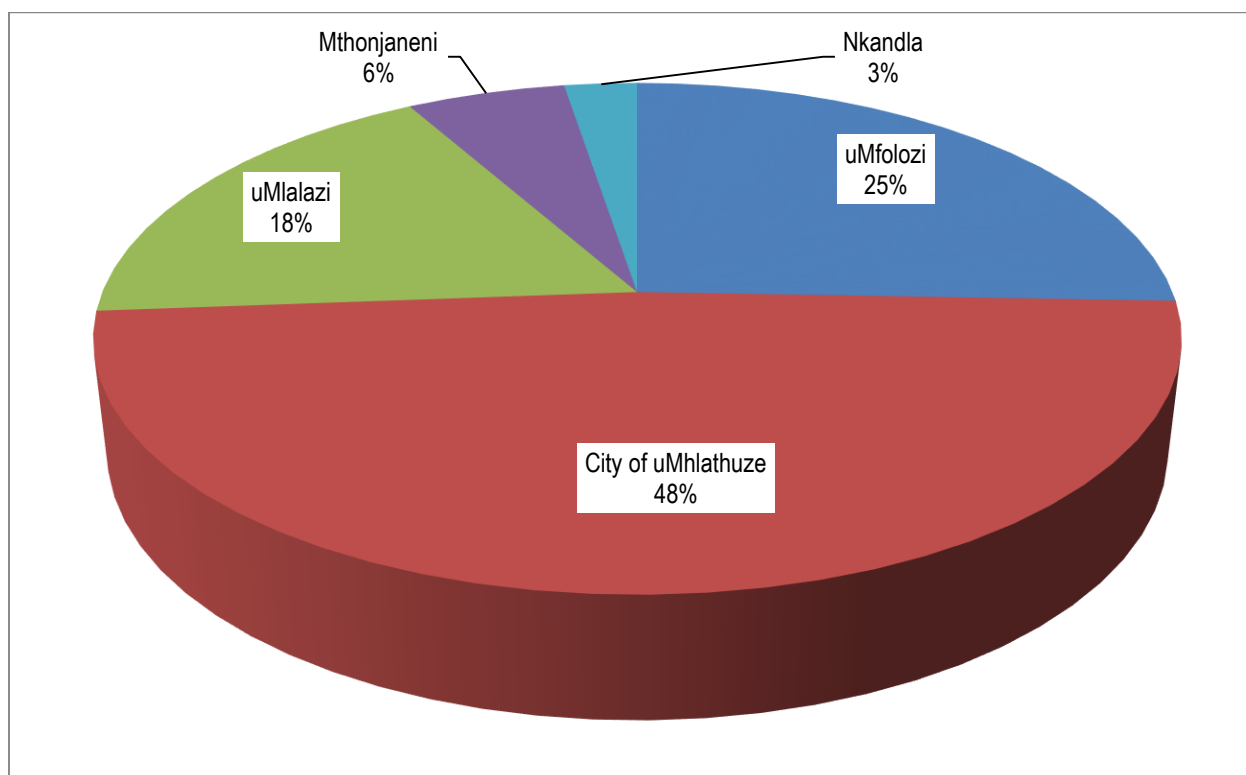
The following bar chart indicates the GDP contribution by uMhlathuze Municipality comparing to other local municipalities within King Cetshwayo District. It is evident that uMhlathuze remain the strong contributor to the district GDP, with 48% contribution.

Figure 51: GDP Contributions



Source: Global Insight 2015

Figure 52: % GDP Contribution



Source: Global Insights 2015

Human Development Index and Gini Coefficient

Measuring the life expectancy, literacy rates and income levels as proxy of quality of living, the Human Development Index (HDI) of uMhlathuze Municipality has remained the same since 2009 to 2015, at 0.63.

The Human Development Index (HDI) is defined as a “composite, relative index which attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income”. The HDI can assume a maximum value of 1, indicating a high level of human development, and a minimum value of 0.

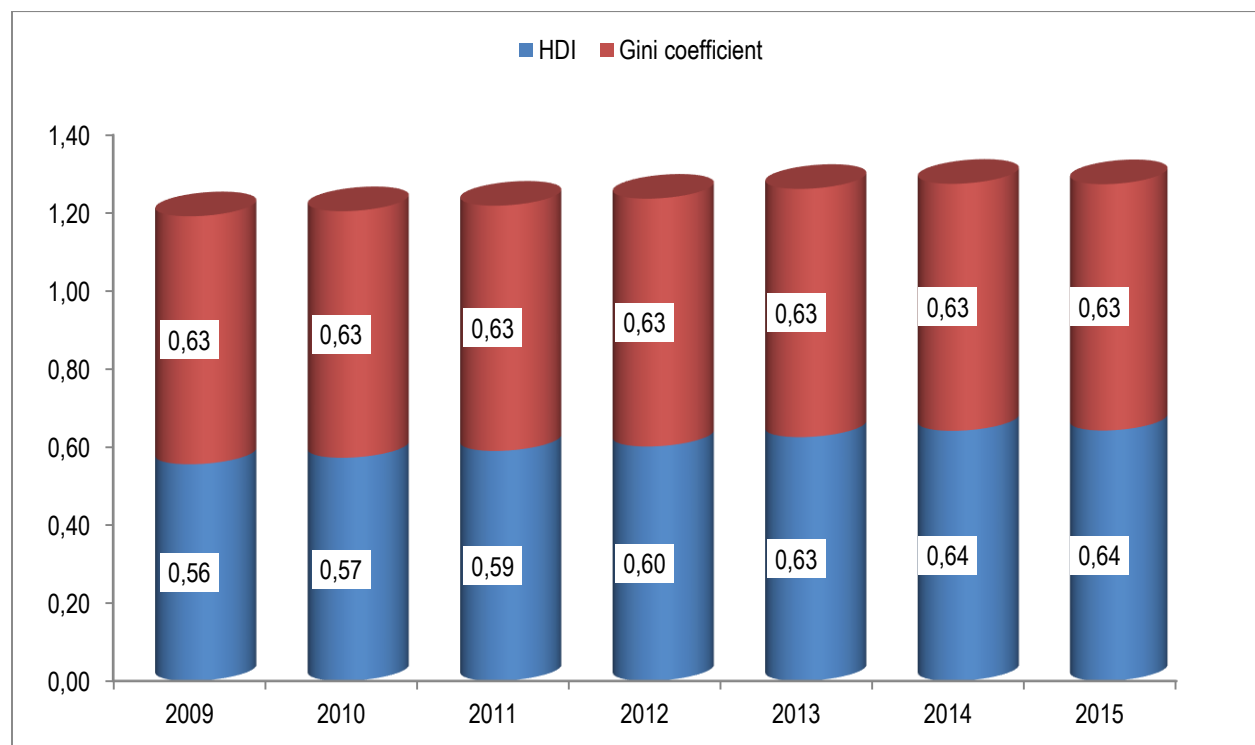
The following table and figure provides the HDI for uMhlathuze Local Municipality over a given period of time.

Table 49: Human Development Index (HDI)

	HDI	Gini coefficient
2009	0.56	0.63
2010	0.57	0.63
2011	0.59	0.63
2012	0.60	0.63
2013	0.63	0.63
2014	0.64	0.63
2015	0.64	0.63

Source: Global Insight 2015

It is noted from the figures above that the HDI for uMhlathuze Municipality has increased from 0.56 in 2009 to 0.64 in 2015. This is a good indicator, when translated it means the standard of living for the citizens of uMhlathuze has improved over the period.

Figure 53: Human Development Index and Gini Coefficient

Source: Global insight 2015(Provincial Treasury)

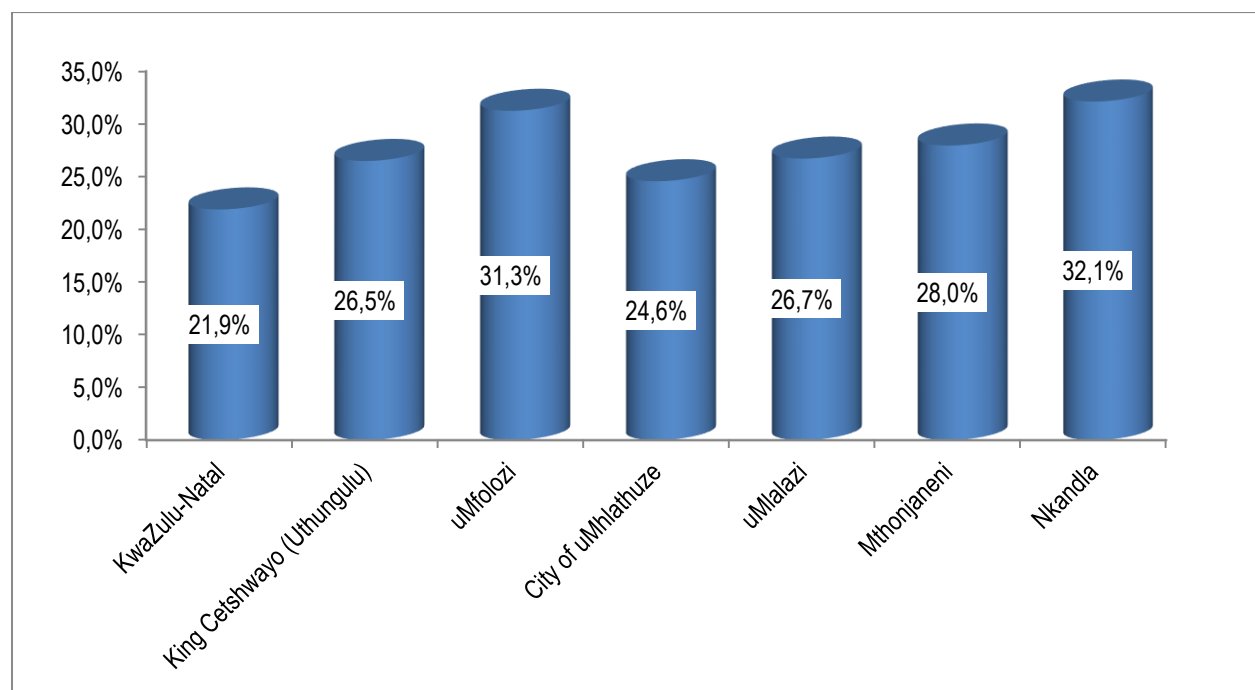
Income inequality is indicated by the Gini-coefficient. Income inequality in the King Cetshwayo District and Province has become less equal over time – from 0.67 in 2008 and decreased to 0.63 in 2009 up to 2015 in uMhlathuze Municipality.

11.2.3 Employment and Income Levels

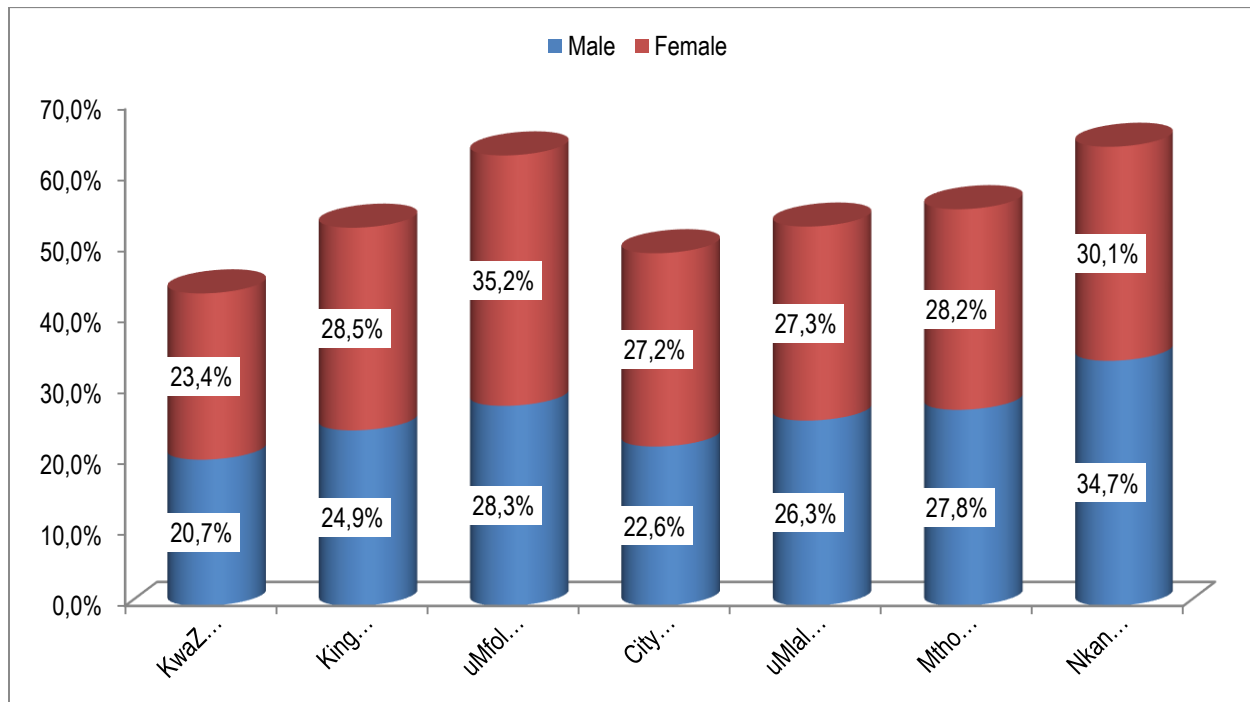
High unemployment undermines the equitable distribution of income and underpins poverty. Employment is one of the main desired outcomes of economic growth and is currently a major focus of government policy at the national level. The figure above indicates percentage of unemployment in King Cetshwayo District. The City of uMhlathuze is seating at 24.6% with regards to unemployment as per the recent Global insight statistics. The picture is better if compared with other municipalities within the region; however, it is still relatively higher when compared with 21.9 % of the province.

Job creation is not the core competency of the municipality however City of uMhlathuze is committed to radical economic transformation which entails making the environment conducive for investors.

Figure 54: Regional Unemployment



Source: Global insight 2015

Figure 55: Unemployment by Gender

Source: Global Insight 2015

The figure above indicates that the majority of employed within the district are males. This leaves a challenge for uMhlathuze Municipality that through its projects and programs women must be develop and empowered to stand a better equal that that of males when it comes to job opportunities.

Table 50: Formal and Informal Sector Employment

	Formal employment	Informal employment	Total employment	% share of King Cetshwayo formal employment	% share of King Cetshwayo informal employment
King Cetshwayo (uThungulu)	155,150	37,965	193,114	100	100
uMfolozi	31,984	8,579	40,563	20.6	22.6
City of uMhlathuze	76,488	17,158	93,646	49.3	45.2
uMlalazi	27,721	7,631	35,352	17.9	20.1
Mthonjaneni	11,213	2,729	13,941	7.2	7.2
Nkandla	7,744	1,868	9,612	5.0	4.9

Source: Global Insight 2015

uMhlathuze is contributing 49.3% towards formal employment within the King Cetshwayo District and about 45.2% of informal employment. Because of the economic position uMhlathuze is contributing more to the regional employment.

11.2.4 Performance of Broad Economic Sectors

	2005	2010	2015
Primary sector	14.4	13.3	15.4
Agriculture	3.3	3.7	3.9
Mining	11.1	9.7	11.5
Secondary sector	38.3	37.4	36.2
Manufacturing	32.5	31.3	30.5
Electricity	2.1	1.8	1.6
Construction	3.8	4.2	4
Tertiary sector	47.3	49.2	48.4
Trade	9.4	9.7	9.7
Transport	11.7	12.6	12.9
Finance	10.5	11.3	14.8
Community services	15.6	15.6	28.2

Source: Global Insight 2015

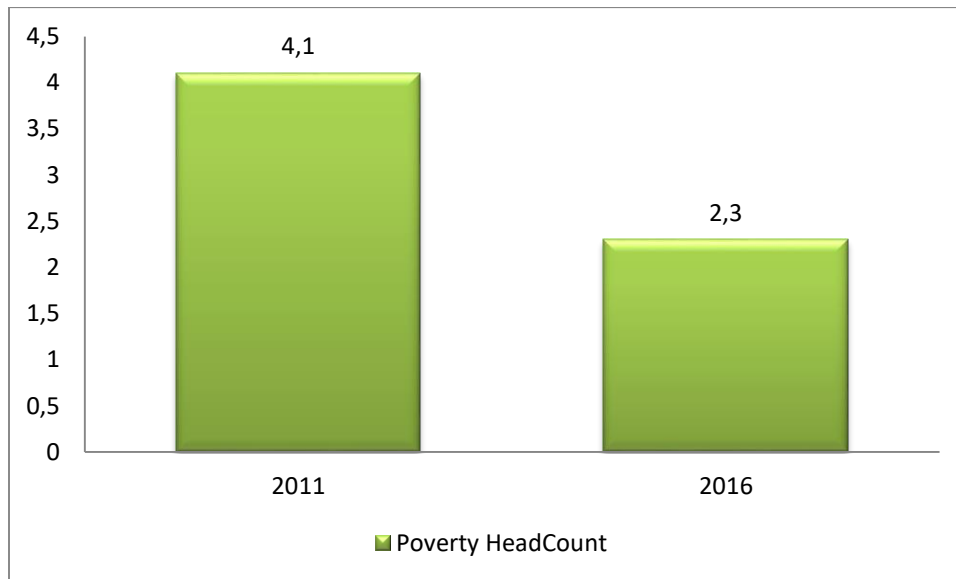
To be noted in 2010 there was a decline in the mining sector; however, we are noting an increase within the year 2015. Manufacturing is not doing well; this is confirmed by the declining trend seen over the years from 32.5 in 2005 and 30.5 in 2015. There is almost a double increase within the community services sector from 15.6% in 2005 to 28.2% in 2015.

11.2.5 Income and Dependency

Income levels and the number of dependents have a significant impact on the ability of an employed person to meet the financial needs of his/her dependents.

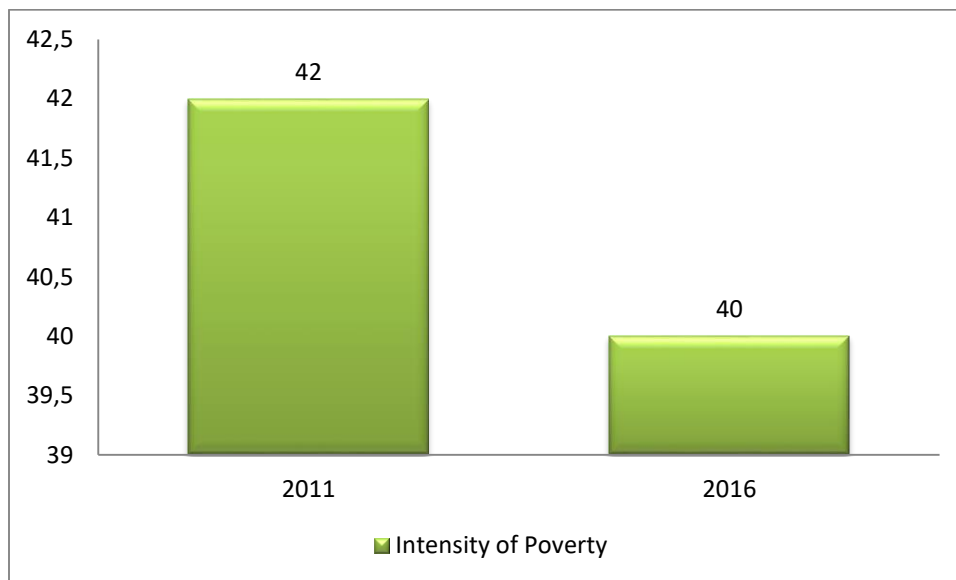
The number of dependents on a salary has a significant impact on the ability of the salary to meet basic needs. The following table provides the official Census 2011 dependency ratios for South Africa, KwaZulu-Natal, King Cetshwayo District as well as the Local Municipalities in the King Cetshwayo District.

Figure 56: Poverty Head Count



Source Global Insight 2015

Figure 57: Intensity of poverty



Source: Global insight 2015

There is a noticeable decrease in poverty headcount, whereas the extent of intensity of poverty remains relatively high comparatively

Table 51: Comparative Dependency Ratio

	Dependency Ratio	
	per 100 (15-64)	
	2001	2011
SOUTH AFRICA	58.7	52.7
KWAZULU-NATAL	65.4	58.5
DC28: Uthungulu	74.5	64.7
KZN282: uMhlathuze	55.8	48.2
KZN286: Nkandla	99.2	86.6
KZN281: Mfolozi	80.2	68.2
KZN283: Ntambanana	85.7	79.3
KZN284: uMlalazi	81.5	74.9

Source: Census 2011

The dependency ratio on KZN was higher in 2001 and remains higher in 2011 than that of the country. The situation is also worse in uThungulu (King Cetshwayo) than in the province. The dependency in uMhlathuze is lower than that of the country.

11.3 National Development Plan

The National Development Plan provides a target for 2030 and notes a number of enabling milestones as summarised in the following table. The following provides a brief summary of the implication of the NDP target and milestones for the uMhlathuze Municipality:

- According to STATSSA, uMhlathuze had a population of 338,000 and the country 51,700,000 in 2011. This equates to uMhlathuze having a 0.65% of the country's population. Given that uMhlathuze is a centre of employment and economic activity it can be expected that the area should be providing at least 0.65% of the employment targeted by 2030 as per the NDP. This equates to just over 70 000 employment opportunities by 2030.
- The NDP further requires an improvement of the Gini-coefficient from 0.69 to 0.6. The figure for uMhlathuze was 0.63 in 2015,
- Generally, employment creation will address the majority of the NDPs milestones, i.e. Gini-coefficient, income per capita, ownership, quality of services and education etc.
- Other, non-income and employment elements, that require ongoing attention from the Municipality in relation to the NDP relate filling of managerial posts, energy supply, public transport, primary health care and water quality.

11.4 LED Strategic Focus Areas aligned to NDP, PDGS and DGDP

Objective 1:

Create an enabling environment to attract investment that generates economic growth and job creation

a. City of uMhlathuze economic development partnership program

Lead, coordinate and drive the economic growth, development and inclusion agenda for the entire North Coast Region

- Producing economic and market intelligence
- Formulating economic visions and strategies
- Creating a common business brand
- Reforming the city and region's business environment

b. City of uMhlathuze Events Program

The City will position itself as the events capital in the entire North Coast of KZN, promoting iconic and strategic events by actively developing, inter alia, the following events segments:

- Sports events, such as the National Teacher's games – to be owned by the Municipality
- Business events, exhibitions and conventions - PAHTC
- Cultural events, such as the Nyus'ivolume from Ukhozi FM
- Music events, such as the Last Dance and Beach Festival, Tuzi -Gazi Beer Festival and Whisky and Wine Festival

c. Identification and Promotion of catalytic sectors such as maritime and gas

In order to stimulate the growth and development of the local economy, development in the following catalytic sectors has been identified as critical:

- Marine, ship repair and boatbuilding
- Agro-processing
- Health and medical technology
- The green economy, including energy from gas and waste
- Tourism and events

Possible development in these sectors will be investigated in partnership with Province and the private sector to determine how and when it will be rolled out in the city. The city will also establish economic clusters to support private sector initiatives:

Craft Cluster

The City will establish Craft Production cluster to encourage interaction amongst entrepreneurs who are in the business of producing craft work either for domestic or international market. The City will provide a better working environment for this cluster in a form of an Exhibition Centre.

Agri-business Cluster

The City will establish the Agri-Business Cluster to encourage interaction amongst groups (traders, farmers, NPOs and academic institutions). The City has allocated 12 ha of land for the development of this cluster.

Manufacturing Cluster

The City will establish a Manufacturing Cluster to encourage interaction between the municipal official and companies that trade in this sector. The City will work with the private sector to develop manufacturing plants in the following projects

- Gas to Power Project
- Ship Repair Project
- Airport Relocation Project
- Beneficiation of existing minerals resources, e.g. aluminium and titanium
- Manufacturing of automotive components

The City will explore mechanisms to improve business opportunities around Port Durnford and, in partnership with Transnet, will work towards the improvement of Richards Bay Port.

Services Cluster

The City of uMhlathuze Technology Park aims to establish a health technology hub, accommodating firms, government and academia in the healthcare industry. The City has already identified land for the development of the Techno Park which will be developed through partnership agreements with EDTEA, UMfolozi TVET, University of Zululand and National Department of Science and Technology

d. Small Business Centre Program

The City has availed one of its buildings to house the SME One-Stop-Shop-All that will make it easy for entrepreneurs and individuals looking for employment support to navigate and make use of service organisations and practitioners' services and resources.

The objectives of establishing an SME One-Stop-Shop-All in the City are:

- stimulate the creation of locally-owned businesses by linking entrepreneurs with resources, capital, skills and opportunities;
- develop human capital, addressing the needs of the business community (e.g. innovation support, small-business skills development, career support and placement programmes); and
- make the City of uMhlathuze a more competitive business environment by providing better support to incubate and grow local business and attract others.

The multi-stakeholder network will draw services from the public sector (local, provincial and national), the private sector (business development, associations, financiers, and so forth) and academia (the Cape Higher Education Consortium or CHEC, universities, colleges, and the like).

Objective 2

Provide and maintain economic and social infrastructure to ensure infrastructure-led economic growth and development

The City will act as catalyst by investing in suitable economic and social infrastructure to support and further stimulate economic development. This will happen by means of the following key programmes:

a) Fibre-optic network programme

The broadband fibre-optic network programme will construct a fibre-optic communication network within the City of uMhlathuze to realise service delivery as well as social and economic benefits by providing access to affordable telecommunication infrastructure on an open-access basis.

In addition to providing enhanced services, more bandwidth will allow new services to be rolled out to areas that previously did not have access to these due to the lack of connectivity. Ultimately, the network is intended to cover the entire city.

Objective 3

Provide social protection through the creation of job

a) Expanded Public Works Program (EPWP)

The programme's mandate is "to contribute to development by providing work opportunities to poor and unemployed people in the labour-intensive delivery of public and community assets and services"

The City will leverage on programmes and projects in all line departments with a view to mainstreaming the EPWP within Council's planning and budgeting processes. The City has confirmed its commitment to the EPWP by amending its SCM policy to ensure the following:

- the institutionalisation of the EPWP and its alignment with the City's Supply Chain Management Policy and Economic Development Road Map respectively;
- each line directorate's obligation to participate in the implementation of the EPWP;
- compliance monitoring in line with the requirements of DPW and the Auditor General (AG);
- the focus on targeting designated groups such as youth, women and people living with disabilities; and
- the establishment of a corporate EPWP Office.

11.4.1 Local Economic Development Plan [Economic Transformation Roadmap]

uMhlathuze Municipality in 2016 **outsourced** a reputable company to develop the LED Plan which is regarded as council's roadmap to economic transformation. This plan is in line with the NDP, PGDS and DGDP. The plan was adopted in October 2016 and it is currently in implementation.

As a hub of industrial development and investment, the City is positioning itself as a strategic driver and champion of economic development and transformation for the benefit of local enterprises and aspirant entrepreneurs.

It is on this basis that the Municipality has prioritized economic development, transformation and job creation by developing a practical roadmap that will ensure the outcomes listed below:

- Job creation
- Improving citizen's skills levels/ education
- Increased competitiveness and investment in the city
- Transformation within the Public and Private sector
- Economic growth through job creation
- Stimulate rural development
- Sustainable Environmental Management
- Consistent spatial Development Framework
- Improved productivity and resource management

- Strengthened collaboration amongst key industry partners that will grow and sustain the city's job creation, economic growth and transformation efforts, in a collective manner

11.4.2 Implementation Plan - Local Economic Development plan

Implementing this roadmap will assist in stimulating the output of the local economy of uMhlathuze above the planned growth rate of 1.2%. Growing the economy will ensure the municipality will have additional revenue to support its service delivery mandate. The current estimated GDP for uMhlathuze is R29.7billion. At the proposed growth rate of 1.2%, the economy will grow by approximately R1.9billion over the next 5 years. Prioritising the roadmap and its implementation will help to improve the economic growth rate. If the growth rates were increased by 0.5% (to 1.7%), the incremental growth in the economy over the next 5 years would be R2.7billion (this would mean an additional R791million of additional economic activity as a result of the increased growth rate).

The roadmap has the potential to improve the rate of employment in the local economy. Currently, the unemployment rate is 31% with an estimated 38,500 unemployed individuals. If this roadmap had the potential to improve economic activity and reduce unemployment by 1%, then the unemployment rate in 2020 would have reduced to approximately 26% (with approximately 32,300 being unemployed). This would have meant that approximately 6,200 individuals would have been absorbed by the economy.

Consequently, implementation of this job creation, economic development and transformation roadmap is critical to impact the output of the economy and jobs to be created. The greater the success of its implementation, the greater would be its impact on the local economy of uMhlathuze.

The development of the job creation, economic development and transformation roadmap has been crystallized by focusing on key industries in uMhlathuze. The industries identified are a result of the needs of the economy, competitive advantage of uMhlathuze.

The key industries identified are:

- Agriculture, agri-processing and rural economy
- Tourism
- Maritime & blue economy
- Manufacturing
- Township economy
- Mining and beneficiation
- Built environment
- Wholesale, retail, trade and services

- ICT and innovation

Table 52: Tabulated below is the Roadmap - Local Economic Development implementation plan with clear targets aligned to PGDP and DGDP,

Sector-Wide Priority Projects								
KCD DGDP Goal: Job Creation								
PGDS Goal: Inclusive Economic Growth					Strategic Objective : 1.2			
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Business/ Enterprise Development								
1.	One-stop shop establishment			x				
2.	Completion of local fund business case in partnership with SOEs and private sector			x				
3.	Commodity resource plan		x					
4.	MOU with Productivity SA		x					
5.	MOU with PUM			x				
6.	Review Policy Framework for procurement	x						
7.	Establish Youth in Business Forum and Support Desk/Centre	x						

Sector-Wide Priority Projects								
KCD - DGDP Goal: Job Creation PDGS Goal: Inclusive Economic Growth Strategic Objective : 1.2; 1.3, 1.6								
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	21/25	26/30	
Knowledge Management								
1.	Establishment of centralised knowledge repository			X				
Spatial Planning								
1.	Set targets and implement land banking of strategic land parcels including privately owned land in line with SDF			X				
Investment Promotion								
1.	Customized Incentives Toolkit for investment attraction		X					
2.	Integrated Investment Promotion Plan		x					
3.	Implementation of Investment Promotion Plan		X					
Green Economy								
1.	Green Economic Strategic Package for City of uMhlathuze				x			
2.	Water Relief Program and Alternative Sources					x		

Sector-Wide Priority Projects								
KCD - DGDP Goal: Job Creation								
PGDS Goal: Inclusive Economic Growth			Strategic Objective: 1.2 and 1.4					
PGDS Goal: Environmental Sustainability			Strategic Objective : 5.2 and 5.3					
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
1.	Pre-feasibility/ concept for IPTS		X					
2.	Localized climate change, mitigation and adaption strategy and phased implementation			X				
3.	Revenue generation, cost-saving and diversification strategic projects	X						
4.	Integrated Public Safety Plan in partnership with private sector		X					
5.	Feasibility for Long term Infrastructure Development Fund			X				
6.	Creation of centralised database for unemployed		x					

Sector-Wide Priority Projects								
KCD - DGDP Goal: Job Creation								
PGDS Goal: Inclusive Economic Growth				Strategic Objective: 1.2 and 1.4				
PGDS Goal: Environmental Sustainability				Strategic Objective : 5.2 and 5.3				
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
7.	Long-term investment plan for catalytic projects			x				

Agriculture and agro-processing									
KCD - DGDP Goal: Job Creation									
PGDS Goal : Inclusive Economic Growth			Strategic Objective : 1.1 ,1.2, 1.4, 1.5 and 1.6						
Performance Indicator			Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
			16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Farmer Development/ Enterprise Development									
1.	Farmer Enterprise Development Model			x					
2.	Implement Farmer Enterprise Development Model					x			

Agriculture and agro-processing								
KCD - DGDP Goal: Job Creation								
PGDS Goal : Inclusive Economic Growth		Strategic Objective : 1.1 ,1.2, 1.4, 1.5 and 1.6						
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
3.	One-stop business support shop for farming				x			
4.	Partnership with Department of Agriculture for the establishment agri-parks in the City			x				
Aggregation/ access to markets								
1.	Collaborative partnerships (public & private sectors)			x				
2.	Pilot urban farmer model to promote and support urban agriculture			x				
3.	Feasibility for commercial goat farming in partnership with Department of Agriculture		x					
4.	Feasibility for honey production			x				

Agriculture and agro-processing								
KCD - DGDP Goal: Job Creation								
PGDS Goal : Inclusive Economic Growth		Strategic Objective : 1.1 ,1.2, 1.4, 1.5 and 1.6						
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
5.	Feasibility for charcoal manufacture			x				
6.	Development and implementation of poultry aggregation project				x			
7.	Negotiated supplier agreements with strategic partners				x			
Climate-resilient agriculture								
1.	Research-based model for waterless farming				x			
2.	Benchmarking to operationalise model					x		
Access to finance								
1.	Set up agricultural fund with SOEs and Private Sector				x			

Agriculture and agro-processing								
KCD - DGDP Goal: Job Creation								
PGDS Goal : Inclusive Economic Growth				Strategic Objective : 1.1 ,1.2, 1.4, 1.5 and 1.6				
Performance Indicator				Annual targets (2016-2020)		Up to 2025	Up to 2030	Quarterly Progress
				16/17	17/18	18/19	19/20	2021-2025

Agriculture and agro-processing								
KCD -DGDP Goal: Job Creation PGDS Goal : Inclusive Economic Growth								
Strategic Objective : 1.1 ,1.2, 1.4, 1.5 and 1.6								
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Public-private partnerships								
1.	Establishment of local agri-forum		x					
Agri-processing								
1.	Feasibility study for pineapple waste processing and other products based on national and international demand			x				

Tourism								
KCD - DGDP Goal: Job Creation PGDS Goal : Inclusive Economic Growth								
				Strategic Objective : 1.2				
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Enterprise Development								
1.	Single-window tourism business support portal			x				
Access to markets								
1.	Marketing plan for tourism promotion		x					
2.	Eventing Business Case and Implementation Model			x				
Tourism Infrastructure Development								
1.	Establishment of Task Team or remodelling existing structures		x					
2.	Heritage infrastructure audit and integration into the tourism mix		x					
Product Packaging								
1.	Customized tourism packages		x					
Institutional strengthening								
1.	Capacity build CTO		x					
2.	Capacity-build tourism forum		x					

Maritime								
KCD - DGDP Goal: Job Creation								
PGDS Goal : Inclusive Economic Growth		Strategic Objective : 1.2						
-Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Industry Collaboration								
1.	Establishment of local maritime forum in line with the Maritime Strategy	x						
2.	MOU with eThekwinI Maritime Cluster		x					
3.	Plan of action for PCN		x					
4.	One-stop shop for business support – maritime				x			
5.	Local economic plan for proactive identification of opportunities for commodities and other products		x					
Enterprise Development								
1.	Feasibility study for local owner driver program to support local logistics and transport industry			x				
Maritime skills development								
1.	Detailed maritime skills profile		x					

Maritime									
KCD - DGDP Goal: Job Creation									
PGDS Goal : Inclusive Economic Growth			Strategic Objective : 1.2						
-Performance Indicator			Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
			16/17	17/18	18/19	19/20	2021-2025	2026-2030	
2.	Support establishment of maritime school		x						

Manufacturing								
KCD - DGDP Goal: Job Creation PGDS Goal : Inclusive Economic Growth Strategic Objective 1.2								
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Business/ Enterprise Development								
1.	One-stop shop business support shop - manufacturing				x			
2.	Customised Manufacturing and other Sectors Incentive Toolkit for uMhlathuze		X					
Investment Promotion Support								
1.	Investment Promotion Plan & Programme of Action		x					
2.	Early Warning System to identify, track and trace strategic projects in the pipeline			x				
Export Development								
1.	Export enhancement implementation plan			x				

Township Economy								
KCD - DGGP Goal: Job Creation PGDS Goal: Inclusive Economic Growth								
				Strategic Objective : 1.2 , 1.3, and 1.5				
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Economic Development								
1.	Tailored made township economy revitalisation and modernisation plan with clearly defined annual deliverables and outcomes		x					
2.	Township growth index and economic profile			x				
3.	Township chamber forum			x				
Enterprise development								
1.	Business support hubs				x			
2.	Township Enterprise /Supplier Development Program				x			
3.	Implementation of township experience - entertainment/ leisure precinct and township economic corridors					x		
Infrastructure Development								
1.	Broadband roll out and last mile connectivity					x		
Access to markets								
1.	Localisation campaign		x					
2.	Local market development				x			

Mining beneficiation								
DGBP Goal: Job Creation PGDS Goal: Inclusive Economic Growth								
				Strategic Objective : 1.2				
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Localisation of mining value chain								
1.	Develop and implement support mechanism for priority mining & expansion projects				x			
2.	One-stop shop for business support					x		
3.	Conclude partnership with Department of Mineral Resources and other stakeholders on key minerals exported/ imported for beneficiation				x			

ICT and Innovation								
DGGP Goal: Job Creation PGDS Goal: Inclusive Economic Growth								
				Strategic Objective : 1.4				
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021 - 2025	2026- 2030	
Infrastructure Development								
1.	ICT Industry based Strategic Team to drive ICT investment, advancement and innovation		x					
Skills Development								
1.	Virtual Economic Options and Priority Areas for the City				x			
ICT as an enabler for innovation								
1.	Innovation and implementation strategy			x				

Wholesale, retail, trade and services								
KCD - DGDP Goal: Job Creation								
PDGS Goal: Inclusive Economic Growth		Strategic objective : 1.2 , 1.3 and 1.5						
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Access to markets								
1.	Nodal Development of strategic economic nodes and other growth areas				x			
1.	Set targets for former marginalised communities (new retail space) and access model			x				
2.	Set targets for localising retail mall ownership and conclude partnership with other spheres of government and SOEs			x				
3.	Local sourcing commitment charter				x			
Informal trading								
1.	Master plan for informal sector growth, support and transformation with annual deliverables and outcomes			x				

Other (alternative energy and water security)								
DGBP Goal: Strategic Infrastructure PGDS Goal: Strategic Infrastructure								
Strategic Objective : 4.4 and 4.5								
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Adoption and incremental implementation of long term alternative energy supply								
1.	Develop alternative energy supply resource plan			x				
2.	Implement alternative energy supply resource plan					x		
Water Security								
1.	Feasibility for sea water desalination and water reuse						x	

11.4.3 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

SMMEs

The primary role of the uMhlathuze Municipality in local economic development is to coordinate, facilitate and stimulate sustainable economic development within its jurisdiction through appropriate mechanisms; Strategy and policy development; Programme development and co-ordination and Strategic liaison and networking

The Municipality is in possession of LED Plan which also detail programs aimed at SMME support and development. The municipality has proactively prioritized LED projects that are aimed at assisting SMMEs in various ways (*see end of section*). At the core of the municipality's strategy it is to build capacity of SMME's, hence uMhlathuze Municipality has a database with more than 136 SMMEs within uMhlathuze that are registered. This database also provides the level of skills that each SMMEs has. UMhlathuze Municipality in ensuring that SMMEs are supported has revised its procurement policy to include a clause in all tenders that: "25% of work for big tenders is subcontracted to local SMMEs.

Informal Trading

uMhlathuze Municipality has an informal trading policy which also incorporate the regulation of street vendors, the policy was adopted by council in 2013 (attached as an annexure to the IDP). An investigation of informal traders operating in the City was conducted in 2011. A matter of great concern is that 56% of traders were operating without a licence. There was also concern that damage was being done within public spaces and that trader stalls were untidy and unsightly. Traders do not locate in demarcated areas, but set up wherever good opportunities for trade present themselves. The review of the informal sector led to a number of recommendations:

The City Development: Business Support, Markets and Tourism Section coordinates an Informal Traders Working Group which constitute of representatives from a number of sections. The responsibility for permit issue and renewal lies within Business Support, Markets and Tourism Section. Given that there are 1616 informal traders within the City of uMhlathuze (only 710 of whom are registered), it would seem that a comprehensive support policy should be formulated and adopted.

The following principles should underscore the said policy:

- The City is not unsympathetic to informal traders and recognizes that under harsh economic conditions, the sector enables people to generate some sort of livelihood, however modest. Instead of tolerance and, in some instances, clamp down, the City needs a proactive and supportive informal trader policy.
- The City should recognize that the informal sector is here to stay in both urban and rural contexts. Providing support to informal traders means providing support to the poorer people in the community and their families.
- Informal traders own and run very modest businesses. However, the potential exists for these businesses to grow if they are appropriately supported. This would create opportunities for small businesses to enter the formal sector from below.
- The Municipality needs to foster a relationship of trust with informal traders and their structures. A positive relationship would facilitate the provision of appropriate infrastructure and support.

Challenges faced by informal traders themselves include no access to training, no access to finance, lack of storage facilities, lack of access to ablution facilities, lack of access to water, low incomes with household expenses competing with business needs such as maintaining stock levels, and lack of capital for business expansion.

Strategies to realize opportunities in the Informal Economy relate to the following:

- that support for the informal economy is reflected in their IDP
- facilitate the establishment of an informal actors' chamber as a means of engaging with informal economy actors appoint officials who are able to communicate with informal economy actors in a gender sensitive way
- make provision for regular contact with informal economy organizations and actors
- ensure that there is a dedicated office to liaise with organizations and individual traders
- ensure that decisions about issues such as site allocation are made in an open and transparent way
- specify the roles and responsibilities of traders and of the municipality
- respect the rights of foreigners
- register all informal traders
- provide basic infrastructure and services for informal traders
- take account of informal trader interests in the context of approving new developments

11.4.4 Expanded Public Works Programme (EPWP)

Section 152 (1c) of Chapter 7 of the Constitution of South Africa mandates the local spheres of government to promote social and economic development. It stipulates that these development efforts should address the basic needs of the community and promote employment creation for local people. Fulfilling this obligation requires high levels of service delivery, infrastructure provision, education and business support by government institutions. The City of uMhlathuze has therefore identified the EPWP as a critical tool for poverty alleviation and improving the employability of marginalized residents in the community. EPWP is part of the national government's short to medium-term strategy to reduce unemployment and poverty.

Though the City of uMhlathuze has successfully implemented the Expanded Public Works Program (EPWP) since its introduction in 2010, concerns have been expressed about the absence of a comprehensive EPWP policy to provide a framework for the implementation of the Expanded Public Works Programme within the City of uMhlathuze, which includes the activities of all the departments/units and facilitate greater alignment with other government policies and programmes.

EPWP policy framework (DMS 1245776)

The City of uMhlathuze adopted an EPWP Policy Framework in May 2018. The policy framework was prepared in-house and draws its legal mandate from the following laws and regulations as amended from time to time:

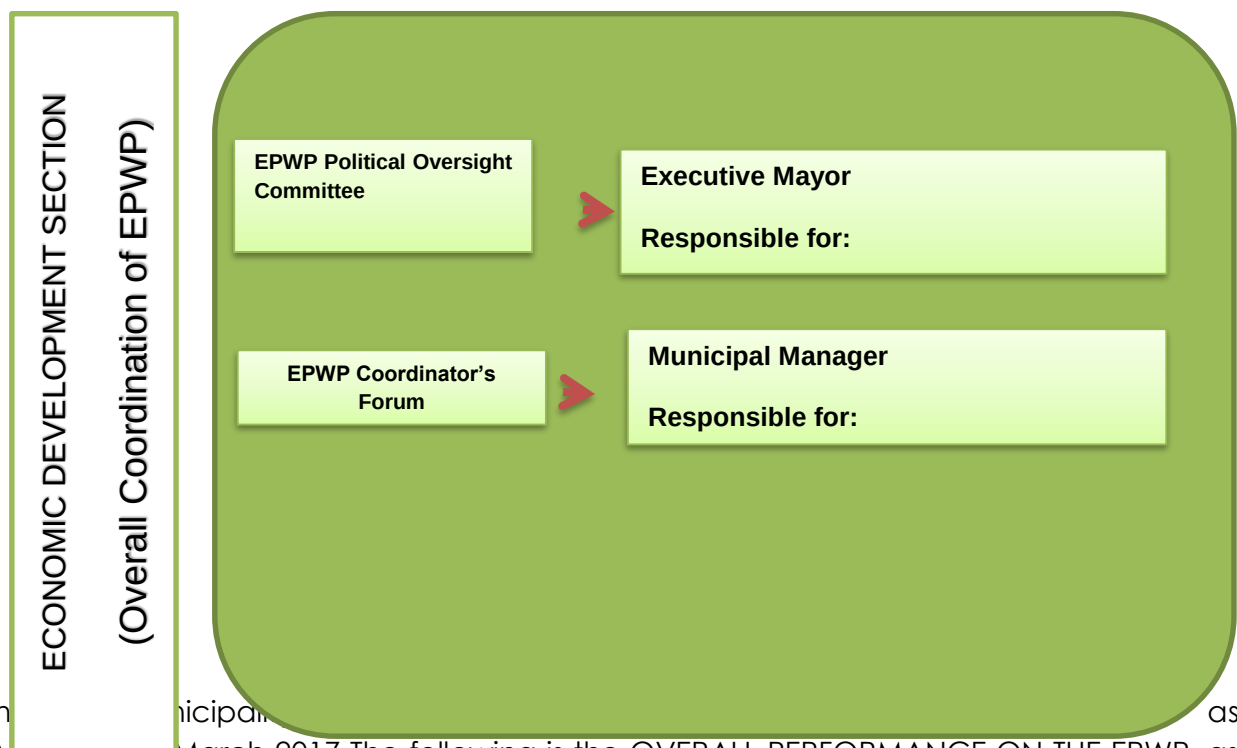
- The South African Constitution, 1996;
- The City of uMhlathuze Integrated Development Plan (IDP);
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997);

- o Employment Equity Act, 1998 (Act No. 55 of 1998);
- o Code of Good Practice for Employment and Conditions of Work for Special Public Works Programmes;
- o Ministerial Determinations 4: 4th May 2012, Expanded Public Works Programmes, issued in terms of Section 50 of the Basic Conditions of Employment Act 1997.
- o Division of Revenue Act (DoRA) 2017;
- o Intergovernmental Governmental Relations (IGR) Framework Act, 2005 (Act No.13 of 2005);
- o Local Government: Municipal Systems, 2000, (Act No 32 of 2000);
- o Local Government: Municipal Finance Management Act, 2003, (Act No. 56 of 2003), (MFMA);
- o Unemployment Insurance Act, 2001, (Act No. 63 of 2001) and;
- o Compensation for Occupational Injuries and Diseases Act, 1993, (Act No.130 of 10 1993).
- o Any other laws which may be applicable from time to time.

The policy aligns with a number of overarching strategic documents that inform the City's priorities, such as the:

- o National Development Plan
- o Ministerial Determination and the Code of Good Practice for EPWP, 2012
- o KZN Provincial Growth and Development Strategy, 2035
- o City of uMhlathuze's Integrated Development Plan
- o City of uMhlathuze's Strategic Roadmap for Economic Development, Transformation and Job Creation

EPWP coordinating structure



uMhlathuze Local Municipality as of April 2016 to March 2017 The following is the OVERALL PERFORMANCE ON THE EPWP, as at 30 MARCH 2017

GROUP	ACHIEVED
Adult Men	294
Adult Women	160
Youth Men	471
Youth Women	168
Cumulative Total Work Opportunities	1098

Table 53 : Q3 Performance against EPWP National Targets

GROUP	Performance Target	Achieved %	Comments
Women	55%	29%	Includes Youth and adult
Youth	55%	58%	Includes male and female
People Living with Disabilities	8%	0	Attention be given to the inclusion of this group

Vukúphile Learnership Programme is implemented, where ten (10) contractors with their supervisors are participating in the programme. The programme is a partnership with the National Department of Public Works. The total value of contracted works amounts to 6, 284 945 .82 as at 30 March 2017.

11.4.5 Agriculture

Given that agriculture is a provincial competency, municipalities should facilitate and support the activities of the Department of Agriculture, the Environment and Rural Development. The aims of agricultural development should be to ensure food security, to promote food sovereignty, to encourage subsistence producers to commercialize, and to move away from primary production through identifying opportunities for value adding.

Current challenges being experienced in the sector relate to the following:

- Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects.
- Underutilization of good agricultural land in the traditional council areas.
- Loss of good agricultural land in the traditional council areas to unplanned settlement.
- Failure to realize the potential for value adding through agro-processing.
- Volatile world markets which affect prices for some agricultural commodities, for example, sugar.
- The demise of the South African Sugar Association's credit facility for small-scale cane growers.

Strategies to realize opportunities in this sector relate to the following:

- Food security and food sovereignty should be promoted.
- In the traditional council areas where the land falls under the Ingonyama Trust, and where land is held under communal tenure, subsistence agriculture prevails, with the exception of small-scale farming in the sugar and timber.

- An Agribusiness Development Agency has been established in KwaZulu-Natal under the auspices of the Department of Economic Development and Tourism. The primary aim of this institution is to identify failed land redistribution projects that have some potential for revitalization. The Agency puts in place the appropriate mechanisms to assist the land reform beneficiaries of these projects to turn projects around so that they become viable farming enterprises.
- Small-scale farmers should be encouraged to add value to their produce.

Agricultural Support Plan 2018/2019

Council has developed and adopted an Agricultural Support plan with an assistance of an outsourced company. The plan is informed by prioritisation of agriculture as a sector to contribute to enterprise development, agriculture and agro-processing as reported on the municipal Integrated Development Plan and Road Map for Economic Development, Job Creation and Transformation. The primary objective of the plan is to implement programmes that will encourage new entrance in the agricultural sector and also support existing agri-business to be sustainable, grow and provide job creation in the City. Further the plan aims to promote sustainable economic development that will improve the availability of local foods in the City as well as in the country as a whole.

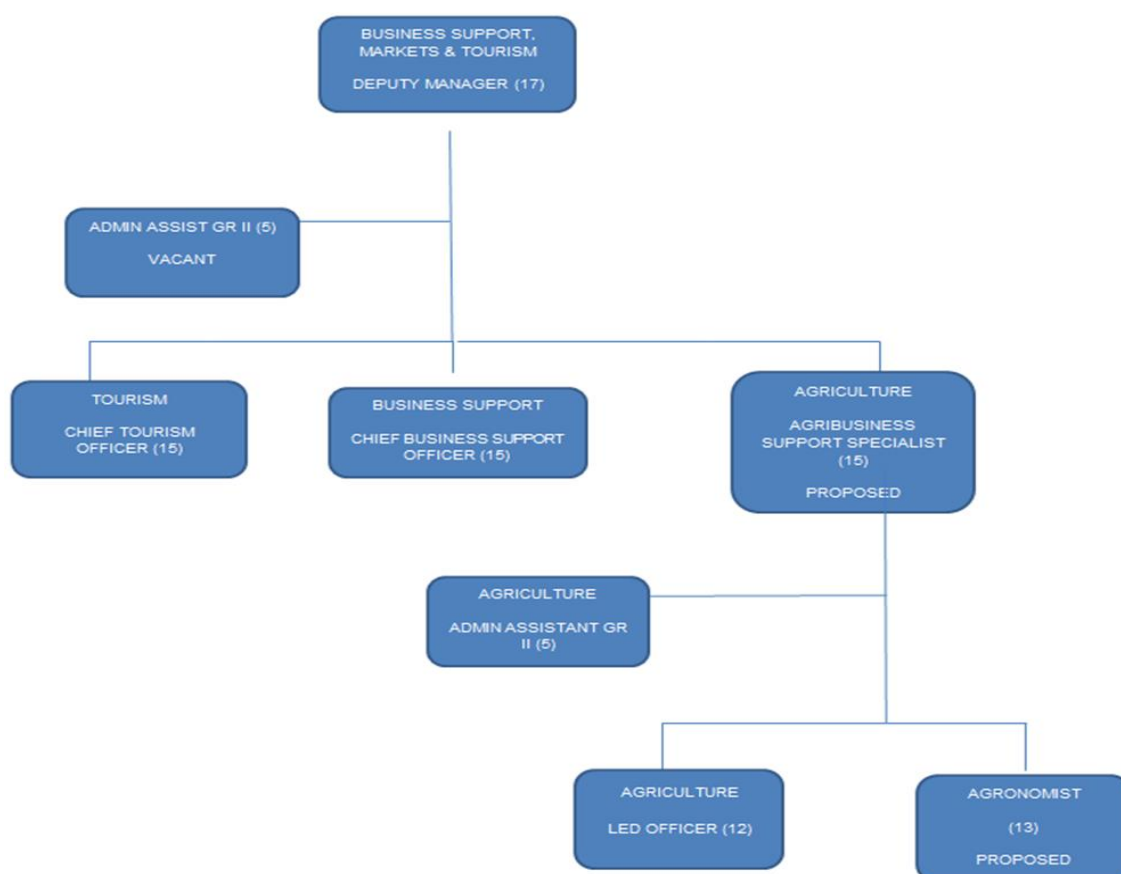
The stakeholder engagement

During the development of the Agricultural Support Plan various stakeholders were consulted. consultations were aimed at determining challenges and opportunities in the sector, and investigate funding or non-financial support for the Municipality's programmes.

Institutional Arrangements

The municipality cannot renege on its responsibility to support farmers. It is imperative that a competent team to guide FSU and Fresh Produce Market whilst mobilizing financial resources be established. Below is the existing organogram focusing mainly on Agriculture within the Economic Development unit. The structure below further make proposal for the establishment and funding two positions

Figure 58: Agricultural Institutional Arrangements



11.4.6 Tourism

Since its inception in the year 2000, uMhlathuze Municipality has made some policy gains to optimise its economic development potential – tourism being part of this potential. A number of studies have been devoted to pointing out the bottlenecks facing the tourism sector. Some authors such as Hill and Good enough (2005) for example note that the tourism sector in uMhlathuze is not well developed, it is characterised by a polluted environment, and generally poor image. Recognizing these challenges, the 2008-2011 Local Economic Development (LED) strategy underscores Tourism as one of its key areas of attention, thus the term tourism features 22 times in the 23-page policy document. The focus on tourism is also embedded on the Municipality's current vision which is to "...offer improved quality of life for all its citizens through sustainable economic growth" as well as to establish itself as a "...renowned centre for trade, tourism and nature-lovers, coastal recreation, commerce, industry, forestry and agriculture". In 2008 the Municipality commissioned its first tourism strategy which within the limits of its scope drew attention to some broad challenges and opportunities. The strategy was adopted by Council in January 2014.

Tourism Sites

The city of uMhlathuze has amongst others the following key tourism areas:

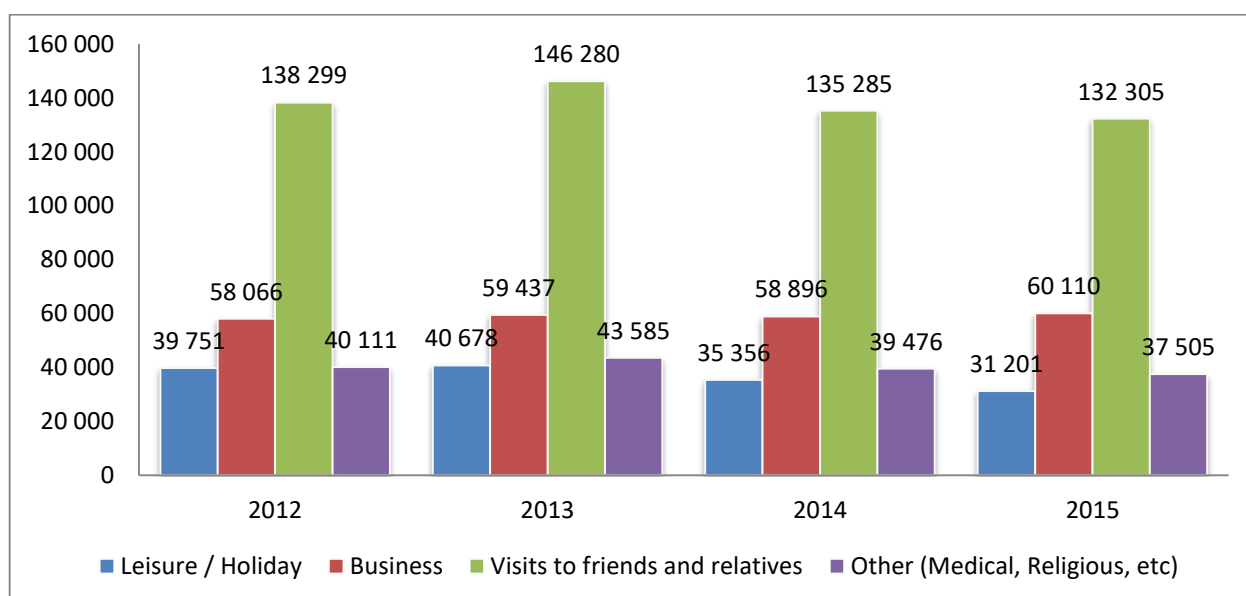
- The Harbour
- The ENSeleni Nature Reserve,

- Various City Parks
- The Arts and Crafts Centre
- The Empangeni Arts and Culture History Museum
- B+B dealers
- Port Durnford Beach
- King Cetshwayo Monument
- Thulasihleka Bird Sanctuary
- The small Craft Harbour as well as
- Alkanstrand Beach.

Tourism Trends in uMhlathuze

According to the statistics released by South African Tourism, the majority of tourists visiting KwaZulu Natal are concentrated in Durban (70%). This means that the rest of the province then has to fight for market share for the remaining 30%. As per the stats, Zululand (under which uMhlathuze is located) received only 5.2%. Much can still be done for tourism development in the region.

Figure 59: Tourist Visits in uMhlathuze



Source Global Insight 2015

When this trend is broken down into various tourism categories, evidently, visits to friends and relatives took the lion share totalling almost half of all tourists in uMhlathuze at 42%. Business tourism occupied second place, contributing 24% of all tourists over the period. Leisure tourism occupied 21% while medical/religious tourism came in at fourth place with 13%. These percentages are illustrated in the following chart above

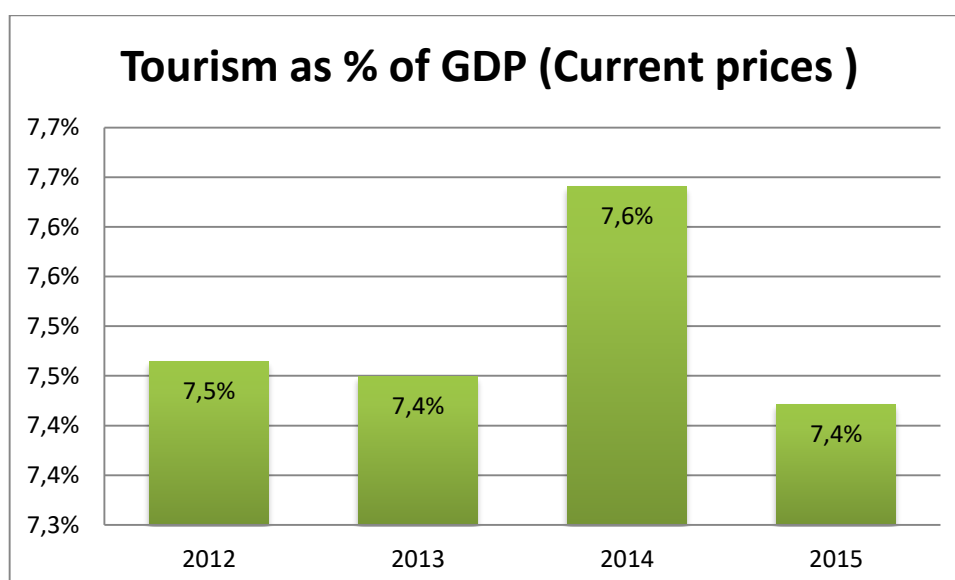
Tourism Spend

Tourism spending patterns in uMhlathuze are slowly declining. An increase was seen during year 2013 where more tourism spend was experienced. This could be attributed by many factors. It could be the economic climate which is affecting not only uMhlathuze but the rest of the country. It could also be lacks of facilities for tourist spend, lack of marketing and many other factors may contribute to such patterns.

Figure 60: Tourism Spend



Figure 61: Tourism as % of GDP



UMhlathuze Tourism Marketing Strategy

Council has adopted a Tourism Marketing Strategy with an overall goal to provide coordinated guidance to the economic role players and stakeholders for the future marketing of the tourism products to ensure economic development of the municipal area that will lead to local employment creation, income generation and investment into economic assets, further placing uMhlathuze as the front runner for Tourism in Northern KwaZulu-Natal

Alignment with Strategies and Policies							
	National Tourism Sector Strategy	Domestic Tourism Strategy	KZN Tourism Master Plan	TKZN Tourism Strategic Plan	King Cetshwayo District Tourism Strategy	uMhlathuze Tourism Strategy	uMhlathuze Tourism Marketing Strategy
Strategy	To position South Africa as a globally recognised tourism destination brand	Increased domestic Tourism Expenditure	Managing strategic direction, product offering and investment opportunities	Increase the number of business, sports and leisure events in the Province.	Encourage Cruise Ship Tourism in Richards Bay	Prioritise research and marketing in the tourism sector to realise maximum benefits	To provide coordinated guidance to the economic role players and stakeholders for the future marketing of the tourism products to ensure economic development of the municipal area that will lead to local employment creation, income generation and investment into economic assets
Vision	To be a top 20 tourism destination in the world by 2020.	Growing domestic tourism for a sustainable tourism economy	To be a top 20 tourism destination in the world by 2020.	To position the province of KwaZulu-Natal as Africa's leading tourism destination, nationally and internationally.	To develop and market holistic tourism products that utilise the competitive advantages that uThungulu (King Cetshwayo) District enjoys in ecological/wildlife and cultural/heritage attractions in such a way as to appeal to a broad, and international in scope, tourism market, creating new flows of tourists in the region and also capturing a substantial share of the existing tourism trade which currently passes through the district and to ensure that tourism contributes toward local economic development through the active involvement of communities in tourism projects and the strengthening of linkages with the SMME Sector.	To build partnerships within uMhlathuze's Tourism sector in order to develop and implement innovative and effective programs and initiatives which will expand tourism and increase economic impact and jobs within a responsible environmental management framework.	To place uMhlathuze as the front runner for Tourism in Northern KwaZulu-Natal.

Mission	To grow a sustainable tourism economy in South Africa, with domestic, regional and international components, based on innovation, service excellence, meaningful participation and partnerships.	Promote domestic tourism growth based on a culture of travel; innovation; stakeholder participation; offering authentic, affordable experiences and packages which meet the needs of all existing and potential local travellers.	Geographically spreading the benefits of tourism throughout the province, growing the visitor numbers and visitor yields, public and private sector collaboration.	To initiate, facilitate, co-ordinate and implement: •Strategic tourism marketing, and •Demand-driven tourism development programmes	Enhance linkages with established tourism attractions in the region	Identify strategic as well as programme areas which would guide future development of tourism in uMhlathuze	To develop long term and short term development plans that will underpin the growth and promotion of uMhlathuze as a tourist destination

Tourism Sector Review

Tourism is viewed as the key driver for global economic growth. Tourism has experienced continued growth and extended diversification to become one of the fastest growing economic sectors in the world over the years. Through new developments and the growing number of new destinations, tourism has become the key driver for socio-economic enhancement.

International Tourist Arrivals

South African Tourism (2016) revealed that tourist arrivals in Sub-Saharan Africa grew by 10.7% from last year and South Africa was the main driver of that growth as it grew in double digits (12.8%) to reach over 10 million tourists in 2016. The international tourist arrivals therefore exceeded the 10 million previously recorded stats to up to 10,044,163 international arrivals in 2016.

International tourist arrivals (**overnight visitors**) reached a total of **1,235 million in 2016**. This was **46 million** more than in 2015, (3.9% increase). The global pace of growth was slightly more moderate than in 2015 (4.5%), but in line with UNWTO's long-term forecast of 3.8% per year for the period 2010 to 2020.

	2015	2016	2017 Jan- June	Average a year 2005-2016	Projection 2017* (issued January) Between
World	4.5%	3.9%	6.4%	3.9%	+3% and +4%
Europe	4.7%	2.1%	7.7%	2.8%	+2% and +3%
Asia and the Pacific	5.4%	8.6%	5.7%	6.5%	+5% and +6%
Americas	5.9%	3.6%	3.0%	3.7%	+4% and +5%
Africa	-2.9%	8.0%	7.6%	4.7%	+5% and +6%
Middle East	0.7%	-3.4%	8.9%	4.3%	+2% and +5%

Tourism in KwaZulu-Natal

In KwaZulu-Natal, tourism total contribution to GDP is recorded at about R28,2 billion which is about 6.4% of the provincial economy. The province currently attracts about 908 277 foreign visitors and 7,1 million domestic tourism trips on an annual basis. The province has wonderful natural tourism attractions and is thus well positioned to take advantage of the continued growth in international and domestic tourism.

Tourism in uMhlathuze

The City of uMhlathuze is one of the primary driving forces in the tourism sector in KwaZulu-Natal. The municipality offers a rich diversity of tourism offerings making it an ideal holiday destination for local and international visitors. Tourism in uMhlathuze is largely dominated by the domestic market with minimal visits from the international market. The city is well known for its sports and business activities. Due to its warm Indian Ocean adjacent to Richards Bay and the Industrial Hub located inland, the city receives tourists all year round. However, the footfall numbers fluctuate in each month. Furthermore, there is a dearth of tourism specific research conducted on uMhlathuze and the demand for such is high.

uMhlathuze generally has a good climate and is well endowed with natural resources whose comparative advantages are, a good climate creates avenues for productive agricultural tourism development. Agriculture with irrigation infrastructure is in place and a scenic environment and the coastal terrain thus creating more opportunities for tourism development. uMhlathuze Municipality has a high potential for tourism, however, this potential has not been optimised due to poor coordination, and poor documentation. Tourism awareness in uMhlathuze is relatively low and the poor integration in the tourism products also adds to the problem. An example of such includes the poorly developed and uncoordinated Cultural heritage tourism in the municipal area. The highly undeveloped Religious heritage is also no exception.

The cost of flights to and from Richards Bay is highly expensive which therefore makes family trips unaffordable and consequently, not viable. uMhlathuze's tourism industry is the gateway to Zululand whether the historical Eshowe, or the culturally rich Ulundi Municipality. uMhlathuze Municipality is also well linked to eThekweni Municipality through the N2 freeway. uMhlathuze is a growing city, and therefore possesses great potential to expand the tourism sector with the available extensive land for development. The city lies in close proximity to some of the KZN province's most popular eco-tourism attractions such as Hluhluwe-Umfolozi, Sodwana, the Isimangaliso Wetland Park and also close proximity to cultural and historical attractions such as the battlefields of Ulundi as well as Gingindlovu and the Shakaland Cultural Centre.

However, the mentioned poor coordination and the lack of formalised linkages form a barrier for tourism growth within this city. The city's tourism marketing efforts also date far back and are minimal. Despite this lack of maintained marketing efforts, there is a visible change in tourist behavioural patterns within the area. The decline in international tourist arrivals to South Africa did not have an impact on total share of international arrivals in the uMhlathuze area. Nevertheless, the impact is seen in the overall tourist expenditure for 2016.

Market Assessment

- o Existing market

The core tourist market of uMhlathuze comprises of largely the **corporate market**. This is significantly due to the high concentration of large industries located within Richards Bay which, consequently, generate profuse investment and business opportunities. uMhlathuze is also known as the Playground area for its frequent sporting activities and miscellaneous events. Thus, **the leisure market** and the **Sports market** are also at the forefront.

- o The potential /target market

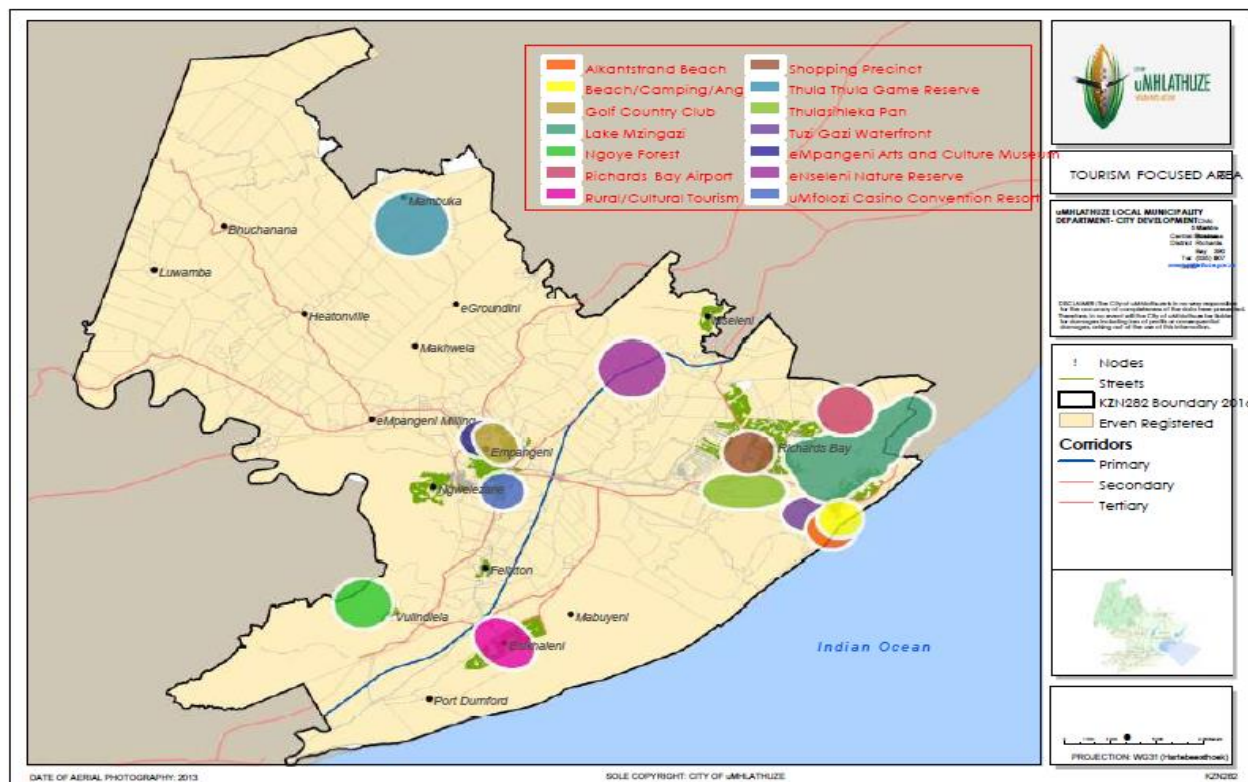
With the varied number of Events hosted in this area, the **Entertainment market** appears to be the largest market one can tap into. The city does not consist of the biggest shopping centres in the province; however, with effective marketing tools implemented the available retail outlets may have potential to draw in a pool of individuals who travel from the nearby countries such as Mozambique just for shopping. With the warm beaches and ideal facilities for family vacations, the city has the potential to become the home for the Family Holiday seekers.

The Industrial Zone also has enormous potential to draw in large school groups for educational tours. uMhlathuze is now essentially the home of the Big 4 which ultimately also has an added advantage in strengthening the growth of tourist markets in the region. Foreseen potential growth in international tourist visits will not only boost tourism in

uMhlathuze but also have a positive impact on the City's economy. The potential market should inevitably become the target market for uMhlathuze.

The Map below highlights the tourism offering that uMhlathuze has as well as possible areas of tourism development and expansion:

Map 27: Tourism Focused Areas



uMhlathuze Community Tourism Organisation (UCTO)

Currently, uMhlathuze has a functional Community Tourism Organisation (UCTO) which comprises of local tourism stakeholders whose role is to ensure that all tourism activities and implementation processes run smoothly. The UCTO also has the responsibility of ensuring growth and expansion in the tourism's current status quo. Tourism sites located within the Municipality, including events, beaches, entertainment hubs and different aspects of nature tourism are identified in this report.

Institutional Arrangements

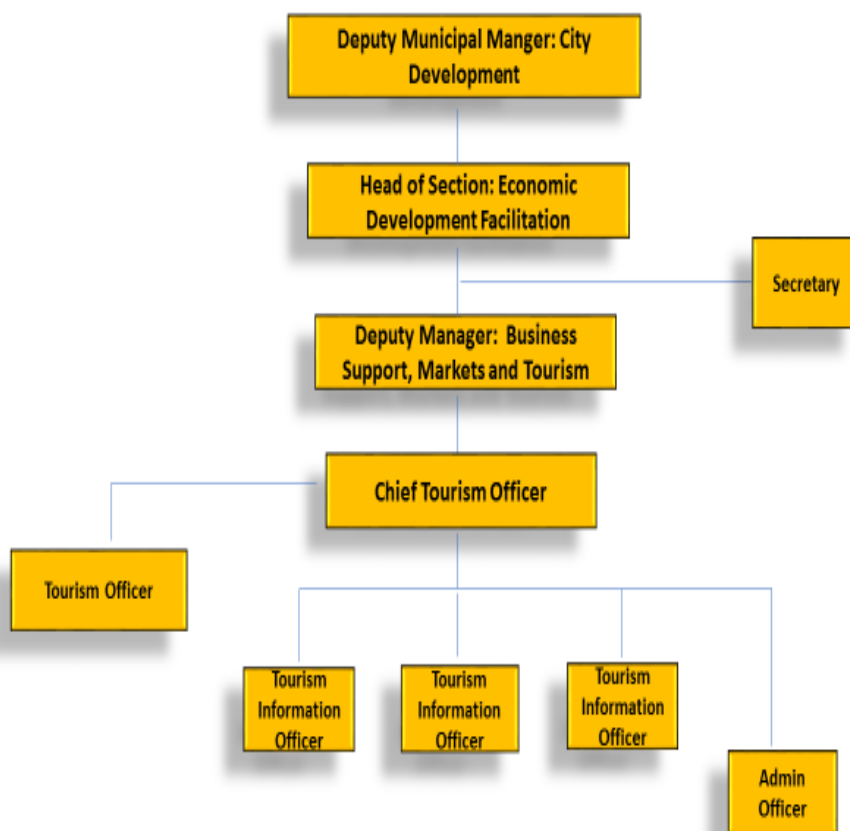
The strategy provides recommendations on the organisational structure that would best facilitate the optimal growth of Tourism in uMhlathuze Local Municipality. It acknowledged that without a clear institutional framework in place, tourism marketing programmes and projects will be implemented in an uncoordinated fashion that might sometimes lead to duplication and a waste of scarce resources. Therefore, the following suggested institutional framework is crucial for an optimal growth of Tourism in uMhlathuze.

The Existing Internal organisational structure consists of the following key personnel:

- Deputy Municipal Manager: City Development
- Head of Section: Economic Development Facilitation
- Secretary to the Head of Section

- Deputy Manager: Business Support, Markets and Tourism
- Chief Tourism Officer
- 2 x Tourism Information Officers

The following structure is thus proposed for the optimal function of the sub-unit:



IMPLEMENTATION PLAN						
Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
Product Knowledge	The Development of a Tourist Centre and Curio Shop	- Establish a theme and inspired tourism information office in Port Durnford area, inclusive of a curio shop. - Develop an arts and craft centre for training local people interested in arts and craft making. - Establish an outdoor entertainment area with cultural themed activities such as music, dance, poetry and storytelling. - Establish a tourism business support service kiosk inside the information centre for general enquiries and requests relating to tourism. - Establish a Restaurant in Port Durnford to sell Local cuisine and food outlets, focused on fresh seafood sales. - Ensure that Tour guides and Tour operators are always readily available to assist walk-in tourists at the information centre.	ULM, KCDM, UCTO, EDTEA DAC, EDTEA, ULM DAC, EDTEA, ULM ULM, KCDM, UCTO, EDTEA UCTO, ULM UCTO	R1,5m	Long - term Long - term Long - term Short-term	HIGH
	The Development of a Suitable Tourist Signage	Develop proper tourism signage in and around the identified tourist sites within the proposed uMhlathuze Tourism Route.	EDTEA, KCDM, ULM	R0,5m	Short-term	
	Tourism Route Development	- Establish a formal Tourism Route Committee for the planning, coordination and implementation phases of the Route. - Conduct solid market research internally (tourism unit within the municipality) that identifies key target markets and their needs - this must be done on an ongoing basis to be responsive to trends and shifts in markets. - Use in-house resources and capacity (within the tourism unit) to scrutinise the assets to determine the unique selling features of the area and then develop a macro level strategic plan to consolidate tourism planning for the area. - Determine the size of the membership base for suppliers on the route - the buy-in of these	ULM, KCDM, UCTO, EDTEA ULM ULM, UCTO, KDCM UCTO, ULM	R0,2m	Short-term Long - term Long - term Short-term	MEDIUM

		members is critical to the success of the route for they are the ultimate delivery agents of the experience. It is important to ensure the product mix is diverse and does not over-represent any of the sectors (i.e. accommodations) as visitors will expect that all aspects of their experience will be available. Establish a clear brand identity for the route and then market this according to the targets identified.	UCTO, ULM, TKZN		Short-term	

Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
Market Development	Market Research Strategy and Tactics	Conduct a semi-annual perceptual tracking study (Brand Image Study).	ULM	R0,3m	Short-term	MEDIUM
		Conduct the Visitor Intercept Interview Program at sites throughout uMhlathuze on an annual basis.	ULM		Short-term	
		Conduct annual inquiry conversion study. This study will explore the effect of advertising in stimulating both inquiries and visitation in uMhlathuze.	ULM		Short-term	
		Conduct semi-annual economic impact study.	ULM		Long-term	
Marketing Mechanisms	The recreation of the tourist/visitor guide	Distribute the tourist guide to the key visible areas of uMhlathuze such as the Petrol Stations, the Richards Bay Airport, Tourist Information Centres and Shopping Centres.	ULM, UCTO	R0,1m	Short-term	HIGH
		Distribute the guide at the trade and exhibitions (such as the Tourism Indaba).	ULM, UCTO		Short-term	
		Ensure usage of guide during roadshows and familiarisation tours.	ULM, UCTO		Short-term	
		Recreate the visitor information Guide and ensure that it comprehensively covers all the towns within the uMhlathuze region with specific emphasis on the attractions and the uniqueness of each destination	UCTO		Short-term	
	The Mobile Tourism Application	Develop a Mobile Tourism Application for uMhlathuze	ULM	R0,4m	Short-term	
		Provide updated information on existing routes	ULM, UCTO		Short-term	MEDIUM

		and tourism products or authentic experiences found in uMhlathuze. • Create a monitoring and evaluation system of the application • Ensure that the application software is constantly managed and updated. • Create a link for the App to be accessible through all marketing channels such as (the uMhlathuze website, social media platforms, the visitor guide etc.) for easy application download. • Create the application user guidelines • Create an awareness campaign in local shopping centres to promote the application in all identified destination marketing platforms.	ULM ULM ULM ULM UCTO, ULM, KCDM		term Short-term Short-term Short-term Short-term	
The Online Strategy	Website Design	• Redesign uMhlathuze's Tourism website to feature "interest channels" devoted to the arts, history, entertainment, events, family fun, rest and relaxation and outdoor recreation and a "What's On" section in the website to include events, specials and getaways and add an interactive map.	UCTO	R0,1m	Short-term	HIGH
	Social Media Campaign	• Request users on Twitter, Facebook, Instagram and WhatsApp to interact with social media posts. Invite users to ask questions, take polls, provide reviews, enter contests and join mailing lists.	UCTO	R0m	Short-term	HIGH

Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Priority
	Blogging	- Establish creative skills writing competitions to identify suitable potential bloggers with the potential to draw in large fan base. - Encourage the youth to participate in creative writing competitions. - Identify a suitable candidate to manage and facilitate the Blog on behalf of uMhlathuze. - Use the blog to promote upcoming local events - Promote the Blog on other social media platforms and on the website - Create an easily accessible link that leads directly to the Blog - Use the Blog to promote holiday specials and provide historical, cultural and general information about uMhlathuze. - Keep the content on the blog constantly updated and organised.	UCTO	R0,1m	MEDIUM
	Exhibition and trade show	- Pre- Show Planning for the Exhibition or Trade Show - Pre-Show Publicity preparations for an Exhibition or Trade Show - Training (SMMEs) - Post- Show Evaluation: Debrief	TKZN, ULM, UCTO, KCDM	R0.05m	MEDIUM
	Conferencing and events	- Establish an Annual 2-day Jazz Festival in Richards Bay to draw in more visitors. - Establish an Annual Tourism Conferences that will target both international and national groups - Use the key marketing platforms to promote upcoming Events and Conferences	UCTO UCTO UCTO	R5,0m	HIGH
	Branding	- Create a brand image for uMhlathuze that represents all products currently offered. - Ensure that all advertising material are appropriately branded before they are utilised	UCTO	R0,2m	HIGH
	Advertising	- Exploit television and cinema's visual and emotional qualities to build uMhlathuze's brand image as a great getaway destination with as many people as possible. - Use these high-profile mediums to inspire uMhlathuze residents to be tourism ambassadors with visiting friends and family.	UCTO UCTO	R1,0m	HIGH

		- Support with print, outdoor and airport advertising and radio. - Direct viewers to the uMhlathuze website for more information. - Use a mix of innovative advertising platforms e.g. Mall media, Buses, In flight meal packs, etc. - Use digital advertising for interactivity and lead generation. - Tourism Districts to produce and place point-of-visitation advertising materials. - Develop an email database of all existing and potential tourist market. This database can be used to send recipients coupons or invite them to special events happening in or around uMhlathuze.	UCTO UCTO UCTO UCTO KCDM, UCTO, ULM UCTO		

Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
	Domestic Marketing	- Conduct Tourism Activations in all shopping centres found in uMhlathuze - Create a domestic tourism campaign that is aligned to the existing TKZN domestic tourism campaign (Do KZN). - Encourage domestic tourism in all marketing media channels (especially social media, radio and television). - Form partnership with the local tourism enterprises to create incentives for the local people (such as free getaway trips, free spa vouchers and free Accommodation for specific days), to encourage local travelling. - Facilitate a local tour (twice a year) which includes providing free transportation and free entrance to various areas within the established uMhlathuze Tourism Route for the selected group of local people which may include Tourism Students and Graduates from the University of Zululand. - Create a tourism awareness programme which will target specific groups within the local areas with the potential and financial means to travel. This may include conducting presentations to possibly the following target groups: School groups which offer tourism as a subject, Church groups, Tourism	UCTO UCTO UCTO UCTO UCTO UCTO	R1,0m	Medium Term	HIGH

		Students (Tertiary), Taxi Associations.				
	International Marketing	• Create an international music festival which will feature a few international tourists to attract the international market. • Municipal Tourism Personnel must attend a minimum of 1 International Tourism conference to represent and promote uMhlathuze as a tourist destination and to also gain sufficient information. • Develop a needs analysis study using the Municipal resources and capacity to identify what the international market's needs and expectations are and how uMhlathuze can meet them. • Create a marketing campaign aligned to the South African Tourism's "We Do Tourism" campaign that will specifically target the international market (Let's DO the SIZZLE CITY and #Escape Winter)	UCTO	R0,5m	Short-term	LOW
			ULM			
			ULM			
			UCTO			

11.4.7 Manufacturing, Commerce, Retail

The recession has had a negative impact on business in the main centres of the Municipality as is evident from the number of businesses that have closed down in the area. Some of the principles to support the above sector relate to the following:

- Local government needs to commit to facilitating the retention and growth of business within its area of jurisdiction.
- Once issues that negatively impact on businesses are identified, the Municipality should follow through by addressing these, where possible and appropriate.

Strategies to realize opportunities in the above sector relate to the following:

- An important intervention is to assess the status of business in the two main centres within uMhlathuze Municipality so that steps can be taken to assist businesses faced with different challenges. The City of uMhlathuze should facilitate a Business Retention and Expansion process in Empangeni and Richards Bay.
- A Business Retention and Expansion process was undertaken in Empangeni but the proposals were not implemented. As such, an action plan should be formulated and implemented to address the challenges facing the business community.

11.4.8 Industrial Development Zone

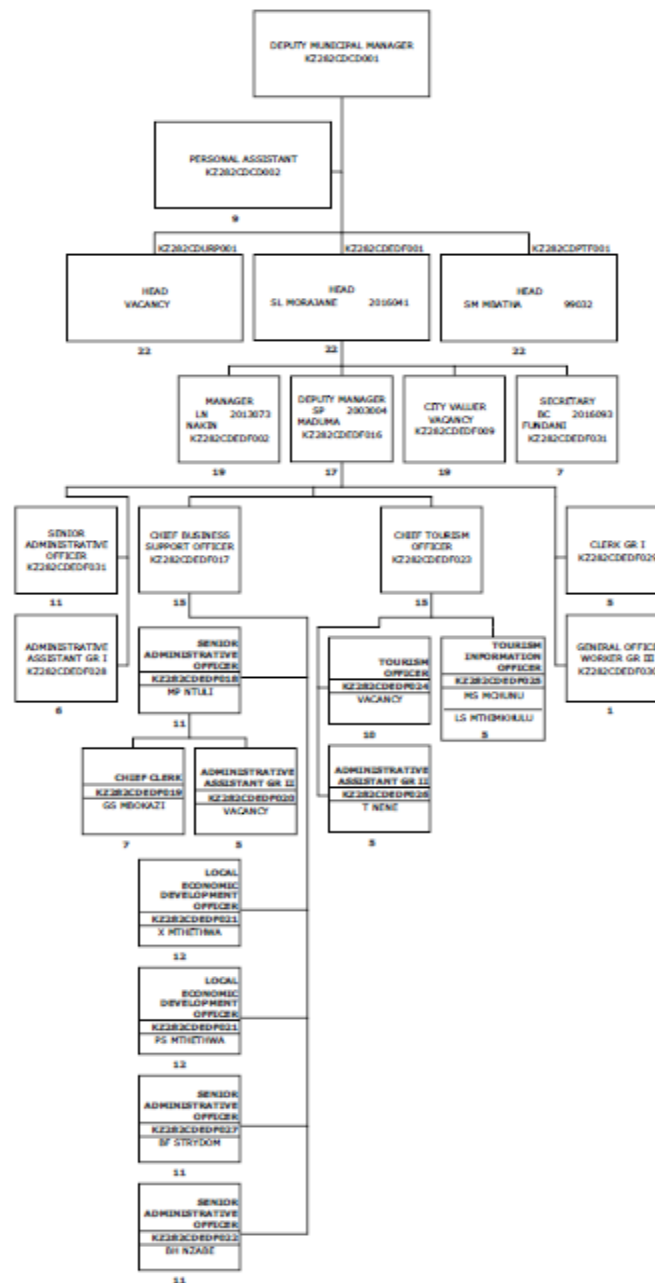
The history and potential of the Industrial Development Zone is key in considering the development of industry and manufacturing in uMhlathuze. Initially, Trade and Investment KwaZulu-Natal was the majority shareholder with the Municipality. The shares have been sold to the Department of Economic Development and Tourism making Provincial Government the single shareholder. The land within the IDZ has been subject to a number of agreements through which some of the ecologically sensitive land had been returned to the Municipality.

The benefits to industries located in the IDZ include:

- Existing efficient deep-water port
- Suited to export-orientated production
- Customs controlled area
- VAT and import duty exemption
- Same time zone as Europe
- Strategic location to access world markets
- Allowance for 100% foreign ownership
- Established local and service industries
- Down-streaming opportunities with respect to: Aluminium, Heavy Metals,
- Chemicals, Wood, Paper, Pulp and various agricultural products

The footprint of the IDZ for Richards Bay as it was designed prior to the transfer of land back to the uMhlathuze Municipality is shown herewith.

Figure 62: Economic Development Organogram



Resourceful Partnerships Established

The Municipality has partnership agreements with the following partners:

- University of Zululand – Research
- SEDA
- EDTEA
- NYDA

The following are the stakeholders that the municipality is partnering with in developing SMMEs and improving the informal trading sector within the city:

- Foskor
- Mondi
- iThala Bank
- SEDA
- EDTEA
- COGTA
- NYDA
- University of Zululand

The following are projects resulting from the strategic partnerships with above stakeholders:

- SMME Park – construction, MERSETA and UMfolozi TVET to come on board;
- ESikhaleni Construction Incubator - establishment in partnership with SEDA Construction;
- eSikhaleni Automotive Hub - feasibility in partnership with EDTEA and
- Empangeni SMME One-Stop-Shop in partnership with NYDA, ABSA, SEDA and Ithala Bank

Table 54: LED Budgeted Proposed projects for 2018/2019

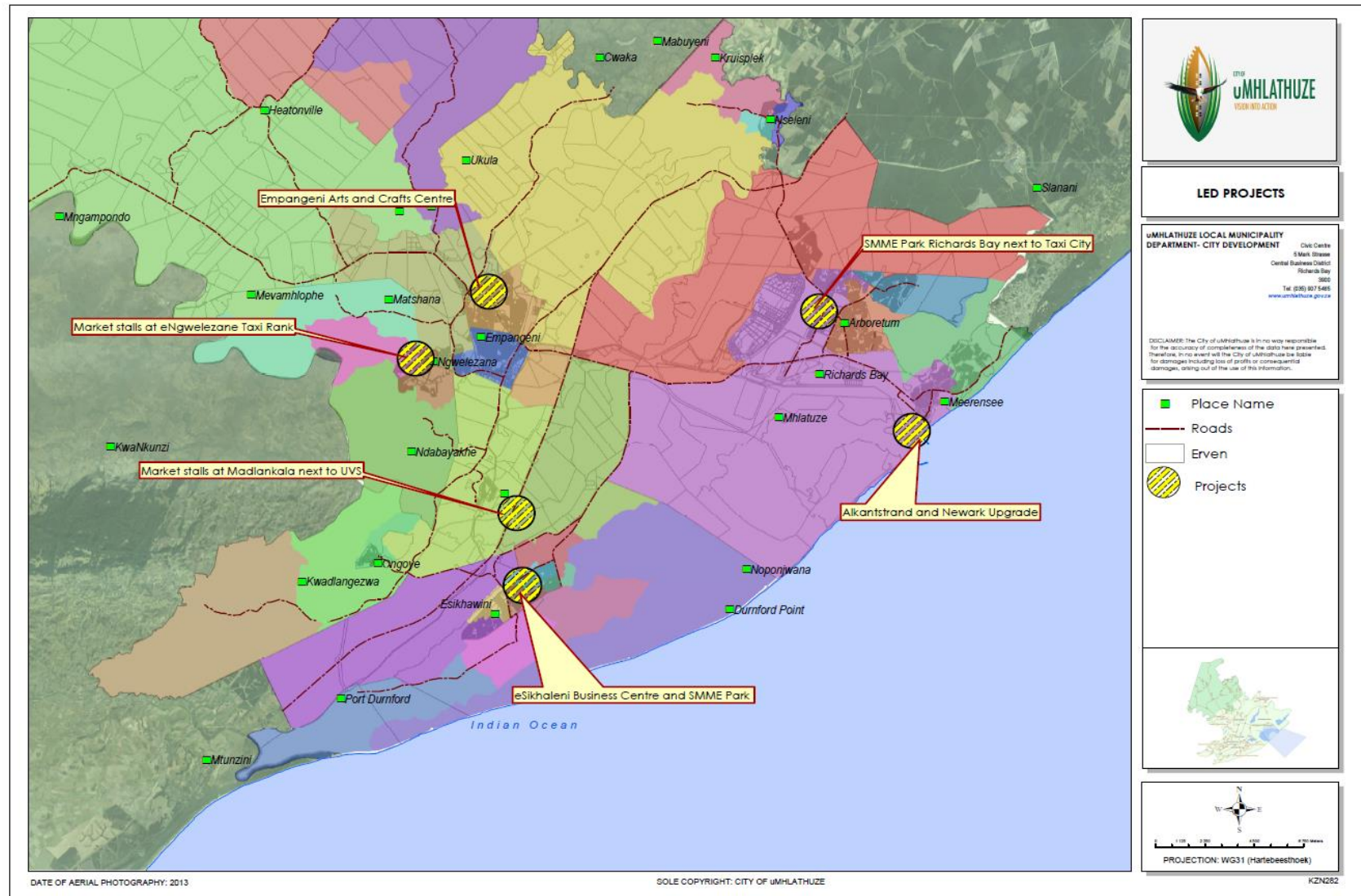
- Development of a tourism website
- Deployment of tourism information kiosks at the airport, N2 Garage and Shopping Malls
- Host Beach Festival
- Attend 3 Tourism Trade Shows
- Driving Lessons for 60 young people
- Leather Skin Processing project - shoe manufacturing
- Establishment of 2 jobseeker centers
- Facilitate establishment of a bakery in KwaDlangezwa
- Facilitate establishment of a fish farming project in KwaDube -Lake Icubhu
- Facilitate development of an SMME Box Mall in Mzingazi -Current Ward 1
- Facilitate development of 2 agro-processing projects
- Alienate land for primary agriculture
- Develop Eskhaleni Business Center
- Develop 1 informal trading market stall
- Upgrade Meerensee Market Stalls
- Organize Business Training Programs for SMME One-Stop-Shop
- Finalize Informal Trading Bylaws and Policy review
- Established Structures

The following structures have been established and are fully functional: -

- uMhlathuze Community Tourism Organisation (UCTO)
- Zululand Chamber of Commerce and Industry (ZCCI)

- Informal Traders Forum

Map 29 : LED Projects



11.5 Social Development Analysis

11.5.1 KwaZulu Natal Poverty Eradication Master Plan

It is government's mission to ensure that communities living under conditions of poverty are helped to rise above their current condition. "Poverty is a human rights issue and government has a mandate to do everything possible to ensure that communities that are faced with poverty are given a chance to better their lives.

Census 2011, revealed that poverty headcount for uMhlathuze was at 4.1% and its intensity at 41.6%. With the recent statistics obtained from Global Insight it is noted that there is a decrease in poverty headcount when compared with 2011 statistics, which is now at 2.3%, although it's still relatively high but intensity is now at 40%. The reality is that within the City of uMhlathuze there are still communities living in absolute poverty.

uMhlathuze Municipality is striving through meaningful and holistic interventions to restore the dignity of those affected by poverty.

The following are initiatives by uMhlathuze in responding to the Poverty Eradication Master Plan:

Table 55: Poverty Eradication Initiatives

Poverty eradication Pillars	City of uMhlathuze's Initiatives
Social Protection	• Operation Sukuma Sakhe which focuses on ward based war rooms targeting vulnerable and destitute communities. • Through OSS the city is in partnership with Department of Social Development (SASSA) and Department of Health to improve access to social security and health services for example Monitoring of Phila Mntwana Clinics within uMhlathuze and registration of people qualifying for various government grants as well as facilitating the construction of OSS houses. • The City has established a Special Programmes Unit focusing on People With Disabilities (PWDs), Women, Senior Citizens. The strategic intent of this unit is to implement municipal programmes aimed at addressing challenges faced by vulnerable groups. • The city has adopted an Indigent Policy to ensure

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	provision of services such as water, electricity and waste removal to poor households who are unable to pay for such services. The city has adopted an Indigent Burial Assistance Policy to assist poor households with burial of people living in the city.
Agriculture Deepened	- The city has completed auditing of land owned by the municipality in order to re-distribute arable land to previously disadvantaged communities for agricultural and commercial purposes. - The city has prioritised agriculture and agro processing as one of the priority sectors for economic transformation and job creation. - The city's long term plan is to develop an Agricultural Hub in the newly incorporated wards from former Ntambanana Municipality. This initiative is currently at a planning stage. - The city has concluded a Memorandum of Cooperation with the University of Zululand to promote skills development and improve research on rural development with specific focus to the city's agricultural potential.
Enterprise Development	- The city has adopted a new Land Disposal Policy which prioritises disposal of land to previously disadvantaged communities for local economic development. - The city is currently developing a Supplier Development Model to ensure focused and integrated supplier development in-line with industry requirements. The Model will include incubation of SMMEs. - The city has a comprehensive programme to support SMMEs in terms of access to capital, skills enhancement,

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	access to markets, registration on the city's supplier database, provide start up implements etc. • The Mayor has established a Mayoral Advisory Panel made of independent advisors from various sectors to provide the city with knowledge, skills and strategies on enterprise development and support.
Employment Creation	• The city has adopted a new Supply Chain Management Policy with set asides for Youth (40%), Women (40%) and People with Disabilities (20%) targeting local rural and township enterprises. The policy also makes provision for established contractors to sub-contract 25% of awarded big tenders to small local contractors. • The city has concluded a Memorandum of Agreement with NYDA for the establishment of a local office to support young entrepreneurs and provide business support services. • The city together with Richards Bay Industrial Zone (IDZ) and Transnet National Ports Authority (TNPA) has established a tripartite committee focusing on strategic investments and job creation within the city of uMhlathuze. • The City has a fully operational EPWP which provides job and skills development opportunities for unemployed people. • The city is an active participant in the KwaZulu Natal Growth Coalition which was set up as a platform to foster frank and robust engagements between government and business to remove development obstacles, fast-track key economic projects, unlock growth opportunities and leverage investment. • The city has adopted a fifteen (15) catalytic and strategic projects at various stage of implementation aimed at

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	accelerated investment and job creation. These projects include development of Richards Bay ICC, Establishment of a Business Support Park in eSikhaleni, development of the Richards Bay Waterfront etc.
Skills Development	• The City has a Memorandum of Agreement with uMfolozi TVET for the development of priority skills required by industry. • The city offers internships for graduates to acquire on-job skills development and training. • The Mayor has a Mayoral Bursary Fund to support previously disadvantaged matric students with outstanding results from the city who want to pursue tertiary education. • The city has a partnership with Foskor to train the youth and young entrepreneurs on scarce skills and business management. • The city is implementing a comprehensive skills development programme targeting SMMEs and this includes development of facilities to support SMMEs i.e. Richards Bay SMME Park. The programme includes Tourism Learnerships in partnership with EDTEA, training by various SETAs, business retention etc.

11.5.2 Broad Based Community Needs

Ward based plans have been developed for 34 wards, in consultation with the community and all affected stakeholders. These plans inform the municipalities budgeting and ensuring that the budget is highly influenced by the needs of the community. In preparation of the fourth generation IDP a series of ward meetings/engagements took place to confirm wards based community needs. The Public Participation Report based on the outcomes of these wards meetings/engagements is provided as annexure to the IDP. Summary of the report is provided below:

Table 56: Summary of Community Needs

[illegible]

11.5.3 Education

Education levels are provided for the 2001 and 2011 census years. Comparisons are made with the levels in the country, the King Cetshwayo (uThungulu) District as well as the local municipalities in the (King Cetshwayo) uThungulu district. The following table provides a summary of the situation while more explanatory figures are provided hereafter of specific situations.

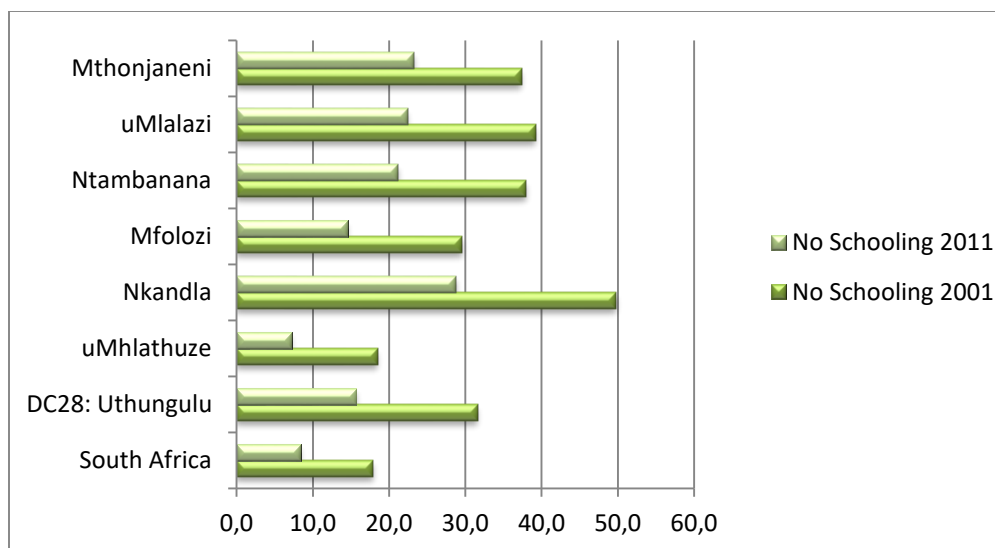
Table 57 : Comparative Education Levels

	No Schooling		Higher Education		Matric		Primary Educational Enrolment aged 6-13	
	2001	2011	2001	2011	2001	2011	2001	2011
South Africa	17.9	8.4	8.4	6.7	22.1	27.8	91	93.1
DC28: Uthungulu	31.6	15.7	5.8	4.2	18.3	29.5	88.3	89.6
uMhlathuze	18.5	7.2	10.9	7.3	27.6	36.9	90.1	91.7
Nkandla	49.8	28.8	2.5	1.7	11.5	21.0	88.7	86.7
Mfolozi	29.6	14.6	2.3	1.2	14.5	30.3	89.3	88.2
Ntambanana	38.0	21.2	1.5	0.8	10.4	23.1	86.4	91.3
uMlalazi	39.2	22.5	3.5	2.9	13.2	22.9	87.0	88.9
Mthonjaneni	37.3	23.3	3.9	2.3	14.7	22.1	85.6	88.9

Source: Census 2011

Although there has been a slight increase in the primary enrolment levels at national and district level, it remains concerning that, in some instances, nearly 10% of children of school going age, are not attending school. Reasons could relate to access, affordability and other poverty related factors such as HIV/Aids for this. The number of persons that do not have any education (no schooling) has declined between 2001 and 2011 as indicated in the figure below.

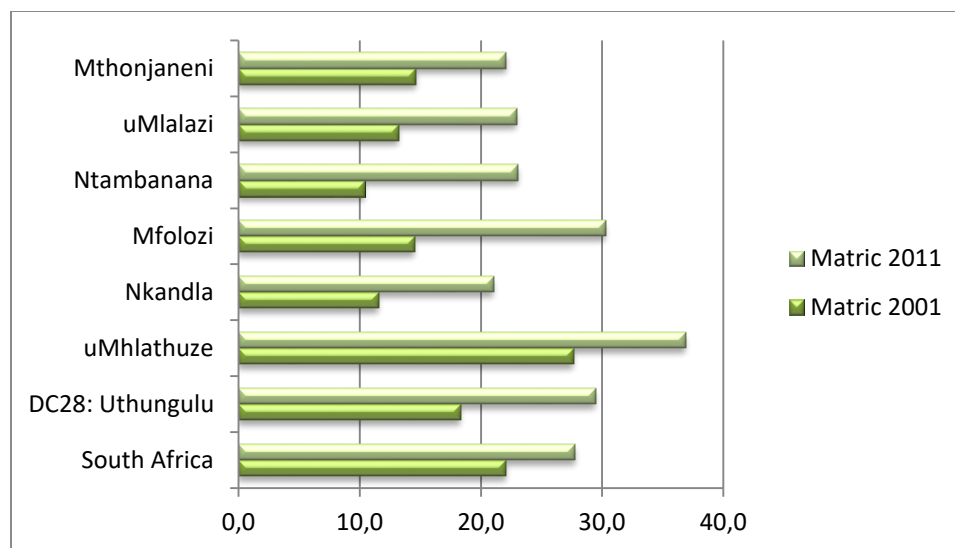
Figure 63: Persons with no Schooling



Source: Census 2011

It is also concerning to note with reference to the previous table that there has been a decline in the percentage (%) of persons with a higher education. Again, affordability and accessibility could be main contributors. On the contrary, the following figure indicates that the percentage (%) of persons with a matric qualification has increased in all areas.

Figure 64: Persons with Matric



Source: Census 2011

Matric Pass rates – King Cetshwayo District

	2015	2016	2017	Increase
Matric Pass Rate	54.60	63.42	71.64%	8.22%

Schools classification within uMhlathuze Municipality

School Type	No
Primary School	81
Secondary School	47
Combined School	4
Total	132

Within uMhlathuze Municipality there are **about 132 schools** that are fully operational. The population of uMhlathuze is characterised by young people that are still school going. During IDP Roadshows uMhlathuze Municipality receives number of requests and concerns regarding the shortage of schools within the jurisdiction. Parents are forced to take their kids out of the district in order to find space for schooling in other schools. The main challenge cited by the department, in some areas where they qualify for new school there is no land available for building schools. The other challenge that needs to be addressed is the mindset of the community, that schools in urban areas are better than schools in townships, hence more students from townships seek space at previously multi-racial schools in the urban areas.

There is a dire need for schools that cater for students with disabilities. Only two popular schools that are within uMhlathuze that caters for kids with special needs. uMhlathuze Municipality through the OSS platform is lobbying for the construction of the Centre for kids with disabilities.

The following are project to be undertaken by the Department of Education during 2018/2019 Financial Year. All the schools listed below are within uMhlathuze Municipal jurisdiction.

2018/2019 Infrastructure Planning needs

Project Name	Nature Of Investment	Programme Implementer	2018-2019	2019-20120	2020-2021
Zululand Special Projects, Cottages	Upgrades And Additions	Independent Development Trust	0	4050	0
Ziphozonke Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Zicabangele Primary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Zenzeleni Mashamase Secondary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Wood And Raw Primary School	Refurbishment And Rehabilitation	Dopw	0	103	110
Umdlamfe Secondary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Thuthukani Special School	Refurbishment And Rehabilitation	Dopw	0	0	385
Thembelihle Primary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Thanduyise Secondary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Thambolini Secondary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Siyakhanyisa Primary School	Maintenance And Repair	Dbsa	0	1806	51.5
Siyabonga High School	Refurbishment And Rehabilitation	Dopw	0	162.01206	17.00268
Sitholinhlanhla Primary School	Refurbishment And Rehabilitation	Dopw	633	1624	0
Sigisi Primary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Richem Secondary School	Refurbishment And Rehabilitation	Dbsa	0	110	51.5
Qhubandaba Primary School	Refurbishment And Rehabilitation	Dopw	0	0	400
Qantayi Secondary School	Refurbishment And Rehabilitation	Independent Development Trust	9133	5407	0
Phesheya Primary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Phembokuhle Primary School	Maintenance And Repair	Dbsa	0	1806	51.01
Ongoye Secondary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Old Mill Secondary School	Upgrades And Additions	Coega Development Corporation	1029	427	0
Ntabeni Primary School	Refurbishment And Rehabilitation	Dbsa	77	0	0
Nsiwa Primary School	Refurbishment And Rehabilitation	Dbsa	77	0	0

Nqutshini Primary School	Upgrades And Additions	Dopw	134.7	0	0
Nongweleza High School	Refurbishment And Rehabilitation	Dopw	0	0	400
Nkosazana Primary School	Refurbishment And Rehabilitation	Dbsa	79	0	0
Nhlangenyuke Primary School	Maintenance And Repair	Dbsa	0	1498	50.99
Nguluzana Primary School	Upgrades And Additions	Kzndoe	0	843	940.48
Ndesheni Secondary School	Maintenance And Repair	Dbsa	0	1498	51.5
Ndabayakhe Primary School	Refurbishment And Rehabilitation	Dbsa	79	0	0
Ncombo Primary School	Maintenance And Repair	Dbsa	0	1498	51.5
Mzingwenya Primary School	Upgrades And Additions	Kzndoe	0	5243	10971.46
Muntonokudla Secondary School	Refurbishment And Rehabilitation	Dbsa	79	0	0
Mntokhona Primary School	Refurbishment And Rehabilitation	Dbsa	79	0	0
Mkhobosa Primary School	Maintenance And Repair	Dbsa	0	1806	51.01
Mevamhlophe High School	Refurbishment And Rehabilitation	Dopw	79.03626	0	0
Mbuyiseni Secondary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Matshangule Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Matamzana Dube Secondary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Madlankala Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Khula Secondary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Khombindlela High School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Khandisa Primary School	Refurbishment And Rehabilitation	Dopw	343	0	0
Kati Primary School	Maintenance And Repair	Dbsa	226.831	0	0
Kangikho Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Izibuko Secondary School	Maintenance And Repair	Dbsa	2327	768	0
Injabuloyesizwe Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Imizikayifani Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Ilembe Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Hlamvana High School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Heuwelland Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0

Gwejobomvu High School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Grantham Park Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Floraton Primary School	Upgrades And Additions	Dopw	0	50	215
Exhaphozini Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Esikhawini Hp	Refurbishment And Rehabilitation	Dbsa	81	0	0
Engalangala Primary School	Refurbishment And Rehabilitation	Dopw	55.19291	0	0
Empembeni Primary School	Refurbishment And Rehabilitation	Dopw	0	105	77.43
Empangeni Secondary School	Maintenance And Repair	Dbsa	5703.8728	1513	0
Dover Combined School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Dlangezwa Secondary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Dlamvuzo High School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Aquadene Secondary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Amangwe Secondary School	Refurbishment And Rehabilitation	Dbsa	81	0	0
Amandosi Primary School	Maintenance And Repair	Dbsa	709.339	0	0
Amabuye Primary School	Refurbishment And Rehabilitation	Dbsa	81	0	0

Below is the table indicating infrastructure backlog for each school within uMhlathuze Municipality:

Table 58: Education Infrastructure Backlogs

Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classrooms	Grade R Classrooms	Multipurpose Classroom including Laboratories and Specialist Rooms	Media Centres	Computer Rooms	Offices	Storerooms	Strongrooms	SNP Kitchen/Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 0	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
AMABUYES	13	S	8	12	0	0	3	1	1	2	5	0	1	8	6	2	1	0	0	0
AMANDOSIP	22	P	R	7	2	1	2	1	1	6	5	0	1	10	8	6	2	0	0	0
AMANGWEH	24	S	8	12	0	0	1	0	0.5	2	4	0	1	6	4	2	1	0	0	0
BAJABULILEP	16	P	R	7	9	2	4	1	1	3	7	0	1	14	14	3	2	0	0	0
BINGOMAP	31	P	R	7	1	1	2	1	1	4	4	0	1	8	6	4	1	0	0	0
DLAMVUZOS	20	S	8	12	0	0	4	1	0	6	6	0	1	14	10	4	2	0	0	0
DLANGEZWAH	30	S	8	12	0	0	2	0	0	0	8	0	1	14	10	6	2	0	0	0
DOVERC	5	C	R	12	2	0	3	1	0	4	6	0	1	10	8	0	2	0	0	0
MATAMZANA DUBES	14	S	8	12	3	0	6	1	1	4	8	0	1	14	14	6	2	0	0	0
EMPANGENI H	23	S	8	12	0	0	6	0	0	0	0	0	1	14	14	0	2	0	0	0
EMPANGENI PREP	23	P	R	7	0	1	2	0	0	0	4	1	1	14	10	3	2	0	0	0
MATSHANA SP (prev. EMPANGENI SP)	25	SP	5	7	5	0	2	1	1	4	5	0	1	8	6	2	0	0	0	0
EMPEMBENIP	13	P	R	7	0	2	2	1	1	6	5	0	1	8	6	0	1	0	0	0
ENIWE P	29	P	R	7	3	0	1	1	1	3	4	0	1	6	4	0	1	0	0	0
ESIKHAWINI P	20	P	R	7	0	2	1	1	1	2	4	0	1	6	4	4	1	0	0	0
ETHAKASANI P	21	P	R	7	3	3	3	1	0	5	5	0	1	14	10	6	2	0	0	0
EXHAPHOZINI P	20	P	R	7	8	1	4	1	1	5	7	0	1	14	14	4	2	0	0	0
GOBANDLOVUP	14	P	R	7	0	0	4	1	1	0	7	0	1	14	14	5	2	0	0	0
GRANTHAM PARK P	9	P	R	7	0	2	3	0	0	0	7	0	1	14	14	1	2	0	0	0
HLAMVANA S	17	S	8	12	0	0	3	0	0	0	6	0	1	14	10	3	2	0	0	0
ILEMBE P	17	P	R	7	6	4	4	1	0	7	7	0	1	14	14	3	2	0	0	0
IMIZIKAYIFANI P	19	P	R	7	10	3	4	1	0	6	7	0	1	14	14	0	2	0	0	0
INGWENIP	27	P	R	7	3	6	4	1	1	5	7	1	1	14	14	4	2	0	0	0
INIVES	29	S	8	12	0	0	2	1	1	4	4	1	1	6	4	4	1	0	0	0
INJABULOYESIZWEP	18	P	R	7	0	1	1	0	0	5	5	0	1	10	8	0	2	0	0	0
ISIKHALASENKOSIJS	18	S	8	12	0	0	0	0	0	1	4	0	1	6	4	0	1	0	1	0
KANGIKHOP	25	P	R	5	4	4	3	1	1	6	6	1	1	14	10	4	2	0	0	0
KHANDISAP	30	P	R	7	3	2	3	1	1	0	6	0	1	14	10	3	2	0	0	0
KHOMBINDELAH	28	S	8	12	13	0	4	0	0	8	8	1	1	14	14	0	2	0	0	0
KHULAH	17	S	8	12	4	0	4	0	0	0	8	0	1	14	14	3	2	0	0	0

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Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classroom s	Grade R Classroom s	Multipurpose Classroom s including Laboratories and Specialist Rooms	Media Centres	Computer Rooms	Offices	Storeroom s	Strongrooms	SNP Kitchen/ Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 1	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
KWAVULINDLELA P	30	P	R	7	0	1	1	0	0	0	3	0	1	4	4	2	1	0	0	0
MASAKHANE H	29	S	8	12	0	0	4	1	1	7	6	1	1	10	8	6	2	0	0	0
MASHANANDANES	22	S	8	12	0	0	2	1	1	2	4	0	1	6	4	0	1	0	0	0
MATSHANGULE P	30	P	R	7	0	0	3	1	1	6	5	0	1	10	8	2	2	0	0	0
MBUYISENI H	10	S	8	12	0	0	2	0.5	0.5	0	4	0	1	6	4	4	1	0	0	0
MEVAMHLOPHE H	25	S	8	12	2	0	4	1	1	6	5	0	1	10	8	0	2	0	0	0
MHLANGA P	18	P	R	7	4	2	3	1	1	1	5	0	1	14	10	4	2	0	0	0
MKHOBOSA P	13	P	R	7	0	1	4	1	1	3	7	0	1	14	14	2	2	0	0	0
MUNTONOKUDLA S	11	S	8	12	1	0	4	1	0	3	6	0	1	10	8	6	2	0	0	0
MUSI P	19	P	R	7	0	0	1	0.5	0.5	3	3	0	1	4	4	3	1	0	0	0
MZINGWENYA P	19	P	R	7	7	4	4	1	0	4	7	0	1	14	14	4	2	0	0	0
NDABAYAKHE P	29	P	R	7	0	1	3	1	1	7	6	1	1	14	10	6	2	0	0	0
NGWELEZANA P	28	P	R	7	0	0	1	0	0	1	1	1	#VALUE!	0	0	2	1	0	0	0
NHLANGENYUKE P	11	P	R	7	0	1	3	1	0	6	5	0	1	10	8	4	2	0	0	0
NKOSAZANA P	25	P	R	7	3	1	1	0	0	2	3	1	1	4	4	2	1	0	0	0
NONGWELEZA H	27	S	8	12	7	0	6	1	0	8	8	1	1	14	14	6	2	0	0	0
NQUTSHINI P	29	P	R	7	0	2	0	0	1	4	4	1	1	6	4	4	1	0	0	0
NSWA P	11	P	R	7	0	2	2	1	1	5	5	0	1	10	8	3	2	0	0	0
THEMBELIHLI P	28	P	R	7	0	3	2	0	1	4	5	0	1	10	8	3	2	0	0	0
OLD MILL H	23	S	8	12	9	0	6	1	0	7	8	0	1	14	14	6	2	0	0	0
ONGOYEP	11	P	R	7	0	0	1	0.5	0.5	2	3	0	1	4	4	3	1	0	0	0
ONGOYES	30	S	8	12	0	0	3	0	1	1	8	0	1	14	10	3	2	0	0	0
PHALANE P (KWADLANGEZWA)	10	P	R	7	0	2	1	1	1	2	4	0	1	6	4	1	1	0	0	0
PHESHEYA P	27	P	R	7	14	5	4	1	1	3	7	0	1	14	14	3	2	0	0	0
HEUWELLAND P	23	P	R	7	0	1	3	0	1	0	5	1	1	10	8	0	2	0	0	0
QAMBOKWETHU P	10	P	R	7	0	1	0	0	1	0	4	0	1	6	4	0	1	0	0	0
QANTAYI H	18	S	8	12	0	0	3	1	0	6	5	1	1	0	0	4	1	0	0	0
QHAKAZA S	30	S	8	12	4	0	3	0	0	1	8	0	1	14	10	3	2	0	0	0
QHUBANDABA P	25	P	R	7	0	2	2	1	1	2	5	0	1	8	6	0	1	0	0	0
SIGISI P	27	P	R	7	0	1	1	1	1	4	4	1	1	6	4	4	1	0	0	0

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Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classrooms	Grade R Classrooms	Multipurpose Classroom including Laboratories and Specialist Rooms	Media Centres	Computer Rooms	Offices	Storerooms	Strongrooms	SNP Kitchen/Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 1	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
SIKHULANGEMFUNDOP	19	S	8	12	0	0	4	1	0	4	5	1	1	2	0	6	2	0	0	0
SIYABONGA S (KWADLANGEZWA)	11	S	8	12	0	0	0	0	0	0	1	0	#VALUE	4	4	2	1	0	0	0
SIYAKHANYISA P	23	P	R	7	9	1	4	1	0	6	7	1	1	0	0	6	2	0	0	0
THANDUYISE H	28	S	8	12	0	0	1	1	1	7	6	1	1	10	8	6	2	0	0	0
THUTHUKANI SPECIAL SCHOOL	5	L	L	L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TISAND TECH H	17	S	8	12	0	0	0	0	0	0	2	0	1	10	8	0	2	0	0	0
THAMBOLINI P	21	S	8	12	0	0	4	1	1	1	5	0	1	10	8	4	2	0	0	0
UMDLAMFES	19	S	8	12	0	0	3	1	1	3	6	0	1	10	8	1	2	0	0	0
WOOD AND RAW P	9	P	R	7	2	0	1	0	0	7	7	1	1	14	14	6	2	0	0	1
ZIPHONZONKE H	24	S	8	12	0	0	3	0	1	6	5	1	1	10	8	6	2	0	0	0
ZULULAND REMEDIAL CENTRE	23	L	L	L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MINTOKHONA P	18	P	R	7	1	3	2	1	1	4	5	0	1	8	6	2	1	0	0	0
NCOMBO P	15	P	R	7	0	2	2	1	1	5	5	0	1	8	6	0	1	0	0	0
ZENZELENI MASHAMASES	11	S	8	12	0	0	3	1	1	2	5	0	1	8	6	4	1	0	0	0
MVUZEMVUZEP	10	P	R	7	0	2	1	1	1	3	4	0	1	6	4	2	1	0	0	0
ENGALANGALA P	15	P	R	7	5	2	3	1	1	3	5	1	1	14	10	4	2	0	0	0
IKHANDLELA S	21	S	8	12	6	0	4	0	0	3	8	0	1	14	14	1	2	0	0	0
MADLANKALA P	14	P	R	7	0	1	3	1	1	6	6	1	1	14	10	4	2	0	0	0
ZICABANGLEP (KWADLANGEZWA)	11	P	R	7	0	1	1	1	1	3	4	0	1	6	4	0	1	0	0	0
PHEMBOKUHLE P	11	P	R	7	0	1	1	0	0	1	3	0	1	4	4	0	1	0	1	0
NTABENI P	15	P	R	7	0	0	2	1	1	4	5	0	1	8	6	0	1	0	0	0
MJABULISENI S	15	S	8	12	6	0	3	1	1	3	5	0	1	8	6	2	1	0	0	0
RICHEM H	9	S	8	12	25	0	6	1	1	8	8	1	1	14	10	6	2	1	1	1
QALAKABUSHA S	24	SS	10	12	10	0	2	1	1	4	4	1	1	6	4	4	1	1	1	1
AQUADENEP		P	R	7	21	4	3	1	1	7	6	1	1	14	10	6	2	1	1	1
WATERSTONE S		S	8	12	25	0	6	1	1	8	8	1	1	14	10	6	2	1	1	1

11.5.4 Health

Primary Health Care Facilities (PHC)

The total population increased from 347 844 (2014/15) to 352 003 (2015/16). The sub-district has 13 fixed clinics, 1 Nseleni CHC, 4 mobile clinic teams and no district hospital. The population to fixed PHC clinics decreased from 38 649 (2014/15) to 27 077.20 (2015/16). The decrease is due to additional clinics that have been added in uMhlathuze, which is Meerensee clinic and Bracken ham clinic. This has slightly reduced the burden on the population to PHC facilities but still the highest when compared to the rest of the district. The population to CHC has increased from 347 844.00(2014/15) to 352003.00 (2015/16) and the population to mobile clinics has also increased from 86961.00(2014/15) to 88 000.80 (2015/16). The total PHC headcount decreased from 1187206 (2014/15) to 1113 700(2015/16), the district has a lot of car hijackings that have hindered service delivery especially outreach programmes.

Maternal, Child, Women Health and Nutrition

King Cetshwayo District Health's maternal mortality in facility ratio decreased from 186.9/100k in 2014/15 to 153.8/100k in 2015/16. The district will be implementing plans that are aimed at preventing maternal deaths due to Post-Partum haemorrhages, anaesthetic complications, hypertension and other high risks pregnancy induced complications. The 90-90-90 District Implementation Plan will be implemented and monitored. This will reduce the possibility of having HIV related maternal deaths. Phila Mntwana centres for the early detection and management of childhood malnutrition, to be continued. (Source, uThungulu District Health)

HIV and AIDS, STI, TB (HAST) Services

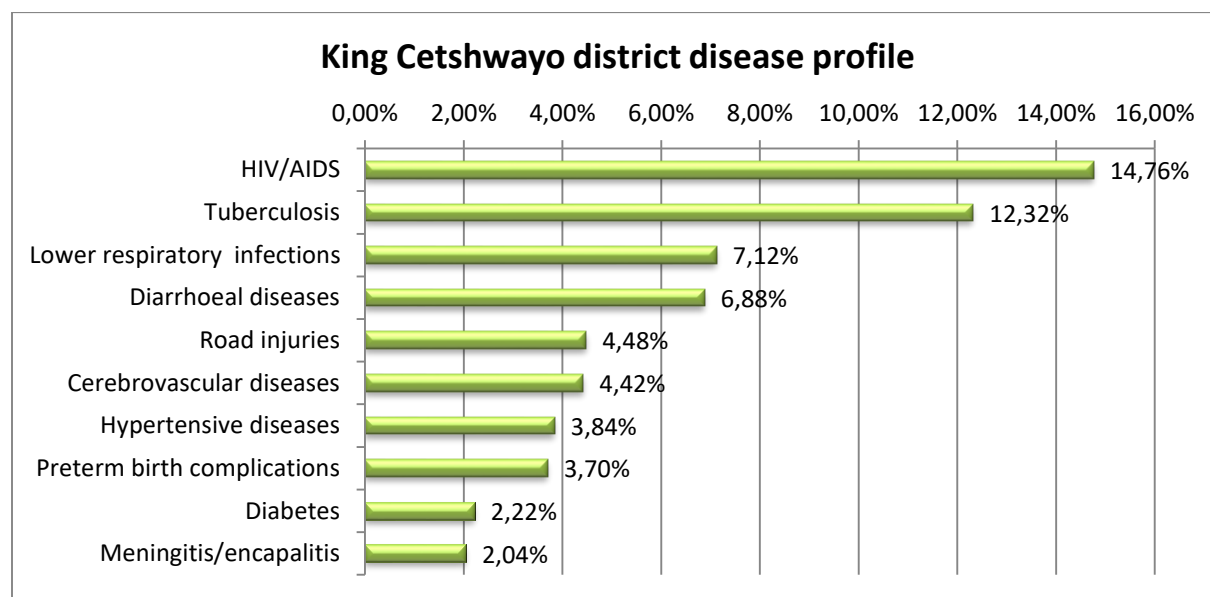
King Cetshwayo District Health office working together with municipalities in the King Cetshwayo District municipality will continue improving on initiating ARTs to all eligible clients and the Implementation of Universal Test and Treat (UTT). Male Circumcision programme is also implemented. The district to continue implementing and monitoring the 90-90-90 DIP. The district is doing well on TB management with the TB (new pulmonary) cure rate of 96.7% in 2015/16 and the district target being 98% in 2017/18. (Source, uThungulu District Health)

Table 59: HIV Prevalence

2011	2012	2013
33.4%	38.5%	38.9%

Prevalence is derived from old and new tested pregnant women. The latest HIV survey was conducted in 2013. Notable there is an increase in HIV Prevalence. Through OSS more interventions are needed to fight this pandemic. The district is working closely with municipalities in implementing initiatives that are aimed at fighting this pandemic.

Figure 65: Disease Profile



Source: uThungulu Health District

Table 60: Health Priorities

MDG	Target	Indicator
Goal 1: Eradicate Extreme Poverty And Hunger	Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Prevalence of underweight children under 5 years of age
		Severe malnutrition under 5 years incidence)
Goal 4: Reduce Child Mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Under-five mortality rate – use proxy “Inpatient death under 5 years rate”
		Infant mortality rate – use proxy “Child under 1 year mortality in facility rate”
Goal 4: Reduce Child Mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Measles 2 nd Dose coverage
		Immunisation coverage under 1 year

Goal 5: Improve Maternal Health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate	Maternal mortality ratio (only facility mortality ratio)
		Proportion of births attended by skilled health personnel (Use delivery in facility as proxy indicator)
Goal 6: Combat HIV and AIDS, malaria and other diseases	Have halted by 2015, and begin to reverse the spread of HIV and AIDS	HIV prevalence among 15- 49-year-old pregnant women
		HIV prevalence among 20- 24-year-old pregnant women

11.5.5 Safety and Security

Crime Prevention Strategy

UMhlathuze Municipality has developed and adopted a Crime Prevention Strategy which is aimed at reducing crime rates in the area. The strategy is in line with National and Provincial framework for crime reduction. It therefore based on the following four National pillars:

Framework for the National Crime Prevention Strategy			
Criminal Justice Process Certain and Rapid Deterrence	Community Values and Education Community pressure and public participation in crime prevention	Environmental Design Limit Opportunities and Maximise Constraints	Transnational Crime Regional co-operation, stability and address cross-border crime

Formally established community policing forums within uMhlathuze are at ESikhaleni, Nseleni, Empangeni, Richards Bay and Ngwelezane. Community Policing is a partnership between the police and the Community hence the existence of these forums play a major role in ensuring that the city is a safe and free place to live and work in.

Objectives of the Community Policing Forums are as follows:

- By establishing a partnership between the police and the communities they serve to ensure effective protection of communities and a better quality of life.
- Ensuring that the police address the primary needs of the community and are accountable to them.
- Enhancing the quality of information available to the police resulting in the development of a proactive and problem-solving approach to crime and violence.

- Providing communities with a visible, accessible policing presence to enhance public confidence in the police and to deter criminals.
- Aligning the values of the police organization with those of a democratic South Africa, aiming at producing police officers who can interact sensitively with their communities and in a manner that respects local norms and values.

Community Police Forums report all their activities to uMhlathuze Municipality council through Community Services Portfolio Committee by attending committee meetings and providing reports for discussion.

Traffic Management

The City of uMhlathuze has a fully established traffic Section (Traffic Services Operations and Administration). The section consists of three main sub-sections / sub-divisions namely:

- The Traffic Services Operations made up of Traffic Officers, Traffic Wardens and By-law Inspectors (Law Enforcement Officers);
- The Administration Sub-division (Admin Section) which is made up of a team of admin staff of clerks; and
- The (Traffic) Communications Centre / Control Room made up of a team of control room operators.

Traffic management services in uMhlathuze municipality include planning and executing law enforcement operations daily. The functions range from enforcement duties, the patrol function, directing and controlling traffic (point duty), setting up and conducting roadblocks, traffic stops, vehicle checkpoint (VCP) inspections and speeding vehicle detections for purposes of road safety compliance and instituting enforcement measures against offenders.

Fire and Rescue

The City of uMhlathuze has a fully established Fire and Rescue Service unit within the Community Services Department. The City has established **two** fire stations serving a population of 410 000 people. With the rising demand for fire and rescue services the City is establishing an additional fire station at eSikhaleni which will service a quarter of uMhlathuze's population.

The municipality strives to provide a safer environment for all its citizens by creating awareness of the dangers associated with fire in communities.

Fire and rescue services unit deals with all types of fires, ranging from structural fires, mountain and veld fires to small vessel and motor vehicle fires. The unit also extends its work to medical emergencies and rescues including diving, motor vehicle extrications and high angle incidents, as well as hazardous material emergencies.

11.5.6 Nation Building and Social Cohesion

Public Libraries

Public libraries are considered fundamental to the development and upliftment of communities. Access to libraries creates and sustains a reading culture. The value of libraries in terms of support of literacy, education, and the principle of lifelong learning forms an integral part of the modern democracy. To ensure the provision of these services, uMhlathuze Municipality is committed to improving public library access in all communities, developing and sustaining a culture of reading and the provision of access to information for all. Hence uMhlathuze has nine libraries which located in different areas, namely

- Richards Bay Library,
- Empangeni Library
- Ngwelezane Library
- Felixton Library
- ESikhaleni Library [with a facility of People with disabilities, e.g. library for the blind)
- ENSeleni Library [**with a facility for People with disabilities, e.g. library for the blind**]
- Brackenham Library
- Ntambanana Library
- Aquadene Library

uMhlathuze Municipality have a cooperative partnership with the KZN Provincial Department of Arts and Culture. The department provides services and support to all libraries within uMhlathuze Municipality. The services received from provincial department includes but not limited to, library material in all formats (books, music, audio books, DVDs, videos, posters, gaming, toys and magazines), ICT and Information services and promotional items and projects. The Department also funds the employment of “cyber cadets” (library computer assistants) to develop ICT skills in computer users and to manage the internet facilities in libraries. Gaming facilities have recently been introduced into some of the libraries within uMhlathuze, mainly targeting the youth. This is part of the Department's aim to address social ills and provide facilities for the constructive use of leisure time among young people in the safe and stimulating environment of the library.

Advancements in Information Communications Technologies (ICT), has also compelled the local libraries to catch on, and this has resulted in local libraries offering electronic books (eBooks), for the registered library users. Another technological breakthrough for local libraries is the ability to allow library users to access the library catalogue from the comfort of their own home with the use of their internet enabled mobile phone, iPad, tablet or desktop computer.

To further make sure that the libraries stay relevant as community Centre's, Council approved strategy has been developed to serve as a guiding document with set targets to ensure that services are optimized and catered to the needs of the community.

Empangeni Museum

uMhlathuze Municipality has one Museum which is situated in Empangeni town. This museum is the storehouse of the heritage of our city and its peoples. It also serves as the educational and cultural awareness centre for youth and for all that has interest. The main aim of the established museum it is to protect and preserve uMhlathuze's heritage for future generations.

The museum displays new artwork every month. Some of the main events in the past year included the Empangeni High School Artwork, Local Artist displays and the Mondi Eisteddfod. Artwork is also purchased and added to the municipal assets, the value of which increases every year. Trough combined efforts with arts and culture initiatives local artists are encouraged to make use of the museum, hence there are small crafters selling craft and art work within the premises of the Empangeni Museum.

Sports and Recreation

Various Recreational events and programmes are hosted by the Sport and Recreation Section including the following:

- Indigenous Games
- Mini Olympics/Learn and Play
- Fun Days
- Senior Citizens Golden Games
- Healthy Lifestyle Programs
- Councillors and Officials in Action

Sport Development programs annually hosted by the Municipality include:

- Ward Elimination Games
- Cluster Elimination Games
- Mayoral Sport Day
- SALGA Games
- Learn to Swim
- Industrial League
- Capacity building workshops for Sport Administrators and Technical Officials
- uMhlathuze Beach Games (Annual event)

Sports facilities are continually being upgraded and provision of sport facilities to be upgraded is made in the municipal budget.

11.5.7 Operation Sukuma Sakhe

Operation Sukuma Sakhe is a call for the people of KwaZulu-Natal to be determined to overcome the issues that have destroyed the communities such as poverty, unemployment, crime, substance abuse, HIV/AIDS and TB. Operation Sukuma Sakhe has a “whole of Government approach” as its philosophical basis. It spells out every initiative and how it links to initiatives being implemented by the different sector departments and the spheres of government. Therefore, delivery of services is required through partnership with the community, stakeholders and government.

OSS Structures

The following structures starting from Districts to Wards have different responsibilities to discharge in relation to Operation Sukuma Sakhe and they have been established and functional

1. King Cetshwayo District Task Team
2. King Cetshwayo District AIDS Council
3. uMhlathuze Local Task Team (LTT)
4. uMhlathuze Local AIDS Council
5. War Rooms
6. Ward AIDS Council

OSS-uMhlathuze Local Task Team (LTT)

For Operation Sukuma Sakhe to operate it needs the existence of the following core group of stakeholders, uMhlathuze LTT comprise of the following stakeholders:

- Business Sector
- Traditional Leadership Sector
- NGO Sector
- Religious Sector
- Sporting Fraternity
- Women
- Children
- Youth
- People with disability
- Senior Citizens

Some of the critical success factors to ensure the effective functioning of OSS in the uMhlathuze Municipality are noted hereunder:

- Inclusion of community structures that include civil society, business and development partners and other key stakeholders.
- Institutional arrangement linkages and integrated development planning.

- Integrating Operational Plans with Governmental Department plans.
- Establishing of a permanent “War Room.”
- Allocating cadres to conduct Household Profiling to identify needs.
- Ensuring that different Departments sit in the LTT.
- Constantly building capacity of Managers through presentations on OSS reporting.
- Managers assisting war rooms in building capacity.

Benefits of OSS to Civil Society

- Networking and partnerships with Government Departments
- “One stop shop” approach at ward level
- Pooling of resources to maximize outputs
- Shared information gauge performance
- Joint reporting to the communities
- Coordinated approach for identifying and resolving issues
- Employment and Skills development opportunities through participation in task teams

The following provide tables with key achievements and activity plan for the Operation Sukuma Sakhe.

Table 61: Summary of Key OSS Achievements

Number of people reached with different kinds of campaigns mainly meant for behavioural change	4094
Number of people who received different services after intervention, services such as ID documents, birth certificates, learner ships and agricultural services.	2698
Report writing workshop conducted for Ward Task Teams Office Bearers	87 WTT members were trained
Workshop for People living with HIV/AIDS forum was conducted	15 members were trained
2 Local AIDS Council Meetings were held	
Hosted the District World AIDS Day where:	100 males were circumcised 50 inmates were circumcised 3200 were reached with the HIV/AIDS message on testing and prevention delivered by the Premier of KwaZulu Natal Mr ES Mchunu
Youth Ambassadors trained on behavioural change	87 Ambassadors were trained Survey on intergenerational relationships was conducted School youth camps was held at ENseleni Anti-Sugar Daddy material developed for

	both print and electronic media
During the Mandela Day	450 000 was disbursed to three ECD centres as well as other working tools
Hosted Transnet Phelophepha train for two weeks where health services were provided	2179 patients were treated for different ailments 1749 patients received eye services 858 patients received dental services 54 patients received psychological services 1480 people were reached through community outreach programs 1688 people received diabetic education 1461 learners were screened for different diseases 13185 pharmacy items were dispensed

Table 62: OSS LTT Programme of Action

ACTIVITY	PURPOSE	RESPONSIBILITY
LTT meeting	To receive reports from different war rooms & Departments	LTT, Government departments and relevant organisations
Local Aids Council meeting	Discuss HIV/AIDS programs and the reports from uppers structures	LAC, Governments departments and relevant organisations
Visits of War Rooms	To revive WAC's / War Rooms	LTT plus Broad reach
Revival of WAC	To revive the WAC structure	Ward 29 WAC & LAC
Revival of WAC	To revive the WAC structure	War 14 WAC & LAC
HIV Awareness Day	Promote safe sex, screening & referral	Ward 06 WAC & LAC
Revival of WAC	To pay visit to revive the WAC	LAC & Broad reach
Local Task Team Meeting	To receive reports from Wards & Departments	LTT Members
Training of War Room Mentors	Training of Mentors on War Room mentoring tool	LTT & Broad reach
Local Task Team Meeting	To receive reports from Wards & Departments	LTT Members
Youth Development Day	To present different youth development programmes to Madlankala Youth	LTT, Youth Council, WTT & Special Programmes

ACTIVITY	PURPOSE	RESPONSIBILITY
Humans Rights awareness Day	To create awareness on Human Rights for Women	LTT & Government Institutions
LTT Meeting	To receive reports from different war rooms & Departments	LTT Members
HCT Campaign	To screen people and refer them for HIV, TB & other chronic illnesses	LAC & Department of Health
LAC Meeting	To receive reports from WAC's.	LAC Members
Revival of War Rooms	To pay visits to War Rooms to assess their functionality	LAC Members & Broad reach
LTT Meeting	To receive reports from War Rooms & Departments	LTT Members
LTT Meeting	To receive reports from War Rooms & Departments	LTT Members
Drug & Substance Abuse awareness campaign	To fight against social ills affecting youth	LTT and relevant organizations & Departments
LTT Meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LTT Meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LAC meeting	Receive reports from WAC's	LAC, Governments departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LAC meeting	To receive reports from WAC's	LAC, Governments departments and relevant organisations
LTT meeting	To receive reports from War Rooms &	LTT, Government departments

ACTIVITY	PURPOSE	RESPONSIBILITY
	Departments	and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations

11.5.8 Special programs

The mandate of the Special Programmes Unit is to promote, facilitate, coordinate and monitor the realization of the rights of youth, children senior citizens (older persons), people with disabilities, people with HIV/ AIDS, women and men.

A. Youth and Children

Municipality in its budget continues to set aside 40% of the total capex budget for youth. The municipality in 2014 adopted Youth Development Policy and its Programme of Action. More than R500 000 per year is budgeted for University Registrations to assist youth from poor background access tertiary education. About 219 students have benefited from this programme since its inception in 2015.

B. Children

Provincial departments provide technical support while national departments are responsible for dissemination of relevant information on the Children's Act to all spheres of Government and to strengthen implementation competencies at the three spheres of Government. Although the municipality has not yet established a framework for children. The following are standing programmes that are meant to benefit children:

☞ . Sanitary Towels Distribution

This is an on-going programme championed by the Office of the Deputy Mayor as an intervention to assist young girls from poor backgrounds with intention of keeping them at school during their menstrual periods. The programme was initiated in 2013 as a result of schools reporting absenteeism of girls due to unavailability of sanitary towels and fear of embarrassment in a case of mishaps at school. The conclusion was that non-attendance by female learners had negative impact towards their education thus theme, "**Breaking Barriers Building a Future**" was adopted for Sanitary Towels Distribution project.

☞ School Uniform Handover

Special Programmes Office in partnership with the Office of the Deputy Mayor continues to visit schools in various areas of the municipality to identify challenged children and areas of intervention. About R30 000 from municipal budget is utilised for this activity per year but most of what get to donated to school is lobbied for from local business sector.

➔ **Child Protection Awareness Campaign**

This is done in partnership with the Department of Education through school visits. The intention is raise awareness about children's rights and challenges of abuse and steps to be taken in case of child suffering abuse.

C. Senior Citizens

The municipality established the forum but is not functional due to lack of support. There are no establishments at ward as per requirement. Elderly Abuse Awareness Campaigns and Active Ageing programmes have been started in few areas with intention to spread throughout the municipality. Luncheon Clubs are launched at various wards.

D. People with Disabilities

UMhlathuze Municipality established a Disability Forum. The main purpose for the establishment of this structure is to assist the Municipality to establish, understand and accommodate the needs of people with disabilities and ensure that they benefit from development initiatives.

The municipality has employed twenty-eight (28) temporary research fieldworkers and two (2) team leaders to assist with Profiling of People With Disabilities residing within the jurisdiction of the municipality. The aim of the study is to gather information on the number of people with disabilities in uMhlathuze Municipality in order to guide planning of programmes and the delivery of services to households of people with disabilities, as well as inform formulation of municipal policy on people with disabilities. Final results are expected to be available by June 2018.

Conference is held in every five years, linked to term of council office. uMhlathuze will host its conference on the first and second of June 2017, which will provide a platform for the nomination of the forum members. Annual general meetings will be held annually. The municipality has set **aside 20% of the total Capex budget** for the People living with Disabilities.

E. HIV/AIDS

Prevalence of HIV/ AIDS is still very high in KwaZulu-Natal. uMhlathuze Municipality has a big number of orphans and children made vulnerable by HV/AIDS. The Municipality has been

able to established Local AIDS Council but emphasis is needed for ward based establishments.

The main purpose for the establishment of this structure is to assist the Municipality to establish, understand and accommodate the needs HIV/AIDS infected as well as the affected people and ensure that they benefit from development initiatives.

F. Gender

UMhlathuze Municipality has got a responsibility a responsibility of developing municipal gender plans as well as municipal strategies to implement them. The process of formulating a Policy on Women Empowerment and Gender Equality has begun. Programmes successfully conducted include

☞ Women Business Workshop

Women were work-shopped on new development on the Municipal Supply Chain Policy which allows 40% of Municipal Supply Chain to women business.

☞ Dialogues on Gender-Based Violence

This was conducted in a form of izimbizo with various sectors of the community. The aim was to get to the root causes of violence and propose possible solutions. The ideal situation will be having both men and women forums at ward level and ensuring that discussions on Gender Based violence are always part of the agenda of all Ward meetings. UMhlathuze Municipality has got a responsibility of developing municipal gender plans as well as municipal strategies to implement them.

Table 63: Special Programmes Initiatives

Program	Objective	Brief description	Impact
Youth entrepreneurship awareness workshop	To develop entrepreneurial skills among young people in business and enhance their business management ability	The workshop was conducted by National Youth Development Agencies and attended by local young people in business	It has assisted young people within the municipality to develop necessary confidence and the knowhow in the management of the business. It has also assisted them in identifying business opportunities
Intercultural & intergenerational dialogue	To develop the understanding amongst people of different generational groups on how each generation view some moral topical issues	The dialogue was conducted in partnership with Dept. of Arts and Culture it was held at R/Bay Auditorium it was attended by 150	It managed to create an understanding on how different generations viewed different moral topical issues and in the process it enhanced the tolerance of different

Program	Objective	Brief description	Impact
		school children and 50 adults	generations different views
Women in local govt. leadership conference	To create a platform where women within management could share their experiences with an intention to enhance their work performance	The conference was attended by 86 women leaders from level 11 upwards and Women Councilors it received presentations on women related topical issues	It boosted the moral of the women leaders and it managed to come up with a programme for women empowerment
Launch of people living with disability forum	To create a platform where people living with disability can sit and share their experiences with an intention to develop the program and structure that will deal with their issues	The launch was held at Hlanganani hall and it was attended by 40 people living with disability representing different organizations	Through presentations people living with disability managed to know about different govt. programs targeting them and their rights. They also managed to develop a program and the structure
Multi-stakeholder HIV/AIDS workshop	To discuss the five year draft strategy for HIV/AIDS and adopt it, to pave the way forward on the establishment of the Local AIDS Council	It was attended by Councilors led by Mayor, business, traditional healers, civil society, academics and labour	The workshop managed to effect some changes on the draft strategy and paved the way forward on the establishment of Local AIDS Council

11.6 LED and Social Development: SWOT analysis

STRENGTHS	WEAKNESSES
- o Bulk-handling harbour facilities at Richards Bay that enable international trade links. Richards Bay is the largest deepwater port in Africa, and handles the bulk of South Africa's exports - o The dependency ratio in uMhlathuze is lower than that of the country - o Libraries in the municipality provide internet access at no charge to users - o Study facilities are provided at the libraries and are very well utilized - o Functional Operation Sukuma Sakhe Unit in the Municipality - o Existence of Industries thus creating opportunities for SMME's - o Investment in broadband - o Existence of University and TVET colleges as part of knowledge creation - o Fresh produce market supporting agriculture	- o A matter of great concern is that 56% of informal traders operating without a licence - o Underutilization of good agricultural land in the traditional council areas - o Loss of good agricultural land in the traditional council areas to unplanned settlement - o Failure to realize the potential for value adding through agro-processing. - o Funding to assist Operation Sukuma Sakhe - o Access to markets by SMME's - o Underdeveloped tourism attraction sites and products
OPPORTUNITIES	THREATS
- o There is a branch of SEDA in Richards Bay which provides support to SMMEs, and Richards Bay Minerals has a Business Development Programme, but the Municipality could also contribute to SMME development in a number of ways - o Harbour development has provided the impetus for large-scale industrial growth - o Partnership with Industrial Development Zone - o Investment in township economy - o Industry based skills development - o Empowerment of ward based war rooms - o Cross boarder collaboration in investment facilitation and attraction - o Progressive implementation of agricultural support plan	- o Growing trend of discouraged work seekers - o Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects - o Volatile world markets which affect prices for some agricultural commodities, for example, sugar - o The demise of the South African Sugar Association's credit facility for small-scale cane growers - o Nearly 10% of children of school going age are not attending school - o There has been a decline in the percentage (%) of persons with a higher education. - o Sexual Transmitted infections remain a growing concern. - o Beach erosion - o Persistent draught - o Lack of collaboration between municipality and traditional authorities

12. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS

12.1 Capability of the Municipality to execute Capital Projects

Procurement plans to expedite the implementation of the procurement process for the 2017/18MTREF will be prepared upon adoption of the SDBIP by Council in 14 days after budget adoption. Monthly monitoring of the procurement plan is being undertaken through the Capital Spend Project Team. Below is the capital expenditure for the previous years.

Table 64: Capital Expenditure for the Previous Years

FIN YEAR	Y	BUDGET	ACTUAL	AVAILABLE	% SPENT
2017/2018 Adjustment	0	570 504 800	247 249 973		43.47%
2016/2017	1	548 195 800	507 829 563	(40 366 237)	92.64%
2015/2016 Adjustment Budget	2	501 161 000	393 502 000	107 658 000	78%
2014/2015 Adjustment Budget	3	489, 307 400	454 373 000	43 635 000	91%
2013/2014	4	467, 889 900	254 716 481	213 267 119	54%
2012/2013	5	233, 547 400	115, 036 477	118, 510 923	49%

12.1.1 Free Basic Services and Indigent Support.

There are currently 4 separate policies that provide for support to the indigent.

- The Indigent Policy
- The Rates Policy
- The Credit Control Policy
- The Free Basic Electricity Policy

A new policy was compiled that is based on a targeted approach. The policy seeks to address a number of challenges that currently prevent some of the poor people from receiving their basic benefits. Emanating from the above mentioned policies a social package was developed

The social package assists households that are indigent and poor or face other circumstances that limit their ability to pay for services.

The existing relief measures employed for our indigent and poor, handicapped and pension consumer relief are as follows:

- 50 KWH (units) of electricity free for applicants whose usage of electricity amounts to an average of no more than 1 800 units per annum.
- Free water for consumers that consume 200 Litres and less per day for a month or the first 6 000 litres of water per month.
- When a consumer uses **more** than the 200 Litres per day for a month then they **pay for all water consumed**
- Free rates if property value is less than R120 000.
- Free refuse charge if property is valued less than R120 000.
- Free sewer charge if property is valued less than R 120 000.
- All rural communities have strategically placed refuse skips wherein refuse can be placed free of charge.
- By implication the very nature of property valuation allows rates payable by communities living in less formal area to be minimal.
- Targeted indigent support for very poor and child run households.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 35 MBRR A10 (Basic Service Delivery Measurement) on page 96. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act together with the tiered tariff approach.

It bears noting that the limitation of the Municipal Property Rates Act on Traditional Areas reduces the ability of the Municipality to generate revenue required for the provision of services in general.

The tiered municipal tariffs also provide for an element of cross subsidisation on the tariffs themselves as per the below table:

Table Table 65: 2018/19 Cross subsidisation versus Free Basic Services

Source	Free	Subsidy	Total
Waste	23 191 530	1 611 771	24 803 301
Sanitation	20 038 544	5 633 249	25 671 793
Rates	0	28 122 952	28 122 952
Rates	0	25 934 526	25 934 526
Water	128 947 784	131 997 067	260 944 851
Electricity	1 172 504	7 555 469	8 727 973
Total	173 350 362	200 855 034	374 205 396

The municipality is receiving equitable share of R 326 million in 2018/19 while the municipal social package is R374.2 million. The municipality uses some of its internally generated funds to bridge the shortfall.

Below is the table with details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement:

Table 66: Free Basic Services and Indigent Costs

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	58 395	58 822	49 665	50 835	50 835	50 835	55 743	55 746	55 749
Sanitation (free minimum level service)	34 168	34 535	38 063	40 695	40 695	40 695	41 201	41 205	41 207
Electricity/other energy (50kwh per household per month)	540	540	545	518	518	518	475	477	479
Refuse (removed at least once a week)	17 456	17 823	18 470	18 594	18 594	18 594	29 049	29 052	29 054
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	56 901	70 373	69 858	89 055	89 055	89 055	128 948	135 395	142 165
Sanitation (free sanitation service to indigent households)	7 987	20 302	18 698	21 537	21 537	21 537	20 039	21 040	22 092
Electricity/other energy (50kwh per indigent household per month)	857	822	921	921	921	921	1 173	1 231	1 293
Refuse (removed once a week for indigent households)	20 282	15 267	16 271	14 943	20 182	20 182	23 192	24 351	25 569
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	–	–	–	–	–	–	–	–	–
Total cost of FBS provided	86 027	106 764	105 749	126 456	131 695	131 695	173 350	182 018	191 119
Highest level of free service provided per household									
Property rates (R value threshold)	110 000	110 000	120 000	120 000	120 000	120 000	120 000	120 000	120 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	20	20	20	20	20	20	20	20	20
Sanitation (Rand per household per month)	135	146	154	165	165	165	165	165	165
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	30 216	–	3 212	50 915	52 129	52 129	54 057	56 760	59 598
Water (in excess of 6 kilolitres per indigent household per month)	1 480	1 828	3 071	121 226	121 226	121 226	131 997	138 597	145 527
Sanitation (in excess of free sanitation service to indigent households)	2 175	2 270	2 306	5 830	5 830	5 830	5 633	5 915	6 211
Electricity/other energy (in excess of 50 kwh per indigent household per month)	235	255	267	4 776	4 776	4 776	7 555	7 933	8 330
Refuse (in excess of one removal a week for indigent households)	1 576	1 623	1 671	1 192	1 192	1 192	1 612	1 692	1 777
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	35 682	5 976	10 527	183 939	185 153	185 153	200 855	210 897	221 442

Explanatory Notes: Basic Service Delivery Measurement

- The City continues to make progress with the eradication of backlogs.
- The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2018/19 MTREF.
- This Municipality is of the view that following the strict Indigent route of frees basic services for indigent consumers only and ignoring the plight of the poor and less wealthy is not the correct approach in the application of the Equitable Share. Instead equitable distribution that arises from a dual tiered or block tariffs structure accommodating seamless both indigent and poor households, but not providing subsidized (below cost) service tariffs to the middle to higher income consumers would be the fairest and equitable approach.
- Cost of Free Basic Services provided - Informal Formal Settlements – After an internal consultation with the Management of the Revenue Section it has been agreed that the cost of Free Basic Services provided for Informal Formal Settlements will be extracted from the Financial System in preparation for the 2018/19 MTREF.

12.1.2 Revenue Enhancement and Protection Strategies

The city is in the process of reviewing its revenue enhancement strategy that was approved in 2013 by having a full review of amongst other things, meter audits; unlocking geographical area potential and strengthening the gaps in the revenue value chain. A positive outcome of the exercise is envisaged which will assist towards improving the stagnant revenue which will attribute towards the sustainability of the city.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 96 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and
- Increase ability to extend new services and recover costs where economically possible;
- The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue By Source									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	501 849
Service charges - electricity revenue	1 342 514	1 330 889	1 515 882	1 535 234	1 378 874	1 378 874	1 579 530	1 671 088	1 671 088
Service charges - water revenue	195 306	235 785	336 986	309 064	310 516	310 516	337 842	357 411	357 411
Service charges - sanitation revenue	75 579	79 788	82 058	92 006	93 197	93 197	99 625	105 398	105 398
Service charges - refuse revenue	61 671	68 478	73 883	76 575	94 737	94 737	80 372	85 029	85 029
Rental of facilities and equipment	9 471	9 024	8 301	8 008	8 008	8 008	8 449	8 871	8 871
Interest earned - external investments	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	58 000
Interest earned - outstanding debtors	1 659	2 221	3 212	3 171	3 221	3 221	3 398	3 568	3 568
Fines, penalties and forfeits	56 700	14 461	17 190	4 392	3 542	3 542	4 087	4 292	4 292
Licences and permits	1 601	3 305	3 701	3 609	3 609	3 609	3 808	3 998	3 998
Agency services	6 726	6 250	6 595	7 390	7 390	7 390	7 797	8 186	8 186
Transfers and subsidies	245 789	270 170	284 193	326 359	328 710	328 710	344 324	373 410	373 410
Other revenue	140 107	54 395	112 276	36 759	46 488	46 488	36 875	38 718	38 718
Gains on disposal of PPE	21 371	15 553	1 368	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 035 560	3 219 818	3 219 818

12.1.3 Municipal Consumer Debt Position

Outstanding consumer debtors as at 30 June 2015 were R360 million (2014: R 316 million). The total provision for impairment increased from R86 million to R 110 million. The amounts

included in the consumer debtor balances considered to be doubtful are covered by a provision for impairment of R110 million, which represents 27, 91% of the total outstanding consumer debtors. Included in the provision is R43, 8 million for traffic fines. This is as a result of the implementation of IGRAP1.

The overall payment rate for the past seven years is illustrated below:

Table 67: Debt Payment Rate

Year	Payment Rate
2007/2008	98.74 %
2008/2009	98.56 %
2009/2010	98.67 %
2010/2011	100.11 %
2011/2012	99.49 %
2012/2013	99.17%
2013/2014	100.93%
2014/2015	99.08%
2015/2016	96.86%
2016/2017	100.88%

More specifically, the following is the assessment for the financial year ending 30 June 2015.

Table 68: Collection Ratio / Debtors Turnover Ratio / Payment Ratio – For Consumer Debtors

Suburb	Debt Collection Ratio – In Days	Debtors Turnover Rate - %	Rolling 12-Month Payment Rate - %
Richards Bay	27	7.29	102.21
Vulindlela	108	29.63	96.75
eNseleni	179	48.90	98.46
eSikhaleni	167	45.77	92.72
Sundry Debtors	63	20.13	99.99
Empangeni	37	10.15	100.06
Ngwelezane	278	76.18	83.82
Combined	43	11.79	100.88

The debt collection ratio is for the 12-month period preceding 30 June 2017. The debtor's turnover rate represents the outstanding debtors' amount expressed as a percentage of the last 12 months billed revenue. The payment rate is the average of the 12 months preceding 30 June 2017.

12.1.4 Debtors age analysis by category

	Residential	Industry/ commercial	Municipal/ State	Total
	R	R	R	R
30 June 2017				
Current (0 - 30) days	91 962 776	167 736 233	17 241 407	276 940 417
31 - 60 days	5 237 959	3 769 498	567 507	9 574 964
61 - 90 days	5 097 725	2 709 100	357 364	8 164 189
91 - 120 days	4 832 726	2 013 466	472 856	7 319 047
121+ days	76 288 477	48 020 699	7 227 743	131 536 919
sub-total	183 419 663	224 248 996	25 866 877	433 535 536
Less: Provision for bad debt	(31 973 700)	(38 517 187)	(4 509 112)	(82 554 329)
Total debtors by customer classification	151 445 963	185 731 809	21 357 765	350 981 207

12.1.5 Grants and Subsidies

The table below provides a description of the capital grants received by uMhlathuze Municipality for the tabled 2018/2019 budget.

Table 69: Capital transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Capital Transfers and Grants									
National Government:	163 277	154 129	126 466	147 305	147 739	147 739	121 374	157 485	168 077
Municipal Infrastructure Grant (MIG)	117 927	90 479	96 473	103 305	103 305	103 305	99 374	101 485	107 323
Municipal Infrastructure Grant (Roll - over)	-	-	-	-	-	-	-	-	-
Electrification Projects	8 000	9 000	(349)	10 000	10 000	10 000	6 000	16 000	18 554
Infrastructure Water Projects	18 850	46 761	31 392	34 000	34 000	34 000	16 000	40 000	42 200
Rural Households Infrastructure	4 500	2 148	-	-	-	-	-	-	-
Department of Water Affairs	14 000	5 743	(1 049)	-	-	-	-	-	-
Finance Management	-	-	-	-	119	119	-	-	-
Infrastructure Skills Development Grant	-	-	-	-	315	315	-	-	-
Provincial Government:	9 465	83 897	1 643	-	-	-	-	-	-
Housing	1 170	1 041	643	-	-	-	-	-	-
Libraries	-	356	-	-	-	-	-	-	-
Sport and Recreation	3 296	-	-	-	-	-	-	-	-
Corridor Development - New and Upgrading	-	-	-	-	-	-	-	-	-
Informal Trading Stalls	5 000	-	-	-	-	-	-	-	-
Human Settlement - Waterstone Estates	-	82 500	-	-	-	-	-	-	-
Richards Bay Airport Feasibility Study	-	-	1 000	-	-	-	-	-	-
District Municipality:	-	-	5 625	-	-	-	-	-	-
Donated Assets - Ntambanana Water Treatment	-	-	5 625	-	-	-	-	-	-
Other grant providers:	2 000	6 700	-	-	-	-	-	-	-
National Lotto - Sports Development	2 000	6 700	-	-	-	-	-	-	-
Total Capital Transfers and Grants	174 743	244 726	133 733	147 305	147 739	147 739	121 374	157 485	168 077
TOTAL RECEIPTS OF TRANSFERS & GRANTS	414 052	503 127	419 635	473 664	476 449	476 449	465 698	530 895	579 313

Operating grants and transfers totals R344 million in the 2018/19 financial year, steadily increases to R373 million in 2019/20 and to R411 million in 2020/21. Local Government Equitable Share will grow at an average annual rate of above 10 percent over the MTREF; this is as a result of funds that will be added in 2019/20 and 2020/21 to rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 70: Operating Transfers and Grant Receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	220 120	245 591	275 248	314 163	316 514	316 514	344 324	373 410	411 236
Local Government Equitable Share	204 800	229 925	251 497	292 009	292 009	292 009	326 255	360 419	397 687
Finance Management	1 600	1 600	2 537	2 650	2 531	2 531	2 650	2 650	2 650
Municipal Systems Improvement	930	930	-	-	-	-	-	-	-
Water Services Operating Subsidy	-	-	-	-	-	-	-	-	-
EPWP Incentive	1 896	2 961	5 055	4 143	4 143	4 143	5 189	-	-
Project Management Unit	2 904	2 675	3 344	5 437	5 437	5 437	5 230	5 341	5 649
Infrastructure Skills Development Grant	8 000	7 500	6 500	6 500	6 185	6 185	5 000	5 000	5 250
Municipal Demarcation Transitional Grant	-	-	6 314	3 424	6 209	6 209	-	-	-
Other transfers/grants (Youth Awareness Day)	(10)	-	-	-	-	-	-	-	-
Provincial Government:	18 557	11 929	10 017	12 196	12 196	12 196	-	-	-
Museums	151	166	175	183	183	183	-	-	-
Provincialisation of Libraries	6 080	6 789	7 506	7 881	7 881	7 881	-	-	-
Libraries	756	1 020	1 432	1 504	1 504	1 504	-	-	-
Housing	3 584	3 829	904	2 628	2 628	2 628	-	-	-
Primary Health	5 965	-	-	-	-	-	-	-	-
Enhanced Extended Discount Benefit Scheme	21	25	-	-	-	-	-	-	-
Urban Development Framework Plan Tourism Developm	1 000	-	-	-	-	-	-	-	-
Municipal Excellence Awards	1 000	-	-	-	-	-	-	-	-
Cleanest Town Awards	-	100	-	-	-	-	-	-	-
District Municipality:	-	200	318	-	-	-	-	-	-
Beach Festival	-	200	-	-	-	-	-	-	-
Refuse Removal Grant	-	-	318	-	-	-	-	-	-
Other grant providers:	633	681	319	-	-	-	-	-	-
Umhlathuze Village Beneficiaries Contribution	51	51	26	-	-	-	-	-	-
Absa Bank - Budget Inserts	10	-	-	-	-	-	-	-	-
Saamwu	561	-	-	-	-	-	-	-	-
Youth Awareness Day	10	-	-	-	-	-	-	-	-
Chieta Funding	-	630	199	-	-	-	-	-	-
Absa Bank - SCM Indaba	-	-	5	-	-	-	-	-	-
SM Xulu Chartered Accountants - Strategic Session	-	-	15	-	-	-	-	-	-
EOH Mthombo (Pty) Ltd - Strategic Session	-	-	10	-	-	-	-	-	-
Joat Consulting - Strategic Session	-	-	25	-	-	-	-	-	-
Deloitte La Lucia - Strategic Session	-	-	20	-	-	-	-	-	-
Absa Bank - Strategic Session	-	-	20	-	-	-	-	-	-
Total Operating Transfers and Grants	239 309	258 401	285 902	326 359	328 710	328 710	344 324	373 410	411 236

12.1.6 Municipal Infrastructure Assets and Maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance. The weakness however in this environment is that there is no Municipal wide asset renewal strategy and repairs and maintenance plan of the City.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 71: Operational repairs and maintenance

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
Repairs and Maintenance by Expenditure Item				
Employee related costs	373 892	431 151	460 231	492 326
Other materials	68 822	77 717	82 381	86 912
Contracted Services	92 428	99 341	105 470	111 504
Total Repairs and Maintenance Expenditure	535 142	608 208	648 082	690 742

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was increased marginally by 13.7 per cent in the 2018/19 financial year, from R 535 million to R 608 million. In relation to the total operating expenditure, repairs and maintenance as a percentage of Total operating expenditure comprises the following 21.5; 21.5 and 21.5 per cent of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of 11.5; 11.8 and 12.3 per cent of the respective financial years MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 72: Repairs and maintenance per asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	91 872	256 209	247 665	394 413	412 342	412 342	471 241	501 821	534 520
Roads Infrastructure	2 634	70 826	75 976	91 356	89 069	89 069	95 313	100 991	107 545
Storm water Infrastructure	–	8 918	–	30 794	31 441	31 441	38 687	41 203	43 462
Electrical Infrastructure	17 888	45 546	53 744	122 835	142 047	142 047	160 750	172 375	185 012
Water Supply Infrastructure	619	87 402	81 723	91 027	87 790	87 790	105 918	111 337	117 466
Sanitation Infrastructure	51 931	42 223	34 816	54 242	57 969	57 969	65 303	70 329	75 140
Solid Waste Infrastructure	11	–	–	–	–	–	–	–	–
Rail Infrastructure	2 897	–	1 385	1 117	1 117	1 117	1 175	1 246	1 315
Information and Communication Infrastructure	15 892	1 293	21	3 043	2 911	2 911	4 095	4 341	4 579
Community Assets	118 018	69 026	59 882	69 734	69 649	69 649	98 193	104 862	112 136
Other assets	112 722	20 121	25 097	17 663	16 057	16 057	897	985	1 081
Computer Equipment	–	–	–	798	930	930	–	–	–
Furniture and Office Equipment	–	–	–	28	33	33	616	653	689
Machinery and Equipment	17 744	4 449	17 225	17 956	2 428	2 428	1 478	1 567	1 653
Transport Assets	69 177	19 415	29 954	33 705	33 705	33 705	35 784	38 196	40 664
Total Repairs and Maintenance Expenditure	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742
R&M as a % of PPE	8.5%	7.6%	7.3%	10.2%	10.1%	10.1%	11.5%	11.8%	12.3%
R&M as % Operating Expenditure	15.8%	14.2%	13.4%	18.5%	18.9%	18.9%	21.5%	21.5%	21.5%

For the 2018/19 financial year, 77 per cent or R 471 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 26 per cent (R 161 million) followed by water infrastructure at 17 per cent (R 106 million), road transport infrastructure at 16 per cent (R 95.3 million) and sanitation at 11 per cent (R65.3 million). Community assets has been allocated R 98 million of total repairs and maintenance equating to 16 per cent. Transport assets has been allocated R 35.7 million (6 per cent).

12.1.7 Sources of capital revenue over the MTREF

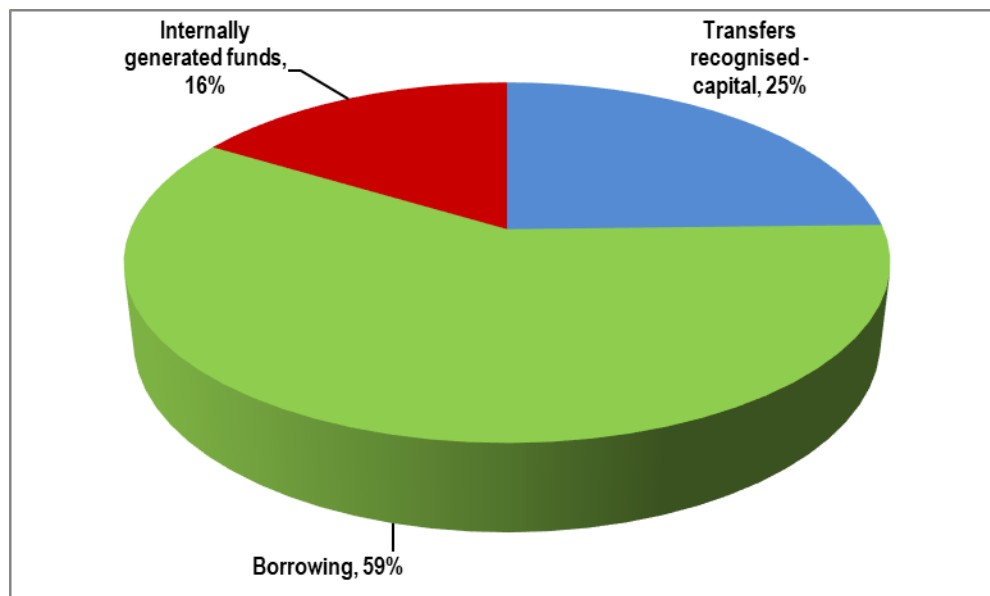
The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 73: Sources of capital revenue over MTREF

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

The above table is graphically represented as follows for the 2018/19 financial year.

Figure 66: Sources of Capital Revenue



Capital grants and receipts equates to 25 per cent of the total funding source which represents R129 million for the 2018/19 financial year and increase to R 166 million or 30 per cent by 2019/20. Dependency on borrowing has been reduced in previous financial years, however during the 2018/19 MTREF borrowing becomes a source of funding for mostly infrastructure projects.

12.1.8 Borrowing /Loans

Dependency on borrowing has been reduced in previous financial years, however during the 2018/19 MTREF borrowing becomes a source of funding for mostly infrastructure projects.

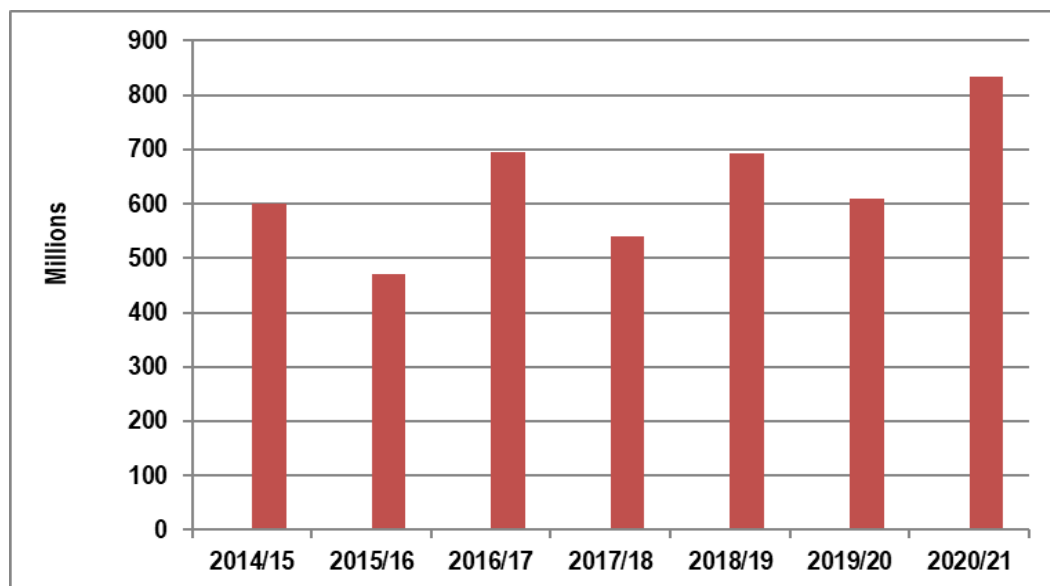
The following table is a detailed analysis of the City's borrowing liability.

Table 74: Details of borrowing

Borrowing - Categorised by type R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality									
Annuity and Bullet Loans	600 897	470 446	695 609	539 904	539 257	539 257	693 113	608 787	834 095
Municipality sub-total	600 897	470 446	695 609	539 904	539 257	539 257	693 113	608 787	834 095
Total Borrowing	600 897	470 446	695 609	539 904	539 257	539 257	693 113	608 787	834 095
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	-	-	9 969	-	-	-	46 500	-	46 500
Municipality sub-total	-	-	9 969	-	-	-	46 500	-	46 500
Total Unspent Borrowing	-	-	9 969	-	-	-	46 500	-	46 500

The following graph illustrates the growth in outstanding borrowing for the 2014/15 to 2020/21 period.

Figure 67: Growth in outstanding borrowing (long-term liabilities)



Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R86 million in 2018/19, R366 million in 2019/20 and R64 million in 2020/21.

12.1.9 Grant Dependency

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Capital Transfers and Grants									
National Government:	163 277	154 129	126 466	147 305	147 739	147 739	121 374	157 485	168 077
Municipal Infrastructure Grant (MIG)	117 927	90 479	96 473	103 305	103 305	103 305	99 374	101 485	107 323
Municipal Infrastructure Grant (Roll - over)	-	-	-	-	-	-	-	-	-
Electrification Projects	8 000	9 000	(349)	10 000	10 000	10 000	6 000	16 000	18 554
Infrastructure Water Projects	18 850	46 761	31 392	34 000	34 000	34 000	16 000	40 000	42 200
Rural Households Infrastructure	4 500	2 148	-	-	-	-	-	-	-
Department of Water Affairs	14 000	5 743	(1 049)	-	-	-	-	-	-
Finance Management	-	-	-	-	119	119	-	-	-
Infrastructure Skills Development Grant	-	-	-	-	315	315	-	-	-
Provincial Government:	9 465	83 897	1 643	-	-	-	7 850	8 243	8 655
Housing	1 170	1 041	643	-	-	-	-	-	-
Libraries	-	356	-	-	-	-	-	-	-
Sport and Recreation	3 296	-	-	-	-	-	7 850	8 243	8 655
Corridor Development - New and Upgrading	-	-	-	-	-	-	-	-	-
Informal Trading Stalls	5 000	-	-	-	-	-	-	-	-
Human Settlement - Waterstone Estates	-	82 500	-	-	-	-	-	-	-
Richards Bay Airport Feasibility Study	-	-	1 000	-	-	-	-	-	-
District Municipality:	-	-	5 625	-	-	-	-	-	-
Donated Assets - Ntambanana Water Treatment	-	-	5 625	-	-	-	-	-	-
Other grant providers:	2 000	6 700	-	-	-	-	-	-	-
National Lotto - Sports Development	2 000	6 700	-	-	-	-	-	-	-
Total Capital Transfers and Grants	174 743	244 726	133 733	147 305	147 739	147 739	129 224	165 728	176 732

12.1.10 Financial Viability and Sustainability

Figure 68: Performance Indicators and Benchmarking

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>										
Credit Rating				Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.6%	7.3%	8.3%	8.0%	8.1%	8.1%	7.5%	4.9%	4.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.6%	8.5%	9.0%	8.9%	9.4%	9.4%	8.3%	5.5%	5.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	105.7%	0.0%	0.0%	0.0%	78.3%	0.0%	82.9%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	10.7%	7.7%	10.9%	7.6%	9.3%	9.3%	11.1%	9.2%	12.4%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.4	1.3	1.5	1.6	2.0	2.0	2.4	2.4	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.3	1.5	1.6	2.0	2.0	2.4	2.4	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.6	0.8	0.7	1.0	1.0	1.3	1.2	1.7
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	99.9%	99.9%	93.7%	93.6%	93.6%	94.2%	94.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	99.9%	99.9%	93.7%	93.6%	93.6%	94.2%	94.2%	94.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.4%	18.0%	17.5%	15.3%	15.7%	15.7%	16.1%	16.9%	17.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		84.9%	115.6%	84.5%	73.6%	63.3%	63.3%	50.7%	53.8%	37.2%

Figure 69: Performance Indicators and Benchmarking (continued)

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	94229183	51083654	87249273	87249273	87249273	87249273	87249273	87249273	87249273
	Total Cost of Losses (Rand '000)	64 274	48 019	81 142	81 142	81 142	81 142	81 142	81 142	81 142
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.70%	5.30%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	16 328	9 247	8 502	8 502	8 502	8 502	8 502	8 502	8 502
	Total Cost of Losses (Rand '000)	36738965	37078605	34006624	34006624	34006624	34006624	34006624	34006624	34006624
	% Volume (units purchased and generated less units sold)/units purchased and generated	37.97%	26.24%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.7%	25.5%	22.2%	25.2%	25.8%	25.8%	26.7%	27.4%	28.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	22.0%	24.7%	23.1%	26.2%	26.9%	26.9%	27.8%	28.5%	29.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	16.2%	5.7%	13.1%	18.5%	19.3%	19.3%	19.8%	19.9%	19.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.3%	16.4%	14.5%	15.6%	16.2%	16.2%	14.6%	14.9%	15.2%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.0	9.8	13.2	12.2	12.2	12.2	18.4	19.2	20.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.5%	21.5%	21.0%	17.8%	18.7%	18.7%	19.0%	19.9%	20.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.6	2.8	4.0	2.4	2.9	2.9	3.6	3.2	4.5

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of uMhlathuze's borrowing strategy is primarily informed by the Finance charges to Operating Expenditure. The structure of the City's debt portfolio is dominated by annuity loans.

The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

- **Finance Charges and redemption to Operating Expenditure and to own Revenue** is a measure of the cost of borrowing in relation to the operating expenditure and own revenue. It can be seen that the cost of borrowing is 8.3 per cent in 2018/19 and drop significantly to 5.5 per cent in 2019/20. In addition the mix of capital funding for the MTREF is remaining constant whereby borrowed funds over capital expenditure excluding grant expenditure, remains at a favourable average level of 53.7 per cent over the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development such funding will be confined to assets with a useful life exceeding 10 years as well as limiting such financing to assets that generate revenue.

Safety of Capital

- The **gearing ratio** is a measure of the total long term borrowings over funds and reserves. During the 2012/13 financial year this ratio peak at 17.7 per cent however has stabilised to between 12.4 and 9.2 per cent over the MTREF.

Liquidity

- **Current ratio** is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 2.4:1 and 2.4:1 and 2.9:1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- The **liquidity ratio** is a measure of the ability of the municipality to utilize cash and cash equivalents to meet its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 1.3 in the 2018/19 financial year. This amounts to a vast improvement over the period. As the debtors' collection rate is at 93.6 per cent it is envisaged that cash will be available to meet its monthly current liabilities.

Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been continued from previous years to maintain cash inflow. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection with specific focus in the "traditional areas".

Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. Currently (2017/18 year) there are however challenges in paying all creditors within 30 days, but this is due to the implementation bugs encountered with the mSCOA financial system. It is envisaged that these are teething issues and will be resolved by 30 June 2018. By maintaining stringent cash flow recovery interventions introduced in 2009/10, the Municipality has managed to this legislative obligation. It is expected that with the introduction of an ERP system, the management of creditors will become easier.

Other Indicators

- Employee costs as a percentage of operating revenue increases slightly over the MTREF. Although the ratio is 26.7 per cent for the 2018/19 MTREF, this may appear favourable however needs to be read in conjunction with the comments under section 1.7 – Operating Expenditure Framework as well as the comments under the Executive Summary.
- Repairs and maintenance as percentage of operating revenue remains constant over the MTREF owing directly to continued effort to ensure that resources in the repairs and maintenance cost centres are maximised.

12.1.11 Municipality's Credit Rating

The rating of a Municipality has an impact on its ability to raise external funds. The current credit score of the Municipality is BBB. The Municipality had an A investment grade in 2005 but the grading was lowered mainly due to increased level of external gearing.

The grading can be improved to AA by achieving the following:

- Posting of operational surpluses
- Continued improvement of income and expenditure management
- Continued increasing levels of cash reserves through sound cash management
- Maintenance of a good collection rate by focusing on both old and current debt.

12.1.12 Employee Related Costs

Employee related costs, including Councilor Allowances and provided for in the MTREF is summarized hereunder.

Table 75: Summary of Employee and Councilor Related Costs

Summary of Employee and Councillor remuneration	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	14 349	15 492	17 480	19 517	19 904	19 904	19 795	21 280	22 877
Pension and UIF Contributions	2 144	2 324	2 604	2 928	2 928	2 928	2 970	3 193	3 433
Medical Aid Contributions	919	870	1 146	1 734	1 734	1 734	1 959	2 107	2 265
Motor Vehicle Allowance	3 752	3 748	2 575	2 763	2 763	2 763	3 695	3 972	4 270
Cellphone Allowance	1 458	1 457	1 737	1 921	1 921	1 921	3 184	3 423	3 680
Housing Allowances	—	—	—	284	284	284	277	298	320
Sub Total - Councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
% increase		5.6%	6.9%	14.1%	1.3%	—	7.9%	7.5%	7.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 652	8 553	7 011	9 419	9 005	9 005	11 017	12 491	14 016
Pension and UIF Contributions	478	631	299	688	469	469	680	732	787
Medical Aid Contributions	54	142	109	157	179	179	244	263	283
Performance Bonus	252	1 241	1 364	1 703	1 686	1 686	2 033	2 186	2 350
Motor Vehicle Allowance	711	1 075	1 003	1 226	1 426	1 426	1 720	1 850	1 989
Cellphone Allowance	108	179	159	210	229	229	254	274	294
Other benefits and allowances	1 005	792	121	707	667	667	872	937	1 008
Payments in lieu of leave	31	142	96	467	467	467	779	838	901
Sub Total - Senior Managers of Municipality	7 290	12 756	10 161	14 577	14 128	14 128	17 600	19 570	21 629
% increase		75.0%	(20.3%)	43.5%	(3.1%)	—	24.6%	11.2%	10.5%
Other Municipal Staff									
Basic Salaries and Wages	314 130	346 606	377 798	414 817	423 936	423 936	453 642	503 224	557 557
Pension and UIF Contributions	55 981	59 477	64 872	83 883	72 952	72 952	91 499	98 369	105 753
Medical Aid Contributions	27 489	30 411	33 668	38 852	35 846	35 846	43 688	46 967	50 493
Overtime	35 964	42 096	43 339	46 424	42 504	42 504	62 467	60 429	64 593
Motor Vehicle Allowance	32 160	34 842	39 969	41 940	44 538	44 538	48 162	51 777	55 664
Cellphone Allowance	2 026	2 384	2 714	3 543	3 337	3 337	5 004	5 382	5 789
Housing Allowances	3 565	3 992	4 414	4 383	4 464	4 464	4 544	4 892	5 262
Other benefits and allowances	37 250	42 120	46 949	48 926	51 947	51 947	49 976	53 727	57 763
Payments in lieu of leave	13 670	13 642	14 859	25 124	16 565	16 565	29 121	31 308	33 659
Long service awards	—	—	194	95	156	156	156	166	175
Post-retirement benefit obligations	3 632	4 447	5 291	5 694	5 694	5 694	6 086	6 543	7 034
Sub Total - Other Municipal Staff	525 867	580 017	634 067	713 680	701 938	701 938	794 345	862 783	943 741
% increase		10.3%	9.3%	12.6%	(1.6%)	—	13.2%	8.6%	9.4%
Total Parent Municipality	555 779	616 664	669 771	757 404	745 599	745 599	843 825	916 626	1 002 215
		11.0%	8.6%	13.1%	(1.6%)	—	13.2%	8.6%	9.3%
TOTAL SALARY, ALLOWANCES & BENEFITS	555 779	616 664	669 771	757 404	745 599	745 599	843 825	916 626	1 002 215
% increase		11.0%	8.6%	13.1%	(1.6%)	—	13.2%	8.6%	9.3%

Table 76: Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	673 500	155 400	47 500			876 400
Chief Whip	1	675 600	101 400	47 600			824 600
Executive Mayor	1	825 100	210 800	324 800			1 360 700
Deputy Executive Mayor	1	670 200	158 600	47 700			876 500
Executive Committee	10	4 113 700	935 900	1 545 400			6 595 000
Total for all other councillors	53	12 837 300	3 367 300	5 143 000			21 347 600
Total Councillors	67	19 795 400	4 929 400	7 156 000			31 880 800
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 393 900	250 900	434 000	286 300		2 365 100
Chief Finance Officer	1	1 455 700	—	359 900	249 500		2 065 100
Deputy Municipal Manager - Infrastructure and Technical Services	1	1 150 000	252 200	413 400	249 500		2 065 100
Deputy Municipal Manager - Corporate Services	1	1 506 800	25 800	283 000	249 500		2 065 100
Deputy Municipal Manager - City Development	1	1 416 200	45 200	354 200	249 500		2 065 100
Deputy Municipal Manager - Community Services	1	1 369 900	32 200	413 500	249 500		2 065 100
Deputy Municipal Manager - Specialised Services	1	1 574 800	50 700	190 100	249 500		2 065 100
Deputy Municipal Manager - Energy and Electrical Services	1	1 150 000	252 200	413 400	249 500		2 065 100
Total Senior Managers of the Municipality	8	11 017 300	909 200	2 861 500	2 032 800		16 820 800
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE	75	30 812 700	5 838 600	10 017 500	2 032 800		48 701 600

The budgeted allocation for **employee related costs** for the 2018/19 financial year totals R 812 million, which equals 27 per cent of the total operating expenditure. The Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 has come to an end. In terms of MFMA Circular no. 91, National Treasury has received no guidance from the South African Local Government Bargaining Council regarding the increases that municipalities need to budget for. However, Council has budgeted for a 7 per cent for the 2018/19 financial year. An annual increase of 7.5 and 7.5 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R155m worth) which cannot be filled as there is no corresponding increase in the economy i.e. in the tax base. Consequently, the associated risk is that there may be many organizational and municipal service delivery activities, which pre-restructuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 37 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

A revised wage curve has been received from the South African Local Government Bargaining Council. It is apparent that this revised wage curve will be accepted by both SALGA and the unions and therefore implementation is imminent. A provision of R 10 million has been made in the 2018/19 to implement the revised wage curve. Based on Draft calculations it is expected that the additional annual amount required is closer to R 20 million.

Senior management has agreed therefore that no provision would be made in the 2018/19 and the subsequent two outer years for previously unfunded posts until such time as implementation of the Wage Curve agreement is known.

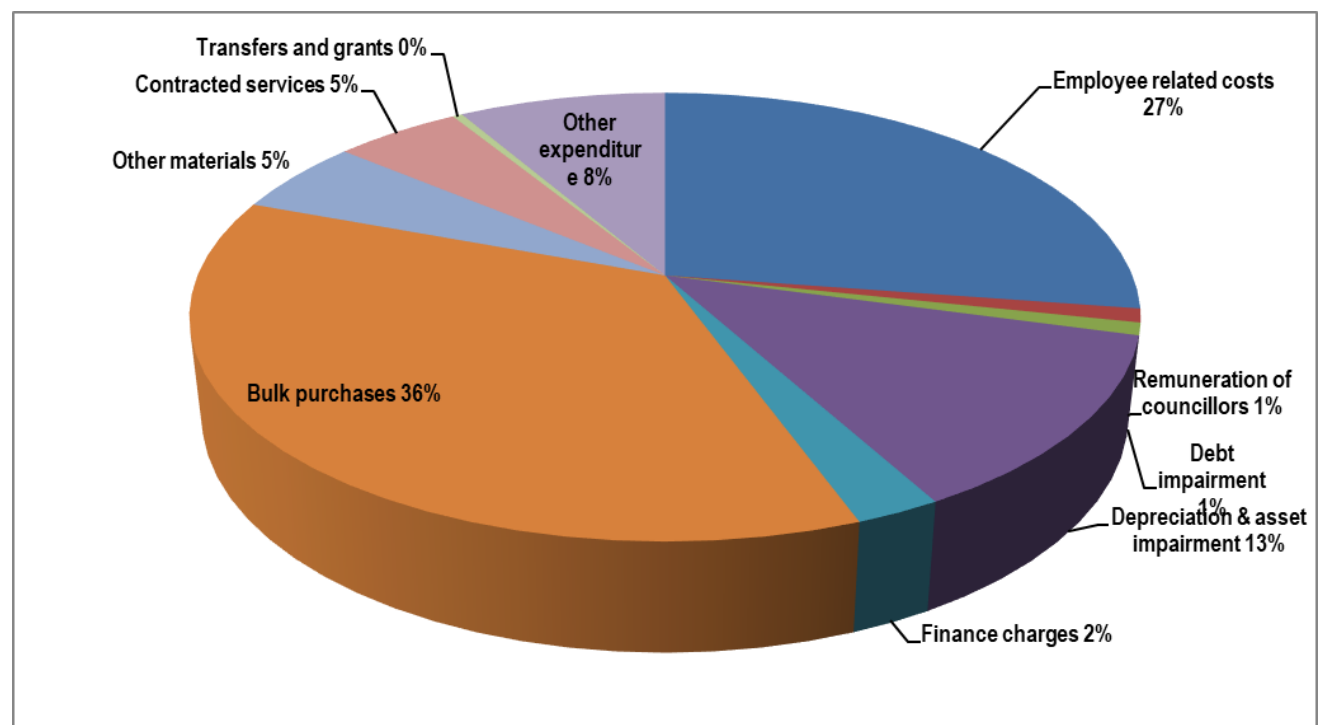
The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of

Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 7 per cent has been budgeted for the 2018/19 financial year.

12.1.13 Main operational expenditure categories for the 2018/19 financial year

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type									
Employee related costs	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Debt impairment	78 710	36 646	8 891	26 388	26 388	26 388	26 513	28 103	29 790
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Bulk purchases	1 078 917	1 025 277	1 173 350	1 041 774	933 178	933 178	1 000 945	1 041 966	1 101 044
Other materials	156 862	103 488	97 320	103 441	103 521	103 521	114 233	121 087	127 746
Contracted services	98 665	228 681	298 686	290 761	295 182	295 182	312 731	331 867	351 554
Transfers and subsidies	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	138 791	112 555	154 209	200 987	266 647	266 647	261 588	276 140	291 116
Loss on disposal of PPE	315	2 296	1 296	-	-	-	-	-	-
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297

Figure 70: Main operational expenditure categories for the 2018/19 financial year



The provision of debt impairment was determined based on an annual collection rate of 98 per cent and the Debt Write-off Policy of the City. For the 2018/19 financial year this amount is R31.8 million. While this expenditure is considered to be a non-cash flow item, it

informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The accounting requirement of not writing bad debt to the provision but rather depicting an actual expense in the year of the write off may cause the City to review the estimates upwards in line with actual consumer trends at period reviews of the debtors. The amounts budgeted for also do not include the subsequent measure of Traffic fines which was a material impairment with the implementation of iGRAP 1.

Provision for depreciation and asset impairment has been informed by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R376 million for the 2018/19 financial and equates to 12.6 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up 2.7 per cent (R68 million) of operating expenditure excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Mhlathuze Water Board. The annual price increases have been factored into the budget appropriations. Of the R989 million total electricity comprises R 855 million and water R104 million. The expenditure includes distribution losses.

Other materials comprise the purchase, of materials for maintenance. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. The appropriation against this group of expenditure has grown, however further effort will be made in the outer years to increase this appropriation over and above the inflationary boundaries.

Contracted Services has increased by 4 per cent and pressure needs to be placed on the administration to ensure that lesser reliance is placed on contracted services. Contracted services together with Employee Related Costs amount to 37% (27 % + 10%) of total operating cost. There is a direct relationship between the efficiency and effectiveness of personnel versus that of the private sector, with the common fact between both sectors lying with level of management of resources they have at their disposal.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

12.1.14 Supply Chain Management

The City of uMhlathuze has a fully functional Supply Chain Management Unit guided by SCM Policy. Council approved the amended Supply Chain Management Policy on 13 July 2016. The amendment of the policy included the following new clause:

- To spend a minimum of 40% (forty percent) of its annual procurement budget with Historically Disadvantaged Individuals (HDIs) [youth, women, people disabilities within the jurisdiction of the City of uMhlathuze, through the application of Preferential Procurement Policy and relevant policies]
 - **40% Youth**
 - **40% Women**
 - **20% People living with disabilities**
- Sub-contracting to a maximum of 25% on contracts of the approved budget per department. The 25% would be allocated to local black emerging contractor(s), local youth emerging contractor(s) inclusive of women and contractors of people with disabilities and co-operatives.
- Council utilises Section 71 reports as a monitoring tool to determine adherence to the above mentioned set aside targets.

Monthly reports are submitted in respect of procurement of goods and services in terms of each required regulation of the Supply Chain Management Policy of the Council. **Bid committee meetings have been recorded and submitted on a monthly basis.**

Bid Committees

Appointment letters were served to all members of the different bid committees stating their roles and responsibilities and their acceptance as member on the respective committees. Training of all bid committee members on their roles and responsibilities was done by Provincial Treasury. Training on oversight role of Council was conducted with Councilors by Provincial Treasury.

Table 77: Bid Committees

Bid Committee	Legislative Reference	Members of Bid Committee
Bid Specification Committee	The Accounting Officer appoints officials to serve on the Bid Specification Committee in terms of Section 27 (3) (a) of the Supply Chain Management Policy (DMS 868603) which reads as follows: “(3) (a) the bid specification committee must be composed of at least one or more officials of the municipality or municipal entity, preferably the manager responsible	<u>As at 20 March 2017</u> MS N Ndonga - chairperson Ms P Gumbi Mr B Khanyile Mr Z Masango Mr S Morajane

	for the function involved, and may, when appropriate, include internal or external specialist advisors"	Ms Z Ngcobo Mr BV Nzuza
Bid Evaluation Committee	The Accounting Officer appoints officials to serve on the Bid Evaluation Committee in terms of Section 28 (2) (a), (b) and (c) of the Supply Chain Management Policy (DMS 868603) which reads as follows: "(2) The bid evaluation committee must be appointed and composed as follows: (a) officials from departments requiring the goods or services; (b) at least one supply chain management practitioner of the municipality or municipal entity and (c) the accounting officer must appoint the members of the committee in terms of clause 26(b) of this policy and the chairperson of the bid specification committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.	<u>As at 20 March 2017</u> Mr S Mhlongo - chairperson Mrs N Dlamini Ms G Gazu Mr T Gumede Mr B Khumalo Mr N Khumalo Ms S Maduma Mr R Mbatha Ms N Ndwandwa

Preferential Procurement Regulations

In terms of Government Gazette No 34350, the Preferential Procurement Regulations 2001 was repealed and replaced with the Preferential Procurement Regulations 2011 and the Preferential Procurement Policy was amended and approved by Council.

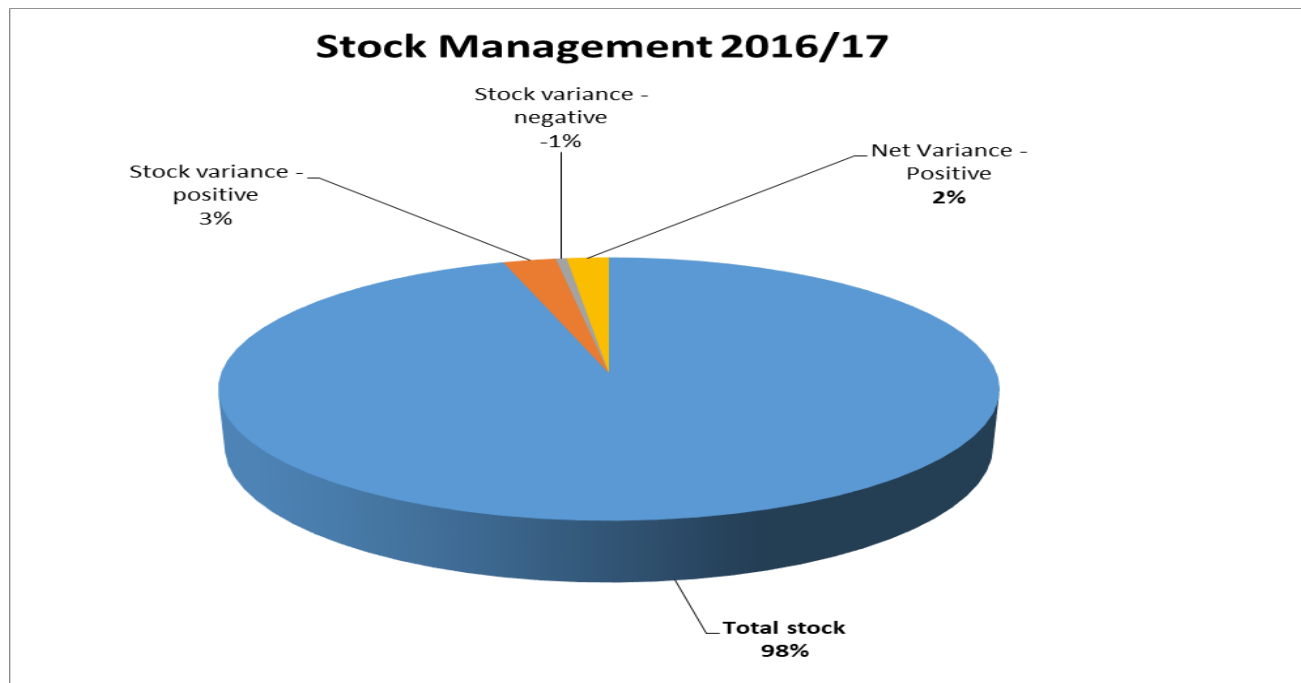
In order to ensure that all contractors are afforded the opportunity to participate in Council's SCM process, all works related orders in excess of R2 000 are advertised on all Council notice boards around the City. This has proven to be highly successful as several new contractors are now afforded an opportunity to perform work for Council. All quotations from R30 000 and above are advertised on Council's website.

The Supply Chain Management Unit (SCMU) scrutinizes all Requisitions for material and verifies that the correct Budget as per the SDBIP is utilized for the procurement of materials and services. It will be noticed that compared to previous years, the value of orders placed by the Supply Chain Management Unit has increased substantially which indicates growth in the orders processed by SCMU.

- 2009/2010 total transactions : R104 221 294.00
- 2010/2011 total transactions: R166 969 064.00
- 2011/2012 total transactions: R 256 852 052.24
- 2012/2013 total transactions: R 435 584 919.73
- 2013/2014 total transactions: R 878 899 965.76
- 2014/2015 total transactions: R 822 316 543.30
- 2015/2016 total transactions: R1 133 255 526,53
- 2016/2017 total transactions: R 1,656,244,891.31

2016/2017 Financial Year end report on stock take

Stock Take 30 June 2017	Amount
Total stock	R 17 679 905.48
Total stock variance - positive	R 457 150.29
Total stock variance - negative	(R 94 109.62)
Net Variance - Positive	R 363 040.67



SCM Challenges

Bid process

- Objections - On expiry of existing contract, delays on commencement of work by the new contractor due to dispute and objection by the current contractor. This create a 6 to 12 months' delay while the current contractor is benefiting.

Implementation of the contract

- Not all contract related documents are saved on shared electronic system (DMS). There also delays in loading contract as a result of user department not providing relevant documents on time. Delays may also result from long BOQ and too many lines.
- Tender document (GCC, JBC, NEC, etc.) which are deemed to be contracts against signing of SLA dichotomy
- Receipt of invoices by supply chain before physical goods have been received
- Poor planning including insufficient budget / funding which results to delays in requisition
- Non adherence to 30 days' payment terms
- Commencement of work by the supplier before SLA is exchanged or letter of acceptance issued.

Management of contracts:

- Delays in involving SCM on contractor disputes on site

- Delays receiving in close out reports

Measures

Council has recently established a bid administration unit to enhance bid administration and contract management this one major achievement for the City to improve delivery of services in an efficient manner.

SCM AND LED

Council to continue with its Local Economic Development mandate of Supply Chain Management Objective Criteria in terms of the Preferential Procurement Policy Framework Act of 2000, clause "2(1)(f). the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer. As supported by Preferential Procurement Regulations of 2017.

Council would endeavour to continue to prioritise local suppliers based on the categories as stipulated in the Preferential Procurement Regulations of 2017.

Based on the previous year's procurement spent of 2016/17 of R1 656 244 891.31, billion as illustrated on table below:

Annual SCM Spending 2016/2017								
Categories	Q1	Q2	Q3	Q4	TOTAL		HDI	% Achieved
Total SCM Spend	R250 204 810,96	R247 611 710,68	R529 645 347,22	R628 783 022,46	R1 656 244 891,31			
State owned	R106 469 508,40	R 74 308 241,30	R 312 084 494,20	R291 245 890,99	R 784 108 134,89			
Total spend excl state owned	R143 735 302,56	R173 303 469,38	R 217 560 853,02	R337 537 131,46	R 872 136 756,42	40.00%	R 348 854 702.57	
Local	R111 632 586,04	R129 225 113,23	R 138 073 535,07	R172 646 664,21	R 551 577 898,56			63.24%
Black	R 85 792 849,73	R123 923 702,26	R 107 550 980,68	R142 938 039,67	R 460 205 572,33			83.43%
Women	R 54 545 873,83	R 77 719 395,99	R 29 721 288,88	R 82 388 147,77	R 244 374 706,48	40.00%	R 139 541 881.03	175.13%
Youth	R 33 004 115,01	R 28 606 917,53	R 34 431 994,96	R 35 568 899,64	R 131 611 927,14	40.00%	R 139 541 881.03	94.32%
Disabled	-	R 0.00	R 420 591,50	R 184 833,81	R 605 425,31	20.00%	R 69 770 940.51	0.87%

Council would continue to support SMMEs from the marginalised communities and give support for access to capital and building capacity.

12.1.15 Standard Chart of Accounts (SCOA)

uMhlathuze Municipality is performing a pilot exercise for the National Treasury on the new Municipal Standard Chart of Accounts. Such are governed by regulations which will become effective Nation-wide on 1 July 2017.

In short the change is resulting in some positive business reforms:

- Ensuring a more consistent reporting of financial transactions across all municipalities in South Africa; and

- Ensuring that municipalities can budget per objective or project based, not on items or products. This entire budget is now Project Based in terms of the mSCOA regulations

Although the Finance officials have a firm understanding of mSCOA, here are many challenges at this stage, however most relate to the effect the new chart has on its existing business processes, adapting the existing System Process's and changing the Administrations mind-set.

Governance and Change Management:

- Both the Executive and Senior Management are supporting the initiative which greatly assists the rolling out of the project.
- Reporting continues on a monthly basis both to Council and the National Treasury.
- As at the end of March 2018, we are found to be 100% compliant with the National Treasury's MSCOA data upload and validation criteria. This is a great achievement.

Primary Challenges:

- Due to the unexpected time taken in developing the financial system whilst in the live environment, the Finance Team has spent a lot more time than expected in ensuring transaction integrity, than the Team should have in reviewing the mSCOA structure itself. The National Treasury has a very structured "Questions and Answers platform which the Technical members of the Finance Team are not interrogating /exploiting sufficiently;
- In the absence of a mSCOA Budget module within the current system, it is extremely difficult for the Finance budget staff to put together the 2018/19 MTREF in the format that the National Treasury requires. The finance officials are cautiously confident that, by end of June 2018, with the dependency on the successful implementation of the new ERP system the budget will be compiled in a more automated format as required by mSCOA;
- Some critical processes are only working partial:
 - Discount facility;
 - Retentions;
 - Cessions;
 - Costing module;

- Project based accounting and budgeting;
- Management Accounting;
- Payroll interface/link to the General Ledger; and
- Billing interface /link to the General Ledger.

Given that the Municipality is pursuing a complete Enterprise Resource Planning solution, it was felt not be prudent to pursue these uncommission modules at this stage and put 100% energy into the ERP solution.

12.1.16 Financial consultants

Council utilises the services of a service provider to perform due diligence on the annual financial statements. The annual cost for this consultant is +/- R 100 000.

12.1.17 AG Opinion and Management Plan

	2012/2013	2013/2014	2014/2015	2015/2016
uMhlathuze Municipality	Clean Audit with emphasis of matter	Clean Audit of matter	Clean Audit of matter	Clean Audit of matter

12.2 Summary of Auditor General's Report on 2015/2016 Financial Statements

The Auditor general has expressed a Clean Audit opinion with emphasis on matters relating to:

Restatement of corresponding figures

1. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error discovered in the financial statements of the City of uMhlathuze during the year ended 30 June 2016

Events after reporting date

2. As disclosed in note 32 to the financial statements, City of uMhlathuze incorporated three wards from Ntambanana Municipality after the local government elections. This arose due to a redetermination of boundaries in terms of section 21 of the Local Government: Municipal Demarcation Act of South Africa, 1998 (Act No. 27 of 1998). Consequently, Ntambanana Municipality ceased to exist from 10 August 2016.

Additional matter paragraph

3. The following additional matter paragraph will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities and the auditor's report:

Unaudited disclosure notes

4. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

12.3 Management Responses to Auditor General's Report

The Municipality had two issues highlighted by the Auditor-General in the audit report, namely restatement of corresponding figures and also the issue around the investigation. Responses on the highlighted issues are as follows:

Restatement of corresponding figures

The restatement was a result of prior year adjustments done on the assets useful lives review as well as reclassification of other items. This is done in accordance with a GRAP Standard (GRAP 3).

Investigation

The investigation was conducted by the KwaZulu-Natal Department of Cooperative Governance in the period 1 July 2013 to 30 June 2014. The Municipality has not received the outcome of the report and a number of letters have been sent to the Department by the Municipality requesting the report on the investigation. The Municipal Manager will engage with the Department in March 2018 regarding this outstanding report.

12.4 Financial Viability and Management: SWOT analysis

STRENGTHS	WEAKNESSES
○ Council has an adopted Indigent Policy. ○ The City of uMhlathuze has a fully functional Supply Chain Management Unit ○ uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment ○ Financial reporting and financial statements are developed in-house ○ Fully funded budget ○ Alignment of budget with IDP ○ Full adherence to financial management prerequisites	○ The current credit score of the Municipality is BBB. ○ organisational structure not fully funded ○ Poor capital expenditure ○ Lack of long term financial planning ○ Investment of borrowings in non-revenue projects ○ Impact of engineering contributions on investment ○ In-adequate contract management
OPPORTUNITIES	THREATS
○ The Municipality has obtained an average debt collection ratio of 99.49%. ○ The City obtained Clean Audit for five consecutive years since 2012/2013 financial year ○ Pilot mSCOA ○ ERP implementation ○ Diversification of revenue base ○ Borrowing to invest in economic infrastructure ○ Establishment of a municipal owned entity ○ Reduction in cost of doing business	○ The challenges or delays relating to disputes or objections during the tender process, claims as well as the rejecting or declining the award of a tender by the awarded tenderer have been pivotal in the slow capital budget expenditure. ○ The Council is limited in its leverage to borrow money externally. ○ Limited resources provided in capital refurbishment and replacement programs. ○ Limited revenue base ○ Unfunded mandates ○ Growing indigent register ○ No rateable areas under traditional authorities ○ Growing of rural debts ○ Non-payment for services

13. GOOD GOVERNANCE AND PUBLIC PARTICIPATION ANALYSIS

13.1 Provincial Programmes/Priorities rolled-out at Municipal Level

13.1.1 Operation Sukuma Sakhe

OSS is a call for the people of KwaZulu-Natal to be determined to overcome the issues that have destroyed the communities such as poverty, unemployment, crime, substance abuse, HIV/AIDS and TB.

Operation Sukuma Sakhe has a “whole of Government approach” as its philosophical basis. It spells out every initiative and how it links to initiatives being implemented by the different sector departments and the spheres of government. Therefore, delivery of services is required through partnership with the community, stakeholders and government.



Operation Sukuma Sakhe is a continuous interaction between Government and the community to come together to achieve 12 National Outcomes. It encourages social mobilization where communities have a role, as well as delivery of government services in a more integrated way.

It is the KwaZulu-Natal Provincial Government flagship programme that seeks to combat all kinds of ills affecting the society. It calls for joint efforts from all sectors to contribute towards sustainable upliftment of the standard of living for the people of KZN at the National Government level and is called “war on poverty”.

Operation Sukuma Sakhe (OSS) was established in the uMhlathuze Municipality during 2011. Ongoing activities and strategies planning are increasing the effectiveness of the structure.

The Municipality has 10 CDWs (Community Development Workers) that provide a foundation for at least 10 wards. The deployment of managers to war rooms is being pursued and managers are to act as mentors for the war rooms. In addition, all Departments sit in the LTT. More details in respect of OSS are provided in section 5 of this report.

Batho –Pele Principles

Batho Pele principles are a Government's initiative to improve the delivery of public services. Batho Pele means people first and the name was chosen specifically to emphasize that it is the foremost duty of those in the Public Service to serve all citizens of South Africa.

The City of uMhlathuze is in a process of institutionalizing Batho Pele. The Batho Pele Committee was established which constituted of both councilors and senior officials. The following are committee members as appointed by Council:

Members	
Chairperson	Cllr Mbokazi
Deputy Chair	Cllr Zikhali
Coordinator	T.M Phahla
Secretary	N Zulu
Member	N.P Mdluli
Member	BM Dladla
Member	N Khumalo
Member	T Mdumela
Member	M Nzimande
Member	N Mthethwa
Member	T Dlamini
Member	B Khanyile
Member	T Gumede
Member	M Ncalane

Council adopted an Action plan in ensuring that institutionalisation is achieved. The following documents have been drafted and considered by Council,

- Customer Care Policy (Batho Pele Policy)
- Service Delivery Standards
- Service Delivery Charter

Service Delivery Improvement Plan

The following are top ten services that uMhlathuze Municipality has identified for improvement. These services are taken from the latest Customer Survey Report which was done in 2016/2017

No	Service Identified	Intervention
1.	Operating hours of Revenue Offices	▪ Implementation of digital payment

		portal to allow customers to pay online currently being implemented
2.	Roads maintenance including fixing of potholes	▪ Budget allocation road resealing has been increased (see section F, 2018/2019 Capital budget)
3.	Low water pressure affecting households	▪ Pipe replacement project currently underway to improve water pressure management and replace old pipes.
4.	Functionality of ward councilors and ward committees	▪ Monitoring and evaluation of ward structures functionality has been introduced through the Public Participation Committee chaired by the Speaker, which considers reports of ward councillors and ward committees in terms legislative requirements.
5.	Water supply to rural areas including water tanks	▪ Rural water scheme projects are at various stages of implementation and a new water scheme design for former Ntambanana wards was completed in 2017/2018 and budgeted for implementation in 2018/2019 (refer to 2018/2019 Capital Budget, section F)
6.	Basic services to rural communities	▪ A package of basic services such as water (water tanks), waste removal skips, rehabilitation of municipal gravel roads and electricity (100% coverage of municipal licenced area) is accessed by all rural within uMhlathuze.
7.	Electricity accounts	▪ The indigent policy has been reviewed in May 2017 to accommodate different type of customers who are unable to pay for

		services such as electricity. The policy includes roll out of comprehensive civic education on electricity and water consumption. Free electricity is 50khw
8.	Communication between the municipality and the residents	▪ New Communication Policy has been adopted to improve interface between the city and its customers/residents.
9.	Sanitation and sewerage in rural areas	▪ Multi-Year rural sanitation projects currently underway and pilots for waterborne sewer in rural areas being implemented at Mandlanzini and uMzingazi respectively. (refer to 2018/2019 Capital Budget, Section F)
10.	Waste Management especially street sweeping and illegal	▪ The response strategy on waste management focuses on capacitation of the unit, utilisation of EPWP, purchasing of new waste trucks, anti-littering campaigns and recycling.

Over and above the services identified for improvement, an internal assessment of key assets used for service delivery was conducted and the list of top twenty assets requiring maintenance within the financial year 2018/2019 was compiled. Maintenance of these assets is currently at various stages of implementation. Where necessary budget provision has been made in the 2018/2019 MTREF.

13.1.1 IGR

King Cetshwayo District Mayors Forum

King Cetshwayo is one of the critical IGR Structures that this municipality is a member of. The object of the Forum is to promote and facilitate intergovernmental relations and cooperative government between the District Municipality and the Local Municipalities, including to seek unity of purpose and coordination of effort around the District's

development priorities; and to ensure effective and efficient service delivery unhampered by jurisdictional boundaries.

MUNIMEC

It is one of the provincial structures that our municipality participates in. The City Manager and the Mayor are members of the technical committee. This is a platform for the City of uMhlathuze to engage at a high level with regards to provincial priorities and implementation of provincial functions and initiatives. At length the issues of Disaster Management, Back to Basics and all other important issues are deliberated and resolutions are taken.

UMhlathuze IGR Co-ordination Role

uMhlathuze Municipality has a dedicated official responsible for IGR Co-ordination. The incumbent is based in the office of Mayor for effective coordination. UMhlathuze Council has initiated a number of programmes and actions to improve good governance and relations with external role-players but also to improve internal efficiencies. Municipal venues (within the Council complexes and inclusive of the Auditorium and Restaurant) host numerous departmental award ceremonies, Independent Electoral Commission meetings and training sessions, Human Resources Relationship Building Programmes, sports meetings, budget meetings with the public and Traditional Councils and many more. A great number of events by external organisations ranging from the Youth Ambassador Conference by the Premiers Office, the Women's Day Summit, Statistics South Africa Census Programme, uThungulu District Municipality sessions, Small Town Rehabilitation and Corridor Development Programme by the Department of Cooperative Governance and Traditional Affairs, BEE Training Workshop as well as various Tourism Workshops by the Department of Economic Affairs and Tourism, Hospice, National Prosecution Authority Workshop, Annual Spelling Bee and numerous seminars and exhibitions have been hosted in the Auditorium.

13.1.2 MPAC

Guidelines for the Establishment of Municipal Public Accounts Committees were issued jointly by Cooperative Governance and Traditional Affairs and National Treasury Departments during August 2011.

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of a municipality or municipal entity.

The primary functions of the Municipal Public Accounts Committees are as follows:

- To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;
- In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and Annual Reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report. Municipal Public Accounts Committee (MPAC) is established instead of the Standing Committee on Public Accounts (SCOPA).

13.1.3 Participation of Traditional Leadership in Municipal Council

The Constitution of the Republic of South Africa, 1996 (Act no 108 of 1996) places an obligation on Local Government to encourage the involvement of communities and community organizations in the matters of Local Government. And Section 81 of the Municipal Structures Act states that; Traditional authorities that traditionally observe a system of customary law in the area of a municipality, may participate through their leaders, identified in terms of [subsection \(2\)](#), in the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council.

In ensuring unity and cohesion between the two houses, Council after their appointment conduct visits to Traditional Leadership to introduce themselves as a signal of willingness to work together with Traditional Leaders. Political Office Bearers visited all Traditional Leaders or the Houses of Traditional Leaders within uMhlathuze Municipal jurisdiction. There are six Traditional Leaders within the area of jurisdiction of uMhlathuze Municipality namely Inkosi Khoza of kwaBhejane Traditional Authority, Inkosi Mthembu of KwaSomopho Traditional Authority, Inkosi Mkhwanazi of kwaMkhwanazi Traditional Authority, Inkosi Zungu of

kwaMadlebe Traditional Authority, Inkosi Dube of KwaDube Traditional Authority and Inkosi Cebekhulu of Obizo Traditional Authority, and small portions of land within our jurisdiction falls under Inkosi Biyela of Obuka Traditional Authority and Inkosi Mthiyane of Mambuka Traditional Authority. Under each Traditional Leader or tribal Authority there are wards that are under Tribal Communities and the synergy between the two houses is paramount. As section 81 regulates the sitting of Traditional Leaders in Municipal Councils likewise with Councillors who are within tribal communities they in turn should attend and participate in the tribal authority meetings. There is consistent consultation and engagement with Traditional Leaders on issues of development and service delivery. uMhlathuze municipality always avail administrative support to Amakhosi when necessary, this done in the spirit of strengthening relations and their participation in Council meetings and its committees.

There are five Traditional Leaders who seat in Council meetings and committees as per their nomination by the Department of Corporative Governance and Traditional Affairs, Inkosi Mkhwanazi of kwaMkhwanazi Traditional Authority and Inkosi Zungu of kwaMadlebe Traditional Authority, Inkosi Mthembu of KwaSomopho Traditional Authority, Inkosi Khoza of kwaBhejane Traditional Authority and Inkosi Dube of KwaDube Traditional Authority.

13.1.4 Municipal Structures

Table 78: Section 79 Committees of Council

Committee	Chairperson
Executive Committee	Cllr M G Mhlongo
Bylaws Integration Committee	Cllr P T Mbatha
Standing Orders and Disciplinary Committee	Cllr M Mthenjana
uMhlathuze Public Transport Liaison Committee	Cllr MS C Mpungose
uMhlathuze Transport and Taxi Liaison Forum	
Public Participation Committee	Cllr M Mthenjana
Municipal Public Accounts (MPAC)	Cllr D J Ndimande

Table 79: Section 80 Committees of Council

Committee	Chairperson
Financial Services	Cllr M G Mhlongo
Corporate Services	Cllr S G Mkhize
Community Services	Cllr R M Zikhali
City Development	Cllr M Sookroo
Infrastructure and Technical Services	Cllr K D Sibiya

Table 80 Good Governance, Performance Audit and Performance Evaluation Panels

Committee	Chairperson/Panel
Section 62 Appeals Committee	Cllr M Lourens
Audit Committee	Mr. S Nkonzombi

Performance Audit Committee	Mrs. J Ndlovu
Performance Evaluation Panel (Heads of Department)	Dr. N J Sibeko (Chair), Mrs. J Ndlovu (Chair Performance Audit), Mr. K E Gamede (UMfolozi M/ty MM), Cllr S G Mkhize (Deputy Mayor)
Performance Evaluation Panel (Municipal Manager)	Cllr M G Mhlongo (Chair), Cllr S G Mkhize (Deputy Mayor), Mrs. J Ndlovu (Chair Performance Audit), Cllr W S Mgenge (Mayor UMfolozi) Mr. E S Luthuli (Ward Representative)

Table 81: Bid Committees

Bid Committee	Legislative Reference	Members of Bid Committee
Bid Specification Committee	The Accounting Officer appoints officials to serve on the Bid Specification Committee in terms of Section 27 (3) (a) of the Supply Chain Management Policy (DMS 868603) which reads as follows: “(3) (a) the bid specification committee must be composed of at least one or more officials of the municipality or municipal entity, preferably the manager responsible for the function involved, and may, when appropriate, include internal or external specialist advisors”	<u>As at 20 March 2017</u> MS N Ndonga - chairperson Ms P Gumbi Mr B Khanyile Mr Z Masango Mr S Morajane Ms Z Ngcobo Mr BV Nzuza
Bid Evaluation Committee	The Accounting Officer appoints officials to serve on the Bid Evaluation Committee in terms of Section 28 (2) (a), (b) and (c) of the Supply Chain Management Policy (DMS 868603) which reads as follows: “(2) The bid evaluation committee must be appointed and composed as follows: (a) officials from departments requiring the goods or services; (b) at least one supply chain management practitioner of the municipality or municipal entity and (c) the accounting officer must appoint the members of the	<u>As at 20 March 2017</u> Mr S Mhlongo - chairperson Mrs N Dlamini Ms G Gazu Mr T Gumede Mr B Khumalo Mr N Khumalo Ms S Maduma Mr R Mbatha Ms N Ndwandwa

	committee in terms of clause 26(b) of this policy and the chairperson of the bid specification committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.	

13.1.5 Ward Committees

The role of ward committee members is the facilitation of local community participation in decisions which affect the local community and the municipality as a whole, the articulation of local community interest and the representation of this interest within the government system. Ward Committees represent a different sector in the ward depending on the ward diversity, thus they can play a critical role in the following but not limited to, the preparation, implementation and review of Integrated Development Planning (IDP).

uMhlathuze Municipality is a category B Municipality with a collective executive system that is linked with a ward participatory system. There are 34 wards, 34 fully functional ward committees with 340 ward committee members. Ward committees are the legitimate structure for community participation to ensure communication between the community and the municipality. One principle of public participation is that it is designed to promote good governance and human rights and also narrow the social gap between the electoral and elected institutions. The functionality of the ward committees is an indication of the participation of the community in the affairs of governance.

Council policy on ward committee stipulates that ward committee meetings shall be held at least once a month and public meetings shall be held every quarter. Although there are challenges with other wards not meeting the required number of meetings per quarter, the office of the Speaker work tirelessly to ensure that all ward committees are fully functional.

13.1.6 Audit Committee Report 2016/2017

The uMhlathuze Municipality has established an Audit Committee in accordance with section 166 of the Municipal Finance Management Act, no 56 of 2003. The status, authority, roles and responsibilities are in accordance with section 166 of the Municipal Finance Management Act (MFMA), no 56 of 2003 and MFMA Circular 65 of 2013 and are delegated by the uMhlathuze Municipality's Municipal Council. Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2009 (King III). This charter guides the Audit Committee in fulfilling its obligations.

The Audit Committee of the uMhlathuze Municipality is authorized, in terms of its charter, to perform the duties and functions required to ensure adherence to the provisions of the Municipal Finance Management Act, the applicable provisions of the Municipal Systems Act and the Municipal Structures Act and other applicable regulations. In carrying out its mandate, the Audit Committee must have regard to the strategic goals of uMhlathuze Municipality and its strategic focus areas and development priorities as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP).

The Audit Committee is required to consider any matters relating to the financial affairs of the municipality, internal and external audit matters. The committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical and regulatory requirements. The Audit Committee does not assume the functions of management which remain the responsibility of ExCO, Council and the delegated officials.

The Audit Committee may:

- Communicate with the Council, Municipal Manager or the internal and external auditors of the municipality.
- Have access to municipal records containing information that is needed to perform its duties or exercise its powers.
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the Audit Committee.
- Conduct investigations into the financial affairs of the municipality, as may be requested by the Council.
- Obtain outside legal or other professional advice within the scope of its responsibilities and allocated budget provision.

Audit Committee report

The Audit Committee had four formal meetings during the period covered by this report. The Audit Committee therefore complied with the provisions of section 166(4)(b) of the MFMA which requires the Audit Committee to meet at least four times per year.

Table 82: Audit Committee Meetings for 2016/2017 Financial Year.

Name	02 September 2016	01 November 2016	06 December 2016	07 April 2017
S Nkonzombi	✓	✓	✓	✓

(Chairperson)				
A Dhuki	✓	✓	✓	✓
B Zulu	✓	✓	✓	x
J Ndlovu)	✓	✓	✓	✓

Summary of Matters dealt with:

- The Internal Audit Plan for the 2016/2017 financial year was considered and approved;
- At each of the meetings, reports from the internal auditors on work done by them in terms of the approved audit plan, was tabled, discussed and approved;
- At each meeting a progress report of actual work done as measured against the Internal Audit Plan, was considered;
- At each meeting feedback was received and considered relating to critical ICT issues and related risks;
- Attention was given to Council's Performance Management System by considering reports from Council's Performance Management Committee.

Report

1. For purposes of executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Audit Committee Charter, the Audit Committee relies on the work done by internal audit. The internal audit function is overseen and co-ordinated by the Chief Audit Executive who is a Council employee.
2. In order to be able to rely on the work performed by internal audit, the Audit Committee has to satisfy itself that the quality and scope of the work performed by internal audit is sufficient to be able to place the necessary reliance thereon. This requires that the internal auditors should be able to do their work without any restrictions and that the internal auditors are, at all times, fully independent. It is the view of the Audit Committee that the work performed by internal audit is of a high standard, that it is properly planned and controlled and that the reporting is detailed and comprehensive. There is also sufficient evidence that internal audit findings are discussed with the responsible officials and that implementation of corrective measures that have been agreed upon, is followed up regularly. Consequently, we have no hesitation in relying on the work performed by internal audit for purposes of executing our mandate. We are therefore in a position to advise Council that as far as matters relating to internal financial control, the adequacy, reliability and accuracy of financial reporting, performance management and evaluation, effective governance and compliance with the MFMA and other relevant legislation are concerned, the internal audit reports considered by the Committee have not revealed any material issues that may compromise any of

these functions or responsibilities. This comment should however be read with our concerns and recommendations which are dealt with in paragraph 10.

3. Section 166(2)(b) of the MFMA requires the Audit Committee to “review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation”. For these purposes, the Audit Committee relies on the work performed by the Auditor-General during its audit of the financial statements of the municipality.
4. The members of the Audit Committee reviewed the financial statements and the report of the Auditor General for the year ended 30 June 2017 and can report as follows:

An overview of the financial performance of Council for the year ended 30 June 2017 is set out in the table below.

Table 83: Financial performance for the year ended 30 June 2017

	Comment	2017 R000	2016 R000
1	Financial performance Total income Total expenditure Surplus for the year <i>Surplus for the year increased significantly by 56% compared to the previous year as a result of an increase in total income against an increase in expenditure.</i>	3 006 587 2 832 892 173 695	2 705 328 2 594 320 111 008
	Comment	2017 R000	2016 R000
2	Positive cash flow from operating activities <i>Council achieved positive cash generation from operating activities after the removal of non-cash items (primarily depreciation).</i>	532 084	548 334
3	Revenue from property rates and service charges <i>Percentage increase</i>	2 404 723 15.6%	2 081 077 3.59%
4	Revenue from government grants <i>Percentage decrease</i>	424 859 -13.7%	492 508 7.79%

5	Employee costs <i>Percentage increase</i>	644 025 8.65%	592 773 9.30%
6	Bulk purchases <i>Percentage decrease</i>	1 201 342 14.65%	1 047 811 4.8%

Table 84: Financial position at 30 June 2017

	Comment	2017 R000	2016 R000
1	Net assets <i>Increase as a result of the surplus for the year</i>	4 961 611	4 748 376
2	Cash and cash equivalents <i>Increase primarily due to positive cash flow from operating activities</i>	715 115	462 406
3	Trade receivables before provision for bad debts <i>Percentage increase</i>	433 535	379 038
4	Provision for bad debts <i>There seems to have been a deterioration in collections which is evidenced by the increase in trade receivables (see 3 above) which required a slight decrease in the bad debt provision</i>	(82 554)	(94 130)
5	Ratio of current assets to current liabilities <i>This ratio, which is an indicator of liquidity, is almost equivalent to prior year.</i>	1.5:1	1.3:1
6	Percentage (under)/overspending of final approved operating expenditure budget	(0.35%)	5.04%
7	Percentage over/(under)/spending of final approved capital expenditure budget	3.0%	(21.5%)
8	Percentage (under)/overspending of conditional grants received	(4.1%)	(29.47%)

Insofar as the provisions of section 166(2)(c) of the MFMA are concerned, we can report that, in our opinion, there are no issues raised by the Auditor General in the audit report which require Council's specific attention.

Reporting and disclosure

The preparation of Council's annual financial statements is governed by various International Financial Reporting Standards, Generally Recognised Accounting Standards and Generally Accepted Municipal Accounting Standards. In addition, there are a number of financial reporting requirements issued by National Treasury which have to be complied with. In spite of the substantial compliance burden which these standards require, Council's

Treasury Department managed, as in the previous financial year, to comply with these standards to the satisfaction of the Auditor General and Treasury should, in our view, be congratulated with this achievement. Future compliance with financial reporting standards will however continue to place severe strain on existing financial capacity and infrastructure. It is therefore crucial that Council acknowledge the importance of maintaining and improving its financial capacity to meet this ongoing challenge.

Guideline 65

During November 2012, National Treasury issued Guideline 65 under the Municipal Finance and Management Act of 2003 titled *Internal Audit and Audit Committee*. The stated purpose of this guide was to assist municipalities in improving the effectiveness of internal audit and their Audit Committees. The Audit Committee devoted considerable time to the recommendations contained in this document which resulted in the following outcomes:

- The Audit Committee Charter and the Internal Audit Charter was redrafted in order to more accurately reflect the proposals and principles contained in Guideline 65, and
- The Guideline appeared to recommend that municipalities with a separate Performance Audit Committee should combine this committee and the Audit Committee into one committee. This recommendation caused considerable debate within the municipality and culminated into the Chairpersons of the Audit Committee and Performance Audit Committee being requested to engage with National Treasury to obtain clarity on this matter. This was duly done and the respective Chairpersons issued a report dated 5 June 2013 in which a recommendation was made that the current status quo be retained and that the Audit Committee and Performance Audit Committee continue to function as two separate committees with the proviso that the Performance Audit Committee report to the Audit Committee as the Audit Committee has final responsibility for performance management.

Internal audit issues

The main function of the Audit Committee is to receive and consider reports from Internal Audit in which their findings on work done in terms of the approved Internal Audit Plan are recorded. For purposes of completeness, the process which is typically followed when a specific area is selected for audit is as follows:

- A pre-scoping meeting is held with the HOD and other senior officials of the relevant department in which the audit objectives and outcomes are discussed;
- A scoping document is then prepared which is approved by the relevant HOD;

- Fieldwork commences. During this process regular interaction with relevant officials takes place;
- After completion of the fieldwork a draft report is prepared for discussion with the HoD and senior officials. The purpose of this discussion is to iron out any errors or differences of opinion and to obtain managements' comments and implementation commitments;
- These reports are collated on a quarterly basis and presented to the Municipal Manager and other senior officials for discussion and final approval;
- These approved reports are then tabled at the next Audit Committee meeting for discussion.

Because of the above procedure and the fact that the Audit Committee only meets on a quarterly basis, the time line from initiation of an audit cycle to final reporting is very long and, as a result, some urgency with the addressing of identified problem areas is lost. It is however, conceded that the interaction between Internal Audit and officials during the fieldwork stage has a lot of value and compensates to a degree for the lost benefits associated with the long reporting time line.

13.1.7 Enterprise RISK Management Committee

The Enterprise Risk Management Committee was established in terms of the Public Sector Risk Management Framework and trained by National Treasury Risk Management Support unit in August 2012. Its membership comprises the Municipal Manager, his 5 Deputy Municipal Managers, The Chief Operations Officer, specialists in the high risk business areas of the Municipality and it is chaired by an external Chairperson- the CFO of the district municipality under which the municipality resides. Subject specialists and risk owners are also invited on an ad hoc basis when required to present on matters tabled before the committee.

The Risk Committee functions under an approved Charter and meets every quarter. The primary objective of the committee is to assist the Municipal Manager and Council in discharging his/ its accountability for risk management by reviewing the effectiveness of the Municipality's risk management systems, practices and procedures, and providing recommendations for improvement. One of the main focuses of the committee is the quarterly review of the Strategic Risk Register which ensures that risk treatment plans are strategically aligned and implemented within required timeframes in order to address the mitigation of risk to acceptable levels in line with the organisational policy and strategy.

13.1.8 IDP Steering Committee

uMhlathuze Municipality has an established IDP Steering committee which is functional. This committee consisting of senior managers representing each municipal department has a huge role in ensuring that the IDP process is adhered to. They serve as a technical team responsible for various functions including but not limited to the following:

- The development and implementation of IDP process plan
- Planning of IDP roadshows
- Coordinate the development review of Sector Plans
- Ensure credibility of reports/plans in the Integrated development plan
- Attend to MEC comments on the IDP
- Ensuring alignment between the IDP and Budget
- Proofreading the document before submission to other committees

The Chief Operations Officer of the Municipality chairs the meeting and monitors its performance; the following are members of the IDP Steering Committee, which seats on a monthly basis:

Table 85: IDP Steering Committee

Name	Designation	Department
Mr. I. N Mthethwa	Chief Operations Officer	Municipal Managers Office al Managers Office
Mrs NP Mdluli	Manager IDP	Municipal Managers Office
Mr D Myburg	Manager PMS	Municipal Managers Office
Mrs S Adonis	Chief Enterprise Risk Officer	Municipal Managers Office
Mr B Khanyile	Manager Customer Relations : Electricity	Infrastructure and Technical Services
Mr J Naidoo	Head of Section : Roads	Infrastructure and Technical Services
Ms D Ngidi	Manager Sports and Recreation	Community Services
Mr Z Masango	Manager Waste	Community Services
Mrs F Zungu	Chief Occupational Health Practitioner	Corporate Services
Mr. C Koekermoer	Manager Records	Corporate Services
Mr S Mhlongo	Deputy Manager SCM	Financial Services
Mr S Mngomezulu	Accountant	Financial Services

13.1.9 IDP Representative Forum

The IDP Forum was established by Council of uMhlathuze. The Forum proved not to be functional. A strategic decision was taken by the District IDP Planners Forum, that since in the district all municipalities had a concern of dysfunctional of IDP Forums due to non-attendance by relevant senior government officials and other stakeholders. It was seen fit to use the District Planners Forum in replacement of local forums until the problem is solved. uMhlathuze Municipality is using the OSS platform as a great platform to discuss and conclude on matters of integrated development planning. So far the current set-up has proven to be effective for the municipality. The integrated approach assists in avoiding duplication of structures and also saves time for government officials. This co-ordination also complies with the OSS requirements which indicate that all OSS activities must be aligned to the IDP Activities. This forum seats on a monthly basis. The agenda is integrated. Forum consist of Municipal Councilors, Senior Government Officials, Municipal Officials, NGO's and all other relevant stakeholders,

13.1.10 Executive Management Committee

The Executive Management Committee (EMCO) is the highest strategic committee of management made up of the Municipal Manager, Chief Operations Officer and Deputy Municipal Managers (Heads of Departments). EMCO meets every Monday of the month to consider and process reports from various departments before such reports are submitted to various committees of Council. EMCO is the highest decision making body on administrative, strategic and operational matters in line with Council Delegations to Senior Management.

13.1.11 Management Committee

The Management Committee (MANCO) is an extended management meeting which includes EMCO, middle management and other strategic managers. The strategic intent of this committee is to ensure synergy, integrated and coherent approach to municipal operations, policy implementation and service delivery.

13.1.12 Status of Municipal Policies

Herewith a summary of municipal human resource and budget policies already reported on in separate sections:

Table 86: Status of Municipal Policies

Policy Name	Description
Staff Recruitment, Retention and Succession Plan	Ensures fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members." Development and maintenance of an integrated, systematic approach to attracting, developing and retaining talent for

Policy Name	Description
	key positions within uMhlathuze Municipality.
Anti-Nepotism Policy	Establish a consistent set of guidelines by which recruitment decisions can be made in terms of employment of immediate family members, relatives, friends and associates of employees.
SHEQ Policy	Continual provision of quality services to all stakeholders in a healthy, safe and environmentally responsible manner
EAP Policy	Aims at developing an Employee Assistance Programme to promote the mental, social health and wellbeing of all employees and to create a working environment that is conducive for the effective and efficient delivery of services
HIV/AIDS Policy for Employees	
Tariff of Charges	DMS 873147
Investment and Cash Management Policy	RPT 141398 DMS 454662 DMS 458007 Review
Supply Chain Management Policy	RPT 137944 RPT 145110 DMS 439330 (review)
Credit Management Policy (Credit Control, Debt Collection and Indigent Support)	DMS 438088 DMS 716354
Tariff Policy	DMS 418186
Rates Policy	DMS 473856 (2008/2009) DMS 566699 (2009/2010) DMS 637432 (2010/2011) DMS 701131 (2011/2012) DMS 789516 (2012/2013) DMS 873351 (2013/2014)
Fraud Prevention Policy Fraud Risk Register (DMS 1126293)	RPT 143608 DMS 497798 Last review was in July 2016

Policy Name	Description
Virement Policy (transfers of funds)	RPT 147986 DMS 635065
Fixed Asset Management Policy	RPT 145981 DMS 562968

13.1.13 Municipal Risk Management

Risk management, a Corporate Governance imperative, is one of Management's core responsibilities in terms of Section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of the Municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Municipality. It also focuses on reducing materialized risks to acceptable levels, as well as maximizing opportunities available to the organisation. When properly executed, risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

In order to enhance risk management processes to ensure a truly integrated and enterprise-wide approach, the City has approved and is annually reviewing its Enterprise Risk Management Policy and Strategy, which when applied, will ensure:

- more sustainable and reliable delivery of services;
- informed decisions underpinned by appropriate rigour and analysis;
- innovation;
- reduced waste;
- prevention of fraud and corruption;
- better value for money through more efficient use of resources;
- better outputs and outcomes through improved project and programme management;
- aligning risk tolerance and strategy;
- pursuing institutional objectives through transparent identification and management of acceptable risk;
- providing an opportunity to prioritise the risk management activity;
- enhancing risk response decisions;
- reducing operational surprises and losses;
- identifying and managing multiple and cross-enterprise risks;
- seizing opportunities; and
- increasing the probability of achieving objectives.

Enterprise Risk Management involves:

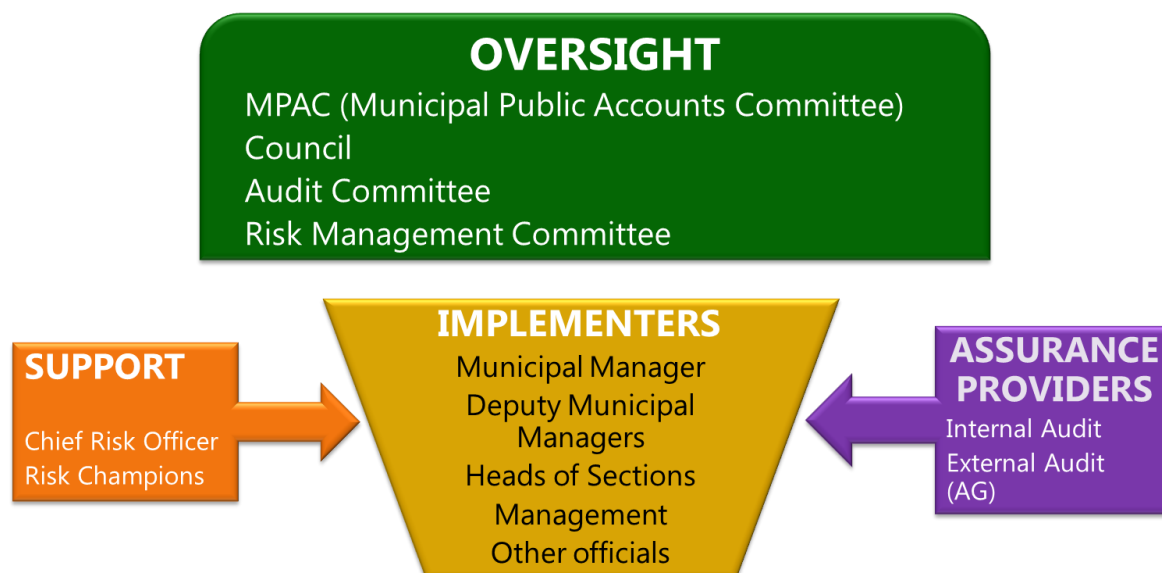
- Objective setting;
- Risk Identification;
- Risk Assessment;
- Risk Response;
- Communication and reporting; and
- Monitoring and review

The functional key performance areas of the Enterprise Risk Management unit include:

- Enterprise Risk Management;
- Project Risk Management;
- Fraud Risk Management;
- Business Continuity Management; and
- Legal Compliance Risk Management

The City has in place an Enterprise Risk Management Committee reporting to the Audit Committee, Council and the Municipal Public Accounts Committee (MPAC) as oversight. The Chief Risk Officer co-ordinates activities and is in the process of setting up a fully functional Enterprise Risk Management Unit. Risk Champions in each department report to Management on risk management matters and co-ordinate risk management activities in their respective business units. Continuous training and awareness is an important part of the process, effected to ensure that risk management is understood, embraced and integrated into the organizational culture- filtering from Top Management to all levels of staff. Risk Assessments are conducted, reviewed and updated annually and on a continuous basis- and are carried out on both a strategic and operational level to ensure a thorough approach. The Municipal Manager is the ultimate Chief Risk Officer and is responsible for championing risk management and ensuring that its activities are monitored through performance management throughout the organization.

Figure 71: Enterprise Risk Management Role Players



There are varying levels of risk maturity in local government, and the City of uMhlathuze is at an advanced stage in this regard.

13.1.14 Municipal By-Laws

uMhlathuze Municipality has passed a number of By-laws including the following:

BYLAWS	RESPONSIBLE DEPT	ADOPTION DATE AND DMS NO
Keeping of Animals Bylaws	DCSH	7 November 2006 (DMS 317566)
Solid Waste Bylaws	DCSH	4 May 2010 (DMS 257680)
Water Services Bylaws	CE	24 June 2014 (DMS 671197)
Advertising Sign Bylaws	MM	4 December 2007 (DMS 208404)
Street Trading Bylaws	CD	3 November 2015 (DMS 223474)
Bylaws Relating to Public Amenities	CS	7 March 2017 (DMS 200389)
Credit Control and Debt Collection Bylaws	CFO	24 June 2014 (DMS 483437)
Funeral Undertakers Bylaws	DCSH	29 November 2011 (DMS 151821)
Cemetery Bylaws	DCSH	8 May 2012 (DMS 198460)
Bylaws Relating to Flammable Liquids	DCSH	8 May 2012 (DMS 198503)
Bylaws Relating to the Lease of Halls and Conference Facilities	CS	3 November 2015 (DMS 199361)
Bylaws Relating to the Control of Parking Attendants/Car Guards	DCSH	16 July 2013 (DMS 199419)
Bylaws Relating to Public Libraries	DCSH	24 June 2014 (DMS 201461)
Bylaws Relating to Municipal Swimming Pools	DCSH	9 October 2012 (DMS 203400)
Bylaws Relating to Childcare Services		9 October 2012 (DMS 264484)
Electricity Supply Bylaws	I&TS	28 October 2014 (DMS 261528)
Standing Orders for the Council and its committees	CS	14 September 2016 (DMS189747)
Nuisance Bylaws	DCSH	16 July 2013 (DMS 242138)

BYLAWS	RESPONSIBLE DEPT	ADOPTION DATE AND DMS NO
Environmental Health Bylaws	DCSH	5 June 2007 (DMS 388199)
Bed and Breakfast Bylaws	CD	28 October 2014 (DMS 393311)
Beach Bylaws	DCSH	26 February 2013 (DMS 518186)
Rates Bylaws	CFO	3 November 2015 (DMS 510627)
Possession and discharge of fireworks Bylaws	DCSH	28 October 2014 (DMS 582429)
Air Quality Management By-Laws	DCSH	-

The process of passing By-laws is done through the By-Laws Committee which was put in place to facilitate the development and review of the above mentioned Council By-Laws. They are then adopted by Council and gazette accordingly. The implementation thereof is done by specific departments that oversee compliance.

13.2 Public Participation Analysis

13.2.1 Taking Council to the Community

In ensuring an unfading sense of connection with its community, the municipality annually stages an unprecedented “*Taking Council to the Community*” Program. The program is rotated in all the wards. This initiative involves taking both the Executive Committee as well as Council meetings to the selected venues/areas and thus providing the community with an opportunity to witness how such meetings are conducted. About 1700 people (the public) participated in the previous seating's.

13.2.2 IDP Process and Public Participation

Participatory mechanisms that take place throughout the IDP process help the project to ensure that the process, plans, goals, and implementation of the planned intervention is inclusive, and importantly address the needs of marginalized groups and minorities to ensure nondiscrimination and equality. Participation has built up ownership and partnerships which have made the projects that have been implemented within the community more sustainable.

During the IDP process, participation is implemented during the assessment and planning phase to help gather relevant data to define development challenges and to identify vulnerable groups, map out root causes, and set priorities

The integrated development planning process provides a forum for identifying, discussing and resolving the issues specifically aimed at upliftment and improvement of conditions in the under-developed parts of the municipality area. In order to ensure certain minimum quality standards of the IDP, and a proper coordination between and within spheres of

government, the preparation of the Process Plan has been regulated in the Municipal Systems Act (2000). Municipal Departments participate throughout the process by contributing relevant aspects of their sections.

The objective of the IDP process is to facilitate deliberations resulting in decisions being made on the strategic development direction of the municipality and includes issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner. The IDP, however, will not only inform municipal management; it is intended to guide the activities of any agency from other spheres of government, corporate service providers, NGOs and the private sector within uThungulu district.

13.2.3 Communication Plan

uMhlathuze Municipality's communication strategy with specific reference to the IDP Process entails that:

- Ward Committee members and Councillors are part of the preparation of ward meetings
- IDP community sessions are held in venues closest to the community
- Release of print media press when required to local and provincial newspapers are in Zulu and English
- SMS's, flyers and loud hailing are also used as a strategy to sensitise the community to attend the IDP meetings
- Monthly internal and external newsletters are used to publish IDP/Budget news
- Council provides transport for community members to respective venues
- Consistent use of Social Media platforms and any innovative methods to mobilise community participation to the IDP process and to encourage two-way communication feedback

13.3 Good Governance and Public Participation: SWOT Analysis

STRENGTHS	WEAKNESSES
○ Operation Sukuma Sakhe (OSS) fully functional ○ Municipal Public Accounts Committee (MPAC) is established ○ Functional section 79 and Section 80 committees ○ Ward committees established for all 34 wards ○ Effective Audit, Performance Audit and Enterprise Risk Management Committees ○ Range of municipal policies in place ○ Fully functional and effective Bid Committees ○ The municipality has prepared an HIV and AIDS Strategy for 2012 – 2016 as a broad framework to work with civil society organisations and government departments ○ "Taking Council to the Community" initiative enhances public participation ○ Unqualified audit outcomes with no matters of emphasis for five consecutive years ○ Stable Municipal Council ○ Establishment of whistle blowing facility	○ Poor resourcing, of OSS structures ○ Inconsistent functionality of Ward Committees ○ Ineffective IGR structures ○ Poor defined relationship between ward councillors and traditional authority structures ○ Poor alignment of municipal and district programs ○ Vastness of rural wards ○ Poor enforcement of Council By-Laws
OPPORTUNITIES	THREATS
○ Further strengthening of good governance ○ Enhancing IGR structures ○ Collaborations with institutions of higher learning to enhance good governance ○ Improving relationship with traditional institutions ○ Enhance public participation platforms and methodologies ○ Capacitation of ward committees ○ Partnership with private sector in support of community development initiatives	○ Dysfunctionality of IGR structures ○ Redetermination of municipal boundaries ○ Service delivery protests ○ Security of councillors ○ Non-compliance with Supply Chain Management Prescripts ○ Poor customer service ○ Lack of participation by minority groups (WIC) in municipal programmes ○ Maladministration ○ Land claims against municipal owned land

14. UMHLATHUZE: COMBINED SWOT ANALYSIS

STRENGTHS	WEAKNESSES
- Disaster Management Framework in place - All role players in the disaster management arena (including Government, None-Government Organizations, Traditional Authorities and the Private Sector) work together to prevent and or mitigate the occurrence of disasters - Disaster Management Bylaws aimed give effect to the provisions of Council's Disaster Management Framework. - Disaster Management Advisory Forum in place - Proximity of the municipal area to the N2 highway that traverses the Municipality in a north-east direction towards the Swaziland border and south-west towards Durban. - Good road accessibility - The municipality borders a coastline that spans approximately 45 kilometres - The municipality borders a coastline that spans approximately 45 kilometres - Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. - High level of species diversity. - The beaches are significant tourism assets for the municipality. - Alien Invasive and Greening Strategy in place	- Efficient provision of disaster management services reliant on ongoing cooperation between all role players in the disaster management area - lack of resources such as appointment of support of staff and equipment - Lack of capacity to adequately handle all kinds disaster related incidents - Poor coordination between departments to respond to disaster situations - Inadequate communication platforms for disaster alerts and responses - Funding challenges to implement Alien Invasive and Greening Strategy. - The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the uMhlathuze and Nsezi. These water systems offer opportunities but also limit development opportunities. - Gaps in availability of data on the local heritage.
STRENGTHS	WEAKNESSES
- Spatial Development Framework has been developed and is in place. - Climate change Strategy in place - Municipal Organogram is in place - Section 79, 80 and other Council Committees established and are	A remarkable concentration of Red Data Species is one of the main reasons that the remaining percentage of the municipal surface area under indigenous cover is considered largely

operational ○ A reliable ICT system for effective functioning and efficient service delivery ○ Human Resource Policies in Place ○ Employment Assistance Programme ○ 24 hours operational Call Centred with toll free ○ Fully functional ward committees ○ Functional Local Labour Forum ○ Progressive Employment Equity Plan ○ Critical senior management vacancies filled ○ Stable labour relations ○ Very high level of access to water and electricity in the uMhlathuze municipal area ○ Well-functioning Scientific Services section to ensure that the quality of the city's water resources, portable water and wastewater systems are continually monitored in an endeavour to maintain quality and evaluate against set standards/specifications/guidelines ○ Clear division of duties between water and electrical services as a result of unbundling purposes ○ Level 2 Accreditation has been granted to the uMhlathuze Municipality in respect of Human Settlements ○ Continual improvement of the Blue Drop score for the Municipality ○ Continual improvement of the Green Drop score for the Municipality ○ Bulk-handling harbour facilities at Richards Bay that enable international trade links. Richards Bay is the largest deepwater port in Africa, and handles the bulk of South Africa's exports ○ The dependency ratio in uMhlathuze is lower than that of the country ○ Libraries in the municipality provide internet access at no charge to users Study facilities are provided at the libraries and are very well utilized ○ Functional Operation Sukuma Sakhe Unit in the Municipality	irreplaceable by KZN Wildlife for meetings its conservation objectives in the province ○ Unsatisfactory attraction and employment of disabled personnel ○ Inadequate budget allocations for programs such as the EAP ○ Inadequate skills development resources ○ Organisational structure not aligned to long term strategy ○ Poor change management initiatives ○ Misplaced professionals ○ Service interruptions due to ageing infrastructure ○ Indiscriminate dumping by residents of garden waste and builder's rubble ○ Illegal dumping of waste within streets and stormwater servitudes by the community causes overflows through blockages that create flooding of streets and properties. ○ Infrastructure vandalism ○ Inadequate investment in waste management equipment including trucks ○ Ageing personnel especially in waste management section ○ A matter of great concern is that 56% of informal traders operating without a licence ○ Underutilization of good agricultural land in the traditional council areas ○ Loss of good agricultural land in the traditional council areas to unplanned settlement ○ Failure to realize the potential for value adding through agro-processing. ○ Funding to assist Operation Sukuma Sakhe ○ Access to markets by SMME's ○ Underdeveloped tourism attraction sites and products ○ The current credit score of the Municipality is BBB. ○ organisational structure not fully funded ○ Poor capital expenditure ○ Lack of long term financial planning ○ Investment of borrowings in non-revenue

○ Existence of Industries thus creating opportunities for SMME's ○ Investment in broadband ○ Existence of University and TVET colleges as part of knowledge creation ○ Fresh produce market supporting agriculture ○ Council has an adopted Indigent Policy. ○ The City of uMhlathuze has a fully functional Supply Chain Management Unit ○ uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment ○ Financial reporting and financial statements are developed in-house ○ Fully funded budget ○ Alignment of budget with IDP ○ Full adherence to financial management prerequisites ○ Operation Sukuma Sakhe (OSS) fully functional ○ Municipal Public Accounts Committee (MPAC) is established ○ Functional section 79 and Section 80 committees ○ Ward committees established for all 34 wards ○ Effective Audit, Performance Audit and Enterprise Risk Management Committees ○ Range of municipal policies in place ○ Fully functional and effective Bid Committees ○ The municipality has prepared an HIV and AIDS Strategy for 2012 – 2016 as a broad framework to work with civil society organisations and government departments ○ "Taking Council to the Community" initiative enhances public participation ○ Unqualified audit outcomes with no matters of emphasis for five consecutive years ○ Stable Municipal Council ○ Establishment of whistle blowing facility	- projects ○ Impact of engineering contributions on investment ○ In-adequate contract management ○ Poor resourcing, of OSS structures ○ Inconsistent functionality of Ward Committees ○ Ineffective IGR structures ○ Poor defined relationship between ward councillors and traditional authority structures ○ Poor alignment of municipal and district programs ○ Vastness of rural wards ○ Poor enforcement of Council By-Laws ○

OPPORTUNITIES	THREATS
○ There is one airport and a couple of land strips in the municipal area. ○ Economic node to the North-Eastern parts of the Province ○ The R34 Provincial Main Road passes through Empangeni towards Melmoth. ○ There are two primary nodes in the municipal area i.e. Richards Bay and Felixton. ESikhaleni is an emerging primary node. ○ Coastal Dunes contain heavy minerals that are sought after for mining. ○ Existing disaster management center located at the Fire Station ○ Potential growth in terms of expanding and economical ○ Collaboration with the private sector and government departments ○ Training and activation of community based disaster management volunteers ○ Improving human settlement planning in collaboration with traditional institutions ○ Fully functional disaster management center ○ Institutionalization of business continuity – disaster recovery plan ○ Institutionalisation of Batho-Pele Principles ○ Implementation of the E-Council system, eliminating cost for paper used in agendas etc. ○ Bursary Policy for councillors, employees and members of the public ○ Graduate Development Programmes and off-the –job training is offered to graduates ○ Improving diversity management ○ Successful implementation of the Quality Management System, the management system adopted from ISO 17025 requirements for testing laboratories ○ Maintenance of acceptable standards of water quality ○ Progressive acquisition of yellow plant and other equipment ○ Waste recycling, reduce and reuse	○ Distance from major economic node in the province ○ The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time. ○ An increasing trend in the frequency of cyclonic activity has been observed. ○ Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise. ○ Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions. ○ The area is characterized by a complex hydrology and climate change would therefore have an impact on water resources in the area. ○ The location of the municipality on the coastline and its proximity to shipping routes present numerous natural marine and coastal threats. ○ Due to the deep-water port in Richards Bay, the City is a choice location for heavy industries that inevitably present a range of human-induced disaster risks. ○ The settlement of communities in disaster high risk areas ○ Draught and inclement weather ○ Staff low moral ○ Lack of proper implementation of the Succession Policy ○ Delays in finalising job evaluations ○ Failure/slow process of addressing Identified risks within the organisation ○ Staff turn-over in critical and scarce skills positions ○ Limited investment in ICT infrastructure upgrades ○ Lack of comprehensive skills audit ○ Illegal connections ○ Ageing infrastructure: electricity, water and roads ○ Poor capital expenditure ○ Non-payment for services ○ Lack of asset maintenance plan

initiatives ○ Implementation of mega human settlement projects ○ Progressive and transformational supply chain management policy for capital projects execution ○ Investment in alternative water supply such as desalination, waste water reuse, underground water. ○ There is a branch of SEDA in Richards Bay which provides support to SMMEs, and Richards Bay Minerals has a Business Development Programme, but the Municipality could also contribute to SMME development in a number of ways ○ Harbour development has provided the impetus for large-scale industrial growth ○ Partnership with Industrial Development Zone ○ Investment in township economy ○ Industry based skills development ○ Empowerment of ward based war rooms ○ Cross boarder collaboration in investment facilitation and attraction ○ Progressive implementation of agricultural support plan ○ The Municipality has obtained an average debt collection ratio of 99.49%. ○ The City obtained Clean Audit for five consecutive years since 2012/2013 financial year ○ Pilot mSCOA ○ ERP implementation ○ Diversification of revenue base ○ Borrowing to invest in economic infrastructure ○ Establishment of a municipal owned entity ○ Reduction in cost of doing business ○ Further strengthening of good governance ○ Enhancing IGR structures ○ Collaborations with institutions of higher learning to enhance good governance ○ Improving relationship with traditional institutions ○ Enhance public participation platforms and methodologies ○ Capacitation of ward committees	○ Cost of water tankering ○ Cost of maintaining rural roads ○ Changing municipal boundaries thus impacting on municipal infrastructure backlogs ○ Continuous demand for waterborne sewer in rural areas ○ seekers ○ Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects ○ Volatile world markets which affect prices for some agricultural commodities, for example, sugar ○ The demise of the South African Sugar Association's credit facility for small-scale cane growers ○ Nearly 10% of children of school going age are not attending school ○ There has been a decline in the percentage (%) of persons with a higher education. ○ Sexual Transmitted infections remain a growing concern. ○ Beach erosion ○ Persistent draught ○ Lack of collaboration between municipality and traditional authorities ○ Growing trend of discouraged work The challenges or delays relating to disputes or objections during the tender process, claims as well as the rejecting or declining the award of a tender by the awarded tenderer have been pivotal in the slow capital budget expenditure. ○ The Council is limited in its leverage to borrow money externally. ○ Limited resources provided in capital refurbishment and replacement programs. ○ Limited revenue base ○ Unfunded mandates ○ Growing indigent register ○ No rateable areas under traditional authorities ○ Growing of rural debts ○ Non-payment for services ○ Dysfunctionality of IGR structures ○ Redetermination of municipal boundaries ○ Service delivery protests ○ Security of concillors ○ Non-compliance with Supply Chain Management Prescripts

○ Partnership with private sector in support of community development initiatives	○ Poor customer service ○ Lack of participation by minority groups (WIC) in municipal programmes ○ Maladministration ○ Land claims against municipal owned land

SECTION D: VISION, STRATEGIES, GOALS AND OBJECTIVES

15. VISION AND MISSION OF THE UMHLATHUZE MUNICIPALITY

The Vision:

“The Port City of uMhlathuze offering a better quality of life for all its citizens through sustainable development and Inclusive Economic Growth”

Mission Statement:

The City of uMhlathuze commits itself to:

- Job creation and inclusive economic growth through accelerated economic development and transformation;
- Enhancing industry based skills development and strategic support to education priority programmes;
- Community based initiatives to improve quality of citizen's health and well-being;
- Creating safer city through integrated and community based public safety;
- Planned and accelerated rural development interventions;
- Promotion and maintenance of spatial equity and transformation;
- Optimal management of natural resources and commitment to sustainable environmental management;
- Use of Information, Communication and Technology Systems (ICT) to improve productivity and efficiencies in line with Smart City principles; and
- Good governance, capable and developmental municipality

16. GOALS, OBJECTIVES AND STRATEGIES

The following tables provide a summary of the municipal strategies, goals and objectives as well as a summary of the alignment between the municipality, provincial and national government.

Table 87: uMhlathuze Strategies, Goals and Objectives

NATIONAL KPA 1 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
GOALS	OBJECTIVES	STRATEGIES
1.1 Democratic	1.1.1 To ensure effective and efficient administration complying with its Legal Mandates	1.1.1.1 Provide administrative support for all Council Committees
		1.1.1.2 Strengthening Council Oversight through training on Legislation and Policies
		1.1.1.3 Development of a Corporate Strategy

NATIONAL KPA 1 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
GOALS	OBJECTIVES	STRATEGIES
		1.1.1.4 Development and review of policies that will lead to improved service delivery and legislative compliance
		1.1.1.5 Compliance with the Occupational Health and Safety Act and Compensation for occupational injuries and diseases
	1.1.2 To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2.1 Monitor evaluate measure and review the performance of the municipality against indicators and targets set in the IDP
	1.1.3 Ensure Institutionalisation of Batho Pele Culture	1.1.3.1 Implement a Service Charter
		1.1.3.2 Increase sensitivity of municipal stakeholders to the aspirations of citizens
	1.1.4 To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4.1 Facilitate the Functionality of Ward Committees through continuous capacitation
		1.1.4.2 Development of a Credible Integrated Development plan within prescribed legislative guidelines
		1.1.4.3 Facilitation of Stakeholder and Community participation in policy making
		1.1.4.4 Implementation of communications strategy to help the organisation to communicate effectively
		1.1.4.5 Effective and efficient ICT Systems that enable Informed decision making and communication
	1.1.5 To promote Access to Information and Accountability	1.1.5.1 Ensure effective information and accountability prescripts
	1.1.6 To bring the organisation to an enabled risk maturity level	1.1.6.1 Implement and maintenance of a sound enterprise risk management
		1.1.6.2 Implement and maintenance of a sound fraud risk management system
		1.1.6.3 Implement and maintenance of business continuity management
	1.1.7 Ensure reliability and maintain independence of internal audit activity	1.1.7.1 Effective Audit Committee
		1.1.7.2 Effective and value adding internal audit activity

NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION		
GOALS	OBJECTIVES	STRATEGIES
2.1 Integrated infrastructure and	2.1.1 To expand and maintain infrastructure in order to improve access	2.1.1.1 Eradicate water services backlogs through provision of basic water services

NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION		
GOALS	OBJECTIVES	STRATEGIES
efficient services	to basic services and promote local economic development	2.1.1.2 Eradicate sanitation services backlogs through provision of basic sanitation services
		2.1.1.3 Eradicate electricity supply backlogs through provision of basic electricity supply services
		2.1.1.4 Provide a weekly domestic solid waste removal service to the community
		2.1.1.5 Provision of public transport infrastructure facilities
		2.1.1.6 Provision and Maintenance of storm water and coastal engineering infrastructure
		2.1.1.7 Strive to improve reliability and service life of Municipal infrastructure, facilities and assets
	2.1.2 To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2.1 Improve community standard of living through accelerated development of Integrated Human settlement
	2.1.3 To ensure effective Fleet Management	2.1.3.1. Review and Implement Fleet management Plan

NATIONAL KPA 3 : LOCAL ECONOMIC DEVELOPMENT		
GOALS	OBJECTIVES	STRATEGIES
3.1 Viable Economic Growth And Development	3.1.1 To Develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1.1 Develop township economy
		3.1.1.2 Package council land to facilitate economic growth
		3.1.1.3 Provide support for prioritised sectors
	3.1.2 Enhanced sectoral development through trade investment and business retention)	3.1.2.1 Developing and implement economic development sector plan
		3.1.2.2 Develop investment promotion and facilitation plan
		3.1.2.3 Review and implement informal economy policy
	3.1.3 To create enabling environment for the informal economy	3.1.3.1 To promote the city as destination of choice
	3.1.4 Clear City identity	3.1.3.2 Promote economic growth by successful implementation of EPWP and
	3.1.5 To Improve the efficiency, innovation and variety of government-led jobs	3.1.5.1 Promoting economic growth by providing employment opportunities for Women and Youth
		3.1.5.2 Facilitate expanded access to the job fund
		3.1.5.3 Implementation of the emerging contractor development programme
		3.1.5.4 Facilitate SMMEs access to finance , markets, trading facilities and infrastructure with linked services
	3.1.6 Promote SMME and Entrepreneurial development	3.1.6.1 Monitor use of municipal set asides for local SMMEs and Co-operatives
		3.1.6.2 Implement and enforce BBBEE within the municipality
		3.1.6.3 Develop a progressive regulatory framework for the broader support formal

NATIONAL KPA 3 : LOCAL ECONOMIC DEVELOPMENT		
GOALS	OBJECTIVES	STRATEGIES
		and informal economy
		3.1.6.4 Review and implementation of crime prevention strategy
3.2 Public Safety and Security	3.2.1 Provision of efficient and effective security services	3.2.2.1 Review and Implementation of a fire prevention strategy
	3.2.2 To ensure Provision of fire and rescue services	3.3.1.1 Review and Implementation of Integrated Waste Management Plan
3.3 Safe and Healthy Living Environment	3.3.1 Efficient an effective waste management services	3.3.2.1 Implementation of Air Quality Management Strategy
	3.3.2 To ensure air quality management	3.3.3.1 Provision of cemeteries
	3.3.3 Cater for alternate future burial option	3.4.1.1 Development of sports and recreation programmes
3.4 Social Cohesion	3.4.1 To promote social cohesion	3.4.1.2 Development of community facilities
		3.4.1.3 Development of Arts and Culture Strategy

NATIONAL KPA 4 : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION		
GOALS	OBJECTIVES	STRATEGIES
4.1 A Municipality that is Resourced and Committed to attaining the vision and mission of the organisation	4.1.1 To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1.1 Implement the talent management strategy
		4.1.1.2 Compliancy with Employment Equity Act
		4.1.1.3 Implement EAP programs that promote and support health and well-being of employees

		4.1.1.4 Improve Citizens Skills levels and Education
		4.1.1.5 Create and maintain sound Relationship between management and labour
		4.1.1.6 Maintenance of an organisational structure that in is line with organisational objectives and optimises service delivery

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliance
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all financial related policies
		5.1.1.4 Compliance with all MFMA and related local government financial legislation
	5.2.1 Sustainable Financial and supply chain Management	5.2.1.1 Provide continuous Internal Communication on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Demand and acquisition management
		5.2.1.6 Contracts and Logistics management
		5.2.1.7 Apply adequate financial management methodologies

NATIONAL KPA 6 : CROSS CUTTING		
GOALS	OBJECTIVES	STRATEGIES
6.1 Integrated Urban and Rural Development	6.1.1 To plan and manage existing and future development	6.1.1.1 Review and Implement Spatial Development Plan
		6.1.1.2 Develop precinct framework plans
		6.1.1.3 Review of Human Settlement Sector Plan
		6.1.1.4 Incremental development of strategic environmental assessment for the entire municipal area
		6.1.1.5 Implementation of uMhlathuze Land Use Scheme
		6.1.1.6 Compliance with national SPLUMA by-law and national building act.
		6.1.1.7 Efficient processing of development application and building plans
6.2 Immovable Property Management	6.2.1 To ensure fair valuation of properties	6.2.1.1 Development and maintenance of valuation roll in line with municipal property rates act.
	6.2.2 Effective Management of Council owned Immovable properties.	6.2.2.1 Update immovable asset register
6.3 Disaster Management	6.2.3 To prevent and mitigate disaster incidents	6.2.3.1 Review and Implement Disaster Management Plan

Table 88: Local, Provincial and National Alignment

National KPA	uMhlathuze Goals	uMhlathuze Mission	SDG	National Plan Priorities	12 National Outcomes	5 National Priorities	PGDS Goals	Municipal Intervention / Programme
Good Governance and Public Participation	Democratic, responsible, Transparent, Objective and equitable Municipal Governance	Good governance, capable and developmental municipality	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Inclusive Planning	Responsive, accountable, effective and efficient local government system	Nation Building and Good Governance	Governance and Policy	Operation Clean Audit Customer Care Policy and Service Standards Anti-Fraud and Corruption Policy including whistle bower hotline
				Unite the Nation Fight Corruption				
Basic Service Delivery and Infrastructure Provision	Integrated infrastructure and efficient services	Good governance, capable and developmental municipality	Ensure availability and sustainable management of water and sanitation for all; ensure access to affordable, reliable and modern energy for all	Expand Infrastructure	An efficient, competitive and responsive infrastructure network		Strategic Infrastructure	City of uMhlathuze 2030 Long Term Strategic Plan including infrastructure investment
			End hunger achieve food security and improved nutrition and promote sustainable agriculture		Vibrant, equitable, sustainable rural communities contributing towards food security for all			Strategic Roadmap for Economic Development, Transformation and Job creation
	Integrated urban and rural development	Promotion and maintenance of spatial equity and transformation	Make cities and human settlement inclusive, safe, resilient and sustainable		Sustainable human settlements and improved quality of household life		Spatial Equity	Integrated Human Settlement Plan and Spatial Development Framework for 2017/2022
		Optimal management of natural resources and commitment to sustainable environmental management	Take urgent action to combat climate change and its impacts.		Protect and enhance our environmental assets and natural resources		Environmental sustainability	City of uMhlathuze Climate Change Strategy and Action Plan
Local Economic Development	Viable economic growth and development	Job Creation through and inclusive economic growth	promote sustained, inclusive and sustainable economic growth, full and production employment and decent work for all	Create Jobs		Job Creation	Inclusive economic growth	Strategic Roadmap for Economic Development, Transformation and Job creation
		Enhancing industry based skills development and strategic support to education priority programs	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Quality Education	Skilled and capable workforce to support an inclusive growth path	Education		City of uMhlathuze Operation Sukuma Sakhe and War Rooms Strategic partnership with institutions of higher learning including SETAs
					Quality basic education			
	Safe and healthy living environment	Community based initiatives to improve quality of citizens health and well-being	Ensure healthy lifestyles and promote well-being for all at all ages	Quality Healthcare	A long and healthy life for all South Africans	Health		City of uMhlathuze Operation Sukuma Sakhe and War Rooms
		Job Creation through and inclusive economic growth	Reduce Child Mortality		Decent employment through inclusive economic growth	Rural development, food security and land reform		Strategic Roadmap for Economic Development, Transformation and Job creation
	Public safety and security	Creating a safer city through integrated and community based public safety	Achieve gender equality and empower all women and girls		All people in South Africa are and feel safe	Fighting crime and corruption		City of uMhlathuze Crime Prevention Strategy
Municipal Institutional Development and Transformation	Municipality that is resources and committed to attaining the vision and mission of the organisation	Use of ICT to improve productivity and efficiencies in line with Smart City principles		Build a Capable State	Create a better South Africa, a better Africa, and a better world		Human Resource Development	uMhlathuze Human Resources Development Strategy
					An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship		Human and Community Development	
Municipal Financial Viability and Management	Sound financial and supply chain management	Good governance, capable and developmental municipality		Use Resources Properly				Supply Chain Management Policy Revenue Enhancement Plan 15 Catalytic Projects Capex Project Steering Committee Operation Clean Audit

SECTION E: STRATEGIC MAPPING (SDF CHAPTER)

PGDS GOAL: SPATIAL EQUITY

PGDS OBJECTIVE: 7.1 AND 7.2

DGDP GOAL: SPATIAL EQUITY

DATA DISCLAIMER

- *Post 2016, the uMhlathuze Municipality consists of 34 Wards and has increased in size by approximately 50% from 79 334 Ha to 123 325 Ha*
- *Only official population data was available for the newly demarcated municipal area*
- *All other analysis in respect of infrastructure and socio-economic issues had to be based on a combination of the pre 2016 LGE municipal ward data from the uMhlathuze and former Ntambanana Municipalities respectively*
- *There are gaps in the spatial representation of data as there is no seamless alignment of 2011 and 2014 wards with the new municipal boundary of uMhlathuze*

This chapter represents an extract of the uMhlathuze Spatial Development Framework and should be read in conjunction with the comprehensive Spatial Development Framework of the uMhlathuze Municipality. This chapter also makes reference to the Municipal Human Settlement Plan and should therefore also be read in conjunction with the comprehensive Municipal Human Settlements Plan of the uMhlathuze Municipality.

The Spatial Development Framework (SDF) can be considered as a visual presentation that seeks to guide the overall spatial distribution of current and desirable land uses within a municipality in order to give effect to the vision, goal and objectives of the municipal IDP, in keeping with the principles for land development. As such, it should guide spatial growth, conservation of the natural and built environment as well as the correction of past imbalances. It should also indicate areas where strategic intervention is required and should act as marketing tool to indicate where development could be promoted.

16.1 Spatial Development Vision

The current long term vision of the Municipality is:

“The Port City of uMhlathuze offering a better quality of life for all its citizens through sustainable development and Inclusive Economic Growth”

The above municipal vision underpins the following mission elements:

- Job creation and inclusive economic growth through accelerated economic development and transformation;
- Enhancing industry based skills development and strategic support to education priority programmes;
- Community based initiatives to improve quality of citizen's health and well-being;
- Creating safer city through integrated and community based public safety;
- Planned and accelerated rural development interventions;
- Promotion and maintenance of spatial equity and transformation;
- Optimal management of natural resources and commitment to sustainable environmental management;
- Use of Information, Communication and Technology Systems (ICT) to improve productivity and efficiencies in line with Smart City principles; and
- Good governance, capable and developmental municipality

In Support of the above Municipal wide (IDP) vision and mission, the current uMhlathuze Municipal Spatial Development Framework vision is:

“Progressive and sustained socio-economic transformation poised for equitable distribution of opportunities to all citizens.”

16.2 Alignment with Policies, Plans and Legislation

Due cognisance is taken of a number of National and Provincial policies and plans as well as legislation when preparing a municipal SDF. A short summary of the key policies, plans and legislation is provided hereunder:

16.2.1 Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs): 2020-2030 Vision. The following three SDGs are emphasized given their relevance to the context in which the uMhlathuze Municipality is functioning. Sustainability and integration issues are at the focus of the spatial transformation program being pursued by the municipality.

SDG	Goal Description	Application to uMhlathuze
6	Ensure available and sustainable management of water and sanitation for all.	○ The uMhlathuze Municipality is a Water Services Authority (WSA) and the Water Service Provider (WSP). ○ Backlog eradication is a priority. In context of the revised municipal boundaries, exact backlogs have to be confirmed. ○ The municipality aims to achieve universal coverage of water and sanitation services over its whole area.

SDG	Goal Description	Application to uMhlathuze
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	- o The establishment of a Techno Hub in Richards Bay is being pursued, on a co-development principle, between the Richards Bay IDZ (Industrial Development Zone) and the uMhlathuze Municipality. - o During 2002, the Downstream Aluminum Centre for Technology (DACT) was launched with support from the DTI. The Centre is an incubator that assists potential entrepreneurs from local and emerging communities.
11	Make cities and human settlements inclusive, safe, resilient and sustainable. Goal 11.1 ... that citizens have access to adequate, safe and affordable housing and basic services, and upgrade slums. Goal 11.3 ... that all countries must enhance inclusive and sustainable urbanization and capacities for participatory, integrated and sustainable human settlement planning and management ... Goal 11.a ... countries must support positive economic, social and environmental links between urban, peri-urban and rural areas ... Goal 11.b requires that by 2020 all countries must increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters etc.	The uMhlathuze Municipality has resolved to establish Human Settlement Restructuring Zones. These restructuring zones are intended as an instrument (among others) to pursue restructuring of South African cities. This is essentially about integration: economic, racial and social. Restructuring is largely about moving away from housing interventions that entrench/enforce or in any way maintain the spatial status quo, which reinforces certain social and economic disparities. In line with the above, two Human Settlement projects have been initiated within these identified restructuring zones namely the Aquadene Integrated Human Settlements Project (bulk services under construction) and Phase 6 and 8 of the Dumisani Makhaye Village project.

16.2.2 National Development Plan:

This is the S.A. Government's plan to eliminate poverty and reduce inequality by 2030. The uMhlathuze Municipality has embarked on the preparation of a Municipal Economic Development Transformation Roadmap. Also, particular attention is

being given to the upliftment and revitalization of the Township Economy. The roadmap has the following objectives:

- To guide the City of uMhlathuze on practical interventions and programmes
- To embed the culture of business unusual across departments in order to stimulate inclusive growth in the City
- To implement a coherent plan that will achieve desired results progressively
- To remove red tape and business unfriendly processes
- To enforce paradigm, shift and change management
- To improve strategic partnerships with key stakeholders
- To induce a culture of long term planning and investment

16.2.3 Strategic Integrated Projects (SIPs): Presidential Infrastructure Coordinating Commission.

SIP 1 Unlocking the northern mineral belt with Primary Mineral Reserves with the Waterberg as the catalyst	The rail capacity between Mpumalanga and Richards Bay is relevant in in this instance. The uMhlathuze Municipality has budgeted R100 million to spend on the electricity line to RBCT to avoid future failure of electricity supply to this large export facility. The Port expansion of Richards Bay is a permanent discussion item between the uMhlathuze Municipality and the Richards Bay Port (Transnet).
SIP 2 Durban-Free State- Gauteng logistics and industrial corridor	A logistics and industrial corridor is in place between Durban and Richards Bay. Issues relating to access to ports as well as the development of airport precincts are relevant in the context of uMhlathuze.
SIP 6 Integrated municipal infrastructure project	Although the uMhlathuze Municipality is not one of the 23 least resourced districts in the country, the principle of addressing maintenance backlogs and upgrades in water, electricity and sanitation bulk infrastructure applies to the uMhlathuze municipal area. Also, road maintenance is imperative to enhance service delivery.
SIP 8 Green energy in support of the South African economy	Numerous green economy initiatives are either being pursued or supported by the uMhlathuze Municipality in its area of jurisdiction.

SIP 18 Water and sanitation infrastructure	Universal backlog eradication in respect of water and sanitation. To achieve this, new infrastructure, rehabilitation as well as improved management of infrastructure is required.

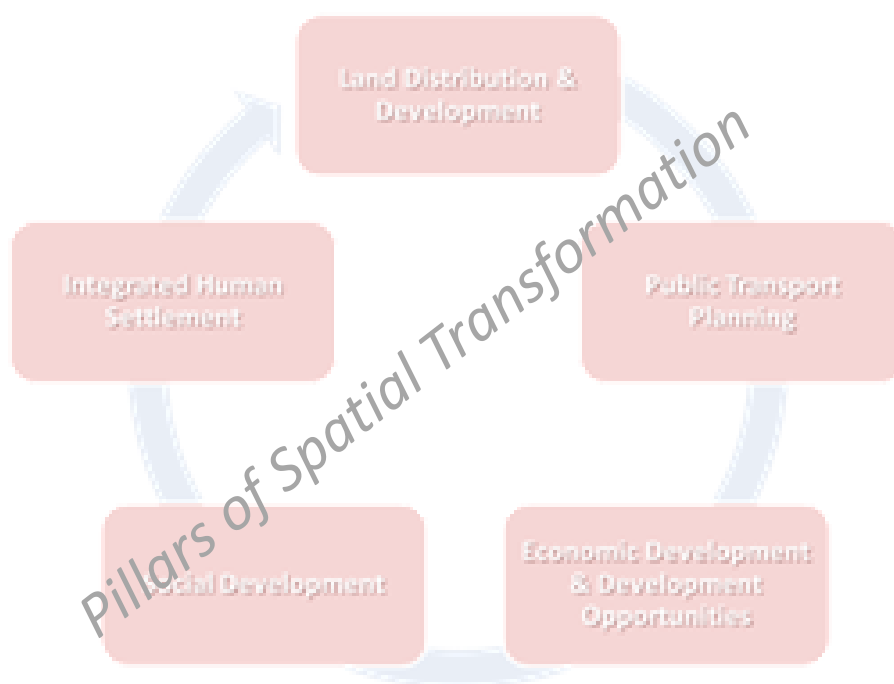
- Provincial Growth and Development Strategy: KZN Province Strategy to promote KZN to be a prosperous Province with a healthy, secure and skilled population, gateway to Africa and the world by 2030
- N2 Corridor Plan: From Durban (EThekweni) to Richards Bay and KwaMbonambi: To develop a clear 25-year strategic plan for the development, land usage and transport mobility of the affected area.
- UMhlathuze-Ulundi-Vryheid Secondary Corridor Plan: To develop a 25-year strategic framework that identifies spatial issues and opportunities.
- Former uThungulu (now King Cetshwayo District) Growth and Development Strategy

There is significant alignment between the above outlines key policies and plans. For example, the SDG goal to significantly access to adequate, safe and affordable housing; support social, economic and environmental links as well as increasing human settlements which mitigate and adapt to climate is of particular relevance to the Municipality and is addressed in the National Housing Code; National Upgrading Support Programme; National Development Plan; Provincial Growth and Development Strategy and Outcome 8 strategic objectives.

The National Development Plan 2030 makes a strong statement about the need to "address the challenge of apartheid geography" which is defined in terms of living, working and environmental sustainability. To this end, the following 5 pillar of Spatial Transformation are noted:

Pillars of the Spatial Transformation:

1. *Land Distribution and Development (Brown and Green fields)*
2. *Public Transport Planning*
3. *Economic Development and Economic Opportunities*
4. *Social Development*
5. *Integrated Human Settlement*

Figure 72: Pillars of Spatial Transformation

The Spatial Land Use Management Act (SPLUMA) has been proposed as a possible tool to effect spatial transformation. To this end, the main objective of the uMhlathuze Municipal Spatial Transformation Concept is as follow:

To address integrated development, city compacting, structural elements, equal access to land and create sustainable economic development opportunities which will contribute to job opportunities.

The following table provides an explanation of spatial development principles that are applied in the preparation of the uMhlathuze SDF and their relation to the SPLUMA Development Principles.

Table 89: Summary of Core Spatial Planning Principles

SPLUMA Principles	Development	Core Spatial Development Principles
Spatial Justice		- Redress the spatial legacy - Integrated human settlement development - Redress spatial and other development imbalances through improved access to and use of land
Spatial Sustainability		- Encourage sustainable development, promote densification, discourage urban sprawl - Integration of all physical aspects of land/economic development - Optimize the use of existing resources - Strategic environmental assessment

SPLUMA Principles	Development	Core Spatial Development Principles
Spatial Efficiency		- o Nodes and corridors - o Urban development edge
Spatial Resilience		- o Urban and rural integration - o Promote mixed use development
Good Administration		- o Capital investment framework, priority spending areas - o Cross boundary developments

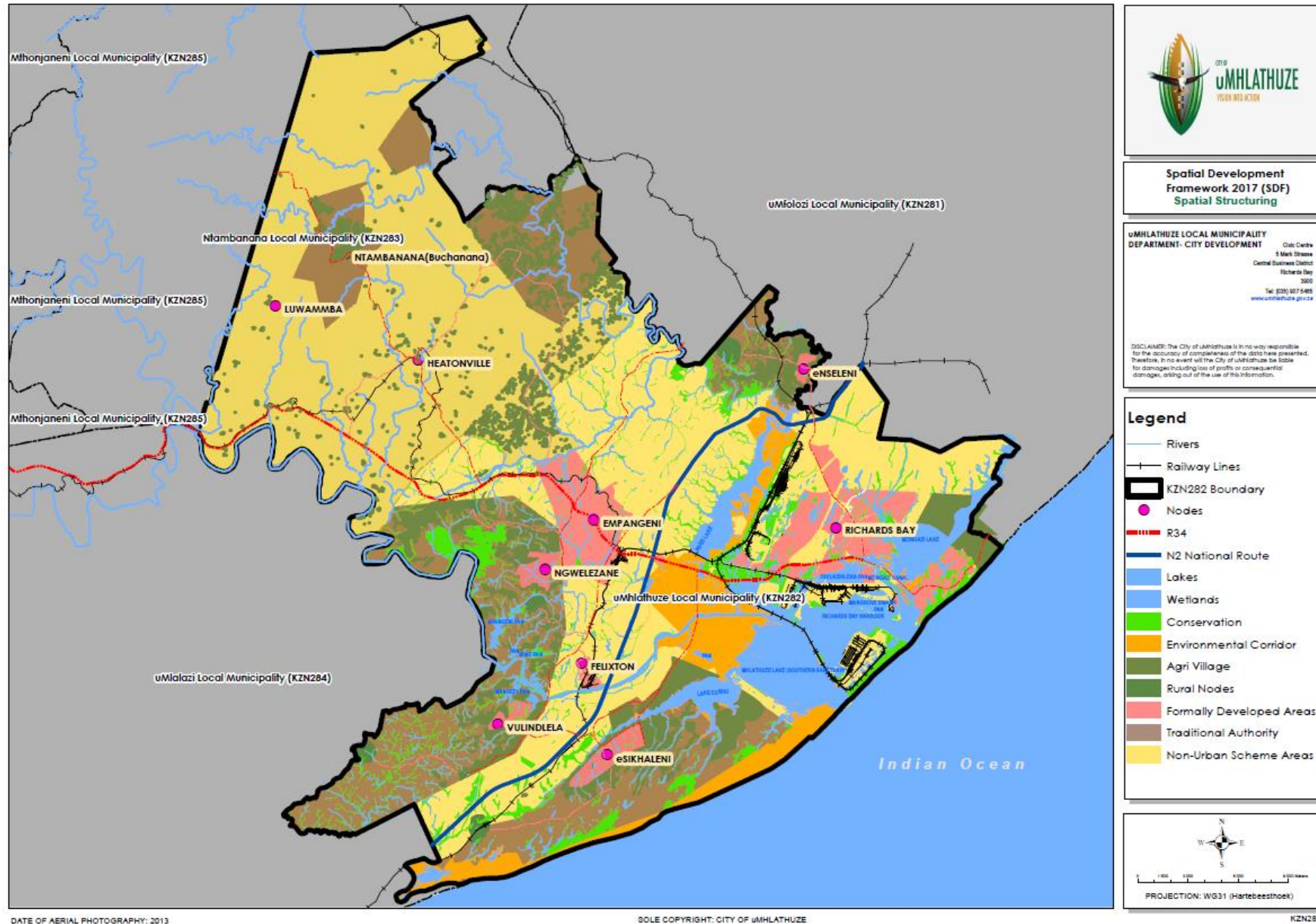
16.2.4 Spatial Structuring Elements

There are a number of existing natural and man-made phenomenon that have shaped and continue to shape the uMhlathuze Municipality spatial landscape. The area to the east of the Municipality is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze and Nsezi.

The main access into the municipal area is via the N2 in a north south direction and in an east west direction the R34. Other significant roads in the area include the MR431 (that provides a northerly entry into Richards Bay from the N2) as well as the Old Main Road that straddles the N2 on its inland. Railway lines are prevalent in the municipal area but do not provide a passenger service, only a commercial/industrial service is provided.

The municipality has the benefit of about 45km of coastline of which about 80% is in its natural state. Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. There is one airport and a couple of landing strips in the municipal area. The municipality has vast areas of commercial farmlands as well as a number of areas that are significant from an environmental perspective.

The municipal area includes the formal towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton. Rural settlements include Bhuchanana, Luwamba, Makwela, Mambuka, Hluma, Matshana and Mabuyeni.



Map 30: Spatial Structuring Elements

16.2.5 Environmental Characteristics

The geomorphology of the landscape is generally described as a low-relief area that is bounded by a coastline and a high-relieve terrain on the landward side. Forming part of the Zululand Coastal Plain, the area indicates a history of erosion and sedimentation, and sea level fluctuations.

The municipal area falls within an area which is recognized as the second richest floristic region in Africa: containing approximately 80 % of the of South Africa's remaining forests, rich birdlife and many other significant flora and fauna species. The uMhlathuze Municipal Area supports more than 170 Red Data species, which has been reported as amongst the highest in the country for an area of its size.

The geology and geomorphology of the area controls the transport and storage of water and influences the hydraulic functions of the ground water system. Furthermore, the soils are very permeable and almost all the rainfall infiltrates into the groundwater, where it is temporarily stored before being discharged into the streams, lakes and wetlands.

Environmental Assets

The environmental assets of the areas are briefly described hereunder:

Economic Development: Coastal Dunes contain heavy minerals that are sought after for mining, which is a key sector in the context of regional economic development and national plans.

Tourism: The beaches are significant tourism assets for the municipality, attracting an Annual Beach Festival a hosting beach events at Alkanstrand, and providing a seasonal holiday destination and on-going recreational amenity. Other tourism assets worthy of preservation are the area's lakes and forests, heritage sites, conservation areas around Mzingazi River, and the estuary found south of the Port. The proposed developments of the waterfront, has a strong tourism focus. Environmental assets and socio-economic indicators have therefore been considered in the conceptual plans for the Waterfront.

More toward the inland, there are a number of game ranches and lodges that attracts a significant number of visitors annually.

Water Resources: The coastal Lakes (Lake Mzingazi, Lake Cubhu and Lake Nsezi) are important water resources for the municipality. The development of Richards Bay in particular, with its industrial development, has seen a significant increase in the abstraction rates of these lakes over the past 20 years.

Ecological Features: Water logged areas have been drained to accommodate development but has in the process, created important hydrological and ecological linkages. In certain instances, these artificial regimes have resulted in the formation of valuable natural assets that support high levels of biodiversity and species endemism. An example of such is the Thulazihleka Pan system in Richards Bay.

Environmental Services Management Plan

An ESMP has been prepared for the pre 2016 uMhlathuze area of the Municipality that outlines, amongst others, the following critical goals Environmental Services Management:

- To define cohesive and functional spatial management units within the municipal area that need to be managed in order to optimise the delivery of environmental services.
- To develop management plans for each management unit that identify the management activities required to secure environmental services supply.

The areas that provide environmental services to the City are spatially defined, and the following “Levels” of protection were determined:

Level 1: Environmental Corridors: Included in this zone are areas of high biodiversity and environmental significance that require a high level of legal protection.

Level 2: Conservation Zone: Included herein are areas of biodiversity/ environmental significance, which are not viable for proclamation but that require some form of legal protection. No transformation of the natural assets or the development of land for purposes other than conservation should be permitted in this zone. Sustainable use of renewable resources is permitted.

Level 3: Open Space Linkage Zone: Included in the open space linkage zone are areas that provide a natural buffer for Level 1 and 2 Zones, areas that provide a natural link between Level 1 and 2 Zones and areas that supply, or ensure the supply of, significant environmental services. Transformation of natural assets and the development of land in these zones should only be permitted under controlled conditions.

Level 4: Development Zone: Includes all areas that are not included in Level 1, 2 and 3 zones. Areas in this zone are either already developed or transformed and contain land and natural assets that are not critical for environmental service supply.

16.2.6 Air Quality

Air quality management plays an integral part in land use planning and zoning. A study was initiated to assess air quality within the pre 2016 uMhlathuze Municipality. The main objective of the air quality investigation was to inform the Spatial Development Framework for the City of uMhlathuze to ensure all environmental aspects were considered for current and future planning.

The study had the following focus areas and it is now opportune that the study be extended to include the extended municipal area:

- Determination of ambient air quality limits to be adopted as targets for areas within the City of uMhlathuze;
- Determination of areas where local air quality limits are exceeded or are in danger of being exceeded;
- Determination of buffer zones for existing industrial areas; and,
- Identification of possible future industrial development areas that would not impact on the health and well-being of the residents in uMhlathuze or on the sensitive environment.

16.2.7 Coastal Issues

Coastal Management:

The uMhlathuze municipality is bordered by approximately 48 km of coastline, which presents a number of economic, conservation and recreational opportunities. The shoreline is characterized by sandy beaches, well established dune formations, estuarine environments, and hosts the country's largest deep water Port.

Coastal Erosion:

As is the case with most coastal municipalities in KwaZulu-Natal, the Municipality has encountered severe coastal erosion, which requires a management response that would prevent further loss of beaches, damage to property and infrastructure. Being predisposed to disruption of natural wave action because of the Port entrance, Alkanstrand beach at Richards Bay requires a reliable sand bypassing scheme. In the absence of sand budget on the Northern beaches, the municipality has to implement soft engineering techniques to mitigate against an eroding coastline. Any further development of the coast is furthermore required to take cognizance of the Coastal setback lines adopted by the municipality.

Coastal access:

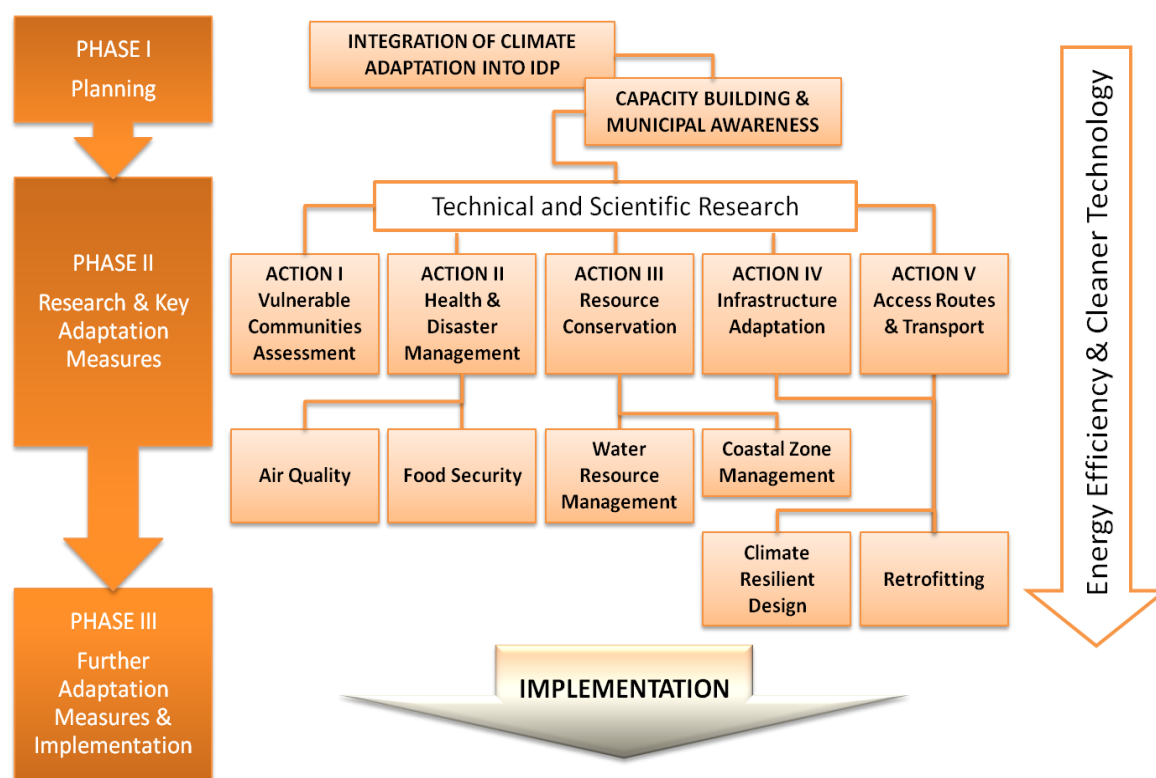
Sanctioned by the National Environmental a Management: Integrated Coastal Management Act, Act 24 of 2008, a number of coastal access points is being

considered. These access areas are strategically important as they aim to create safe, equitable beach access, as well as improved recreational and tourism opportunities.

16.2.8 CLIMATE CHANGE

Climate change strategies are drafted on the basis of two fundamental principles, i.e. mitigation and adaptation. To this end, a Climate Change Municipal Action Plan is in place that also has to be extended/reviewed to include the enlarged municipal area. The areas that were added to the Municipality experience climate change in a different manner and are generally more vulnerable. The Municipal Action plan adopts a phased approach to allow for a systematic and realistic response to potential climate impacts.

Figure 73: Phased Approach to Municipal Action Plan



16.2.9 Biodiversity and Development

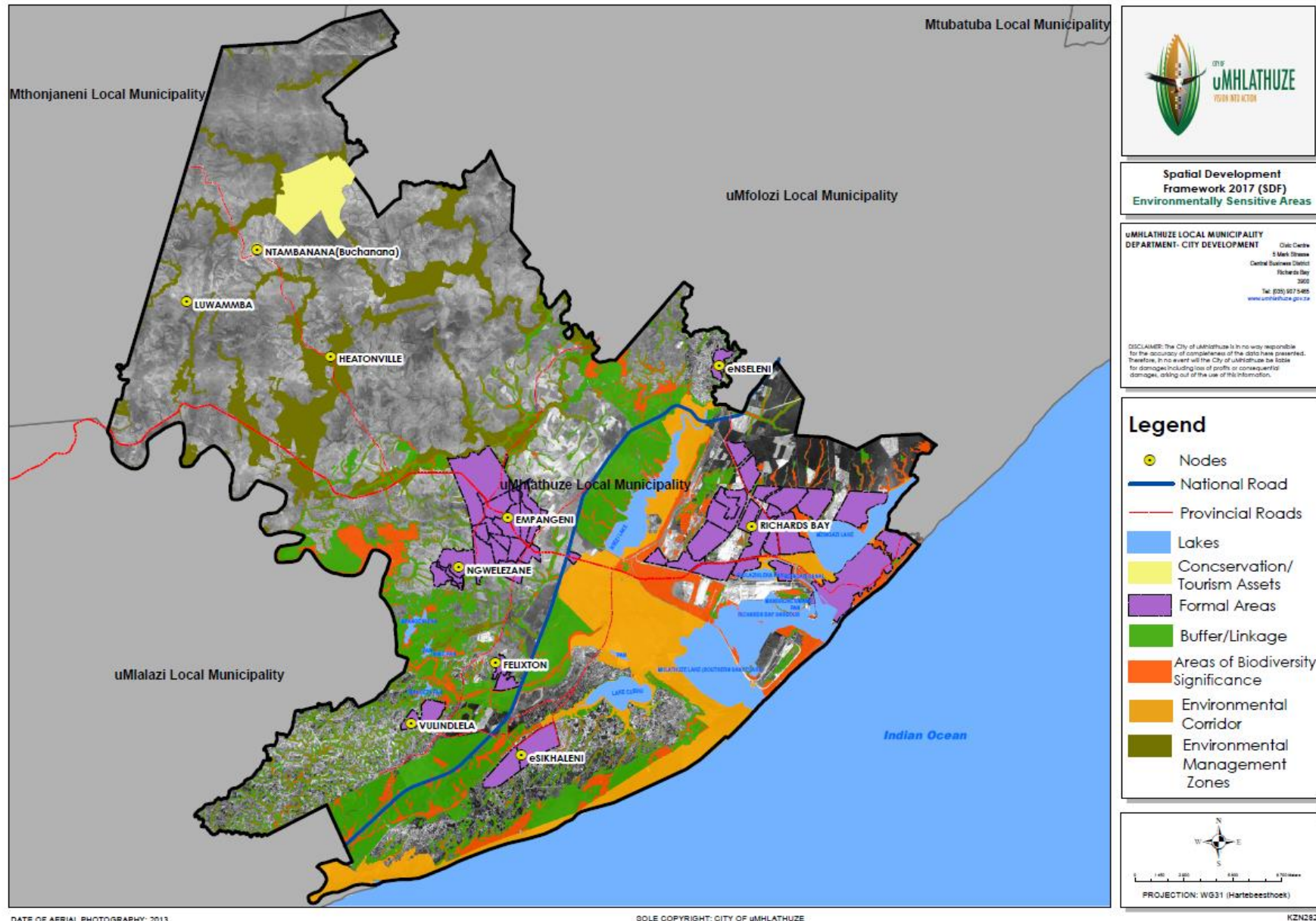
The greater uMhlathuze Municipal Area supports more than 170 Data species, which according to the South African National Biodiversity Institute, ranks amongst the highest in the country for an area of its size. This remarkable concentration of Red Data Species is one the main reasons that most of the remaining percentage of undeveloped, indigenous land cover, is considered irreplaceable by Ezemvelo KZN Wildlife for meeting its conservation objectives in the Province.

Table 90: Biodiversity Significance

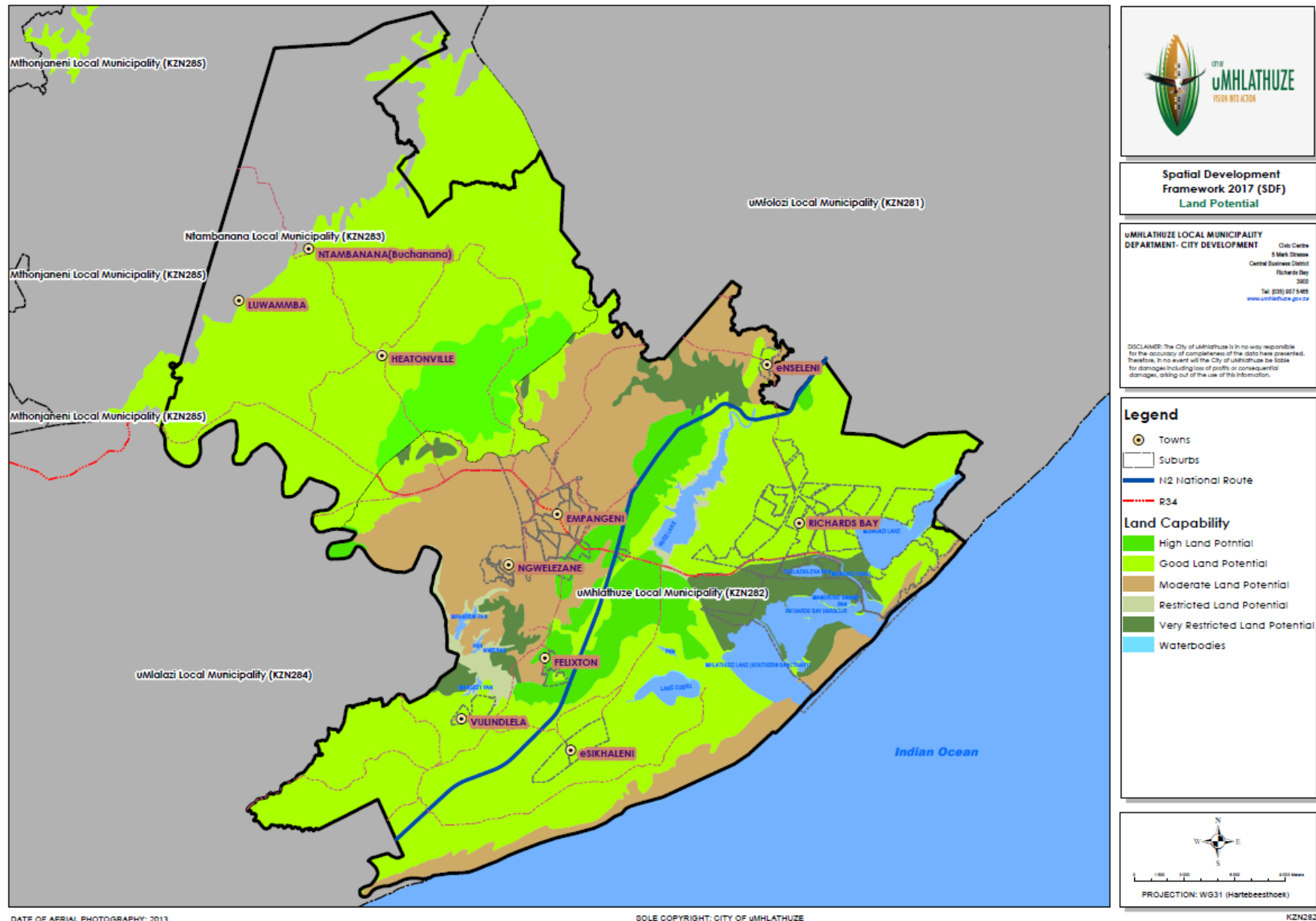
Vegetation Type	Red Data Species (Significance)	Conservation Target
Grasslands	124	100 % following a detailed survey. Conservation of a substantial portion of the remaining natural asset in the region is required if conservation objectives are to be pursued
Forests	90	
Nseleni River Lake Nsezi System	70	
Large Wetlands	55	
Estaries	28	
Lakes	18	
Mhlathuze River System	11	
Swamp Forests	9	

All of the remaining ecosystem types are important for supporting Red Data Species, implying that there is a direct conflict with future development imperatives. The Spatial Development Framework has identified such development opportunities for the area. Port expansion with associated industrial development is the single most significant opportunity in the area with tremendous potential to grow the local, regional and national economy. Existing planning approaches in the area also present opportunities to enhance conservation and hence tourism objectives. The limited space to accommodate the growth demand in the area reflects the realities of ecological risks that may arise and the anticipated conflict between conservation and development. The situation highlights the need for closer collaboration and coordinated planning between environmental stakeholders and prospective developers.

Map 31: Environmentally Sensitive Areas



Map 32: Agricultural Land Potential



16.2.10 Socio-Economic Indicators

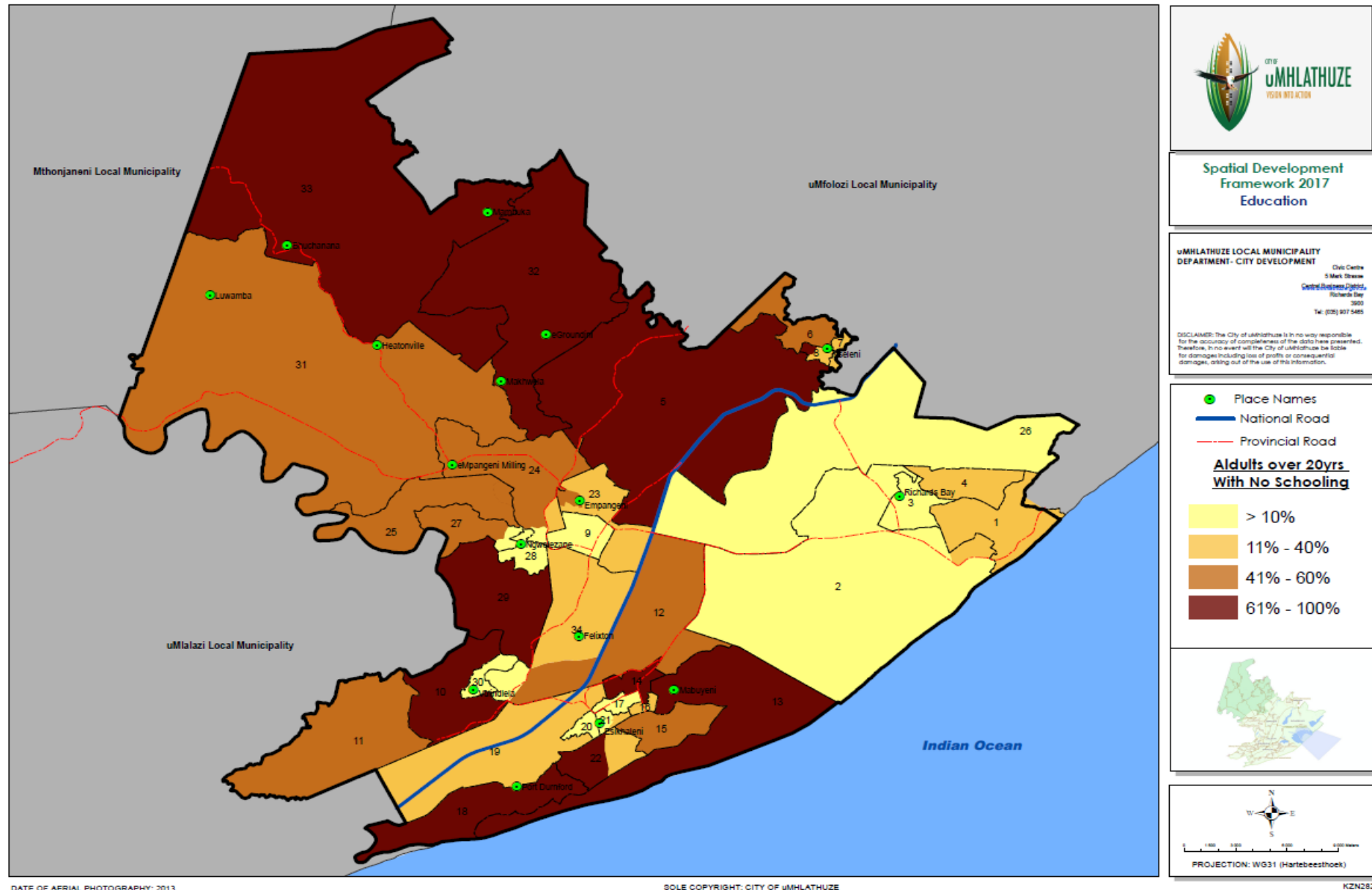
The following series of maps provides information pertaining to:

- Adult education levels
- Household income levels below R1 600 per month
- Unemployment levels
- Households access to piped water
- Household access to hygienic toilets

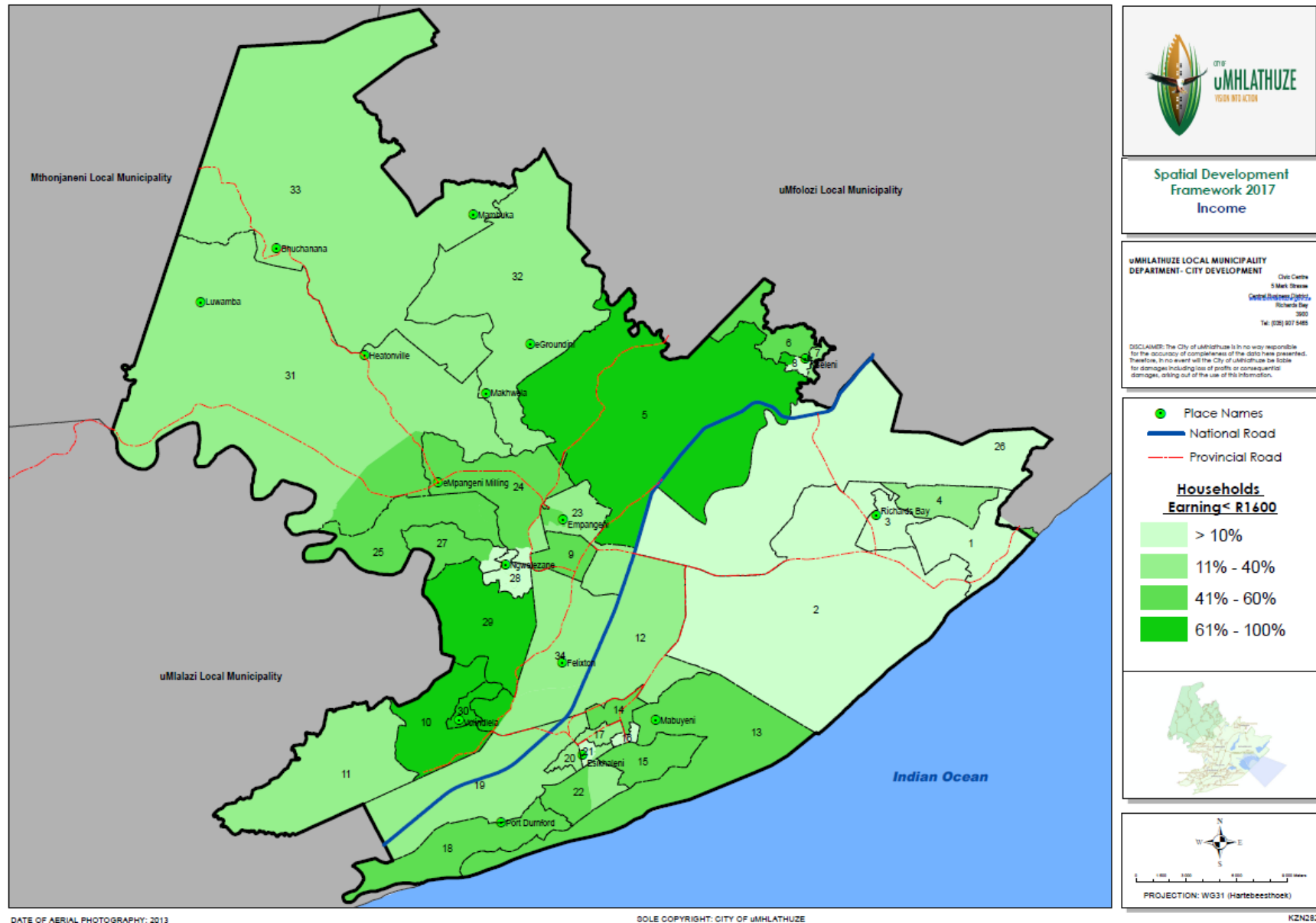
The following is summarised from the mapping provided:

- Map 3 indicates the comparative percentage of adults over the age of 20 years that do not have schooling. The incidence of this is highest (more than 61%) in Wards 5, 10, 13, 14, 18, 25, 32 and 33. This are largely coinciding with Traditional Authority areas.
- Map 4 illustrates income levels as a percentage of households that earn less than R1600 per month. In this regard, Wards 5, 10 and 29 are the most impoverished in this regard.
- Map 5 outlines unemployment levels and the wards with the highest percentage of unemployed individuals are 4, 5, 12, 18, 24 and 28.
- Access to piped water is illustrated on Map 6 and wards 31 and 33 have high percentages of households – more than 61% - that do not have access to piped water.
- Access to hygienic toilets is indicated on Map 7 and it is noted that wards 5 and 33 have more than 61% of their households without access to hygienic toilets.

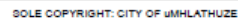
Map 33: Level of Education



Map 34: Income Level below R1600 per month









16.2.11 UMhlathuze Spatial Development Framework

The KwaZulu-Natal province (through the PGDP) has set itself up as the gateway to the country and the Africa continent. The provincial focus is on job creation aimed at bringing down unemployment through job creation. Agriculture is one of the sectors that need to be revived as well as tourism as KZN has the highest domestic tourism numbers in the country.

One of the driving sectors in the province's economy is its ports. The province has the biggest ports in Africa and with more expansion at the ports planned. Richards Bay is strategically located close to the Port of Maputo and is also strategically located in respect of SIP 1: Unlocking the northern mineral belt with Primary Mineral Reserves Waterberg as the catalyst with regard to the rail link improvements between Mpumalanga and Richards Bay.

The uMhlathuze SDF is a tool to guide future development (investment, decisions etc.) and interventions in context of the aforementioned and local conditions. Amongst others, it encompasses the following:

- Long term development trajectory, even beyond 50 years
- Alignment with International, National, Provincial and Local Plans
- Alignment with long term future Port Development Framework and Richards Bay IDZ Plans
- The municipal SDF contains spatial structuring elements that have been informed by a technical analysis of trends and considers a number of development scenarios
- Nodes and corridors are identified for investment responses
- Integrated Human Settlements is a core feature of the spatial development framework
- Effect is given to Spatial Transformation by way of focussing and channelling investment in line with the Pillars of Spatial Transformation.

The following elements relevant to uMhlathuze's spatial development are expanded upon to indicate how investment and development is guided by the municipal SDF:

- Nodes & Corridors
- SDF Expansion Areas
- Integrated Human Settlement (Restructuring Zones & NUSP)
- Urban Renewal & Precinct Planning
- Public Transport Facilities
- Catalytic Projects

16.2.12 Corridors and Nodes

Corridors:

The 2007 PSEDs (Provincial Spatial Economic Development Strategy) has been updated to enhance the original nodes and corridors. In particular, the updated study aims to provide guidance on what types of interventions are needed and which localities. More specifically, it has a rural development focus to address poverty issues and represents a move away from a hierarchical tiered structure to a balanced and integrated network of towns and cities.

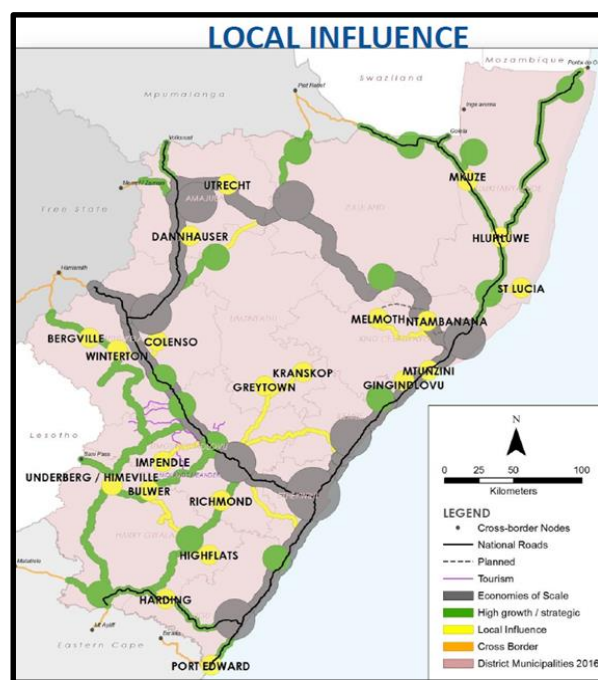
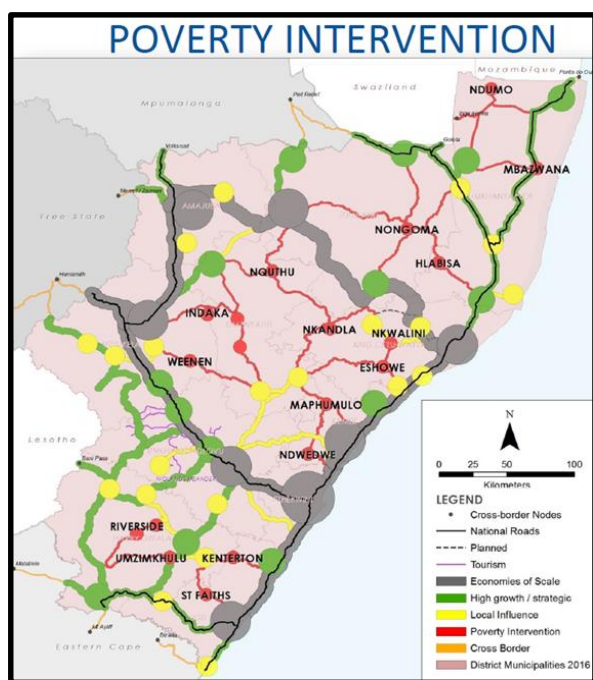
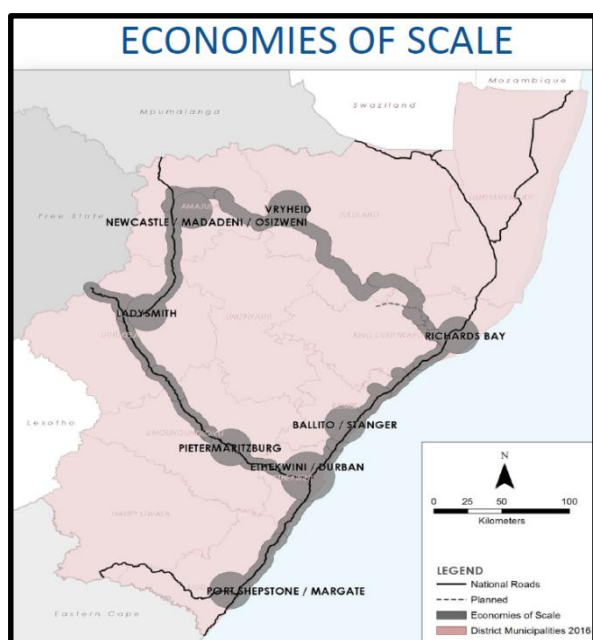
The PSEDs has been undertaken in line with the comparative advantage approach as summarized hereunder:

1. Focusing on what type of development should take place in different regions/districts helps to overcome some challenges of spatial prioritization.
2. Investment should occur in the sectors which provide the greatest socio-economic return to investment.
3. It is important to know what each district does best, specifically comparatively best.

To this end, the following set of new criteria was applied for the identification of nodes:

- o Economies of Scale factors as informed by population density contribution to GDP and diverse services to international, national and provincial clients.
- o Strategic factors relating to medium population density areas with high economic growth or high potential for future economic growth.
- o Local influence factors such as centres that are significant as district and municipal centres providing services to the district and local municipality.
- o Poverty alleviation factors relating to high levels of poverty, low unemployment and spatial isolation.

In context of the above, the following set of provincial mapping has been prepared:



Composite mapping as follow:

The Presidential Infrastructure Commission (PIC) launched the National Infrastructure Development Plan which consists of 18 Strategic Integrated Projects (SIPs). KZN COGTA has embarked on a phased approach towards the development of Corridor Plans, with the first plan being the Development of a Strategic Corridor Plan for the SIP 2 (Durban Free State - Gauteng) Logistics and Industrial Corridor followed by the N2 Corridor Plan from EThekweni through Richards Bay to the uMfolozi Municipality. The "N2 Corridor" (from Durban - Richards Bay to KwaMbonambi) is proposed to provide a clear 25-year period strategic plan for the development, land usage and transport mobility of the affected area. The plan will be used to inform, integrate and coordinate strategic growth and development along the "N2 Corridor" over the next 25 years by exploiting KZN's key competitive and comparative advantages.

The P700 and P701 is part of the KZN Transport Department's African Renaissance Roads Upgrading Programme (ARRUP). The P700 is a provincial route, which originates from the R66 to Hluhluwe-UMfolozi Park. It provides a shorter and more direct link to the Park from Mpumalanga and Gauteng. The P701 is in extent of about 62km running from the P700 and joins the R34 to Empangeni. It bisects two Local Municipal areas namely, the Ntambanana Local Municipality and the uMhlathuze Local Municipality. The development of this strategic corridor seeks to facilitate the distribution of benefits arising from tourism and other economic activities. In economic and conservation terms, the tourism sector is regarded as one of the key development catalysts in the area.

Apart from the above listed strategic, provincial, corridors, local corridors have also been identified for the uMhlathuze Municipal area as indicated on the mapping provided.

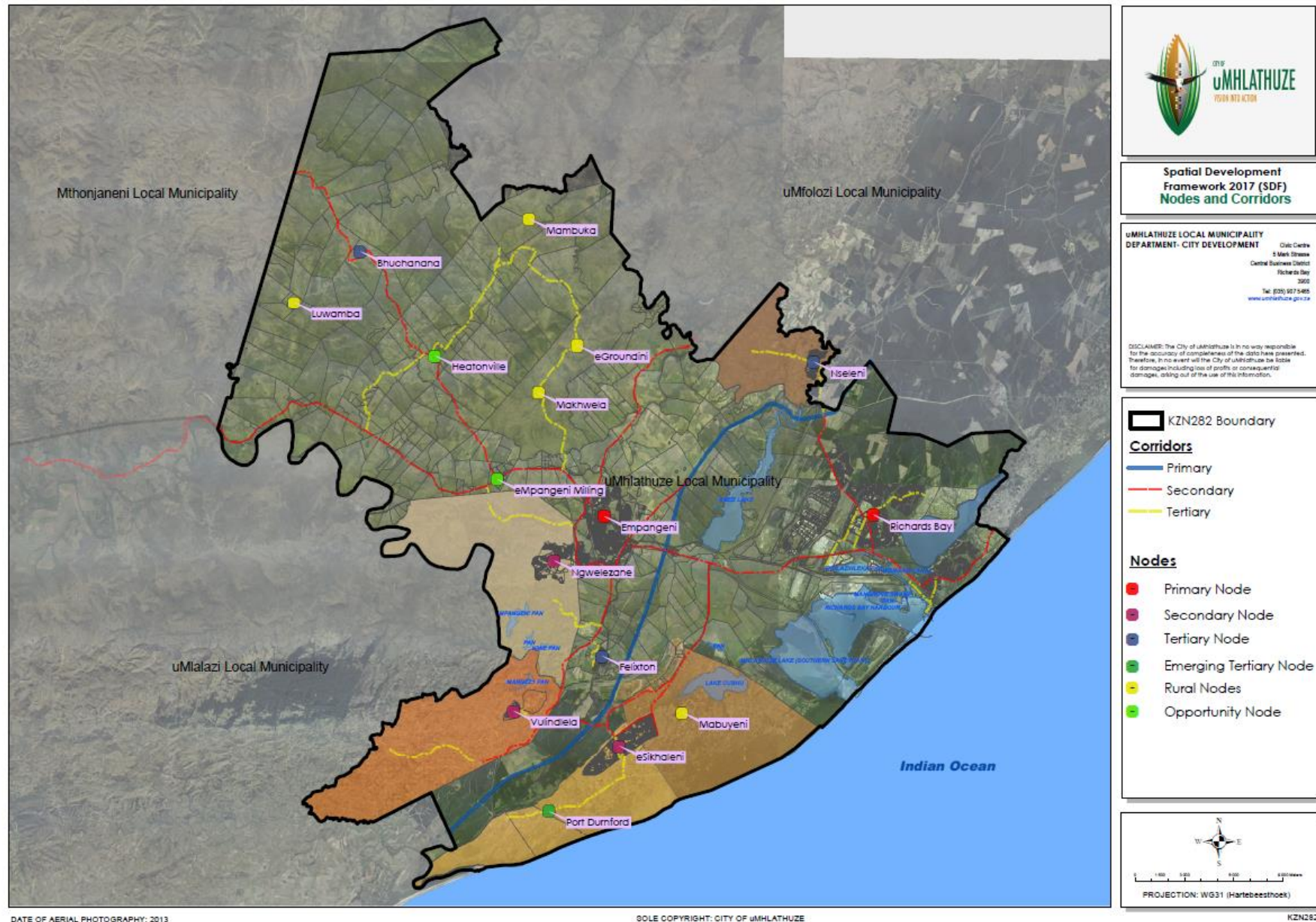
Nodes:

The following table provides a summary the uMhlathuze Nodal Hierarchy:

Primary Nodes Urban centre for development initiatives that are innovative based on a new ethos which aims at creating a unique high performance unique sense of place and belonging live, i.e. work-play-trade environment.	- o Empangeni - o Richards Bay
Secondary A socio-economic and/or institutional node that offers sustainable economic and social opportunities to the benefit of its inhabitants and visitors based on a human scale principle. In time, secondary nodes should evolve into primary nodes.	- o ESikhaleni - o Ngwelezane - o Vulindlela - o Felixton

Tertiary A socio-economic node that offers sustainable mixed use development opportunities based on a human scale principle.	○ Felixton ○ Nseleni ○ Bhuchanana
Emerging Tertiary A node that is already fulfilling a local need and has the potential to further develop, or is moving toward, being a tertiary node.	○ Port Durnford
Rural Nodes Socio-economic nodes that offer tailor made mixed use development opportunities closer to their surrounding communities.	○ Hluma ○ Matshana ○ Mabuyeni ○ Luwamba ○ Makwela ○ eGroundini ○ Mambuka
Opportunity Nodes By virtue of their location at a major intersection or significant passing trade, these areas offer opportunities that not necessarily of a residential nature.	○ Empangeni Milling ○ Heatonville

The above eighteen (19) nodes were identified by their spatial characteristics, primary land use characteristics, roles and functions to city and the region. The identified nodes are classified as Primary, Secondary, Tertiary, Emerging Tertiary, Rural Nodes and Opportunity Nodes.



16.2.13 SDF Expansion Areas

A future development scenario has been prepared for the uMhlathuze Municipality based on the following practical and realistic assumptions:

1. Further Port Expansion/development will take place
2. There will be an increase in economic activity
3. There will be population increase

With regard to the latter, population increases, the 2016 Community Survey indicates that the population of uMhlathuze Municipality has increased by just over 22% between 2011 and 2016. This increase is indicated in relation to the King Cetshwayo District Family of Municipalities hereunder.

	KCDM	IMFOLOZI	UMHLATHU ZE	UMLALAZI	MTHONJA NENI	NKANDLA
2011	907519	122889	334459	213601	47818	114416
2016	971135	144363	410465	233140	78883	114284
% Growth	7,01%	17,47%	22,73%	9,15%	64,97%	-0,12%

In context of the above, it has to be borne in mind that a portion of the population increase is the result of an enlarged municipal area following the inclusion of 3 wards from the former Ntambanana post the 2016 Local Government Elections.

Population growth scenarios have been applied to the base figure from the 2016 Community Survey. Adequate data and research is not available at this time to apply an historic growth trend as the composition of the municipality, in terms of boundaries and wards, has changed post the Local Government Elections of 2016. The following base data has therefore been used:

- A baseline population in the uMhlathuze Municipality of 410 465 people in 2016 as per the Community Survey
- A calculated household size of 3.95 as derived from 2011 census data
- A total number of 103 915 households in the municipal area derived from the above

Apart from indicating population growth scenarios, an indication is also provided on the estimated land required to accommodate the increase in households in the municipal area. In this regard, the following base data (assumptions) has been applied:

- Household size of 3.95
- Residential land utilization of 15 units/hectare or 25 units/hectare

Table 91: Population Growth Scenarios from 2016 to 2030

	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024	2 025	2 026	2 027	2 028	2 029	2 030
1.5% Increase	410 465	416 622	422 871	429 214	435 653	442 187	448 820	455 552	462 386	469 322	476 361	483 507	490 759	498 121	505 593
Households	103 915	105 474	107 056	108 662	110 292	111 946	113 625	115 330	117 060	118 816	120 598	122 407	124 243	126 107	127 998
2% Increase	410 465	418 674	427 048	435 589	444 301	453 187	462 250	471 495	480 925	490 544	500 355	510 362	520 569	530 980	541 600
Households	103 915	105 993	108 113	110 276	112 481	114 731	117 025	119 366	121 753	124 188	126 672	129 205	131 790	134 425	137 114
3% Increase	410 465	422 779	435 462	448 526	461 982	475 841	490 117	504 820	519 965	535 564	551 631	568 180	585 225	602 782	620 865
Households	103 915	107 033	110 244	113 551	116 957	120 466	124 080	127 803	131 637	135 586	139 653	143 843	148 158	152 603	157 181
4% Increase	410 465	426 884	443 959	461 717	480 186	499 393	519 369	540 144	561 750	584 220	607 588	631 892	657 168	683 454	710 793
Households	103 915	108 072	112 395	116 890	121 566	126 429	131 486	136 745	142 215	147 904	153 820	159 973	166 372	173 026	179 947
5% Increase	410 465	430 988	452 538	475 165	498 923	523 869	550 062	577 565	606 444	636 766	668 604	702 034	737 136	773 993	812 693
Households	103 915	109 111	114 566	120 295	126 310	132 625	139 256	146 219	153 530	161 207	169 267	177 730	186 617	195 948	205 745

From the above, the following is highlighted:

- At a steady population increase of 1, 5% per annum, the municipal population will surpass 500 000 people by 2030.
- The municipality will reach a population of 500 000 before 2021 if a population growth rate of 5% takes place over the next few years.
- At such a 5% per annum population growth rate the number of households in the municipality will double by 2030.

Table 92: Corresponding Residential Land Requirements from 2016 to 2023

	2 016	Increase	2 017	Increase	2 018	Increase	2 019	Increase	2 020	Increase	2 021	Increase	2 022	Increase	2 023
1.5% Increase	410 465	6 157	416 622	6 249	422 871	6 343	429 214	6 438	435 653	6 535	442 187	6 633	448 820	6 732	455 552
Households	103 915	1 559	105 474	1 582	107 056	1 606	108 662	1 630	110 292	1 654	111 946	1 679	113 625	1 704	115 330
Urban Residential Land @ 15 units/ha	6 928	104	7 032	105	7 137	107	7 244	109	7 353	110	7 463	112	7 575	114	7 689
Urban ResidentialLand @ 25 units/ha	4 157	62	4 219	63	4 282	64	4 346	65	4 412	66	4 478	67	4 545	68	4 613
2% Increase	410 465	8 209	418 674	8 373	427 048	8 541	435 589	8 712	444 301	8 886	453 187	9 064	462 250	9 245	471 495
Households	103 915	2 078	105 993	2 120	108 113	2 162	110 276	2 206	112 481	2 250	114 731	2 295	117 025	2 341	119 366
Urban Residential Land @ 15 units/ha	6 928	139	7 066	141	7 208	144	7 352	147	7 499	150	7 649	153	7 802	156	7 958
Urban ResidentialLand @ 25 units/ha	4 157	83	4 240	85	4 325	86	4 411	88	4 499	90	4 589	92	4 681	94	4 775
3% Increase	410 465	12 314	422 779	12 683	435 462	13 064	448 526	13 456	461 982	13 859	475 841	14 275	490 117	14 704	504 820
Households	103 915	3 117	107 033	3 211	110 244	3 307	113 551	3 407	116 957	3 509	120 466	3 614	124 080	3 722	127 803
Urban Residential Land @ 15 units/ha	6 928	208	7 136	214	7 350	220	7 570	227	7 797	234	8 031	241	8 272	248	8 520
Urban ResidentialLand @ 25 units/ha	4 157	125	4 281	128	4 410	132	4 542	136	4 678	140	4 819	145	4 963	149	5 112
4% Increase	410 465	16 419	426 884	17 075	443 959	17 758	461 717	18 469	480 186	19 207	499 393	19 976	519 369	20 775	540 144
Households	103 915	4 157	108 072	4 323	112 395	4 496	116 890	4 676	121 566	4 863	126 429	5 057	131 486	5 259	136 745
Urban Residential Land @ 15 units/ha	6 928	277	7 205	288	7 493	300	7 793	312	8 104	324	8 429	337	8 766	351	9 116
Urban ResidentialLand @ 25 units/ha	4 157	166	4 323	173	4 496	180	4 676	187	4 863	195	5 057	202	5 259	210	5 470
5% Increase	410 465	20 523	430 988	21 549	452 538	22 627	475 165	23 758	498 923	24 946	523 869	26 193	550 062	27 503	577 565
Households	103 915	5 196	109 111	5 456	114 566	5 728	120 295	6 015	126 310	6 315	132 625	6 631	139 256	6 963	146 219
Urban Residential Land @ 15 units/ha	6 928	346	7 274	364	7 638	382	8 020	401	8 421	421	8 842	442	9 284	464	9 748
Urban ResidentialLand @ 25 units/ha	4 157	208	4 364	218	4 583	229	4 812	241	5 052	253	5 305	265	5 570	279	5 849

From the above, the following is noted:

- An estimated additional 1300 ha of land may be needed from 2016 to 2023 to accommodate a 1, 5% population increase at a development density of 15 units per hectare.
- An estimated additional 600 ha of land may be needed from 2016 to 2023 to accommodate a 1,5% population increase at a development density of 25 units per hectare

Table 93: Corresponding Residential Land Requirements from 2023 to 2030

	2 023	Increase	2 024	Increase	2 025	Increase	2 026	Increase	2 027	Increase	2 028	Increase	2 029	Increase	2 030
1.5% Increase	455 552	6 833	462 386	6 936	469 322	7 040	476 361	7 145	483 507	7 253	490 759	7 361	498 121	7 472	505 593
Households	115 330	1 730	117 060	1 756	118 816	1 782	120 598	1 809	122 407	1 836	124 243	1 864	126 107	1 892	127 998
Urban Residential Land @ 15 units/ha	7 689	115	7 804	117	7 921	119	8 040	121	8 160	122	8 283	124	8 407	126	8 533
Urban Residential Land @ 25 units/ha	4 613	69	4 682	70	4 753	71	4 824	72	4 896	73	4 970	75	5 044	76	5 120
2% Increase	471 495	9 430	480 925	9 619	490 544	9 811	500 355	10 007	510 362	10 207	520 569	10 411	530 980	10 620	541 600
Households	119 366	2 387	121 753	2 435	124 188	2 484	126 672	2 533	129 205	2 584	131 790	2 636	134 425	2 689	137 114
Urban Residential Land @ 15 units/ha	7 958	159	8 117	162	8 279	166	8 445	169	8 614	172	8 786	176	8 962	179	9 141
Urban Residential Land @ 25 units/ha	4 775	95	4 870	97	4 968	99	5 067	101	5 168	103	5 272	105	5 377	108	5 485
3% Increase	504 820	15 145	519 965	15 599	535 564	16 067	551 631	16 549	568 180	17 045	585 225	17 557	602 782	18 083	620 865
Households	127 803	3 834	131 637	3 949	135 586	4 068	139 653	4 190	143 843	4 315	148 158	4 445	152 603	4 578	157 181
Urban Residential Land @ 15 units/ha	8 520	256	8 776	263	9 039	271	9 310	279	9 590	288	9 877	296	10 174	305	10 479
Urban Residential Land @ 25 units/ha	5 112	153	5 265	158	5 423	163	5 586	168	5 754	173	5 926	178	6 104	183	6 287
4% Increase	540 144	21 606	561 750	22 470	584 220	23 369	607 588	24 304	631 892	25 276	657 168	26 287	683 454	27 338	710 793
Households	136 745	5 470	142 215	5 689	147 904	5 916	153 820	6 153	159 973	6 399	166 372	6 655	173 026	6 921	179 947
Urban Residential Land @ 15 units/ha	9 116	365	9 481	379	9 860	394	10 255	410	10 665	427	11 091	444	11 535	461	11 996
Urban Residential Land @ 25 units/ha	5 470	219	5 689	228	5 916	237	6 153	246	6 399	256	6 655	266	6 921	277	7 198
5% Increase	577 565	28 878	606 444	30 322	636 766	31 838	668 604	33 430	702 034	35 102	737 136	36 857	773 993	38 700	812 693
Households	146 219	7 311	153 530	7 677	161 207	8 060	169 267	8 463	177 730	8 887	186 617	9 331	195 948	9 797	205 745
Urban Residential Land @ 15 units/ha	9 748	487	10 235	512	10 747	537	11 284	564	11 849	592	12 441	622	13 063	653	13 716
Urban Residential Land @ 25 units/ha	5 849	292	6 141	307	6 448	322	6 771	339	7 109	355	7 465	373	7 838	392	8 230

From the above, the following is noted:

- An estimated additional 6800 ha of land may be needed from 2016 to 2030 to accommodate a 1, 5% population increase at a development density of 15 units per hectare.
- An estimated additional 4000 ha of land may be needed from 2016 to 2030 to accommodate a 1,5% population increase at a development density of 25 units per hectare

In context of the aforementioned, the municipal spatial development perspective also focuses on the following:

1. The identification of land to accommodate the expected growth, i.e. expansion areas
2. The identification of areas for densification
3. Revision of the Town Planning controls

Expansion areas were identified by applying spatial planning principles, i.e. integration and concentration together with a technical analysis of air quality, founding conditions, the environmental etc. The location of a possible development application in the expansion area does not provide adequate information for Council to support the proposed development in principle. Site specific specialist studies and approvals that address all environmental issues and requirements, land ownership, detailed services design and use issues etc. are still required. Council can only make an informed decision upon consideration of the specialist studies as part of the development application processes.

The following expansion areas have been identified for the municipal area with the following size and developable characteristics.

Table 94: Extent of Expansion Areas

Expansion Area	Size (Ha)	Land Developable (Ha)
A	593	363
B	2 982	2 214
C	512	437
D	1 756	356
E	2 306	1 958
F	2 344	1 699
G	971	407
H	1 163	780
TOTAL	12 629	8 214

A further land use analysis has already been undertaken for the municipal area indicating the current proportionate land use zonings in the municipal area:

Table 95: Current zoned land use Percentages

Zoning	Ha	% Against Total
Commercial	114.02	1.46%
Industrial	1695	21.70%
General Residential	115.752	1.48
Special Residential	1496.475	19.16
Intermediate Residential	15.87	0.2
Public/Private Open Spaces	540	6.92
Transportation Infrastructure	28.4	0.4
Undetermined	16.686	0.21
Social	535.8	6.86
Other Zonings	3248.997	41.616
Total	7807	100

The above determined land use percentages were applied to the land area of the proposed expansion areas to provide an indication of the anticipated land usages in the expansion areas as indicated hereunder.

Table 96 : Anticipated land usages in Expansion Areas

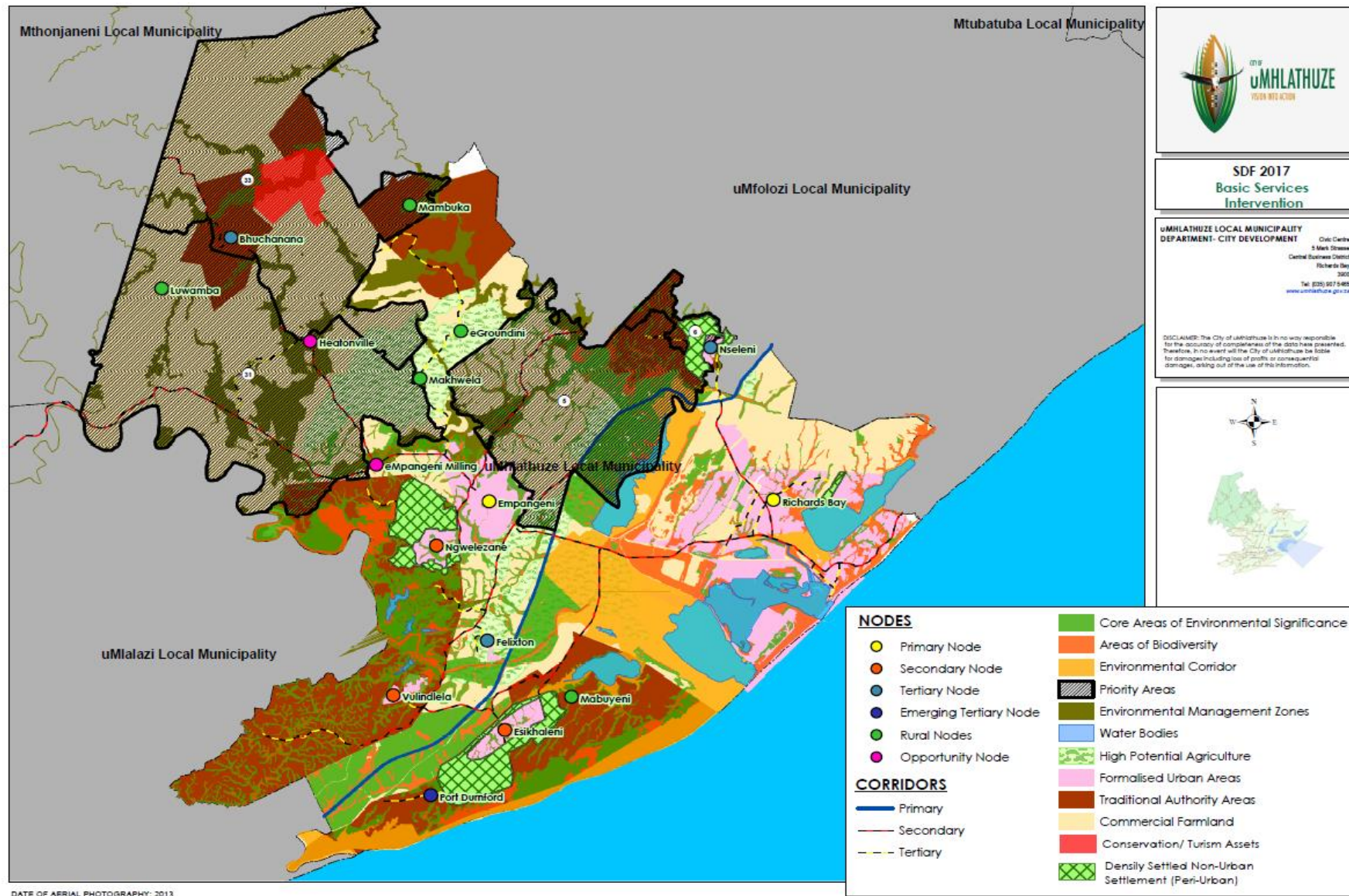
Zoning	Ha
Commercial	119.93
Industrial	1782.50
General Residential	121.57
Special Residential	1573.86
Intermediate Residential	16.43
Public/Private Open Spaces	568.43
Transportation Infrastructure	32.86
Undetermined	17.25
Social	563.50
Other Zonings	3418.46
Total	8214.30

It is important to note the above findings have informed the WSDP/Water Master Plan as well as the Bulk Sewer Master Plan preparation for a portion of the municipal area. These identified strategic plans will have to be reviewed/updated in line with the extended municipal area post the 2016 Local Government Elections.

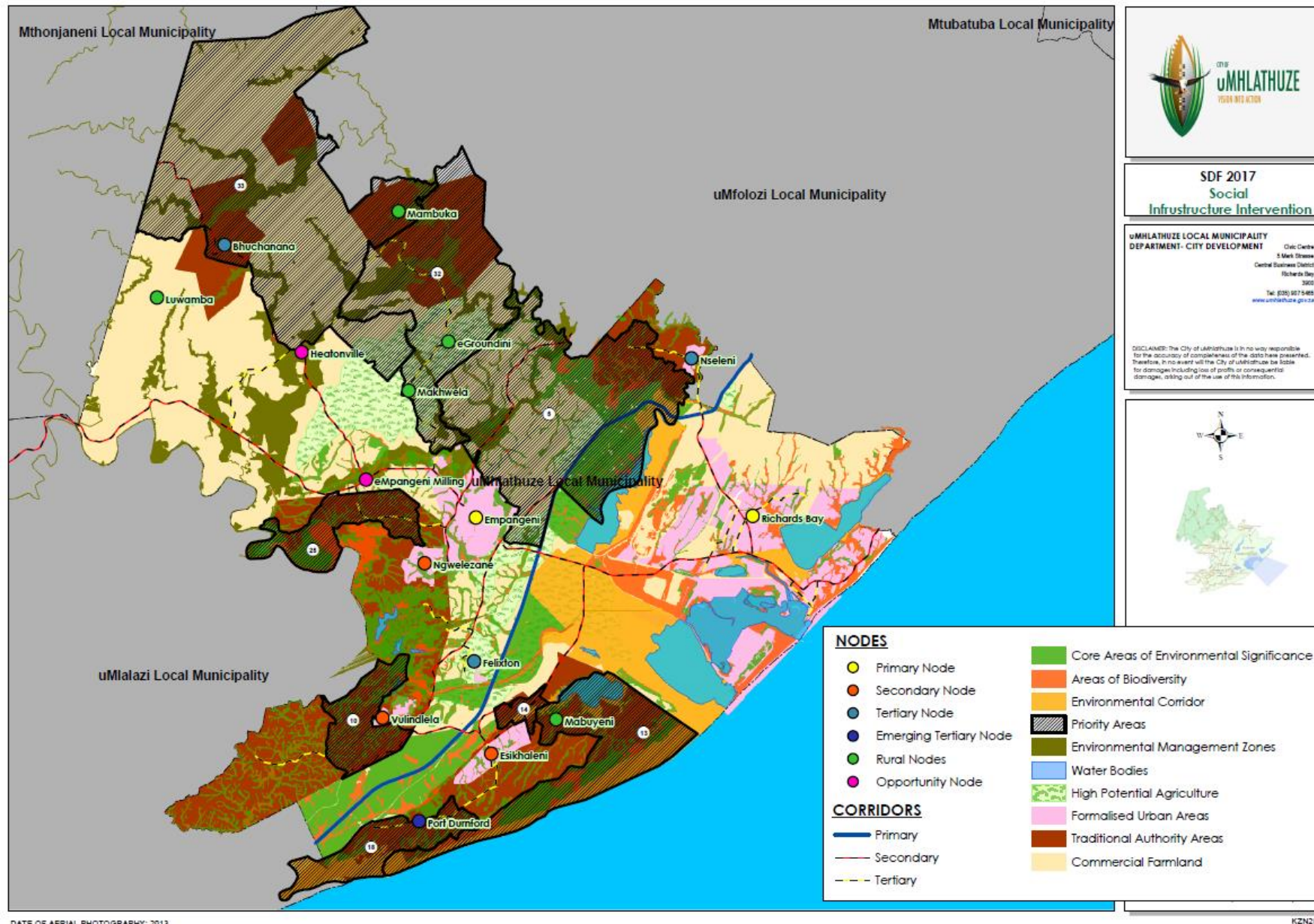
At overleaf, the following series of spatial intervention mapping for uMhlathuze Municipality is shown.

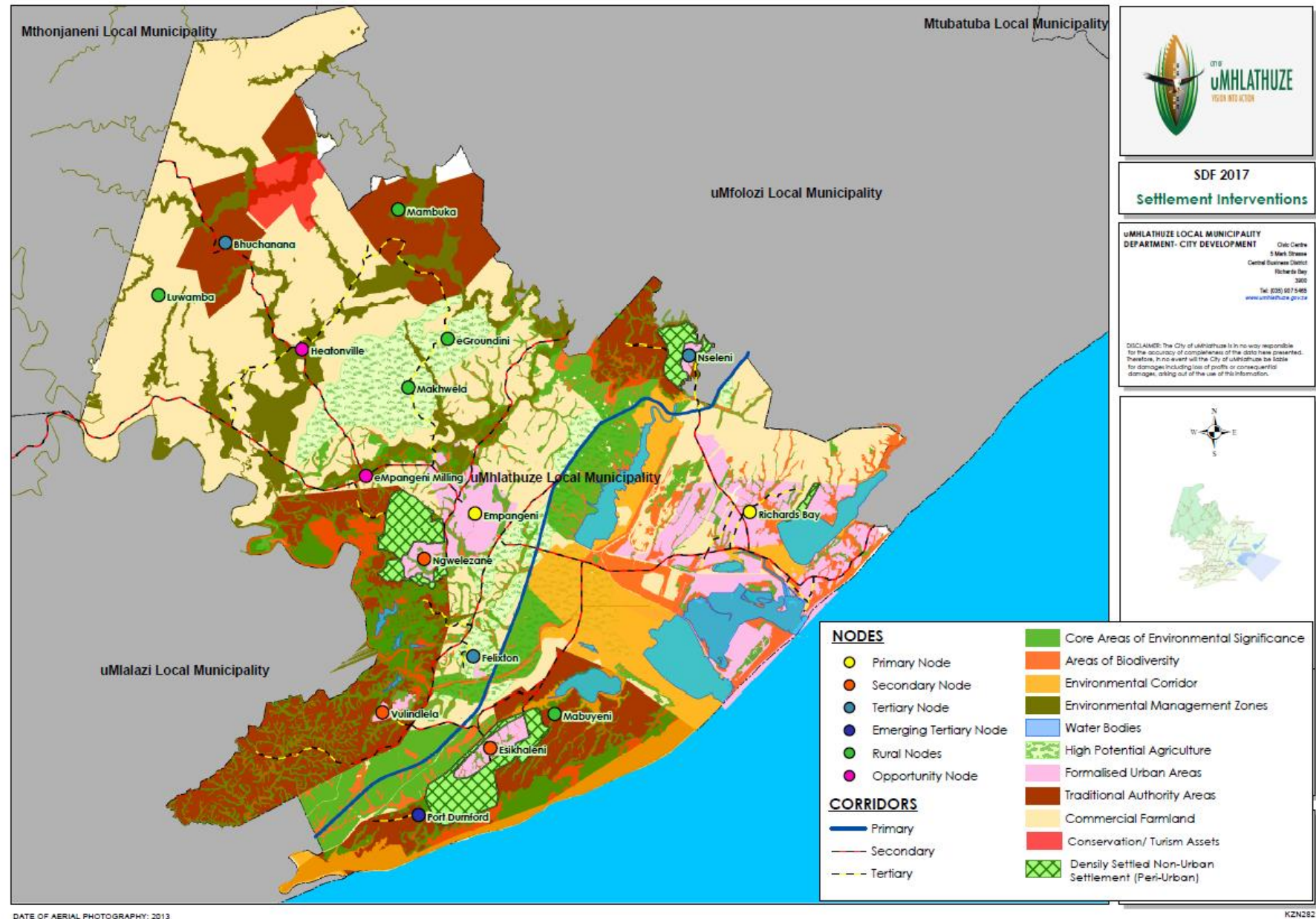
- Areas of Social Infrastructure Intervention
- Areas Basic Services Intervention
- Interventions at Settlements
- Areas of Economic Growth and Development

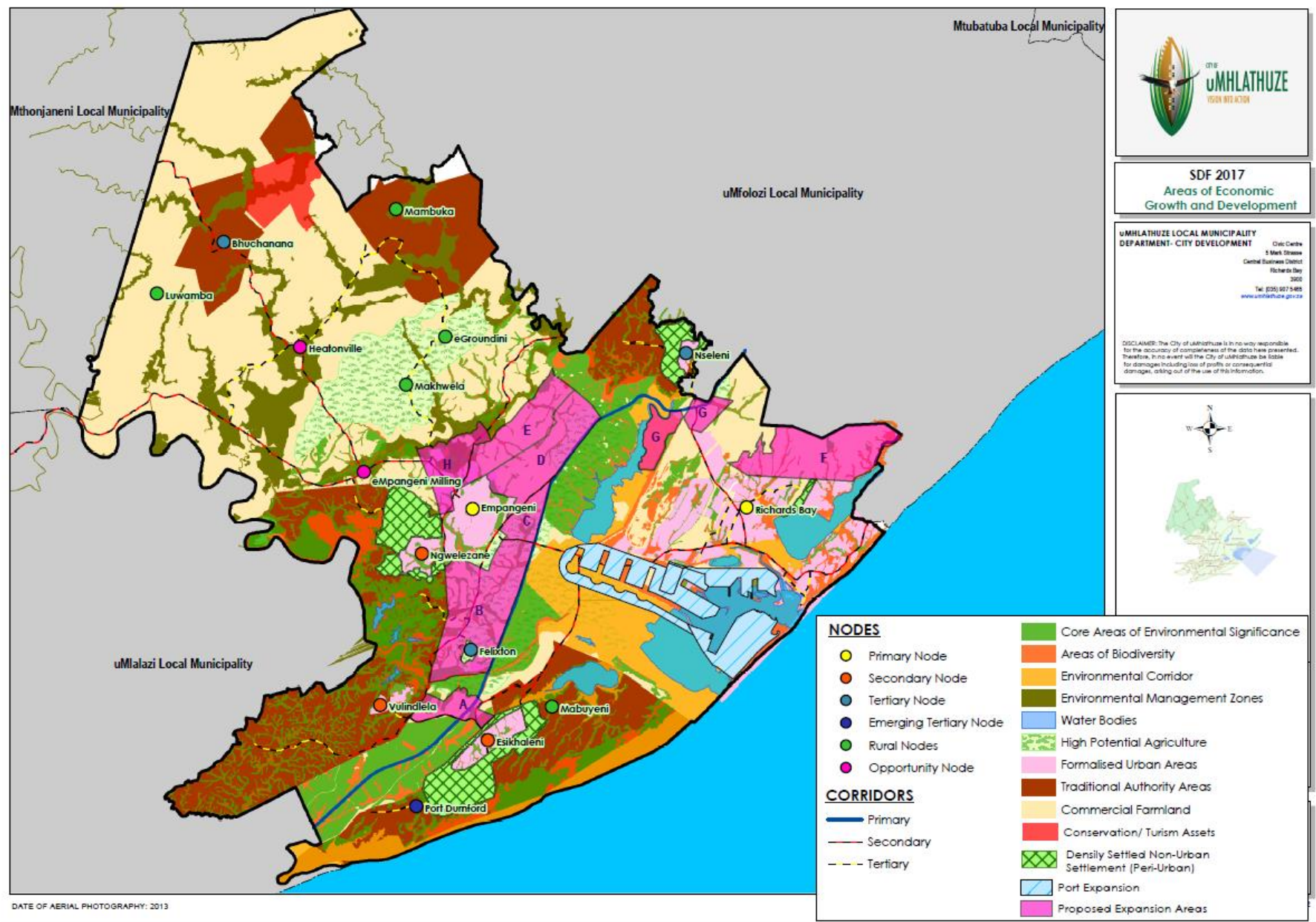
Map 39: Areas Requiring Infrastructure Intervention



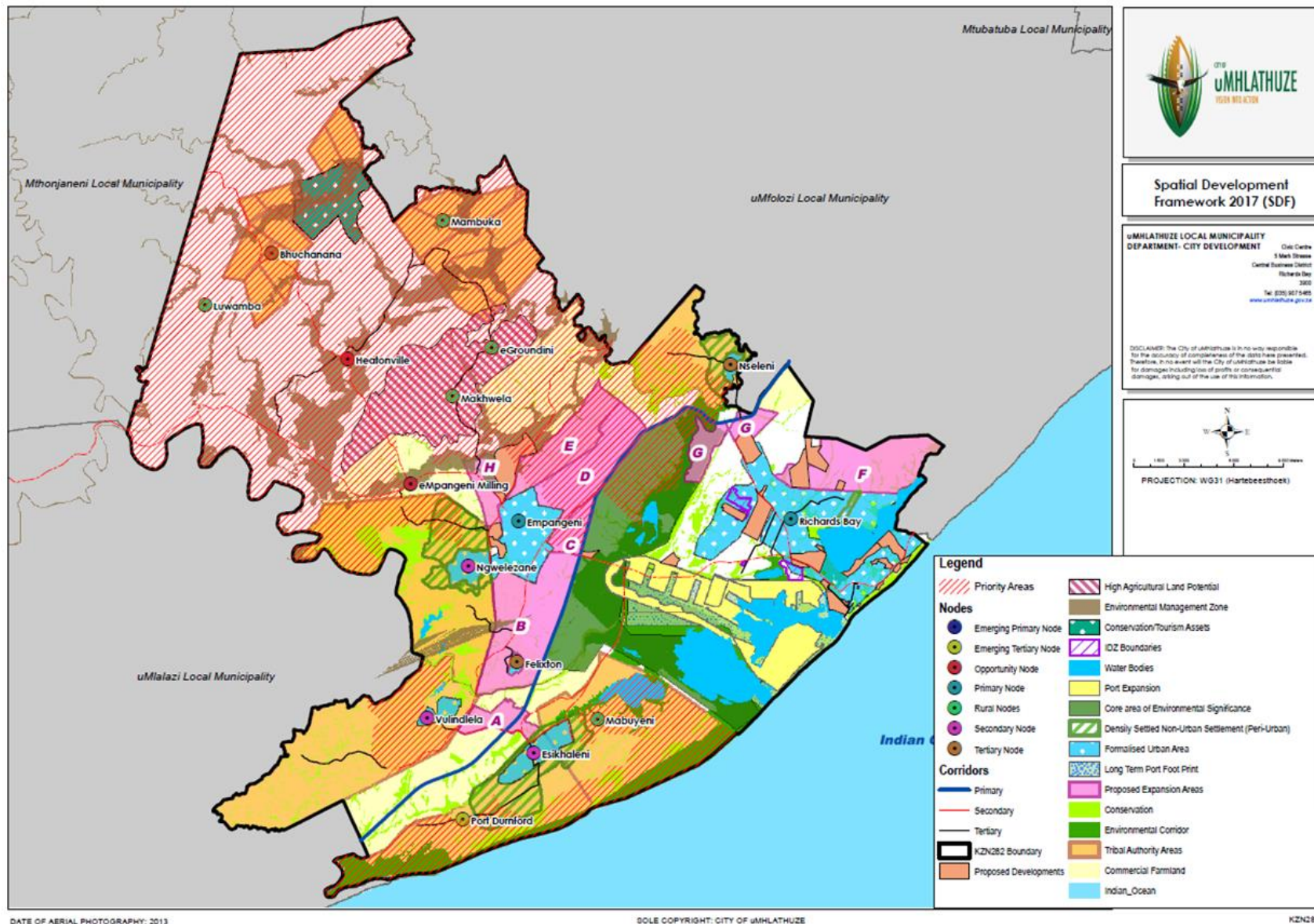
Map 40: Areas Requiring Services Intervention







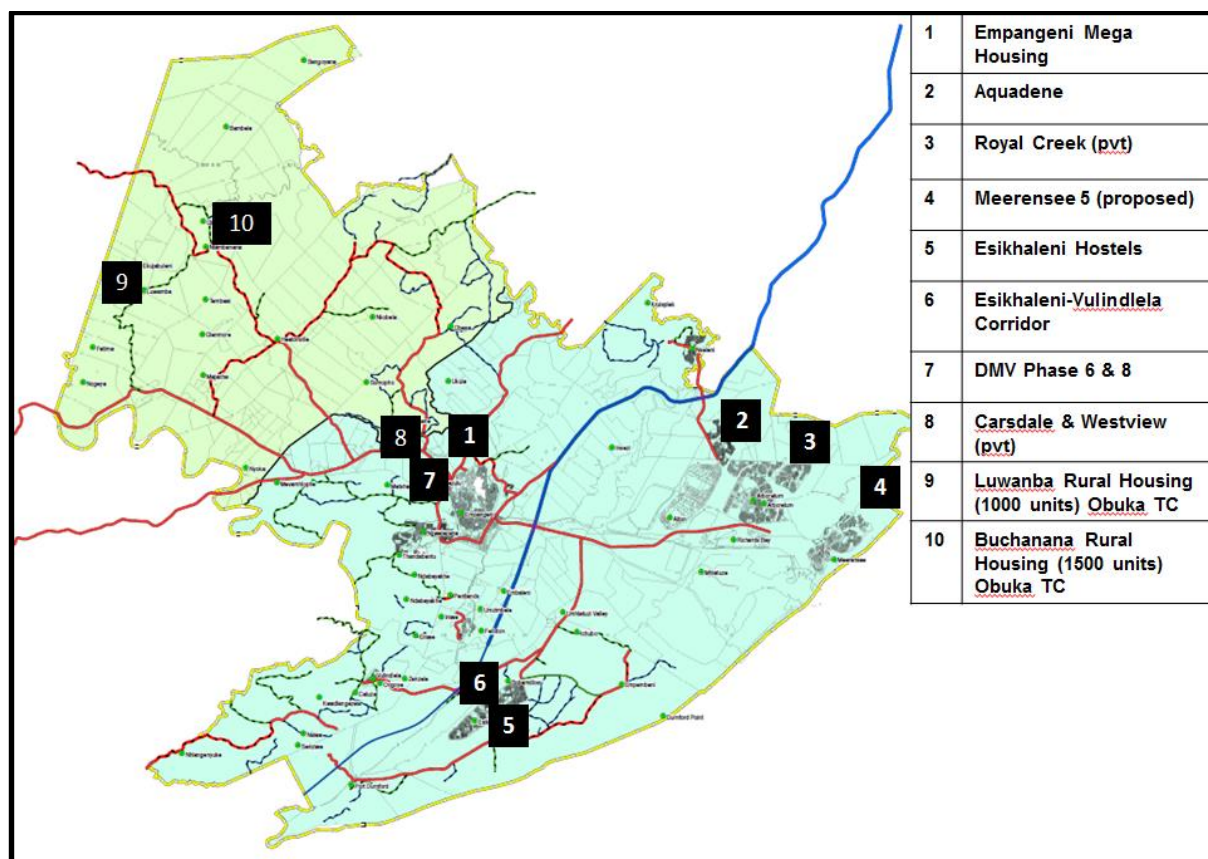
Map 43: Consolidated Spatial Development Framework



16.2.14 Integrated Human Settlements

The following inset provides an indication of the locality of public (and private) human settlement interventions in the Municipality.

Map 44: Human Settlement Projects



Apart from human settlement projects that are under implementation or that have attained development rights as listed above, the Municipality has prepared the following Municipal Informal Settlement Upgrade and Relocation Plans for seven identified settlements as part of the National Upgrading Support Programme (NUSP):

- uMzingwenya River Settlement Plan
- Mzingazi Village Settlement Plan
- Mandlazini Village Infill Areas Plan
- Mandlazini-Airport Settlement Plan
- Vulindlela/UniZulu Settlement Plan
- Ngwelezane Hospital Settlement Plan
- Nseleni Settlement Plan

The National Upgrade Support Programme (NUSP) aims to assist Municipalities and Provincial Departments in achieving their Delivery Agreement targets, while at the same time promoting incremental upgrading, participatory planning and livelihoods-based approaches to the upgrading of informal settlements. The

National Upgrade Support Programme is an important initiative which works closely with government at all levels in achieving Output 1 of Outcome 8, i.e. Sustainable human settlements and improved quality of household life.

16.2.15 Urban Renewal and Precinct Planning

The following table provides details of urban renewal and precinct plans have either been completed, are underway or have been prioritized for compilation with the uMhlathuze Municipality:

PLAN	STATUS
Empangeni CBD Revitalization Plan	Completed 2013
KwaDlangezwa Revitalisation Plan	Completed 2014
Precinct Plans for ESikhaleni, Nseleni and Ngwelezane Townships	Still to be prepared
Review of the 2006 Richards Bay CBD Framework Plan	Still to be prepared
Richards Bay CBD South Ext. Urban Design Concept	Completed 2013
Alkantstrand Beach and Newark Beach Development Concept	Completed 2013
ESikhaleni Business Support Centre Urban Design Concept	Completed 2016
Richards Bay SMME Park Urban Design Concept	Completed 2016
The Ridge Development	Completed 2017
Proposed Richards Bay International Conventional Centre	Service provider to be appointed
Rural Settlement Plans	Underway
Central Waterfront and Waterfront Park Precincts	Still to be prepared

Selected extracts of some of the above plans are provided herewith as well as an indication of implementation funding that has been committed to implement the said plans.

16.2.16 Public Transport Facilities

The following table provides details of interventions that are either under implementation or imminent at selected public transport facilities in the municipality:

PLAN	STATUS
LOT 63, Empangeni Upgrade	Complete
Richards Bay Taxi Rank Upgrade	Underway

Selected extracts of some of the above plans are provided herewith.

Figure 74: Lot 63 Upgrade Plan



Figure 75: Richards Bay Taxi Rank Upgrade



16.2.17 Catalytic Projects

A catalytic project promotes cross-cutting sustainability outcomes that mirror goals and targets to promote the overall sustainability of a plan or area. The uMhlathuze Municipality is pursuing a number of catalytic projects/interventions as per the summary hereunder.

PROJECT NAME	STATUS
1. Airport Relocation	The strategic positioning of uMhlathuze has necessitated long terms plans to relocate/ upgrade the current airport. A pre-feasibility study for the relocation of the Richards Bay Airport has been finalised. The study investigated the various criteria for relocation including tenure, economic imperatives, spatial and land use considerations, environmental risks etc. Next phase in the process is full scale feasibility.
2. Richards Bay ICC	Council's vision is to prepare urban design concept with development guidelines for the proposed Richards Bay International Convention Centre with ancillary land uses such as Hotel, residential, professional offices, retail and that will complement the envisaged development of waterfront development. City is not looking for a traditional International Convention Centre, but mixed use centre with conference facilities, retail, leisure and business offices etc. as mentioned above.
3. Steel Bridge	The concept design phase for the Richards Bay Waterfront Steel bridge recommended future phases for implementation. The feasibility study has been finalised and essentially included: - Determine required statutory approvals (if any), including environmental and water use related and identify long lead items. - Undertaking a topographical survey and other specialist studies required to inform the processes identified. - Preparing preliminary designs to initiated the next phase of detail designs, execution, procurement and construction
4. The Ridge	The proposed Ridge development is to accommodate a Hotel, High Density Residential units and ancillary land uses. The design reflects a "sense of place", "human scale" and possesses a distinct theme that will take cognisance of the location of the area. Tender for the Ridge development has been awarded.
5. Waterfront Development	The Municipality intends to develop the Waterfront Area that

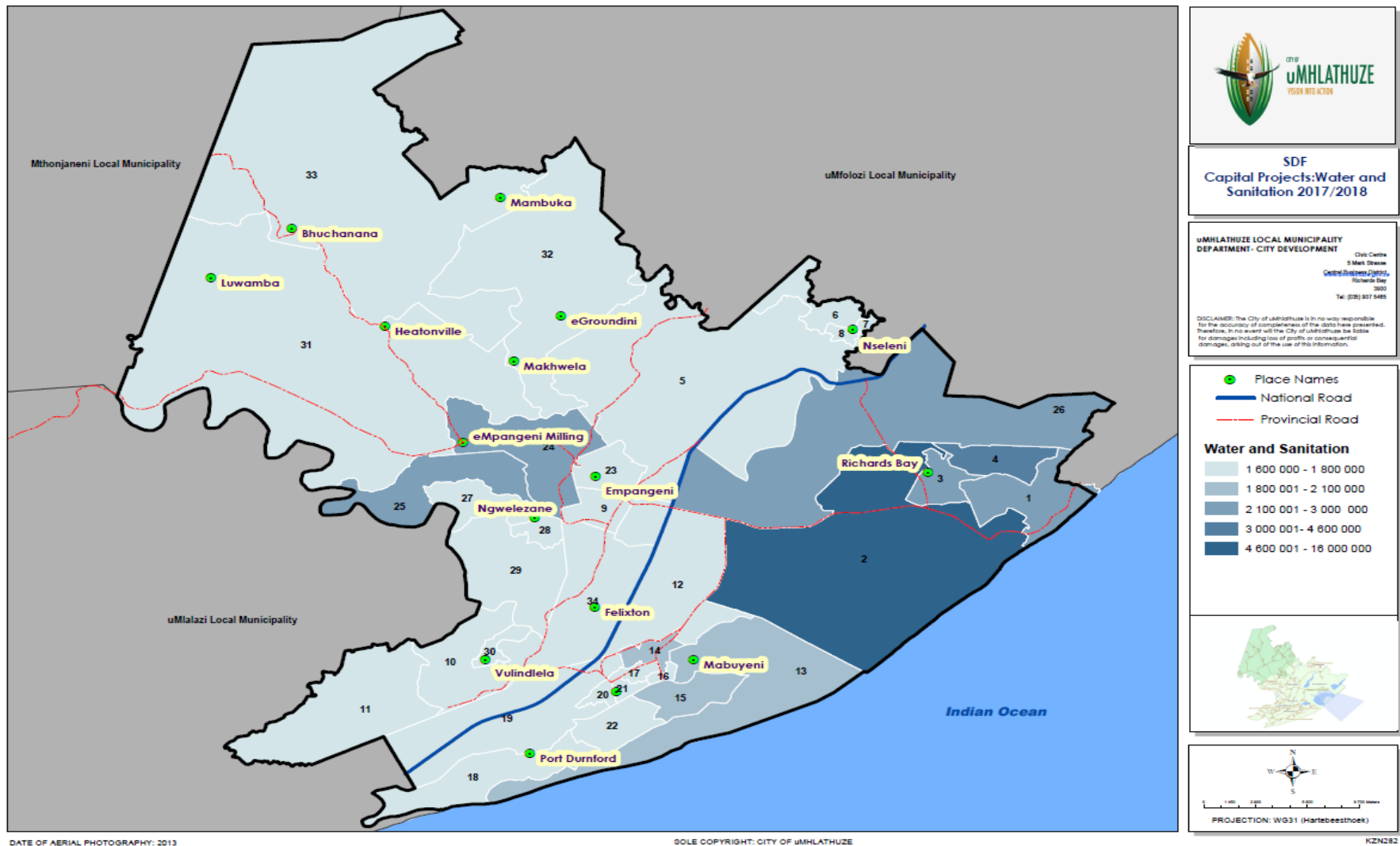
	will deliver the following: - o A place for maritime industries, education and businesses, local and international port activities; - o A Public Waterfront: A place for local people and visitors; - o A connected Waterfront: A place where people are highly connected locally and within the region, a place that is highly accessible and safe for pedestrians, cyclists, and passengers. <u>Alkanstrand</u>: Detail designs tender process nearing completion. Central Waterfront and other Precincts: <u>Master Plan</u> tender process has been finalised. TVET have presented conceptual designs for <u>Maritime Academy</u> and are in the process of undertaking environmental approvals.
6. Richards Bay SMME Park	SMME Park will cater for hairdressers, mechanics; car wash and SMME offices and has been constructed.
7. Nseleni Mall	Bulk Contributions paid. Transfer Completed. CLO appointed. Fencing completed. Demolition finalized end Nov 2017. Construction has commenced and stormwater approvals attended to.
8. Empangeni CBD Revitalisation Plan	The Empangeni CBD Revitalisation Plan outlines the current status of the town. The project phases were finalised in July 2013. The plan outlined 25 key projects/interventions to be implemented by the municipality and external stakeholders (DMS 942335). The Empangeni revitalisation plan is to be implemented in a quadrant approach and the Lot 63 refurbishment was considered a catalyst for the implementation of the plan and has been completed. The upgrading of Empangeni A Rank is the next stage.
9.Desalination Plant	Plant completed. Operational capacity of 10Ml/day.
10. Feasibility Study into wastewater and associated by-products re-use	Tender 8/2/1/UMH116-15/16 for the Appointment of a Transaction Advisor, to conduct a Feasibility Study for wastewater and associated by-products re-use for the City of uMhlathuze and conclude the procurement of the public private partnership agreement, if applicable. Feasibility aspects completed and out for public comment.
11. Green Hill	Greenhill is situated on a Portion of the Remainder of Erf 5333, Greenhill, towards Meerensee and is 22 758 m² in extent. An

	EOI for the development of a mixed use development with a health care centre as an anchor has been awarded.
12. 132 kV	Replacement of two oil filled cables between CAPELLA and HYDRA substations feeding RBCT in progress.
13. CITP	Service Provider appointed to prepare Comprehensive Integrated Transport Plan for whole municipal area.
14. Empangeni Mega Housing	Housing project of 10 000 units of an IRDP (Integrated Residential Development Programme) type. Installation of services has commenced.

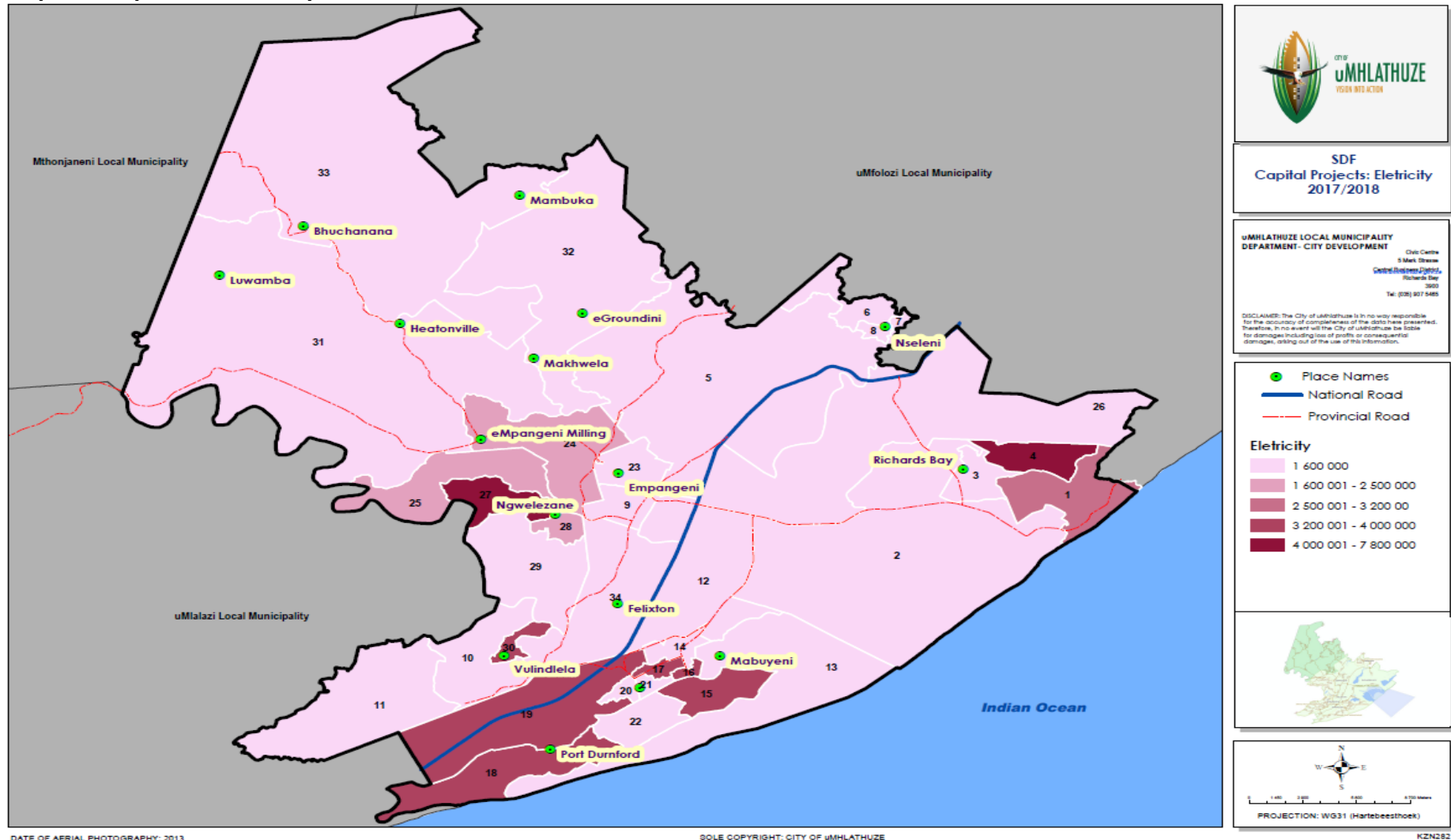
16.2.18 Capital Investment Framework

The following series of mapping provides an indication of the capital investment proposed by the uMhlathuze Municipality for the 2017/2018 financial year. Mapping for the outer years of the MTREF is provided in the SDF document.

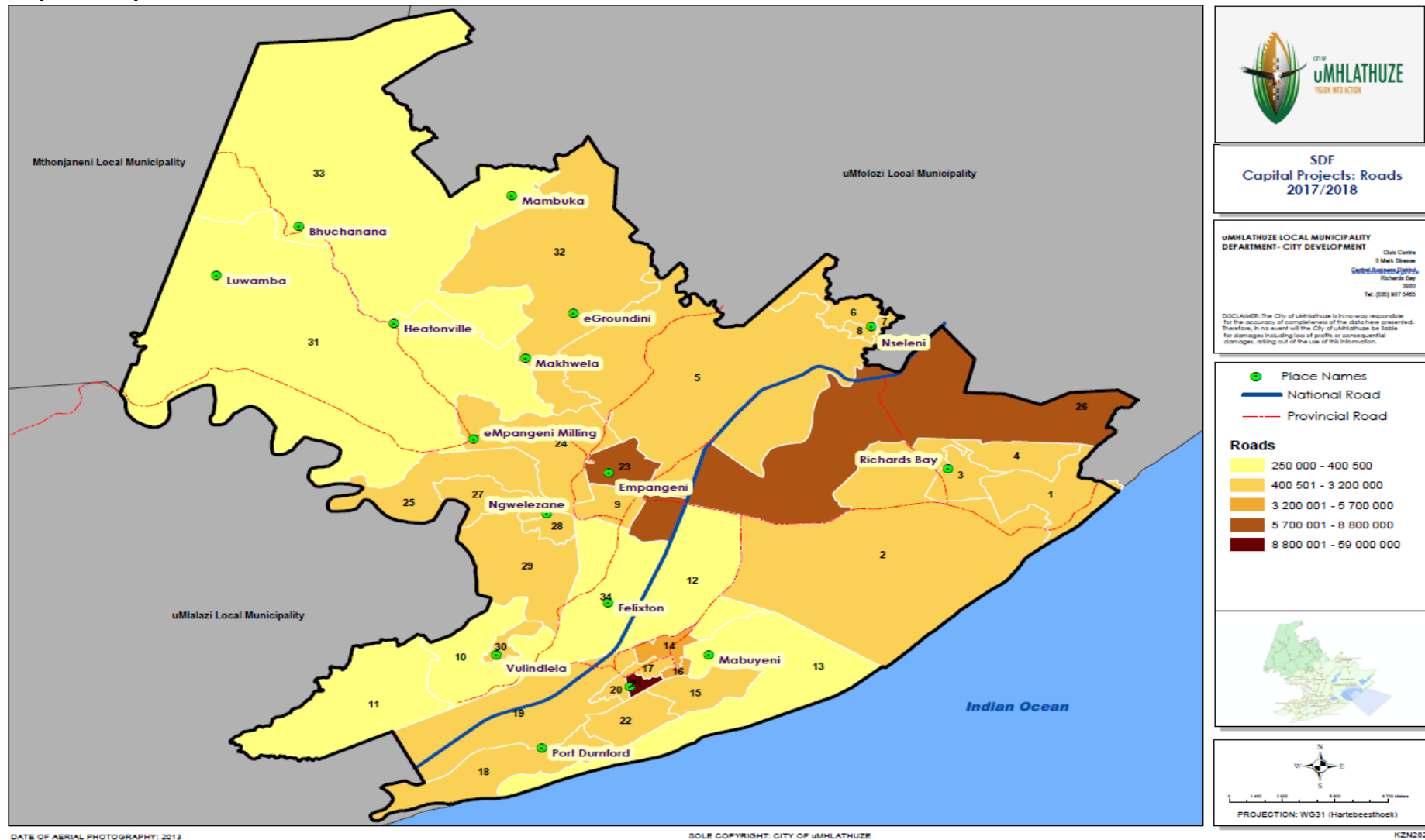
Map 15: Proposed Water and Sanitation Investment



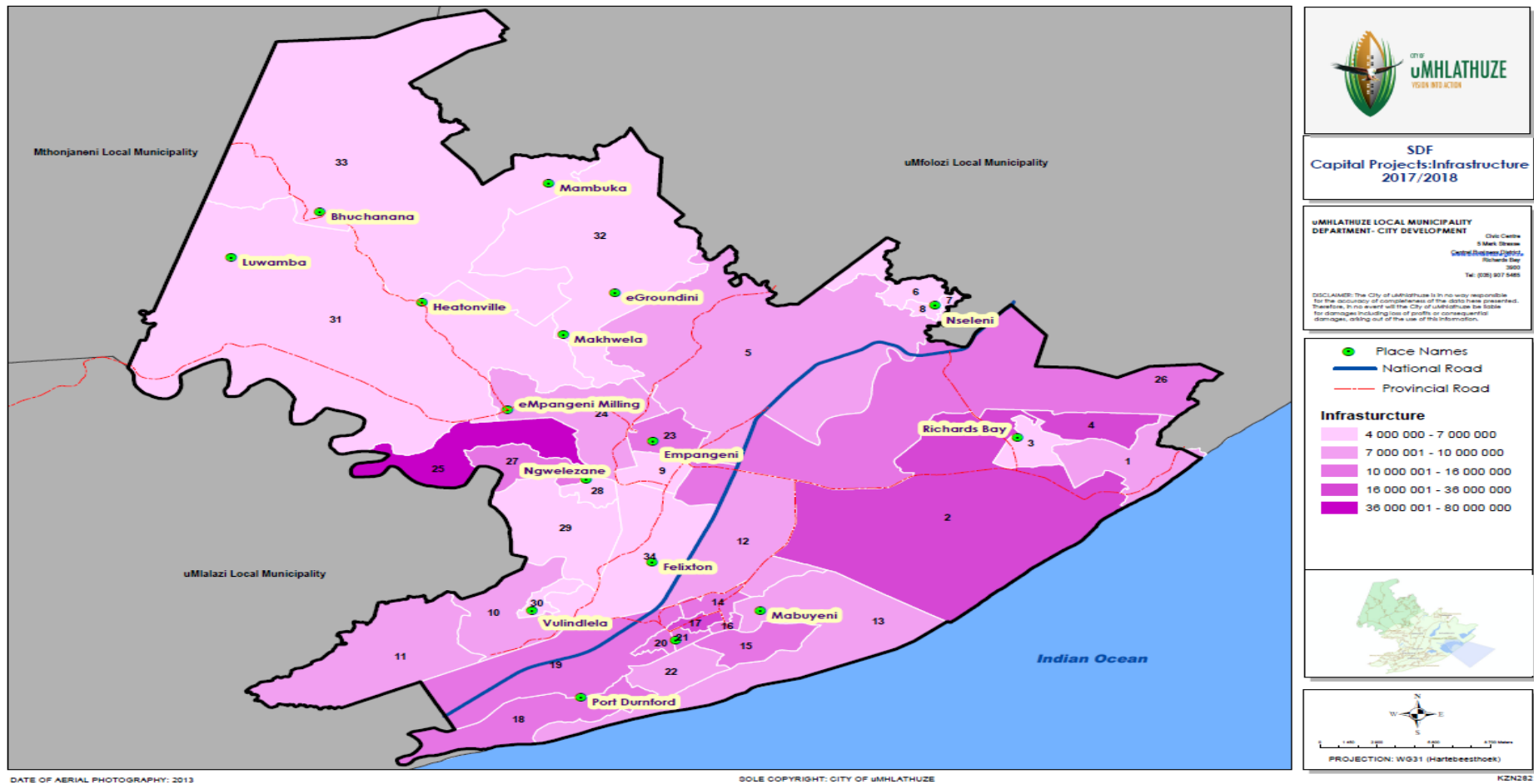
Map 16: Proposed Electricity Investment



Map 17: Proposed Roads Investment



Map 18: Combined Capital Investment



17. IMPLEMENTATION PLAN

UMHLATHUZE MUNICIPALITY IMPLEMENTATION PLAN																								
MUNICIPAL CHALLENGE	NATIONAL KEY PERFORMANCE AREAS	STRATEGIC GOALS	OBJECTIVE	STRATEGY	PERFORMANCE INDICATORS	Annual			BUDGET 2017/2018	BUDGET 2018/2019	FUNDING SOURCE & RESPONSIBILITY	AUDIT VERIFICATION DOCUMENT	Five Year Targets											
						Demand	Baseline	Backlog					Year 1 2017/2018	Quarter 1	Quarter 2	Mid-Year	Quarter 3	Quarter 4	Year 2	Year 3	Year 4	Year 5		
													Target	Target	Target	Target	Target	Target						
	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	DEMOCRATIC, RESPONSIBLE, TRANSPARENT, OBJECTIVE AND EQUITABLE MUNICIPAL GOVERNANCE	To ensure effective and efficient administration complying with its Legal Mandates	Provide administrative support for all Council Committees	No. of EXCO Meetings held	22					Dept. Corporate Serv	Minutes of Meeting	22	6	5	11	4	6	22	22	22	22		
					No. of COUNCIL Meetings held	12						Dept. Corporate Serv	Minutes of Meeting	12	3	3	6	3	3	12	12	12	12	
					No. of Portfolio Meetings held	150						Dept. Corporate Serv	Minutes of Meeting	150	45	30	30	45	150	150	150	150		
				Strengthen Council Oversight through training on Legislation and Policies																				
					No. of MPAC Meetings held	4							Dept. Corporate Serv	Minutes of Meeting	4	1	1	2	1	1	4	4	4	4
Low skills levels and limited skills development				To maintain an Organisational Performance Management System as a tool to monitor the progress of service delivery	Monitor, evaluate, measure and review the performance of the Municipality against indicators and targets set in the IDP	Number of SST Performance Agreements signed	7						Dept. Corporate Serv	Signed Agreements	7	7	0	7	0	0	7	7	7	7
						Number of Performance Audit Committee meetings	4							Dept. Corporate Serv	Minutes of Meeting	4	1	1	2	1	1	4	4	4
						Date of approval of Performance Management framework							Dept. Corporate Serv	Council Resolution for Approval of Framework	30-Jun	0	0	0	Draft	30-Jun	30-Jun		30-Jun	
				Ensure Institutionalisation of Batho Pele Culture and Principles	Increase sensitivity of government administrators to the aspirations of citizens through bi-annually awareness sessions on BP	No of Awareness / Knowledge Sharing Session of Batho Pele	2						Dept. Corporate Serv	Attendance register	2	0	1	1	0	1	2	2	2	2
				To promote a municipal governance system that enhances and embraces the system of participatory Governance	Facilitate the Functionality of Ward Committees through continues capacitation	Number of Ward Committee Management meetings	748						Dept. Corporate Serv	Minutes of Meeting	748	204	170	374	170	204	748	748	748	748
						Number of Ward community meetings	340							Dept. Corporate Serv	Minutes of Meeting	340	102	68	170	68	102	340	340	340
					Development of a Credible Integrated Development plan within prescribed legislative guidelines	Adopted Integrated Development by Council	30-Jun						Dept. Corporate Serv	Council Resolution for Approval of Framework	30-May	0	0	0	Draft	30-May	30-Jun	30-Jun	30-Jun	30-Jun
					Facilitation of Stakeholder and Community participation in policy making	Number of IDP/Budget Community Meetings held	22						Dept. Corporate Serv		22	0	11	11	3	8	22	22	22	22
				To promote and foster sound internal and external communication (this is a new objective)	An effective ICT Systems that enables efficient decision making and communication to support a sound and effective governance	Percent of time the ICT infrastructure is up and available	100%						Dept. Corporate Serv			100%	100%	100%	100%	100%	100%	100%	100%	100%
						Percent of completed projects meeting identified Organisational priorities and IT standards	100%				12 328 000	Internal Dept. Corporate Serv									100%	100%	100%	100%
		Develop a common understanding of risk amongst all Stakeholders so as to manage effectively	Ensure Risk Education and awareness through training, workshops and dissemination of information	Number of Enterprise Risk Management Committee meetings	4						Dept. Corporate Serv	Minutes of Meeting	4	1	1	2	1	1	4	4	4	4		

uMhlathuze Local Municipality: Final IDP Review 2018/2019

UMHLATHUZE MUNICIPALITY IMPLEMENTATION PLAN																						
MUNICIPAL CHALLENGE	NATIONAL KEY PERFORMANCE AREAS	STRATEGIC GOALS	OBJECTIVE	STRATEGY	PERFORMANCE INDICATORS	Annual			BUDGET 2017/2018	BUDGET 2018/2019	FUNDING SOURCE & RESPONSIBILITY	AUDIT VERIFICATION DOCUMENT	Five Year Targets									
						Demand	Baseline	Backlog					Year 1 2017/2018	Quarter 1	Quarter 2	Mid-Year	Quarter 3	Quarter 4	Year 2	Year 3	Year 4	Year 5
													Target	Target	Target	Target	Target	Target				
Aging municipal infrastructure	BASIC SERVICE DELIVERY AND INFRASTRUCTURE	EFFICIENT AND INTEGRATED INFRASTRUCTURE AND SERVICES	To expand and maintain infrastructure in order to improve access to Basic Services to the community	Eradicate water services backlogs through provision of basic water services	% of Household with access to water	100%	85%	15,00%			Dept. Infrastructure		85,90%	85,00%	85,10%	85,10%	85,45%	85,90%	95,82%	96,72%	97,63%	98,52%
Lack of water security of supply				Number of Household with access to water	110503	93928	16575	2 000 000		Dept. Infrastructure		94928	93928	94128	94128	94428	94928	105880	106880	107880	108880	
Aging municipal infrastructure				Reduction of water losses	%reduction in water losses	18%	20%		1 000 000		Dept. Infrastructure		18%	20%	20%	20%	18%	18%	18%	16%	14%	14%
Aging municipal infrastructure				Eradicate Sanitation services backlogs through provision of basic sanitation services	% of Household with access to Sanitation	100,00%	68,17%	31,83%			Dept. Infrastructure		69,00%	68,00%	68,00%	68,00%	69,00%	69,00%	79,54%	81,35%	83,16%	84,97%
				Number of Household with access to Sanitation	110503	75325	35178		33 473 200	MIG Dept. Infrastructure		77325	75575	76075	76075	76325	77325	87892	86892	91892	93892	
				Eradicate electricity supply backlogs through provision of basic electricity supply services	Number of Household with access to Electricity (Municipal Area)					Dept. Infrastructure		34316	34166	34216	34216	34266	34316	35381	35481	35581	35681	
				Number new Electricity connections (Municipal Area)						Dept. Infrastructure	Number of Applications received Signed of Job cards	100	10	30	40	20	40	80	100	100	100	
Aging municipal infrastructure	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	EFFICIENT AND INTEGRATED INFRASTRUCTURE AND SERVICES	To expand and maintain infrastructure in order to improve access to Basic Services to the community	Provide a weekly domestic solid waste removal service to the community	% of Household with access to weekly waste disposal	100%	73,00%	27,00%			Dept. ComServe		73,00%	73,00%	73,00%	73,00%	73,00%	73,00%	69,10%	69,10%	72,72%	74,53%
				Number of Household with access to weekly waste disposal	110503	80698	19662	1 000 000	1 700 000	Internal Dept. ComServe		81698	80698	80998	80998	81498	81698	78356	78356	80356	82356	
Aging municipal infrastructure			To expand and maintain Road infrastructure in order to improve access and promote Local Economic development	Provision of public transport facilities and infrastructure	Kilometres of rural gravel roads established		48km				Dept. Infrastructure	Signed Job cards	48km	12km	12km	24km	12km	12km	48Km	48Km	48Km	48Km
				Kilometres of rural gravel roads maintained (grading)		600km					Dept. Infrastructure	Signed Job cards	600km	150km	150km	300km	150km	150km	600Km	600Km	600Km	600Km
				Kilometres of tarred roads established				20 772 000		Dept. Infrastructure		2,2km	0	0	0	0	2,2km	2,2km	5km	3km	4km	
				Kilometres of tarred roads rehabilitated				38 587 500	38 200 000	Internal Dept. Infrastructure		16km	9km	7km	16km	0	0	9km	15km	20km	10km	
				Kilometres of urban gravel roads maintained (graveling)		40km				Dept. Infrastructure		40km	10Km	10km	20km	10km	10km	40Km	40Km	40Km	40Km	
				m2 of repairs to potholes and patching on urban tarred road		11184m²				Dept. Infrastructure		11184m²	2796m²	2796m²	5592m²	2796m²	2796m²	11184m²	11184m²	11184m²	11184m²	
				Construction of Bus shelters and laybays				1 500 000	2 250 000	Internal Dept. Infrastructure		15Bus shelters	0	15 Bus shelters	15 Bus shelters	0	0					
				Construction of Pedestrian Bridges				1 500 000	2 000 000	Internal Dept. Infrastructure		10	0	5	5	5	1	1	1	1	1	
				Maintenance of stormwater facilities	Kilometres of Stormwater open drains maintained						Dept. Infrastructure			23km	23km	46km	23km	23km	92Km	92Km	92Km	92Km
					Number of kerb inlets maintained					3 000 000	Internal Dept. Infrastructure			769	769	1538	769	769	3077	3078	3079	3080
High rate of unemployment and sluggish economic growth			To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	Improve community standard of living through accelerated development of houses in rural areas	Number of Houses completed						Dept. City Dev								180	180	180	180
				To provide housing for vulnerable groups	Number of Houses completed						Dept. City Dev								10	10	10	10
				To provide low-cost Houses (Urban)	Number of Houses completed						Dept. City Dev								500	500	500	500
				To upgrade public sector hostels	Number of Hostel Units upgraded						Dept. City Dev											
High levels of poverty and inequalities	LOCAL ECONOMIC DEVELOPMENT	VARIABLE ECONOMIC GROWTH AND DEVELOPMENT	To create an environment that will create jobs and alleviate poverty.	Capacitate community through training in scarce skills	Number of people to provide training to.																	
				Facilitate and grow SMME's	Construction of SMME Retail Parks				8 570 000	10 000 000	Internal Dept. City Dev		1	0	0	0	0	1	0	50	50	50
					Construction of Market Stalls					1 192 000	Internal Dept. City Dev		2	0	0	0	1	1	1	1	1	1
				Promoting economic growth by successfully delivery of capital	% of Capital Projects completed	100%					Dept. Infrastructure		100%	5%	30%	35%	75%	100%	100%	100%	100%	100%
		To promote social cohesion	Development and upgrade of sports facilities	No. of upgrades /developments				780 000	900 000	Internal Dept. ComServe		6	0	0	0	3	3	4	6	6	6	
				Development of community facilities	No of facilities upgraded / hand over certification				3 000 000	2 196 000	Internal Dept. ComServe		3	0	0	0	1	2	3	3	4	7

SECTION F: FINANCIAL PLAN

18. BUDGET SUMMARY

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

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

In the process of compiling the Tabled 2018/19 MTREF the submissions received from the Departments which were all project based could be broken down into the following categories:

Scenario	Capital (Own funding)		
	2018/19	2019/20	2020/21
	R 000	R 000	R 000
Initial Departmental Submissions	885 697	645 184	823 494
Departmental reductions	(489 760)	(278 913)	(449 515)
DRAFT TABLE BUDGET	395 937	366 271	373 979

Scenario	Operating Budget		
	Revenue	Expenditure	Deficit
	R 000	R 000	R 000
First (excl tariff increases)	2 827 614	3 299 294	(471 679)
Second (excl tariff increases)	2 827 614	3 103 542	(275 928)
DRAFT TABLE BUDGET	3 088 181	3 054 804	33 377

As Council is aware this Municipality was a pilot site on the Municipal Standard Chart of Accounts (mSCOA). Such are governed by regulations which became effective Nation-wide on 1 July 2017.

Therefore, the reductions of both the operating and capital budget was done in terms of mSCOA project submissions by the respective user departments.

Furthermore, a critical review was undertaken of expenditure on non-core and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circular number 82. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

It is important to note that National Treasury have issued Draft cost containment regulations that will become effective 1 July 2018. Council's cost containment memorandum will need to be amended to ensure compliance with the regulations and a policy will be submitted to Council with the Final Budget in May 2018.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The need to reprioritise projects and expenditure within the existing resource envelope. By far the greatest concern here lies with all the services financed by Property Tax (Rates). This tabled budget has the Rates Services sitting with a R 196.7 million deficit;
- The majority of households in uMhlathuze do not pay Property Rates. This because the individual properties within the Ingonyama Trust land are not separately valued and not subject to the Municipal Property Rates Act. This despite the same communities enjoying most of the municipal services that are funded by Property Rates Income;
- There is no Equitable Share allocation for properties that do not pay Property Rates. The significance here that the delivery of basic services is very dependent on Property Rates in yet there is zero allocation from the National Equitable Share allocation for Property Rates itself. This weakness in the financial structure of the Municipal MTREF needs to be addressed at a National level;
- Although Council has received Level II Accreditation, the subsidisation of Housing services which is not a Constitutional mandate can be construed as an "unfunded" mandate due to the fact the Property Rates must now fund the deficit of R16m – refer to Table 27 for details;
- Service Revenue from Water has dropped significantly due to reduction in usage from the effects of the down-turn in the economy in the last few years and a reduction in consumer behaviour, due to drought restrictions. The consequential water income loss is countered by the Level 4 Drought Tariffs. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a surplus is now making a deficit of R 8.5 million. The Administration has to look at cutting costs in this service to make it self-sustaining. The Department of Water and Sanitation will increase its abstraction levies by 9.8% together with an increase of 11.65% in purchase costs from the Water Board, has resulted increases far above the inflationary target of 6%;
- Waste Water Management Service shows a deficit of R 48.3 million on Waste Water Management, this is a concern and efforts will need to be made to reduce this deficit in the coming MTREF by reducing costs therefore the introduction of more efficient and effective operations;

- Waste Management is now trading at a deficit of R 18.9 million from a surplus of R 9 million on 2017/18 Adjusted Budget. This is as a result of a drop in revenue from commercial and industrial consumers through competition from the private sector and is of concern on the sustainability of this service as it has no business case through the provision of this service to residential consumers alone;
- Financial implications through the incorporation of the additional three wards from the de-established Ntambanana Municipality could only be properly assessed re-actively and are only taken account of properly in future budget years. The challenge is that as with the rest of the Ingonyama Trust wards, there is no Rates collected and very little service income;
- The dire need for an efficient and effective business ethic to be applied to all the municipalities' business processes regardless of whether the intended outcome of such process is of a social, economic or profit making nature. This administrative weakness stands out more prominently now with the adoption of the mSCOA regulations;
- Although Employee related costs as a percentage of total Expenditure amounts to 27.1% and appears to be below the 30% industry standard, it is not realistic for specifically uMhlathuze Municipality to be comfortable with this figure because of the high electricity purchase cost which distorts Council's budget figures when compared to other secondary cities. Without a properly researched formula in place, it is difficult to guide Council to a specific benchmark, but in COU situation that figure should be no more than the current 27.1% given the distortion in COU budget caused by the high Electricity Turnover. More significantly with a number of services outsourced, a more conservative approach would be to add the Contracted Services costs (10%) together with Employee related Costs. This figure amounts to 37% (27% + 10%);
- The reduction in Other Revenue sources for example Agencies Services for vehicle licensing, Traffic Fines, Licenses and Permits is placing unsustainable pressure on Rates. This is particularly anomalous in light of the fact that these fees should increase in an area where population and related vehicle numbers are increasing in yet income is reducing. This was reported previously and still remains a serious concern;
- Owing to the economic slowdown, financial resources are limited due to reduced Income generation from the current consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances. This comment may appear very contradictory to the very clear improvement in Cash Flows overall, however that is simply due to the accumulations for the Capital Replacement Reserves (Capital Funds), funds of which disguise the very tight situation the Municipality finds itself with the Operating Budget. In other words, the financial position we find ourselves in is fairly positive for increasing capital allocations (on condition that they on income generating), versus a fairly negative outlook for operating activities.
- Preparation of a mSCOA project based budget without a budgeting tool within the financial system meant that the information had to be prepared manually which left room for possible errors to arise. The imminent light in the tunnel here is that the new ERP system does have such a module, which should be available for use in the 2018/19 financial year;

- Furthermore, this manual process is time consuming and utilises a lot of resources which puts unnecessary strain on the employees involved in preparing the budget document and budget tables; and
- The Municipal Budget and Reporting Tables for the 2018/19 MTREF must be prepared using version 6.2.

The following budget principles, guidelines and assumptions directly informed the compilation of the 2018/19 MTREF:

- An energy savings fund has been set up as from the 2015/16 electricity tariffs. Two cents per Kilowatt hour is levied on all Enerflex tariffs. Funds made available for this initiative amount to R8.9m in the 2018/19 MTREF;
- No organic growth in the revenue base;
- Revenue cash flow assumes a 98% recovery;
- Capital from own funding (Capital Replacement Reserve and Borrowing) allocated on a prioritized model between Functions using asset values and Income generating ability;
- The budget now carries the total depreciation costs for all municipal assets. This process has taken six financial years to phase in.
- The basket of municipal services tariffs collectively has been kept below 7%.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Repairs and Maintenance provisions reach the best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure target; and
- Road Resealing of urban roads which historically has been treated as an operating expense is from the 2018/19 MTREF treated as a capital expense funded from the Capital Replacement Reserve. It has also been increased by 80%.

National Treasury's MFMA Circular No. 89 and 91 were used to guide the compilation of the 2018/19 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework

Table 97: Consolidated Overview of the 2018/19 MTREF

Description R thousands	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Operating Revenue	2 773 940	3 054 874	3 240 633	3 473 628
Total Operating Expenditure	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/ (Deficit) for the year	(58 985)	38 377	32 644	31 331
Total Capital Expenditure	570 505	525 161	531 999	550 712
TOTAL OPERATING & CAPITAL BUDGET	3 403 430	3 541 657	3 739 988	4 024 339

Total operating revenue has grown by 10.1 per cent or R280.9 million for the 2018/19 financial year when compared to the 2017/18 Adjusted Budget. For the two outer years, operational revenue will increase by 6.1 and 7.2 per cent respectively, equating to a total revenue growth of R699.7 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R3 billion and translates into a budgeted surplus of R38 million (excluding capital grants). When compared to the 2017/18 Adjusted Budget, operational expenditure has grown by 6.5 per cent in the 2018/19 budget and by 6.3 and 7.3 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years remains constant at R 32.6 million and then decreases slightly to R 31.3 million.

The adopted capital budget of R525 million for 2018/19 is 9 per cent less when compared to the 2017/18 Adjusted Budget.

18.1 Budget Summary – annual budget tables

The following present the **main** budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council.

Table 98: Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands									
Financial Performance									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	531 960
Service charges	1 675 069	1 714 940	2 008 809	2 012 880	1 877 324	1 877 324	2 097 369	2 218 926	2 375 678
Investment revenue	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	60 000
Transfers recognised - operational	245 789	270 170	284 193	326 359	328 710	328 710	356 638	386 385	426 009
Other own revenue	237 634	105 209	152 643	63 329	72 258	72 258	71 413	75 473	79 981
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 054 874	3 240 633	3 473 628
Employee costs	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Materials and bulk purchases	1 235 779	1 128 765	1 270 670	1 145 215	1 036 700	1 036 700	1 115 178	1 163 053	1 228 789
Transfers and grants	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	316 481	380 178	463 082	518 135	588 216	588 216	600 831	636 110	672 460
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit)	(66 215)	(102 813)	70 025	12 697	(58 985)	(58 985)	38 377	32 644	31 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	211 796	222 338	143 210	147 305	147 739	147 739	129 224	165 728	176 733
Contributions recognised - capital & contributed assets	3 628	4 740	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Table 99: Budget Summary (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands									
<u>Capital expenditure & funds sources</u>									
Capital expenditure	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	-	-	-	-	-	-
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	-	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total sources of capital funds	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
<u>Financial position</u>									
Total current assets	807 887	979 546	1 297 323	954 342	979 958	979 958	1 208 976	1 251 647	1 638 778
Total non current assets	4 952 097	4 992 812	5 389 214	5 377 878	5 427 664	5 427 664	5 731 941	5 855 410	5 959 635
Total current liabilities	582 411	732 999	852 781	609 061	666 706	666 706	657 177	669 010	705 310
Total non current liabilities	769 811	689 374	872 144	695 882	793 014	793 014	946 204	885 131	1 118 314
Community wealth/Equity	4 407 762	4 549 984	4 961 612	5 027 277	4 947 902	4 947 902	5 337 536	5 552 915	5 774 789
<u>Cash flows</u>									
Net cash from (used) operating	575 524	435 791	470 138	499 405	421 517	421 517	543 235	599 118	646 458
Net cash from (used) investing	(433 782)	(309 768)	(504 538)	(499 283)	(520 980)	(520 980)	(525 179)	(530 976)	(547 751)
Net cash from (used) financing	(124 613)	(85 254)	287 110	(155 996)	(148 777)	(148 777)	153 856	(84 326)	225 308
Cash/cash equivalents at the year end	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
Application of cash and investments	143 338	192 150	120 052	296 648	450 060	450 060	458 125	72 609	401 879
Balance - surplus (shortfall)	278 300	270 256	595 064	139 656	16 816	16 816	180 663	549 995	544 740

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands									
<u>Asset management</u>									
Asset register summary (WDV)	4 951 982	4 992 740	5 389 166	5 378 298	5 427 548	5 427 548	5 731 918	5 855 385	5 959 609
Depreciation	339 935	351 346	352 390	376 848	376 848	376 848	376 066	408 532	446 488
Renewal of Existing Assets	372 190	70 327	30 555	129 406	144 081	144 081	158 319	175 680	194 501
Repairs and Maintenance	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742
<u>Free services</u>									
Cost of Free Basic Services provided	86 027	106 764	105 749	126 456	131 695	131 695	173 350	182 018	191 119
Revenue cost of free services provided	35 682	5 976	10 527	183 939	185 153	185 153	200 855	210 897	221 442
<u>Households below minimum service level</u>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	0	0	0	0	0	0	0	0	0
Refuse:	-	-	-	-	-	-	-	-	-

Explanatory notes to Budget Summary Tables

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality has been paying attention to managing this aspect of its finances, and consequently its obligations are cash-backed. This places the municipality in a very positive financial position. To strengthen this favourable position, Council has adopted an Investment, Working Capital and Capital Replacement Reserves Policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.

18.2 Cost Containment Measures

Cost containment policy approved by Council in terms of CR 10903 on 22 June 2016. Challenges in the implementation of the policy include political adherence to the measures contained in the policy for example Foreign Travel, Food parcels for public gatherings. Cost containment policy to be amended once cost containment regulations have been gazetted.

19. CAPITAL BUDGET SUMMARY

The following table below is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 100 :Proposed Capital Funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

The capital programme increases to R 532 million in the 2019/20 financial year and decreases to R 551 million in 2020/21. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R310 million in 2018/19 of the MTREF.

Borrowing will contribute 59, 0 and 56 per cent of capital expenditure in each of the MTREF years. The balance will be funded from internally generated funds. The repayment of capital and interest (debt services costs) has decreased over the past five years and is forecasted to remain constant

over the MTREF period. It important to note that a significant portion of the current borrowings will be paid up in the 2018/19 financial year.

19.1.1 Capital Projects

The following projects for 2019/20 MTREF as indicated in the table below will be funded from borrowing

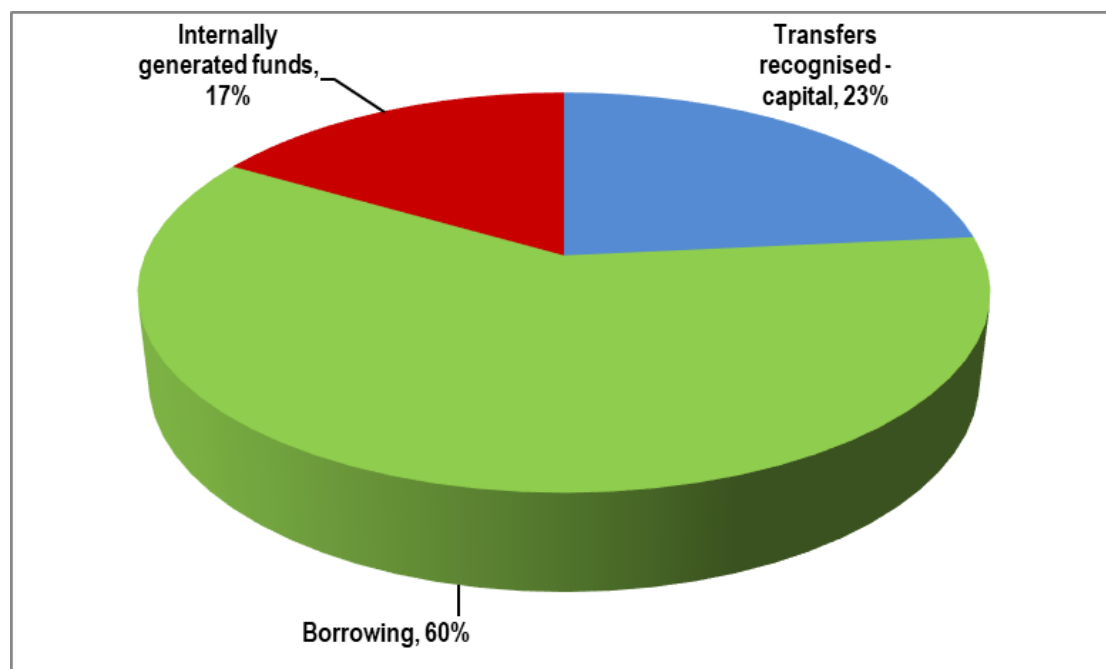
NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
1	CONSTRUCTION OF SMME RETAIL PARKS (RICHARDS BAY AND ESIKHALENI)	BORROWING	10 000 000	-	-
2	RENOVATION OF VULINDLELA FINANCE OFFICE	BORROWING	4 000 000	-	-
3	RENOVATIONS - NGWELEZANA FINANCE OFFICE	BORROWING	6 000 000	-	-
4	CONSTRUCTION - EMPANGENI FINANCE OFFICE	BORROWING	-	-	15 000 000
5	OFFICE RECONFIGURATIONS	BORROWING	5 000 000	-	5 000 000
6	SCM SECOND FLOOR (INCL FURNITURE AND IT EQUIPMENT)	BORROWING	13 000 000	-	-
7	METERING OF 132KV AND 11KV FEEDERS	BORROWING	-	-	1 907 900
8	NGWELEZANE WATERWORKS 11kv OVERHEAD LINE REPLACEMENT	BORROWING	1 500 000	-	-
9	LV ELECTRICAL NETWORK REFUBISHMENT	BORROWING	3 000 000	-	-
10	132KV STRUCTURES /PYLONS REFURBISHMENT	BORROWING	5 000 000	-	-
11	MV ELECTRICAL NETWORK REFUBISHMENT	BORROWING	4 089 000	-	2 000 000
12	DC SYSTEM REPLACEMENT	BORROWING	-	-	3 360 000
13	132kv OVERHEAD LINE REFURBISHMENT	BORROWING	5 000 000	-	-
14	11kv FORMALHAULT SWITCHING SWITCHGEAR REPLACEMENT	BORROWING	12 000 000	-	-
15	132 kv STATION REFURBISHMENT	BORROWING	8 300 000	-	-
16	11kv LOKOZA SWITCHING SWITCHGEAR REPLACEMENT	BORROWING	-	-	10 000 000
17	ARIES 11 kv SWITCH STATION - SWITCHGEAR REPLACEMENT	BORROWING	-	-	5 000 000
18	POLARIS 11kv SWITCHING SWITCHGEAR REPLACEMENT	BORROWING	-	-	10 000 000

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
19	AQUADENE DEVELOPMENT	BORROWING	15 000 000	-	-
20	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	BORROWING	2 000 000	-	3 000 000
21	RTU's REPLACEMENT	BORROWING	-	-	5 000 000
22	EMPANGENI MV ELECTRICAL CABLE NETWORK UPGRADE	BORROWING	-	-	5 000 000
23	QUALITY OF SUPPLY	BORROWING	-	-	2 500 000
24	REPLACEMENT OF 100 ROTTEN POLES	BORROWING	-	-	1 500 000
25	REPLACEMENT OF 100 RUSTED POLES	BORROWING	-	-	1 600 000
26	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	BORROWING	12 000 000	-	15 000 000
27	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	BORROWING	2 000 000	-	4 549 800
28	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	BORROWING	-	-	5 169 100
29	INSTALLATION OF APN CONNECTIVITY SYSTEM	BORROWING	634 000	-	912 000
30	REPLACEMENT VEHICLES	BORROWING	20 029 000	-	28 779 000
31	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 2X 10 TON TRUCK WITH 20000LTR 1X TLB (4BY4) 1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	BORROWING	-	-	922 200
32	REFUSE TRUCKS	BORROWING	5 000 000	-	6 000 000
33	1 x 10 TON TIPPER TRUCK	BORROWING	-	-	10 000 000
34	2 X TLB 4 X 4 (URBAN WATER & SANITATION) 1 X 4TON TIPPER TRUCK WITH CRANE 1 X 10 TON TRUCK 4X4 JETTING MACHINE - 4 X 1500 LITRE WATER TANKER 4X4 TRUCK 1 X 3TON 4X4 HONEYSUCKER 4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)	BORROWING	-	-	1 500 000
35	FINANCIAL ERP SYSTEM	BORROWING	57 372 000	-	-

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
36	RADIO INFRASTRUCTURE UPGRADE	BORROWING	-	-	2 000 000
37	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	BORROWING	4 182 000	-	4 000 000
38	PUBLIC WIFI	BORROWING	2 700 000	-	5 000 000
39	WATER QUALITY EQUIPMENT (SOFTWARE)	BORROWING	-	-	2 000 000
40	PORT DURNFORD UPGRADE: SUPPLY & MAINTENANCE OF SHARK NETS	BORROWING	2 000 500	-	-
41	AQUADENE BULK SERVICES (ROADS & STORMWATER)	BORROWING	18 253 500	-	-
42	CONSTRUCTION OF STEEL BRIDGE	BORROWING	7 000 000	-	5 000 000
43	ROADS RESEALING	BORROWING	38 200 000	-	41 300 000
44	ESIKHALENI INTERSECTION	BORROWING	9 240 000	-	15 000 000
45	SUSTAINABLE RURAL ROADS	BORROWING	10 000 000	-	10 000 000
46	DOUBLING OF EAST CENTRAL ARTERIAL	BORROWING	-	-	10 000 000
47	CONSTRUCTION OF SPORTS FIELD	BORROWING	-	-	5 500 000
48	UPGRADING OF MS 2 PUMP STATION CAPACITY	BORROWING	2 000 000	-	3 000 000
49	UPGRADING OF BIRDSWOOD PUMP STATION CAPACITY	BORROWING	2 000 000	-	-
50	UPGRADE OF MS9 PUMP STATION CAPACITY	BORROWING	500 000	-	1 500 000
51	REPLACEMENT OF PUMPS	BORROWING	-	-	2 000 000
52	VELDENVLEI PUMP STATION	BORROWING	2 000 000	-	6 700 000

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
53	UPGRADE - VULINDLELA SEWER PIPELINE	BORROWING	-	-	2 000 000
54	WASTE WATER MANAGEMENT (SANITATION) PROJECTS	BORROWING	5 000 000	-	13 000 000
55	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	BORROWING	-	-	2 000 000
56	WATER QUALITY EQUIPMENT	BORROWING	300 000	-	3 000 000
57	200 JOJO TANKS	BORROWING	600 000	-	-
58	WATER LOSS AND DROUGHT RELIEF PROJECT	BORROWING	500 000	-	300 000
59	WATER PROJECTS	BORROWING	-	-	7 000 000
60	NTAMBANANA WATER PROJECTS	BORROWING	12 000 000	-	8 000 000
61	BULK MASTER PLAN	BORROWING	1 000 000	-	-
62	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	BORROWING	-	-	5 000 000
63	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	BORROWING	800 000	-	4 000 000
64	EMPEMBENI RESERVOIR	BORROWING	800 000	-	6 000 000
65	NEW WATER METERS	BORROWING	-	-	3 000 000
TOTAL CAPITAL BUDGET			310 000 000	-	310 000 000

Figure 76: Sources of Capital Revenue



Capital grants and receipts equates to 23 per cent of the total funding source which represents R121 million for the 2018/19 financial year and increase to R 157 million or 30 per cent by 2019/20.

Dependency on borrowing has been reduced in previous financial years, however during the 2018/19 MTREF borrowing becomes a source of funding for mostly infrastructure projects.

Table 101: Budgeted Capital Expenditure by vote, standard classification and funding.

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	7 063	86 858	12 650	4 797	8 096	8 096	3 326	1 650	1 995
1.1 - FX005001014 - Valuation Service (Finance and Administration)	-	-	-	-	-	-	-	-	-
1.2 - FX007001001 - Housing (Housing)	-	86 815	9 576	-	-	-	-	-	-
1.3 - FX009002006 - Tourism (Other)	-	-	-	-	-	-	-	-	-
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	1 907	-	-	1 297	-	-	-	-	-
1.5 - FX010001004 - Development Facilitation (Planning and Development)	-	43	-	-	-	-	-	-	-
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	5 156	-	3 074	3 500	8 096	8 096	3 326	1 650	1 995
1.7 - FX010001006 - Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	10 648	8 092	13 024	2 610	21 067	21 067	798	1 100	1 166
2.1 - FX001002008 - Disaster Management (Community and Social Services)	-	-	-	-	-	-	-	-	-
2.2 - FX003001003 - Pollution Control (Environmental Protection)	-	-	-	-	-	-	-	-	-
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	4 601	3 496	591	1 110	510	510	444	700	649
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	-	-	5 910	-	-	-	-	-	-
2.5 - FX012001005 - Taxi Ranks (Road Transport)	-	-	4 996	-	19 065	19 065	354	400	517
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	6 047	4 595	1 526	1 500	1 492	1 492	-	-	-
2.7 - FX014001004 - Street Cleansing (Waste Management)	-	-	-	-	-	-	-	-	-
2.8 - FX015001001 - Public Toilets (Waste Water Management)	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	2 498	1 898	-	600	250	250	-	-	-
3.1 - FX005001012 - Security Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	-	-	-	-	-	-	-	-	-
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	2 498	1 898	-	600	250	250	-	-	-

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	16 621	27 725	25 165	2 780	8 700	8 700	3 340	10 000	10 217
4.1 - FX013001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	1 299	636	-	-	-	-	-	-	-
4.2 - FX001001005002 - Halls (Community and Social Services)	381	5 431	4 920	-	1 906	1 906	-	-	-
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	3 902	1 841	43	-	177	177	-	-	-
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.6 - FX013001001- Beaches and Jetties (Community and Social Services)	845	9 130	1 375	-	-	-	-	-	-
4.7 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	1 354	2 292	3 403	2 000	2 066	2 066	1 440	3 000	2 217
4.8 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	-	-	-	-	-	-	-	-	-
4.9 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	-	-	-	-	-	-	-	-	-
4.10 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	192	-	-	-	700	700	-	-	-
4.11 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	8 648	8 396	15 424	780	3 030	3 030	900	4 000	5 500
4.12 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	-	-	-	-	822	822	1 000	3 000	2 500
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	48	1 285	9 682	31 013	29 697	29 697	43 073	8 380	16 415
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	48	761	9 682	30 894	29 578	29 578	43 073	8 380	16 415
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	-	-	-	119	119	119	-	-	-
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	-	120	-	-	-	-	-	-	-
5.4 - FX005001008 - Legal Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
5.5 - FX005001010 - Property Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
5.6 - FX009001002 - Air Transport (Other)	-	405	-	-	-	-	-	-	-
5.7 - FX009001004 - Licensing and Regulation (Other)	-	-	-	-	-	-	-	-	-

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	2 018	16 063	49 093	32 450	46 748	46 748	67 954	11 527	14 263
6.1 - FX005001007 - Information Technology (Finance and Administration)	2 018	16 063	49 093	32 450	46 748	46 748	67 954	11 527	14 263
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	64	-	-	-	-	-	-	-	-
7.1 - FX005001006001 - Human Resources (Finance and Administration)	24	-	-	-	-	-	-	-	-
7.2 - FX005001006002 - Management Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	40	-	-	-	-	-	-	-	-
Vote 8 - FINANCIAL SERVICES	-	11	-	441	330	330	354	393	448
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	-	-	-	441	330	330	354	393	448
8.3 - FX005001004 - Finance (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	-	11	-	-	-	-	-	-	-
8.5 - FX005002001 - Asset Management (Finance and Administration)	-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	35 693	18 112	19 187	80 242	37 704	37 704	76 523	90 317	96 053
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	-	-	-	-	-	-	-	1 817	1 908
9.2 - FX002001001002 - Administration (Energy Sources)	-	-	-	-	-	-	-	-	-
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	20 092	15 880	5 940	50 150	27 352	27 352	61 889	64 823	64 414
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	69	-	-	-	-	-	-	-	-
9.5 - FX002001002001 - Street Lighting (Energy Sources)	10 281	1 345	11 099	17 292	10 352	10 352	14 000	18 000	23 650
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	434	-	-	1 500	-	-	634	5 677	6 081
9.7 - FX005001005 - Fleet Management (Finance and Administration)	4 817	887	2 149	11 300	-	-	-	-	-

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	185 107	160 073	140 968	155 771	158 561	158 561	115 396	151 993	185 026
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	1 446	-	-	17 100	9 000	9 000	5 350	7 376	7 376
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	70 858	44 150	50 147	65 438	69 490	69 490	42 773	45 684	60 151
10.4 - FX015001004 - Treatment (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.5 - FX016001002004 - Water Distribution (Clarified Water)	-	-	-	-	-	-	-	-	-
10.6 - FX016001002005 - Water Distribution (Purification Works)	-	-	-	-	-	-	-	-	-
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	1 300	-	-	3 500	3 500	3 500	300	3 000	3 000
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	84 736	49 067	15 156	31 633	31 624	31 624	33 473	34 984	36 951
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	25 557	66 761	75 665	33 800	40 527	40 527	29 700	41 948	59 148
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	1 210	94	-	4 300	4 420	4 420	3 800	19 000	18 400
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	10 880	11 259	123 061	68 438	61 857	61 857	112 972	98 500	94 500
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	-	-	-	-	-	-	-	-	-
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	10 880	11 259	94 393	68 438	61 857	61 857	112 972	98 500	94 500
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	-	-	28 668	-	-	-	-	-	-
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	-	-	-	-	-	-	-	-	-

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	-	-	-	-	-	-	-	-	-
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	-	-	-	-	-	-	-	-	-
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	-	-	-	-	-	-	-	-	-
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	-	-	-	-	-	-	-	-	-
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	-	-	-	-	-	-	-	-	-
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development Grant (Planning and Development)	-	-	-	-	-	-	-	-	-
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	38	-	-	-	1 297	1 297	427	1 902	624
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	-	-	-	-	-	-	-	-	-
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	-	-	-	-	-	-	-	-	-
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	38	-	-	-	-	-	-	-	-
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	-	-	-	-	-	-	-	-	-
13.7 - FX004001002007 - Performance Management (Executive and Council)	-	-	-	-	-	-	-	-	-
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	-	-	-	-	-	-	-	-	-
13.9 - FX004001002008 - DMM - Chief Operations Officer	-	-	-	-	-	-	-	-	-
13.10 - FX005001011 - Risk Management (Finance and Administration)	-	-	-	-	-	-	-	-	-
13.11 - FX008001001 - Governance Function (Internal Audit)	-	-	-	-	-	-	-	-	-
13.12 - FX010001001 - Billboards (Planning and Development)	-	-	-	-	1 297	1 297	427	1 902	624
Capital multi-year expenditure sub-total	270 679	331 376	392 830	379 141	374 307	374 307	424 163	375 762	420 707

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by functional classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2018/19 R424.1 million has been allocated of the total R517.3 million capital budget, which totals 82 per cent. This allocation decreases to R 375.8 million in 2019/20 and then increases to R 420.7 million in 2020/21.
- Single-year capital expenditure has been appropriated at R 93.1 million for the 2018/19 financial year and reduces slightly over the MTREF to levels of R 148 million and R 121.3 million respectively for the two outer years.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to

the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2018/19, capital transfers totals R 121.3 million (23 per cent) and increases to R 157.4 million in the 2019/20 financial year (30 per cent). Borrowing has been provided at R 620 million over the MTREF with internally generated funding totaling R 85.9 million, R 366.2 million and R 63.9 million for each of the respective financial years of the MTREF.

Table 102: Budgeted Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSETS									
Current assets									
Cash	271 638	172 406	70 116	86 304	156 094	156 094	166 068	161 008	246 558
Call investment deposits	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000
Consumer debtors	251 350	302 656	350 981	409 030	404 721	404 721	456 033	508 858	565 420
Other debtors	61 901	146 772	156 427	32 381	31 734	31 734	33 479	35 153	37 030
Current portion of long-term receivables	44	39	30	44	44	44	34	36	38
Inventory	72 955	67 672	74 768	76 583	76 583	76 583	80 642	84 996	89 671
Total current assets	807 887	979 546	1 297 323	954 342	1 019 175	1 019 175	1 236 255	1 290 051	1 688 717
Non current assets									
Long-term receivables	115	72	48	117	117	117	24	25	26
Investment property	125 459	125 125	124 379	124 511	125 047	125 047	124 144	123 976	123 799
Property, plant and equipment	4 817 346	4 857 716	5 230 609	5 217 553	5 277 198	5 277 198	5 507 236	5 617 418	5 707 598
Intangible	6 453	7 132	31 411	32 930	22 535	22 535	89 676	94 636	99 221
Other non-current assets	2 724	2 767	2 767	2 767	2 767	2 767	3 012	3 262	3 620
Total non current assets	4 952 097	4 992 812	5 389 214	5 377 878	5 427 664	5 427 664	5 724 091	5 839 317	5 934 264
TOTAL ASSETS	5 759 984	5 972 358	6 686 537	6 332 220	6 446 840	6 446 840	6 960 347	7 129 368	7 622 981
LIABILITIES									
Current liabilities									
Borrowing	129 687	122 346	155 996	159 365	61 586	61 586	84 326	84 692	102 090
Consumer deposits	43 952	45 197	67 947	46 591	46 591	46 591	52 876	55 941	59 953
Trade and other payables	388 775	552 458	614 938	378 920	378 406	378 406	349 188	367 416	386 984
Provisions	19 998	12 998	13 900	24 185	24 185	24 185	25 878	27 689	29 628
Total current liabilities	582 411	732 999	852 781	609 061	510 768	510 768	512 268	535 738	578 655
Non current liabilities									
Borrowing	471 210	348 100	539 613	380 539	477 671	477 671	608 787	524 095	732 005
Provisions	298 601	341 275	332 532	315 343	315 343	315 343	337 417	361 036	386 309
Total non current liabilities	769 811	689 374	872 144	695 882	793 014	793 014	946 204	885 131	1 118 314
TOTAL LIABILITIES	1 352 222	1 422 374	1 724 925	1 304 943	1 303 782	1 303 782	1 458 472	1 420 869	1 696 969
NET ASSETS	4 407 762	4 549 984	4 961 612	5 027 277	5 143 058	5 143 058	5 501 875	5 708 499	5 926 012
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4 353 845	4 420 396	4 958 862	4 666 801	4 888 855	4 888 855	5 132 692	5 641 439	5 536 335
Reserves	53 916	129 588	2 750	360 477	254 203	254 203	369 183	67 060	389 677
TOTAL COMMUNITY WEALTH/EQUITY	4 407 762	4 549 984	4 961 612	5 027 277	5 143 058	5 143 058	5 501 875	5 708 499	5 926 012

Budgeted Financial Position

1. Table above is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 191 to 192 providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

19.2 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote

Table 103: 2018/19 Medium-term capital budget per vote

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional									
Governance and administration	28 290	57 206	81 039	106 199	126 644	126 644	102 236	75 552	71 736
Executive and council	1 142	–	182	119	119	119	–	–	–
Finance and administration	43	148	80 857	106 080	126 525	126 525	102 236	75 552	71 736
Internal audit	27 104	57 058	–	–	–	–	–	–	–
Community and public safety	57 466	136 016	72 544	48 897	70 964	70 964	80 981	54 711	66 326
Community and social services	41 776	16 382	24 017	32 374	45 551	45 551	55 463	19 013	28 957
Sport and recreation	178	22 831	20 564	16 248	18 770	18 770	24 958	35 049	36 788
Public safety	10 883	6 253	17 433	275	6 642	6 642	559	650	581
Housing	–	86 815	9 576	–	–	–	–	–	–
Health	4 630	3 736	954	–	–	–	–	–	–
Economic and environmental services	89 638	11 542	126 626	106 846	117 493	117 493	137 876	122 733	119 275
Planning and development	9 803	16	3 531	15 297	13 558	13 558	3 953	3 622	2 696
Road transport	79 835	11 526	123 095	90 810	103 195	103 195	133 723	118 901	116 176
Environmental protection	–	–	–	740	740	740	200	210	403
Trading services	278 979	187 690	227 700	259 313	255 404	255 404	204 068	279 003	293 374
Energy sources	115 531	17 822	60 270	82 142	91 917	91 917	85 472	99 273	105 014
Water management	685	115 923	104 593	93 633	82 506	82 506	68 773	111 169	118 326
Waste water management	160 124	52 450	59 354	81 038	78 490	78 490	48 123	66 061	67 527
Waste management	2 640	1 495	3 484	2 500	2 492	2 492	1 700	2 500	2 507
Other	–	1 327	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

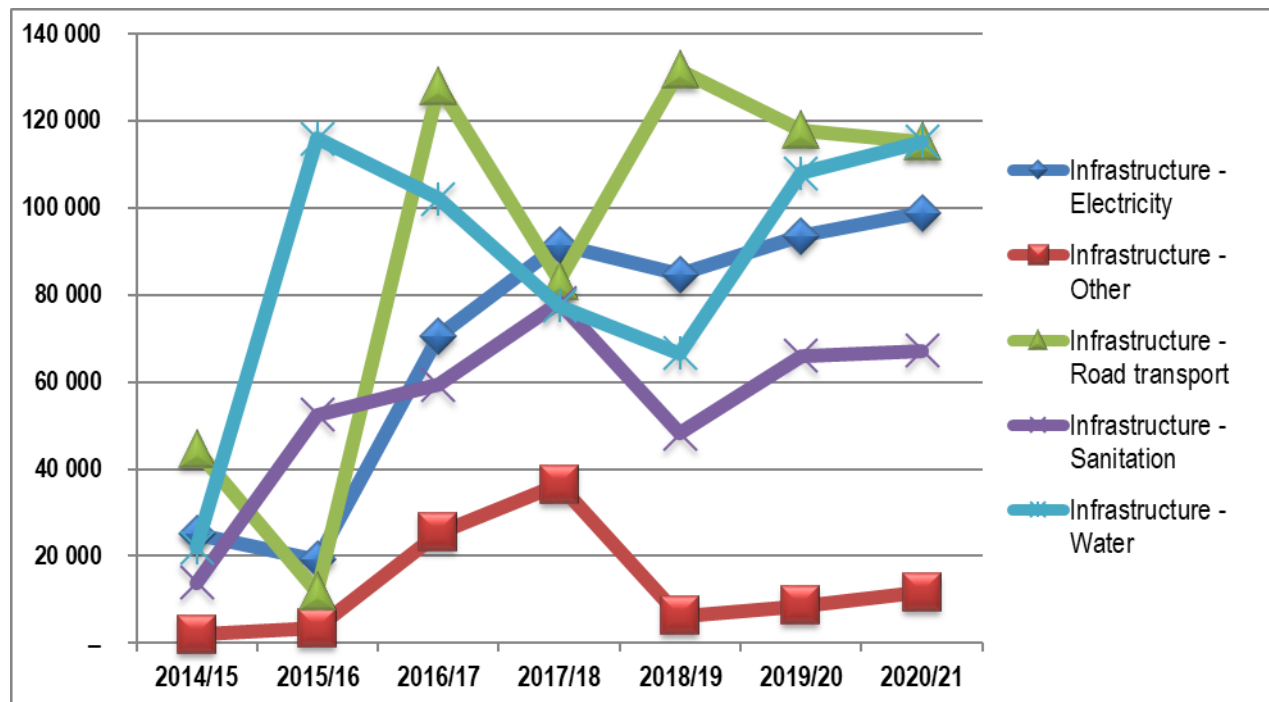
For 2018/19 an amount of R337 million has been appropriated for the development of infrastructure which represents 65 per cent of the total capital budget. In the outer years this amount totals R394 million, 75 per cent and R 408 million, 75 per cent respectively for each of the financial years. Road Transport infrastructure receives the highest allocation of R132 million in 2018/19 which equates to 39 per cent followed by electricity infrastructure at 25 per cent, R85 million, water infrastructure at 20 per cent, R 67 million and then waste water infrastructure at 14 per cent, R48 million.

Total new assets represent 38 per cent or R 198 million of the total capital budget, asset renewal equates to 25 per cent or R 127 million and upgrade of existing assets 2 per cent or R 12 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 34 MBRR A9 (Asset Management) on page 90. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c, d and e provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 163 to 174 of the Batho Pele Budget).

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

Figure 77: Capital Budget for Infrastructure Projects



20. OPERATIONAL BUDGET SUMMARY

20.1 Operating Revenue Framework

The City's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 6 per cent, expenditure allocations in excess of the 2017/18 Adjustments budget are very limited;
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8 per cent of Asset Cost and 13 per cent of Operating Expenditure. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit of ensuring budget allocations are used efficiently and effectively;
- Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project plan no budget". If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 MTREF (classified per main type of operating expenditure):

Table 104: Summary of operating expenditure by standard classification item

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Expenditure By Type									
Employee related costs	598 426	635 594	644 245	728 269	716 066	716 066	811 954	882 363	965 381
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Debt impairment	78 710	36 646	8 891	26 388	26 388	26 388	26 513	28 103	29 790
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Bulk purchases	1 078 917	1 025 277	1 173 350	1 041 774	933 178	933 178	988 582	1 027 896	1 085 531
Other materials	156 862	103 488	97 320	103 441	103 521	103 521	114 233	121 087	127 746
Contracted services	98 665	228 681	298 686	290 761	295 182	295 182	306 274	324 650	342 506
Transfers and subsidies	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	138 791	112 555	154 209	200 987	266 647	266 647	261 263	276 140	291 116
Loss on disposal of PPE	315	2 296	1 296	–	–	–	–	–	–
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	2 997 183	3 187 174	3 418 838

The budgeted allocation for **employee related costs** for the 2018/19 financial year totals R 812 million, which equals 27 per cent of the total operating expenditure. The Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 has come to an end. In terms of MFMA Circular no. 91, National Treasury has received no guidance from the South African Local Government Bargaining Council regarding the increases that municipalities need to budget for.

However, Council has budgeted for a 7 per cent for the 2018/19 financial year. An annual increase of 7.5 and 7.5 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R155m worth) which cannot be filled as there is no corresponding increase in the economy i.e. in the tax base. Consequently, the associated risk is that there may be many organizational and municipal service delivery activities, which pre-restructuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 37 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

A revised wage curve has been received from the South African Local Government Bargaining Council. It is apparent that this revised wage curve will be accepted by both SALGA and the unions and therefore implementation is imminent. A provision of R 10 million has been made in the 2018/19 to implement the revised wage curve. Based on Draft calculations it is expected that the additional annual amount required is closer to R 20 million.

Senior management has agreed therefore that no provision would be made in the 2018/19 and the subsequent two outer years for previously unfunded posts until such time as implementation of the Wage Curve agreement is known.

The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 7 per cent has been budgeted for the 2018/19 financial year.

The provision of debt impairment was determined based on an annual collection rate of 98 per cent and the Debt Write-off Policy of the City. For the 2018/19 financial year this amount is R31.8 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The accounting requirement of not writing bad debt to the provision but rather depicting an actual expense in the year of the write off may cause the City to review the estimates upwards in line with actual consumer trends at period reviews of the debtors. The amounts budgeted for also do not include the subsequent measure of Traffic fines which was a material impairment with the implementation of iGRAP 1.

Provision for depreciation and asset impairment has been informed by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R376 million for the 2018/19 financial and equates to 12.6 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up 2.7 per cent (R68 million) of operating expenditure excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Mhlathuze Water Board. The annual price increases have been factored into the budget appropriations. Of the R989 million total electricity comprises R 855 million and water R104 million. The expenditure includes distribution losses.

Other materials comprise the purchase, of materials for maintenance. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. The appropriation against this group of expenditure has grown, however further effort will be made in the outer years to increase this appropriation over and above the inflationary boundaries.

Contracted Services has increased by 4 per cent and pressure needs to be placed on the administration to ensure that lesser reliance is placed on contracted services. Contracted services together with Employee Related Costs amount to 37% (27 % + 10%) of total operating cost. There is a direct relationship between the efficiency and effectiveness of personnel versus that of the private sector, with the common fact between both sectors lying with level of management of resources they have at their disposal.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Further details relating to contracted services can be seen in Table 75 MBRR SA1 (see pages 184 to 189).

The following figure gives a breakdown of the main expenditure categories for the 2018/19 financial year.

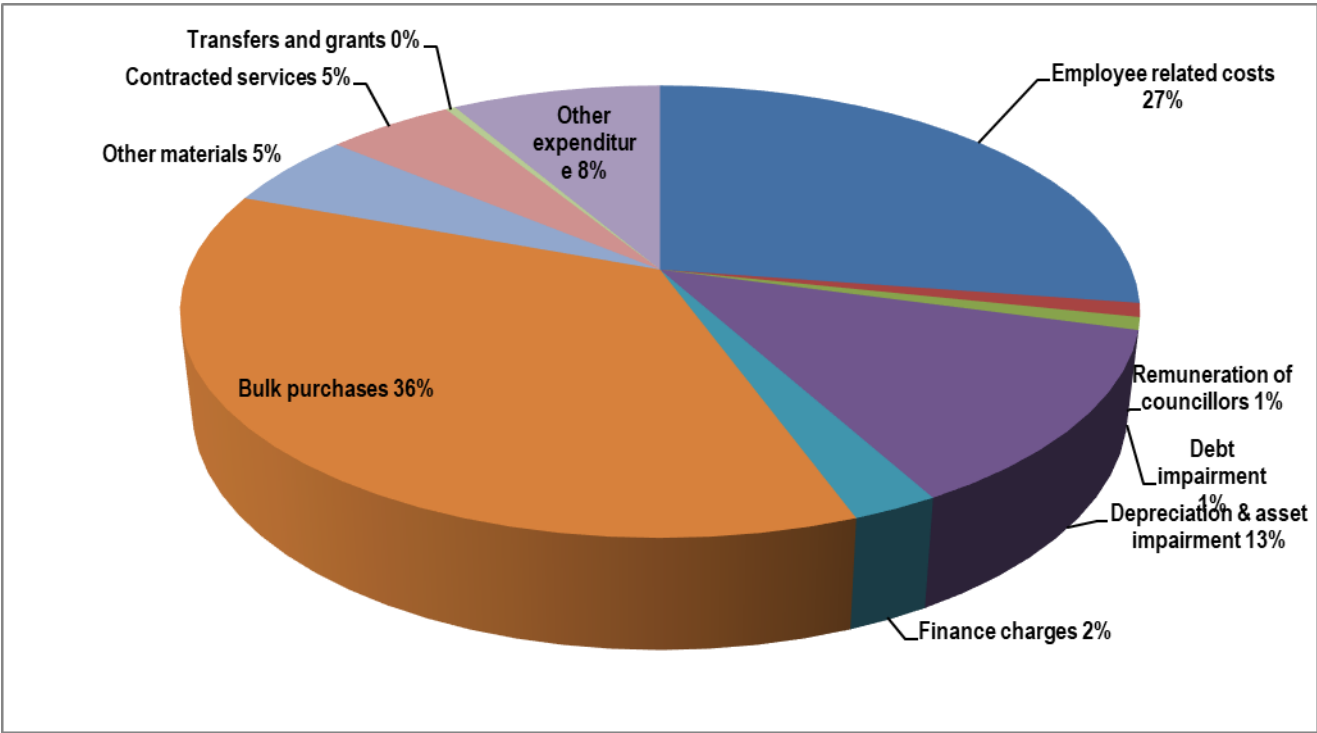


Figure 78 Main operational expenditure categories for the 2018/19 financial year

Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance. The weakness however in this environment is that there is no Municipal wide asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 105 : Operational repairs and maintenance

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and Maintenance by Expenditure Item									
Employee related costs	277 451	–	208 536	373 892	373 892	373 892	431 151	460 231	492 326
Other materials	42 623	42 626	50 483	67 995	68 822	68 822	77 717	82 381	86 912
Contracted Services	89 459	99 985	120 804	92 409	92 428	92 428	93 283	98 880	104 319
Total Repairs and Maintenance Expenditure	409 534	142 611	379 822	534 296	535 142	535 142	602 150	641 492	683 556

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was increased marginally by 12.5 per cent in the 2018/19 financial year, from R 535 million to R 602 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **21.3; 21.4 and 21.4 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **11.4; 11.6 and 12.2 per cent** of the respective financial years MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 106 Repairs and maintenance per asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	91 872	108 521	247 665	394 413	412 342	412 342	467 741	498 071	530 520
Roads Infrastructure	2 634	36 415	75 976	91 356	89 069	89 069	95 313	100 991	107 545
Storm water Infrastructure	–	–	–	30 794	31 441	31 441	38 687	41 203	43 462
Electrical Infrastructure	17 888	12 313	53 744	122 835	142 047	142 047	157 250	168 625	181 012
Water Supply Infrastructure	619	35 825	81 723	91 027	87 790	87 790	105 918	111 337	117 466
Sanitation Infrastructure	51 931	22 675	34 816	54 242	57 969	57 969	65 303	70 329	75 140
Solid Waste Infrastructure	11	–	–	–	–	–	–	–	–
Rail Infrastructure	2 897	–	1 385	1 117	1 117	1 117	1 175	1 246	1 315
Information and Communication Infrastructure	15 892	1 293	21	3 043	2 911	2 911	4 095	4 341	4 579
Community Assets	118 018	10 735	59 882	69 734	69 649	69 649	97 135	103 612	110 636
Other assets	112 722	9 042	25 097	17 663	16 057	16 057	897	985	1 081
Computer Equipment	–	–	–	798	930	930	–	–	–
Furniture and Office Equipment	–	–	–	28	33	33	616	653	689
Machinery and Equipment	17 744	4 449	17 225	17 956	2 428	2 428	1 478	1 567	1 653
Transport Assets	69 177	9 864	29 954	33 705	33 705	33 705	34 284	36 606	38 978
Total Repairs and Maintenance Expenditure	409 534	142 611	379 822	534 296	535 142	535 142	602 150	641 492	683 556
R&M as a % of PPE	8.5%	2.9%	7.3%	10.2%	10.1%	10.1%	11.4%	11.6%	12.2%
R&M as % Operating Expenditure	15.8%	5.5%	13.4%	18.5%	18.9%	18.9%	21.3%	21.4%	21.4%

For the 2018/19 financial year, 78 per cent or R 467 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 26 per cent (R 157 million) followed by water infrastructure at 16 per cent (R 106 million), road transport infrastructure at 16 per cent (R 95.3 million) and sanitation at 11 per cent (R65 million). Community assets has been allocated R 97 million of total repairs and maintenance equating to 16 per cent. Transport assets has been allocated R 34 million (6 per cent).

20.1.1 Revenue

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 107: Summary of revenue classified by main revenue source

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	501 849
Service charges - electricity revenue	1 342 514	1 330 889	1 515 882	1 535 234	1 378 874	1 378 874	1 579 530	1 671 088	1 671 088
Service charges - water revenue	195 306	235 785	336 986	309 064	310 516	310 516	337 842	357 411	357 411
Service charges - sanitation revenue	75 579	79 788	82 058	92 006	93 197	93 197	99 625	105 398	105 398
Service charges - refuse revenue	61 671	68 478	73 883	76 575	94 737	94 737	80 372	85 029	85 029
Rental of facilities and equipment	9 471	9 024	8 301	8 008	8 008	8 008	8 449	8 871	8 871
Interest earned - external investments	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	58 000
Interest earned - outstanding debtors	1 659	2 221	3 212	3 171	3 221	3 221	3 398	3 568	3 568
Fines, penalties and forfeits	56 700	14 461	17 190	4 392	3 542	3 542	4 087	4 292	4 292
Licences and permits	1 601	3 305	3 701	3 609	3 609	3 609	3 808	3 998	3 998
Agency services	6 726	6 250	6 595	7 390	7 390	7 390	7 797	8 186	8 186
Transfers and subsidies	245 789	270 170	284 193	326 359	328 710	328 710	344 324	373 410	373 410
Other revenue	140 107	54 395	112 276	36 759	46 488	46 488	36 875	38 718	38 718
Gains on disposal of PPE	21 371	15 553	1 368	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 035 560	3 219 818	3 219 818

Table 108: Percentage growth in revenue by main revenue source

Description R thousand	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source								
Property rates	445 589	16.1%	474 453	15.6%	501 849	15.6%	501 849	15.6%
Service charges - electricity revenue	1 378 874	49.7%	1 579 530	52.0%	1 671 088	51.9%	1 671 088	51.9%
Service charges - water revenue	310 516	11.2%	337 842	11.1%	357 411	11.1%	357 411	11.1%
Service charges - sanitation revenue	93 197	3.4%	99 625	3.3%	105 398	3.3%	105 398	3.3%
Service charges - refuse revenue	94 737	3.4%	80 372	2.6%	85 029	2.6%	85 029	2.6%
Rental of facilities and equipment	8 008	0.3%	8 449	0.3%	8 871	0.3%	8 871	0.3%
Interest earned - external investments	50 059	1.8%	55 000	1.8%	58 000	1.8%	58 000	1.8%
Interest earned - outstanding debtors	3 221	0.1%	3 398	0.1%	3 568	0.1%	3 568	0.1%
Fines, penalties and forfeits	3 542	0.1%	4 087	0.1%	4 292	0.1%	4 292	0.1%
Licences and permits	3 609	0.1%	3 808	0.1%	3 998	0.1%	3 998	0.1%
Agency services	7 390	0.3%	7 797	0.3%	8 186	0.3%	8 186	0.3%
Transfers and subsidies	328 710	11.8%	344 324	11.3%	373 410	11.6%	373 410	11.6%
Other revenue	46 488	1.7%	36 875	1.2%	38 718	1.2%	38 718	1.2%
Total Revenue (excluding capital transfers and contributions)	2 773 941	100%	3 035 560	100%	3 219 818	100%	3 219 818	100%
Total revenue from rates and service charges	2 322 914	83.7%	2 571 823	84.7%	2 720 775	84.5%	2 720 775	84.5%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. The municipality will continue to significantly generate its own revenue and will only depend on the operational transfers to the equivalent of 15.6 per cent.

Rates and service charges revenue comprise of 84.7 per cent of total operating revenue mix. In 2017/18, revenue from rates and service charges totalled R2.3 billion and is projected to increase to R2.6 billion in 2018/19 and steadily increase to R2.7 billion and R2.72 billion in 2019/20 and 2020/21 respectively.

Electricity service charges are the largest contributor towards municipal revenue in terms of turnover amounting to an average of 52 per cent over the MTREF. However, it needs to be noted that the actual revenue contributed by Electricity Service to municipal service delivery is the gross profit of Electricity Turnover Less Bulk purchase cost this amounts to R 885 million in the 2018/19 financial year. Details in this regard are contained in Table 75 MBRR SA1 (see pages 184 to 189).

The second largest revenue source in the City is Property rates at a constant 15.6 per cent over the MTREF. The municipality is still prejudiced by the Traditional Authorities not yet forming part of the MPRA while geographically representing 47 per cent of the municipal jurisdiction.

The City has developmental projects in the pipeline to boost the property rates base of the City, The Ridge Estate Project, and the relocation of Richards Bay Airport project, the Richards Bay IDZ

Phase 1F development and Richards Bay Waterfront development. All these projects are expected to inject a significant amount of revenue through property rates levies and service charges.

The municipality is significantly dependent on electricity to cross subsidise Rates and General services. The revenue from Property Rates however has closed the gap and almost equals the gross profit that is made by the electricity trading service. This in essence now places the municipality in a better position towards sustainability as every rand raised in the rates and general environment contributes more than the rand earned in sales of a service mainly because one is exchange revenue while the other is non-exchange revenue.

The trading service water is the third largest revenue, contributing 11 per cent towards the total revenue projected at R337 million in 2018/19. The severe drought in the country has resulted in lower patterns of consumptions by both the households and industries in the area. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a surplus is now making a deficit.

Operating grants and transfers totals R344 million in the 2018/19 financial year, steadily increases to R373 million in 2019/20 and to R411 million in 2020/21. Local Government Equitable Share will grow at an average annual rate of above 10 percent over the MTREF; this is as a result of funds that will be added in 2019/20 and 2020/21 to rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Figure 79: Operating Transfers and Grant Receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	220 120	245 591	275 248	314 163	316 514	316 514	344 324	373 410	411 236
Local Government Equitable Share	204 800	229 925	251 497	292 009	292 009	292 009	326 255	360 419	397 687
Finance Management	1 600	1 600	2 537	2 650	2 531	2 531	2 650	2 650	2 650
Municipal Systems Improvement	930	930	-	-	-	-	-	-	-
Water Services Operating Subsidy	-	-	-	-	-	-	-	-	-
EPWP Incentive	1 896	2 961	5 055	4 143	4 143	4 143	5 189	-	-
Project Management Unit	2 904	2 675	3 344	5 437	5 437	5 437	5 230	5 341	5 649
Infrastructure Skills Development Grant	8 000	7 500	6 500	6 500	6 185	6 185	5 000	5 000	5 250
Municipal Demarcation Transitional Grant	-	-	6 314	3 424	6 209	6 209	-	-	-
Other transfers/grants (Youth Awareness Day)	(10)	-	-	-	-	-	-	-	-
Provincial Government:	18 557	11 929	10 017	12 196	12 196	12 196	-	-	-
Museums	151	166	175	183	183	183	-	-	-
Provincialisation of Libraries	6 080	6 789	7 506	7 881	7 881	7 881	-	-	-
Libraries	756	1 020	1 432	1 504	1 504	1 504	-	-	-
Housing	3 584	3 829	904	2 628	2 628	2 628	-	-	-
Primary Health	5 965	-	-	-	-	-	-	-	-
Enhanced Extended Discount Benefit Scheme	21	25	-	-	-	-	-	-	-
Urban Development Framework Plan Tourism Developm	1 000	-	-	-	-	-	-	-	-
Municipal Excellence Awards	1 000	-	-	-	-	-	-	-	-
Cleanest Town Awards	-	100	-	-	-	-	-	-	-
District Municipality:	-	200	318	-	-	-	-	-	-
Beach Festival	-	200	-	-	-	-	-	-	-
Refuse Removal Grant	-	-	318	-	-	-	-	-	-
Other grant providers:	633	681	319	-	-	-	-	-	-
Umhlathuze Village Beneficiaries Contribution	51	51	26	-	-	-	-	-	-
Absa Bank - Budget Inserts	10	-	-	-	-	-	-	-	-
Saamwu	561	-	-	-	-	-	-	-	-
Youth Awareness Day	10	-	-	-	-	-	-	-	-
Chieta Funding	-	630	199	-	-	-	-	-	-
Absa Bank - SCM Indaba	-	-	5	-	-	-	-	-	-
SM Xulu Chartered Accountants - Strategic Session	-	-	15	-	-	-	-	-	-
EOH Mthombo (Pty) Ltd - Strategic Session	-	-	10	-	-	-	-	-	-
Joat Consulting - Strategic Session	-	-	25	-	-	-	-	-	-
Deloitte La Lucia - Strategic Session	-	-	20	-	-	-	-	-	-
Absa Bank - Strategic Session	-	-	20	-	-	-	-	-	-
Total Operating Transfers and Grants	239 309	258 401	285 902	326 359	328 710	328 710	344 324	373 410	411 236

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

The City has strived to ensure that affordability takes preference over the just achieving the desired income from a tariff increases which would be counterproductive. The level of debt collection for the municipality has remained relatively consistent throughout the years and continuous improvement in this area is continuously sort.

The “traditional area customer base” has a notable outstanding debt increase which has been accumulative over the years. Indigent Support effective from 2017/18 will be rolled out to target those who cannot afford services who meet the requirements of an indigent consumer.

NERSA has approved 6.84 per cent increase for Eskom tariff charges which will result in less costs being transferred to the consumer as the bulk purchases incurred by the municipality will decrease significantly when compared to the previous year's average increase of 8 per cent on bulk purchases.

Mhlathuze Water bulk tariffs have increase by an average of 11.65 per cent which is far beyond the inflation target of 5.3 per cent. The drought and capital infrastructure planned upgrades by the Water board, has resulted in the tariff hike beyond CPI. This means consumer will continue to pay more on water if water conservations are not applied by the consumers.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Table 109: Budgeted Financial Performance (revenue and expenditure)

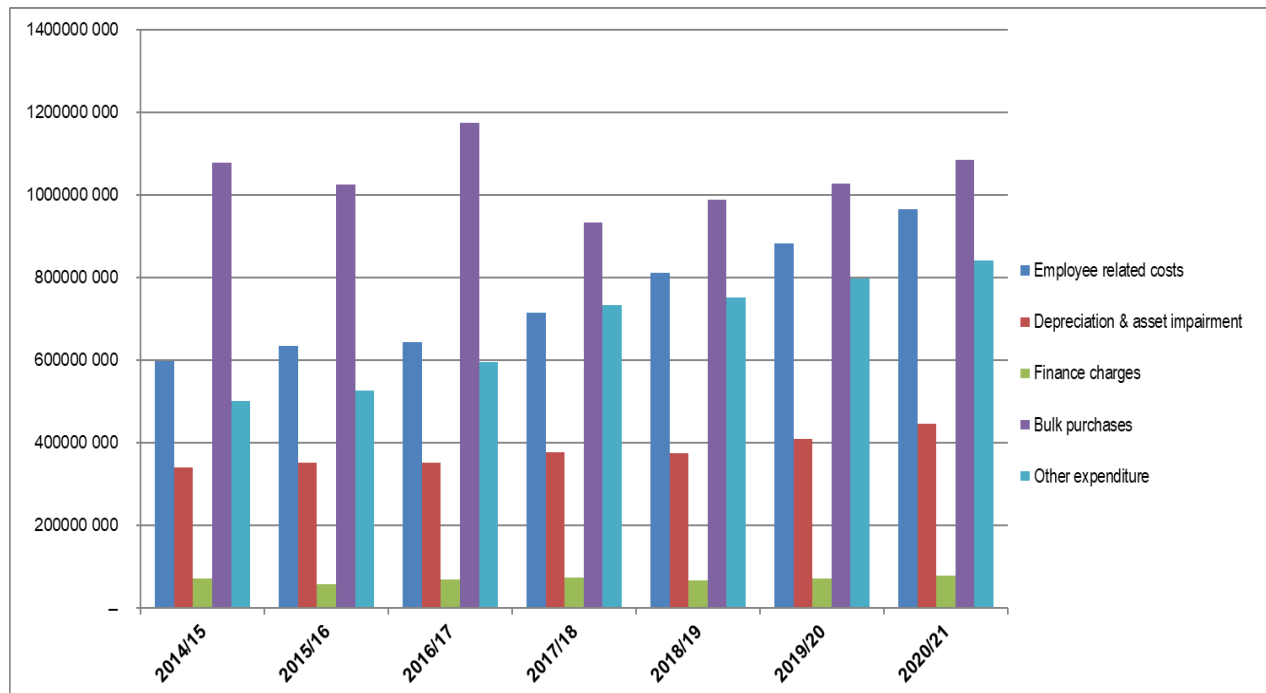
Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	531 960
Service charges - electricity revenue	1 342 514	1 330 889	1 515 882	1 535 234	1 378 874	1 378 874	1 579 530	1 671 088	1 787 953
Service charges - water revenue	195 306	235 785	336 986	309 064	310 516	310 516	337 842	357 411	386 049
Service charges - sanitation revenue	75 579	79 788	82 058	92 006	93 197	93 197	99 625	105 398	111 722
Service charges - refuse revenue	61 671	68 478	73 883	76 575	94 737	94 737	80 372	85 029	89 955
Rental of facilities and equipment	9 471	9 024	8 301	8 008	8 008	8 008	8 449	8 871	9 347
Interest earned - external investments	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	60 000
Interest earned - outstanding debtors	1 659	2 221	3 212	3 171	3 221	3 221	3 398	3 568	3 782
Fines, penalties and forfeits	56 700	14 461	17 190	4 392	3 542	3 542	4 087	4 292	4 506
Licences and permits	1 601	3 305	3 701	3 609	3 609	3 609	3 808	3 998	4 198
Agency services	6 726	6 250	6 595	7 390	7 390	7 390	7 797	8 186	8 677
Transfers and subsidies	245 789	270 170	284 193	326 359	328 710	328 710	344 324	373 410	411 236
Other revenue	140 107	54 395	112 276	36 759	46 488	46 488	36 875	38 718	40 785
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 035 560	3 219 818	3 450 169
Expenditure By Type									
Employee related costs	598 426	635 594	644 245	728 269	716 066	716 066	811 954	882 363	965 381
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Debt impairment	78 710	36 646	8 891	26 388	26 388	26 388	26 513	28 103	29 790
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Bulk purchases	1 078 917	1 025 277	1 173 350	1 041 774	933 178	933 178	988 582	1 027 896	1 085 531
Other materials	156 862	103 488	97 320	103 441	103 521	103 521	114 233	121 087	127 746
Contracted services	98 665	228 681	298 686	290 761	295 182	295 182	306 274	324 650	342 506
Transfers and subsidies	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	138 791	112 555	154 209	200 987	266 647	266 647	261 263	276 140	291 116
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	2 997 183	3 187 174	3 418 838
Surplus/(Deficit)	(66 215)	(102 813)	70 025	12 697	(58 985)	(58 985)	38 377	32 644	31 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	211 796	222 338	143 210	147 305	147 739	147 739	121 374	157 485	168 077
Surplus/(Deficit) after capital transfers & contributions	149 209	124 265	213 235	160 002	88 754	88 754	159 751	190 128	199 408
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	159 751	190 128	199 408

Explanatory notes - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R3 billion in 2018/19 and escalates to R3.2 billion by 2019/20 and R3.4 billion by 2020/21. This represents a year-on-year increase of 9.4 per cent for the 2018/19 financial year from the 2017/18 Adjusted Budget and 6 per cent for the 2019/20 financial year and 7 per cent for the 2020/21 financial year.
2. Revenue to be generated from Property Rates is R 474 million in the 2018/19 financial year and increases to R 502 million by 2019/20 which represents 16 per cent of the operating revenue base of the City and therefore remains significant short of funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 16 per cent and 17 per cent for the respective financial years of the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R3 billion for the 2018/19 financial year and increasing to R3.4 billion by 2020/21. For the 2018/19 financial year services charges amount to 69 per cent of the total revenue base, however no economic growth has been built into these revenue figures. The growth that is reflected here is mainly be attributed to the increase tariffs to compensate for increase in expenditure.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real term the grants receipts from national government having only increased marginally over the MTREF by 5 per cent and 8.5 per cent and 10 per cent for the two outer years.

Figure 80: Expenditure by major type



21. SUMMARY OF BUDGET POLICIES

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

21.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was last reviewed and approved by Council in July 2012. A revised Credit Control Policy approved by Council during the 2017/18 budget year in terms of Council Resolution number 11979 dated 21 November 2017 and is available on **DMS 1158108**. A major change to the policy is the policy principle where, the municipality will enter into service agreement with owners of the property and have personal surety-ships with business owners. This will assist the municipality with recoverability of outstanding debtors. The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 98 per cent on current billings.

21.2 Asset Management, Infrastructure Investment and Funding Policy

The consumption of assets is measured with their level of depreciation. To ensure future sustainability of the Municipality's infrastructure, service delivery and revenue base; investment in existing infrastructure is paramount. The strategy in the framework is to give more priority and emphasis on renewal of existing infrastructure. Over the next three years, there is a decrease in investment on new assets in order to give effect to priority of renewing existing assets. In addition to the renewal of existing assets, the need for the repairs and maintenance of existing assets is considered in the framework hence a move by the Municipality to invest more in repairs and maintenance.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

No amendments are proposed for this policy in the 2018/19 financial year.

21.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

No amendments are proposed for this policy in the 2018/19 financial year.

21.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council on the 4 October 2005. The sixth amendment of the Supply Chain Management Policy was done in terms of Supply Chain Management Regulations clause 3(1) (b) and was adopted by Council on 19 September 2017 in terms of Council Resolution number 11867 and incorporates the relevant Code of Conduct to the Supply Chain Management.

21.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Virement Policy was approved by Council via resolution 6737 on 6 July 2010 and was subsequently amended on 4 October 2011 and again on 28 May 2013. A further amendment was necessary in the 2017/18 Budget year to ensure compliance with mSCOA regulations. The revised policy was approved in terms of Council resolution number 11645 dated 31 May 2017.

There are a number of challenges which the Virement Policy brings about. It allows room for funds from very important Repairs and Maintenance projects to be moved around, simply because of no proper maintenance plans informing the very generous allocation of resources to this activity in the first instance. It generally allows the too liberal movement of funds from one project to another where there is no proper mandate/planning but emergency/ad hoc perceived needs/wants arise.

A further amendment is proposed for this policy in the 2018/19 financial year and the revised policy will be submitted to Council with the 2018/19 Adopted Budget in May 2018.

21.6 Investment, Working Capital and Capital Replacement Reserves Policy

The City's Investment, Working Capital and Capital Replacement Reserves Policy was amended by Council on 10 October 2013. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

No amendments are proposed for this policy in the 2018/19 financial year.

21.7 Tariff of Charges Policy

The City's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. **The policy is amended and approved annually with the MTREF.**

All the above policies are available on the City's website, as well as the following budget related policies:

- Property Rates Policy;
- Trade Effluent Management Policy and
- Fraud Prevention policy.

22. ALIGNMENT OF IDP WITH BUDGET

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a

coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance are reflected in the IDP uMhlathuze municipality. The City of uMhlathuze has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities. The IDP drives the strategic development of the Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

The 2017/2022 Fourth Generation IDP is a five year IDP for the term of office which is reviewed on an annual basis. Council is in a process of drafting the first review of the 2017/2022 which is 2018/19 IDP Review. Like the third generation IDP, the Fourth Generation is outcome based and built on the foundations of Government Priorities which includes National Development Plan, Provincial Development Plan, State of the Nation Address, State of the Province Address, Integrated Urban Development Framework and other important government imperatives.

Through the IDP, Government priorities are translated in our strategic framework and escalated to Strategic Goals, Strategic Objectives, Strategies, Key Performance indicators, which are then further developed into programs and projects. This directly informs the municipal Service Delivery and Budget Implementation Plan. This fair alignment between IDP and Government priorities is confirmed through our budgeting, which takes into serious consideration the strategic objectives when budgeting.

The fourth generation IDP was developed with special consideration to the following aspects:

- Development of new council strategic agenda for long term aligned to NDP and PGDS;
- Development and review of IDP core sector plans;
- Implementation of the Economic Transformation Roadmap for uMhlathuze Municipality;
- Alignment with Government Priorities E.g. State of the Nation Address, KZN State of the Province Address, NDP, PGDP, DGDP, IUDF etc.;
- Community inputs received during the community outreach programs (IDP Roadshows);
- MEC Letter with assessment comments on the Final IDP Review 2016/17;
- Self-Assessment;
- Different stakeholder comments and requirements; and
- Legislative compliance in terms of chapter, 4, 5 and 6 of MSA Act No 32 of 2000.

Council engaged with all relevant stakeholders to solicit views and inputs for the uMhlathuze Fourth Generation IDP (2017/2022).

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/2022 MTREF, Mid-year Review and adjusted budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 110: Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	1 143	1 084	6 988	3 605	6 390	6 390	191	201	213
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	–	16	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	20	2 560	3 576	2 676	2 676	2 823	2 964	3 141
	To promote Access to Information and Accountability	1.1.5	1 284	9	111	335	312	312	352	369	388
	To bring the organisation to an enabled risk maturity level	1.1.6	–	3 250	11	–	–	–	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7	3 495	–	6	–	–	–	–	–	–
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	1 896 846	2 009 031	2 455 085	2 487 643	2 362 404	2 362 404	2 583 701	2 772 047	2 978 486
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	9 561	102 060	–	–	–	–	–	–	–
	To ensure effective Fleet Management	2.1.3	139	9 712	655	276	264	264	290	305	320
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1	24 915	19 553	4 525	2 114	1 233	1 233	3 194	3 354	3 523
	Stimulate key sectors that promote economic growth and create jobs	3.1.2	–	2 955	–	–	–	–	–	–	–
	To create enabling environment for the informal economy	3.1.3	–	786	–	–	–	–	–	–	–
	Clear City identity	3.1.4	66 916	11 579	14	–	–	–	–	–	–
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5	–	644	–	–	–	–	–	–	–
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	103 524	114 476	15 446	2 768	1 140	1 140	1 204	1 264	1 327
	To ensure Provision of fire and rescue services	3.2.2	–	–	1 436	844	1 042	1 042	1 102	1 157	1 215
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	–	512	–	–	–	–	–	–	–
	To ensure air quality management	3.3.2	13 665	11 656	30	9	8	8	9	9	10
	Cater for alternate future burial option	3.3.3	–	–	617	549	498	498	526	552	580
3.4 Social Cohesion	To promote social cohesion	3.4.1	–	8 753	23 714	32 064	36 001	36 001	20 233	20 816	22 004

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	2 493	8 413	1 351	12	1 016	1 016	13	14	15
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation											
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	614 001	414 675	531 608	506 558	506 004	506 004	540 455	571 268	603 891
	Sustainable Financial and supply chain Management	5.2.1	–	252	1 813	767	1 066	1 066	1 125	1 182	1 244
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immoveable Property Management	To ensure fair valuation of properties	6.2.1	–	–	16	–	–	–	–	–	–
	Effective Management of Council owned Immoveable properties.	6.2.2	–	1 465	1 409	1 626	1 626	1 626	1 715	1 801	1 891
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	–	12	–	–	–	–	–	–
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			2 737 981	2 720 882	3 047 423	3 042 745	2 921 679	2 921 679	3 156 933	3 377 302	3 618 246

Table 111: Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	102 667	106 858	19 846	25 851	33 285	33 285	23 120	26 191	29 281
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	6 555	21 838	3 191	3 036	3 036	7 313	9 795	12 273
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	877	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	–	27 807	12 332	12 203	12 203	9 228	10 506	11 765
	To promote Access to Information and Accountability	1.1.5	39 225	33 773	2 834	3 881	17 015	17 015	4 659	5 050	5 443
	To bring the organisation to an enabled risk maturity level	1.1.6	–	9 442	20 282	1 319	1 362	1 362	1 439	2 192	2 937
	Ensure reliability and maintain independence of internal audit activity	1.1.7	2 683	1 028	(771)	13	(362)	(362)	44	49	53
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	1 865 328	1 864 193	2 320 798	2 415 703	2 356 323	2 356 323	2 497 277	2 638 569	2 819 255
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	8 971	23 419	–	–	–	–	–	–	–
	To ensure effective Fleet Management	2.1.3	62 730	85 419	61 283	(190)	(20 207)	(20 207)	(28 650)	(29 248)	(29 111)
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1	36 872	32 424	45 664	52 315	55 353	55 353	64 363	69 562	75 027
	Stimulate key sectors that promote economic growth and create jobs	3.1.2	–	2 955	–	–	–	–	–	–	–
	To create enabling environment for the informal economy	3.1.3	–	3 232	–	–	–	–	–	–	–
	Clear City identity	3.1.4	124 926	45 853	6 028	5 933	6 412	6 412	6 514	7 073	7 687
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5	–	42 011	–	–	–	–	–	–	–
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	81 616	73 778	44 725	55 848	55 560	55 560	63 616	69 712	75 900
	To ensure Provision of fire and rescue services	3.2.2	–	5 391	52 603	63 537	64 778	64 778	71 238	77 042	83 073
3.3 Safe and Healthy Living Environment	Efficient and effective waste management services	3.3.1	–	7 267	–	–	–	–	–	–	–
	To ensure air quality management	3.3.2	136 711	99 432	7 214	9 481	8 768	8 768	10 050	11 421	12 792
	Cater for alternate future burial option	3.3.3	–	20 660	8 880	11 118	11 370	11 370	12 541	14 060	15 638
3.4 Social Cohesion	To promote social cohesion	3.4.1	–	–	168 910	193 103	194 111	194 111	219 075	236 118	254 009
Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation											
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	23 626	30 713	3 783	5 089	7 698	7 698	5 749	6 223	6 705
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	102 642	97 644	15 214	14 725	16 714	16 714	17 903	19 021	20 169
	Sustainable Financial and supply chain Management	5.2.1	–	–	562	2 129	2 554	2 554	2 649	2 858	3 063
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immoveable Property Management	To ensure fair valuation of properties	6.2.1	–	1 410	3 289	3 365	3 291	3 291	4 008	4 305	4 599
	Effective Management of Council owned Immoveable properties.	6.2.2	777	1 147	1 698	1 742	1 714	1 714	2 017	2 788	3 562
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	1 137	1 701	2 258	1 949	1 949	3 031	3 889	4 789
Allocations to other priorities											
Total Expenditure			2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	2 997 183	3 187 174	3 418 838

Table 112: Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
National KPA 1: Good Governance and Public Participation												
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1		96	120	815	1 229	629	629	444	700	649
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2		-	-	-	-	-	-	-	-	-
	Ensure Institutionalisation of Batho Pele Culture	1.1.3		-	-	-	-	-	-	-	-	-
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4		-	-	-	-	-	-	-	-	-
	To promote Access to Information and Accountability	1.1.5		23 342	16 213	49 093	44 353	64 871	64 871	72 370	15 527	20 513
	To bring the organisation to an enabled risk maturity level	1.1.6		1 046	-	-	180	180	180	-	-	-
	Ensure reliability and maintain independence of internal audit activity	1.1.7		-	2 774	72	-	-	-	-	-	-
National KPA 2: Basic Services and Infrastructure Provision												
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1		313 298	204 715	331 878	378 457	377 931	377 931	375 835	411 612	431 900
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2		7 144	86 815	-	9 500	14 564	14 564	2 000	-	-
	To ensure effective Fleet Management	2.1.3		59 074	40 515	2 149	55 396	61 196	61 196	29 068	58 932	50 126
National KPA 3: Local Economic Development												
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1		5 886	4 908	29 686	1 297	2 297	2 297	2 561	2 052	819
	Stimulate key sectors that promote economic growth and create jobs	3.1.2		72	1 397	-	5 070	2 968	2 968	10 000	-	-
	To create enabling environment for the informal economy	3.1.3		-	-	-	-	-	-	-	-	-
	Clear City identity	3.1.4		-	-	54 157	-	-	-	-	-	-
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5		-	-	-	3 500	10 026	10 026	1 192	1 500	1 800
Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
National KPA 3: Local Economic Development												
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1		-	-	-	-	-	-	-	-	-
	To ensure Provision of fire and rescue services	3.2.2		-	-	5 910	275	6 642	6 642	559	650	581
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1		7 268	3 092	-	500	500	500	-	-	-
	To ensure air quality management	3.3.2		-	-	174	740	740	740	200	210	403
	Cater for alternate future burial option	3.3.3		-	-	-	900	900	900	641	1 100	1 500
3.4 Social Cohesion	To promote social cohesion	3.4.1		37 021	32 697	26 076	19 858	27 061	27 061	22 441	31 473	33 765
National KPA 4 : Municipal Institutional Development and Transformation												
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1		82	9	4 720	-	-	-	-	-	-
National KPA 5: Municipal Financial Viability and Management												
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1		-	-	185	-	-	-	-	-	-
	Sustainable Financial and supply chain Management	5.2.1		43	527	13	-	-	-	-	-	-
National KPA 6: Cross Cutting												
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1		-	-	-	-	-	-	-	-	-
6.2 Immoveable Property Management	To ensure fair valuation of properties	6.2.1		-	-	97	-	-	-	-	-	-
	Effective Management of Council owned Immoveable properties.	6.2.2		-	-	2 542	-	-	-	-	-	-
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1		-	-	341	-	-	-	-	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	454 373	393 781	507 909	521 255	570 505	570 505	517 311	523 756	542 057

23. SOCIAL INITIATIVES SUMMARY

Free Basic Services: Basic Social Services Package

The social package assists households that are indigent and poor or face other circumstances that limit their ability to pay for services.

The existing relief measures employed for our indigent and poor, handicapped and pension consumer relief are as follows:

- 50 KWH (units) of electricity free for applicants whose usage of electricity amounts to an average of no more than 1 800 units per annum.
- Free water for consumers that consume 200 Litres and less per day for a month **or** the first 6 000 litres of water per month.
- When a consumer uses **more** than the 200 Litres per day for a month then they **pay for all water consumed**
- Free rates if property value is less than R120 000.
- Free refuse charge if property is valued less than R120 000.
- Free sewer charge if property is valued less than R 120 000.
- All rural communities have strategically placed refuse skips wherein refuse can be placed free of charge.
- By implication the very nature of property valuation allows rates payable by communities living in less formal area to be minimal.
- Targeted indigent support for very poor and child run households.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 35 MBRR A10 (Basic Service Delivery Measurement). The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act together with the tiered tariff approach.

It bears noting that the limitation of the Municipal Property Rates Act on Traditional Areas reduces the ability of the Municipality to generate revenue required for the provision of services in general. The tiered municipal tariffs also provide for an element of cross subsidisation on the tariffs themselves as per the below table:

Table 113 2018/19 Cross subsidisation versus Free Basic Services

Summary

Source	Free	Subsidy	Total
Waste	23 191 530	1 611 771	24 803 301
Sanitation	20 038 544	5 633 249	25 671 793
Rates	0	28 122 952	28 122 952
Rates	0	25 934 526	25 934 526
Water	128 947 784	131 997 067	260 944 851
Electricity	1 172 504	7 555 469	8 727 973
Total	173 350 362	200 855 034	374 205 396

The municipality is receiving equitable share of R 326 million in 2018/19 while the municipal social package is R374.2 million. The municipality uses some of its internally generated funds to bridge the shortfall.

24. FUNDED PROJECTS

24.1 List of Major Municipal Capital Projects for 2018/2019

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 1 - CITY DEVELOPMENT	CONSTRUCTION OF SMME RETAIL PARKS (RICHARDS BAY AND ESIKHALENI)	3.1	10 000	–	–	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF STEEL BRIDGE	2.1	7 000	–	5 000	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF MARKET STALLS (NSELENI, MADLANKALA & EMPANGENI)	3.1	1 192	1 500	1 800	23 & 5	N
	CITY DEVELOPMENT PROJECTS	3.1	133	150	195	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF STEEL BRIDGE	2.1	–	15 000	–	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF TAXI RANKS (BUILDINGS AND SURROUNDING) - LOT 63, RICHARDS BAY AND A RANK)	2.1	354	400	517	WHOLE OF MUNICIPALITY	N
	PORT DURNFORD UPGRADE: SUPPLY & MAINTENANCE OF SHARK NETS	3.1	2 001	–	–	WHOLE OF MUNICIPALITY	U
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	OCCUPATIONAL HEALTH CLINIC	1.1	444	700	649	WHOLE OF MUNICIPALITY	N
	AIR POLLUTION EQUIPMENT	3.3	200	210	403	WHOLE OF MUNICIPALITY	N
	4X4 LDV DOUBLE CAB VEHICLE (REFUSE)	2.1	779	–	–	WHOLE OF MUNICIPALITY	N
	FIRE FIGHTING EQUIPMENT	3.2	559	650	581	WHOLE OF MUNICIPALITY	N
	REFUSE TRUCKS	2.1	5 000	–	6 000	WHOLE OF MUNICIPALITY	R
	REFUSE TRUCKS	2.1	–	5 000	–	WHOLE OF MUNICIPALITY	R
	SKIPS	2.1	1 700	2 500	2 507	WHOLE OF MUNICIPALITY	R
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	ELECTRONIC QUEUING SYSTEM FOR LICENSING OFFICES	1.1	–	–	–	WHOLE OF MUNICIPALITY	N
	EQUIPMENT FOR TRAFFIC	2.1	215	220	314	WHOLE OF MUNICIPALITY	N
	EQUIPMENT FOR TRAFFIC LICENSING	2.1	100	120	140	WHOLE OF MUNICIPALITY	N
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	ENSELENI HALL - UPGRADE (CONSTRUCT FENCING AND LIFT FOR DISABLED)	3.4	–	–	–	5,6,7 & 8	N
	CONSTRUCTION OF SPORTS FIELD	3.4	–	–	5 500	WHOLE OF MUNICIPALITY	N
	BEAUTIFICATION (ALL AREAS)	3.4	1 440	3 000	2 217	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF SPORTS FIELD	3.4	–	4 000	–	WHOLE OF MUNICIPALITY	N
	UMHLATHUZE STADIUM RENOVATIONS	3.4	1 000	3 000	2 500	WHOLE OF MUNICIPALITY	N
	FURNITURE FOR CEMETERY	3.3	50	–	–	WHOLE OF MUNICIPALITY	N
	AUTOMATIC FRONT DOORS	3.4	200	–	–	WHOLE OF MUNICIPALITY	N
	NGWELEZANE LIBRARY - FRONT DESK	3.4	–	–	–	WHOLE OF MUNICIPALITY	N
	ESIKHALENI LIBRARY - FURNITURE	3.4	400	–	–	WHOLE OF MUNICIPALITY	N
	RICHARDS BAY LIBRARY - FURNITURE	3.4	250	–	–	WHOLE OF MUNICIPALITY	N
	LAPTOP: CHIEF OFFICER (I MTHIMKHULU)	1.1	30	–	–	WHOLE OF MUNICIPALITY	N
	REPLACEMENT COMPUTERS FOR: A PIETERSE, S SIHLANGU & M KHOZA	1.1	100	–	–	WHOLE OF MUNICIPALITY	N
	IT EQUIPMENT - 1 CORDLESS DECT PHONE HEADSET SAVI N1740 (FOR COMPLAINTS DESK AT PARKS DEPOT)	1.1	10	–	–	WHOLE OF MUNICIPALITY	N
	LAPTOP: CHIEF OFFICER (R MNTAMBO)	1.1	30	–	–	WHOLE OF MUNICIPALITY	N
	BUILDING & STRUCTURE REPAIR WORK	3.4	400	–	450	WHOLE OF MUNICIPALITY	N
	BOARDWALK & RAMP	3.4	200	–	225	WHOLE OF MUNICIPALITY	N
	PORTABLE TOWER X 2	3.4	–	–	113	WHOLE OF MUNICIPALITY	N
	LIFEGUARD EQUIPMENT: 10 x malibu board @ R10000 each,	3.4	42	165	150	WHOLE OF MUNICIPALITY	N
	2 x AIRCONDITIONERS (EMPANGENI DEPOT)	2.1	–	–	–	WHOLE OF MUNICIPALITY	N
	VARIOUS SMALL MACHINERY (HORTICULTURE)	2.1	200	200	200	WHOLE OF MUNICIPALITY	N
	2 x REFRIDGERATORS FOR PARKS DEPOT	2.1	–	–	–	WHOLE OF MUNICIPALITY	N
	PORTABLE FILTERS X 10	3.4	200	–	–	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF OUTDOOR GYM	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF KICK-ABOUTS X 2	3.4	300	–	–	WHOLE OF MUNICIPALITY	N
	DESIGN OF SPORT COMPLEX MASTER PLAN	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF IRRIGATION SYSTEM AT CENTRAL SPORT COMPLEX	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	N
	MACHINERY FOR SPORT FACILITIES MAINTENANCE	3.4	800	–	–	WHOLE OF MUNICIPALITY	N
	NEW CEMETERY DEVELOPMENT	3.3	591	1 100	1 500	WHOLE OF MUNICIPALITY	R
	REFURBISHMENT OF HALLS - VARIOUS	3.4	2 196	2 100	3 210	WHOLE OF MUNICIPALITY	R

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Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	ENSELENI LIBRARY - BUILDING EXTENSION	3.4	–	2 000	–	WHOLE OF MUNICIPALITY	R
	NGWELEZANE LIBRARY UPGRADING/RENOVATION	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	R
	RENOVATIONS / IMPROVEMENTS TO VARIOUS LIBRARIES	3.4	–	–	1 526	WHOLE OF MUNICIPALITY	R
	REFURBISHMENT OF EMPANGENI MUSEUM	3.4	245	250	358	WHOLE OF MUNICIPALITY	R
	VARIOUS SMALL MACHINERY	2.1	–	250	–	WHOLE OF MUNICIPALITY	R
	TRACTOR DRAWN SLASHERS	2.1	–	–	–	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF SLASHERS	2.1	–	200	200	WHOLE OF MUNICIPALITY	R
	IMPROVEMENTS / RENOVATIONS TO VARIOUS SWIMMING POOLS	3.4	900	1 200	1 700	WHOLE OF MUNICIPALITY	R
	UPGRADING RURAL SPORTSFIELDS	3.4	900	–	–	WHOLE OF MUNICIPALITY	U
	RICHARDS BAY LIBRARY - UPGRADING AND RENOVATION	3.4	600	802	–	WHOLE OF MUNICIPALITY	U
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	OFFICE RECONFIGURATIONS	2.1	5 000	–	5 000	WHOLE OF MUNICIPALITY	N
	OFFICE RECONFIGURATIONS	2.1	–	4 206	–	WHOLE OF MUNICIPALITY	N
	RENOVATION OF VULINDELELA FINANCE OFFICE	2.1	4 000	–	–	10,11,30,34	R
	RENOVATIONS - NGWELEZANA FINANCE OFFICE	2.1	6 000	–	–	24,25,27,28	R
	CONSTRUCTION - EMPANGENI FINANCE OFFICE	2.1	–	–	15 000	9	R
	FINANCE AND ADMIN (ADMIN) PROJECTS	2.1	68	80	100	WHOLE OF MUNICIPALITY	R
	RENOVATIONS - eNSELENI FINANCE OFFICE	2.1	–	7 000	–	5,6,7,8	R
	MAYOR AND COUNCIL PROJECTS	2.1	99	150	145	WHOLE OF MUNICIPALITY	R
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY							
	RADIO INFRASTRUCTURE UPGRADE	1.1	–	–	2 000	WHOLE OF MUNICIPALITY	N
	PUBLIC WIFI	1.1	2 700	–	5 000	WHOLE OF MUNICIPALITY	N
	PUBLIC WIFI	1.1	–	3 000	–	WHOLE OF MUNICIPALITY	N
	AIR CONDITIONING - ICT SECTION	2.1	100	–	–	WHOLE OF MUNICIPALITY	N
	ONLINE ELECTRICAL APPLICATION SYSTEM	1.1	200	–	–	WHOLE OF MUNICIPALITY	N
	DATA POINTS NEW / ADDITIONAL	1.1	31	–	–	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT (SOFTWARE)	1.1	1 000	2 000	1 500	WHOLE OF MUNICIPALITY	N
	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	1.1	4 182	–	4 000	WHOLE OF MUNICIPALITY	R
	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	1.1	–	2 500	–	WHOLE OF MUNICIPALITY	R
	NETWORK INFRASTRUCTURE UPGRADE	1.1	1 500	2 000	2 200	WHOLE OF MUNICIPALITY	R
	MOBILE GIS DATABASE ENHANCEMENTS AND CAPTURING	1.1	200	263	800	WHOLE OF MUNICIPALITY	R
	SERVER INFRASTRUCTURE	1.1	2 000	3 500	–	WHOLE OF MUNICIPALITY	R
	LAPTOP FOR ADMINISTRATION	1.1	196	–	–	WHOLE OF MUNICIPALITY	R
	CABLING INFRASTRUCTURE UPGRADE: EMPANGENI CIVIC 1	1.1	–	–	2 500	WHOLE OF MUNICIPALITY	R
	LAPTOP FOR PUBLIC PARTICIPATION AND COUNCILLOR SUPPORT	1.1	239	–	–	WHOLE OF MUNICIPALITY	R
	PORTABLE PA SYSTEM X 2	1.1	80	–	–	WHOLE OF MUNICIPALITY	R
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	FINANCE AND ADMIN (HUMAN RESOURCES) PROJECTS	2.1	130	150	170	WHOLE OF MUNICIPALITY	R
Vote 8 - FINANCIAL SERVICES							
	SCM SECOND FLOOR (INCL FURNITURE AND IT EQUIPMENT)	2.1	13 000	–	–	WHOLE OF MUNICIPALITY	N
	FINANCIAL ERP SYSTEM	1.1	57 372	–	–	WHOLE OF MUNICIPALITY	N
	REPLACEMENT EQUIPMENT ALL FS SECTIONS	2.1	174	203	228	WHOLE OF MUNICIPALITY	R
	REPLACEMENT FURNITURE ALL FS SECTIONS	2.1	180	190	220	WHOLE OF MUNICIPALITY	R

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Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	METERING OF 132KV AND 11KV FEEDERS	2.1	-	-	1 908	WHOLE OF MUNICIPALITY	N
	ELECTRIFICATION BRACKENHAM	2.1	-	-	26		N
	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	2.1	12 000	-	15 000	15-19,30	N
	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	2.1	2 000	-	4 550	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	2.1	-	-	5 169	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF APN CONNECTIVITY SYSTEM	2.1	634	-	912	WHOLE OF MUNICIPALITY	N
	METERING OF 132KV AND 11KV FEEDERS	2.1	-	1 817	-	WHOLE OF MUNICIPALITY	N
	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	2.1	-	15 000	-	15-19,30	N
	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	2.1	-	2 000	-	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	2.1	-	4 877	-	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF APN CONNECTIVITY SYSTEM	2.1	-	800	-	WHOLE OF MUNICIPALITY	N
	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 1	2.1	-	6 000	-	WHOLE OF MUNICIPALITY	N
	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 2	2.1	-	-	7 000	WHOLE OF MUNICIPALITY	N
	REPLACEMENT OF NON-ENERGY EFFICIENT ELECTRICAL EQUIPMENT	2.1	6 000	10 000	11 554	WHOLE OF MUNICIPALITY	N
	LAND AND BUILDING -AIRCONS	2.1	16	10	10	WHOLE OF MUNICIPALITY	N
	TOOLS	2.1	32	33	35	WHOLE OF MUNICIPALITY	N
	FURNITURE AND EQUIPMENT	2.1	13	18	19	WHOLE OF MUNICIPALITY	N
	PURCHASING OF FURNITURE	2.1	4	5	7	WHOLE OF MUNICIPALITY	N
	ENERGY SAVING INITIATIVE	2.1	8 900	8 900	8 900	WHOLE OF MUNICIPALITY	N
	RTU's REPLACEMENT	2.1	-	-	5 000	WHOLE OF MUNICIPALITY	R
	NGWELEZANE WATERWORKS 11kV OVERHEAD LINE REPLACEMENT	2.1	1 500	-	-	WHOLE OF MUNICIPALITY	R
	LV ELECTRICAL NETWORK REFUBISHMENT	2.1	3 000	-	-	WHOLE OF MUNICIPALITY	R
	132KV STRUCTURES /PYLONS REFUBISHMENT	2.1	5 000	-	-	WHOLE OF MUNICIPALITY	R
	MV ELECTRICAL NETWORK REFUBISHMENT	2.1	4 089	-	2 000	WHOLE OF MUNICIPALITY	R
	DC SYSTEM REPLACEMENT	2.1	-	-	3 360	WHOLE OF MUNICIPALITY	R
	132kV OVERHEAD LINE REFUBISHMENT	2.1	5 000	-	-	WHOLE OF MUNICIPALITY	R
	11kV FORMALHAULT SWITCHING SWITCHGEAR REPLACEMENT	2.1	12 000	-	-	WHOLE OF MUNICIPALITY	R
	132 kV STATION REFUBISHMENT	2.1	8 300	-	-	WHOLE OF MUNICIPALITY	R
	11kV LOKOZA SWITCHING SWITCHGEAR REPLACEMENT	2.1	-	-	10 000	WHOLE OF MUNICIPALITY	R
	QUALITY OF SUPPLY	2.1	-	-	-	WHOLE OF MUNICIPALITY	R
	ARIES 11 kV SWITCH STATION - SWITCHGEAR REPLACEMENT	2.1	-	-	5 000	WHOLE OF MUNICIPALITY	R
	POLARIS 11kV SWITCHING SWITCHGEAR REPLACEMENT	2.1	-	-	10 000	WHOLE OF MUNICIPALITY	R
	AQUADENE DEVELOPMENT	2.1	15 000	-	-	26	R
	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	2.1	2 000	-	3 000	WHOLE OF MUNICIPALITY	R
	EMPANGENI MV ELECTRICAL CABLE NETWORK UPGRADE	2.1	-	-	5 000	WHOLE OF MUNICIPALITY	R
	QUALITY OF SUPPLY	2.1	-	-	2 500	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF 100 ROTTEN POLES	2.1	-	-	1 500	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF 100 RUSTED POLES	2.1	-	-	1 600	WHOLE OF MUNICIPALITY	R
	LV ELECTRICAL NETWORK REFUBISHMENT	2.1	-	2 000	-	WHOLE OF MUNICIPALITY	R
	132KV STRUCTURES /PYLONS REFUBISHMENT	2.1	-	1 027	-	WHOLE OF MUNICIPALITY	R
	MV ELECTRICAL NETWORK REFUBISHMENT	2.1	-	3 663	-	WHOLE OF MUNICIPALITY	R
	DC SYSTEM REPLACEMENT	2.1	-	2 000	-	WHOLE OF MUNICIPALITY	R
	132kV OVERHEAD LINE REFUBISHMENT	2.1	-	1 500	-	WHOLE OF MUNICIPALITY	R
	RTU's REPLACEMENT	2.1	-	2 000	-	WHOLE OF MUNICIPALITY	R
	132 kV STATION REFUBISHMENT	2.1	-	4 500	-	WHOLE OF MUNICIPALITY	R
	CASTOR 11kV SWITCH STATION - SWITCHING SWITCHGEAR REPLACEMENT	2.1	-	7 000	-	WHOLE OF MUNICIPALITY	R
	ATAIR 11kV SWITCHSTATION - SWITCHGEAR	2.1	-	7 500	-	WHOLE OF MUNICIPALITY	R

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Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	EMPANGENI MV ELECTRICAL CABLE NETWORK UPGRADE	2.1	-	4 633	-	WHOLE OF MUNICIPALITY	R
	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	2.1	-	4 000	-	WHOLE OF MUNICIPALITY	R
	QUALITY OF SUPPLY	2.1	-	2 000	-	WHOLE OF MUNICIPALITY	R
	LV ELECTRICAL NETWORK REFUBISHMENT	2.1	-	3 000	-	WHOLE OF MUNICIPALITY	R
	MV ELECTRICAL NETWORK REFUBISHMENT	2.1	-	4 000	-	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF 100 ROTTEN POLES	2.1	-	1 000	1 000	WHOLE OF MUNICIPALITY	R
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	MZINGAZI SEWER	2.1	-	-	-	WHOLE OF MUNICIPALITY	N
	WASTE WATER MANAGEMENT (SANITATION) PROJECTS	2.1	5 000	-	13 000	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT	2.1	300	-	3 000	WHOLE OF MUNICIPALITY	N
	WATER PROJECTS	2.1	-	-	7 000	2	N
	NTAMBANANA WATER PROJECTS	2.1	12 000	-	8 000	WHOLE OF MUNICIPALITY	N
	NEW WATER METERS	2.1	-	-	3 000	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	2.1	-	-	5 000	1,2,3,4	N
	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	2.1	800	-	4 000	WHOLE OF MUNICIPALITY	N
	EMPEMBENI RESERVOIR	2.1	800	-	6 000	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT	2.1	-	3 000	-	WHOLE OF MUNICIPALITY	N
	NEW WATER METERS (RURAL) - KWA-DUBE TRADITIONAL AREAS	2.1	-	800	800	14,15,16	N
	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	2.1	-	5 000	-	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	2.1	800	7 000	-	1,2,3,4	N
	EMPEMBENI RESERVOIR	2.1	-	7 000	-	13,14,15	N
	REPLACEMENT OF PRESSURE REDUCING VALVES	2.1	400	-	400	WHOLE OF MUNICIPALITY	N
	REDUCTION OF NON-REVENUE (WSIG)	2.1	4 000	10 000	6 000	1 - 30	N
	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 2X 10 TON TRUCK WITH 20000LTR 1X TLB (4BY4) 1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	2.1	-	-	922	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT (SOFTWARE)	1.1	-	-	2 000	WHOLE OF MUNICIPALITY	N
	WATER LOSS AND DROUGHT RELIEF PROJECT	2.1	500	-	300	WHOLE OF MUNICIPALITY	N
	200 JOJO TANKS	2.1	600	-	-	WHOLE OF MUNICIPALITY	N
	3 x DOUBLE CB 4 x 4 WITH CANOPIES AND EXTRA'S (MECHANICAL)	2.1	-	447	447	WHOLE OF MUNICIPALITY	N
	3 X DOUBLE CAB 4X4 (NO ROOF RACK). HIGH RISE WITH DIFF LOCK AND A CANOPY (SCIENTIFIC SERVICES)	2.1	-	1 000	1 000	WHOLE OF MUNICIPALITY	N
	1 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 1X TLB (4X4) 1 X 4TON TIPPER TRUCK WITH CRANE (SOUTHERN DEPOT)	2.1	-	1 000	1 000	WHOLE OF MUNICIPALITY	N
	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 2X 10 TON TRUCK WITH 20000LTR 1X TLB (4BY4) 1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	2.1	-	1 500	478	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT (SOFTWARE)	1.1	1 500	2 000	-	WHOLE OF MUNICIPALITY	N
	WASTE WATER MANAGEMENT (SANITATION) PROJECTS	2.1	-	13 000	-	WHOLE OF MUNICIPALITY	N
	WATER LOSS AND DROUGHT RELIEF PROJECT	2.1	400	527	527	WHOLE OF MUNICIPALITY	N
	WATER PROJECTS	2.1	-	11 710	-	2	N
	UPGRADING OF MS 2 PUMP STATION CAPACITY	2.1	2 000	-	3 000	WHOLE OF MUNICIPALITY	R
	UPGRADING OF BIRDSWOOD PUMP STATION CAPACITY	2.1	2 000	-	-	4	R
	UPGRADE OF MS9 PUMP STATION CAPACITY	2.1	500	-	1 500	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF PUMPS	2.1	-	-	2 000	WHOLE OF MUNICIPALITY	R

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Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	VELDENVLEI PUMP STATION	2.1	2 000	-	6 700	1,2,3,4	R
	UPGRADE - VULINDLELA SEWER PIPELINE	2.1	-	-	2 000	30	R
	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	2.1	-	-	2 000	1,2	R
	BULK MASTER PLAN	2.1	1 000	-	-	WHOLE OF MUNICIPALITY	R
	RENOVATE AND UPGRADE OFFICES FOR ALL DEPOTS:NORTH,SOUTH, WEST, MECHANICAL	2.1	1 500	1 000	1 000	WHOLE OF MUNICIPALITY	R
	MOBILE GIS DATABASE ENHANCEMENTS AND CAPTURING	1.1	-	263	263	WHOLE OF MUNICIPALITY	R
	UPGRADING OF MS 2 PUMP STATION CAPACITY	2.1	-	3 000	-	WHOLE OF MUNICIPALITY	R
	UPGRADE OF MS9 PUMP STATION CAPACITY	2.1	-	1 500	-	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF PUMPS	2.1	-	2 000	-	WHOLE OF MUNICIPALITY	R
	STANDBY PUMPS	2.1	850	876	876	WHOLE OF MUNICIPALITY	R
	VELDENVLEI PUMP STATION	2.1	-	7 500	-	1,2,3,4	R
	UPGRADE - VULINDLELA SEWER PIPELINE	2.1	1 000	2 000	-	30	R
	HILLVIEW SEWER PUMPLINE UPGRADE (COUNTER FUNDING)	2.1	1 000	-	-	24,25	R
	FURNITURE - WATER AND SANITATION SECTION	2.1	-	-	300	WHOLE OF MUNICIPALITY	R
	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	2.1	300	2 000	-	1,2	R
	9 WATER PUMPS 4INCH	2.1	1 200	158	158	WHOLE OF MUNICIPALITY	R
	REPLACMENT OF WATER PIPE RETICULATION IN MEERENSEE	2.1	300	1 053	1 053	WHOLE OF MUNICIPALITY	R
	NSELENI PIPE REPLACEMENT (WSIG) (PHASE II)	2.1	8 000	8 000	-	2, 3, 4	R
	MEERENSE PIPE REPLACEMENT (WSIG) (PHASE I)	2.1	4 000	12 000	18 000	WHOLE OF MUNICIPALITY	R
	VELDENVLEI PIPE REPLACEMENT (WSIG) (PHASE I)	2.1	-	10 000	5 000	WHOLE OF MUNICIPALITY	R
	EMPANGENI PIPE REPLACEMENT (PHASE 2) NYALA PARK ZONE	2.1	-	-	8 200	WHOLE OF MUNICIPALITY	R
	WELDENWEIDE PIPE REPLACEMENT (WSIG) (PHASE I)	2.1	-	-	5 000	WHOLE OF MUNICIPALITY	R
	2 X TLB 4 X 4 (URBAN WATER & SANITATION)						
	1 X 4TON TIPPER TRUCK WITH CRANE						
	1 X 10 TON TRUCK 4X4 JETTING MACHINE -						
	4 X 1500 LITRE WATER TANKER 4X4 TRUCK						
	1 X 3TON 4X4 HONEYSUCKER						
	4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)	2.1	-	-	1 500	WHOLE OF MUNICIPALITY	R
	2 X TLB 4 X 4 (URBAN WATER & SANITATION)						
	1 X 4TON TIPPER TRUCK WITH CRANE						
	1 X 10 TON TRUCK 4X4 JETTING MACHINE -						
	4 X 1500 LITRE WATER TANKER 4X4 TRUCK						
	1 X 3TON 4X4 HONEYSUCKER						
	4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)	2.1	-	1 500	-	WHOLE OF MUNICIPALITY	R
	COMPUTER EQUIPMENT FOR WATER AND SANITATION	1.1	600	-	250	WHOLE OF MUNICIPALITY	R
	UPGRADING OF VALVES IN BIRDSWOOD	2.1	200	737	737	4	U
	UPGRADE OF 110MM WATER PIPE IN ALTON (BEHIND ZCBF TO BUS DEPO)	2.1	-	-	-	2,3	U
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	BUS SHELTERS & LAYBYES - ALL AREAS	2.1	-	-	-	8,14,23,25,27,28	N
	AQUADENE BULK SERVICES (ROADS & STORMWATER)	2.1	18 254	-	-	WHOLE OF MUNICIPALITY	N
	SUSTAINABLE RURAL ROADS	2.1	10 000	-	10 000	WHOLE OF MUNICIPALITY	N
	RURAL ROADS OFFICES	2.1	2 000	-	-	WHOLE OF MUNICIPALITY	N
	AQUADENE BULK SERVICES (ROADS & STORMWATER)	2.1	10 578	-	-	WHOLE OF MUNICIPALITY	N
	WALKWAYS AND BRIDGES	2.1	-	-	-	1,2,21,23	N
	TRAFFIC CALMING	2.1	2 600	500	500	3,7,16,19,23,26,27,28	N
	PEDESTRIAN BRIDGES RURAL AREAS	2.1	-	-	-	5,9,12,14,15,16,21,24	N
	BUS SHELTERS & LAYBYES - ALL AREAS	2.1	2 250	1 500	1 500	4,5,7,8,18,23,27	N
	TRAFFIC LIGHTS JRI DEVELOPMENT INTERSECTION	2.1	-	-	-	14, 16,17,20,22	N
	WALKWAYS	2.1	3 750	1 000	1 000	WHOLE OF MUNICIPALITY	N
	PEDESTRIAN BRIDGES	2.1	2 000	2 200	2 200	WHOLE OF MUNICIPALITY	N
	SUSTAINABLE RURAL ROADS	2.1	-	7 500	-	WHOLE OF MUNICIPALITY	N

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	GEOBAG EXTENSION PHASE 2	2.1	-	6 000	6 000	WHOLE OF MUNICIPALITY	N
	ARTERIAL FRAMEWORK PLAN RENEWAL	2.1	1 000	1 000	-	WHOLE OF MUNICIPALITY	N
	1 x 10 TON TIPPER TRUCK	2.1	-	-	10 000	WHOLE OF MUNICIPALITY	N
	ROAD MARKINGS & SIGNAGE STOREROOM	2.1	1 000	-	-	WHOLE OF MUNICIPALITY	N
	AIRCONDITIONING FOR ROADS SECTION	2.1	100	-	-	WHOLE OF MUNICIPALITY	N
	1 x 10 TON TIPPER TRUCK	2.1	-	5 000	-	WHOLE OF MUNICIPALITY	N
	2 X DOUBLE CAB LDV - ITS_RTS_18_CAP_18	2.1	500	-	-	WHOLE OF MUNICIPALITY	N
	4 X 3 TON PERSONNEL CARRIER TRUCKS 4 X URBAN ROAD DEPOTS)	2.1	2 760	-	-	WHOLE OF MUNICIPALITY	N
	DESKTOPS FOR TRANSPORT & ROADS OFFICIALS	1.1	200	-	-	WHOLE OF MUNICIPALITY	N
	LAPTOPS FOR TRANSPORT & ROADS OFFICIALS	1.1	200	-	-	WHOLE OF MUNICIPALITY	N
	FRIDGES, FREEZERS & MICROWAVES FOR ROADS SECTION	2.1	100	-	-	WHOLE OF MUNICIPALITY	N
	4 X CLOCKING MACHINES FOR ROADS SECTION	2.1	100	-	-	WHOLE OF MUNICIPALITY	N
	OFFICE FURNITURE	2.1	-	-	-	WHOLE OF MUNICIPALITY	N
	OFFICE FURNITURE FOR TRANSPORT & ROADS	2.1	500	-	-	WHOLE OF MUNICIPALITY	N
	CANTEEN FURNITURE FOR ROADS SECTION	2.1	100	-	-	WHOLE OF MUNICIPALITY	N
	ROADS RESEALING	2.1	38 200	-	41 300	WHOLE OF MUNICIPALITY	R
	EMPANGENI "A" TAXI RANK	2.1	500	300	-	5,7,8,9,20,23,24,26,27,29,30	R
	ANNUAL KERB REPLACEMENT CONTRACT	2.1	3 000	1 000	1 000	WHOLE OF MUNICIPALITY	R
	ANNUAL WALKWAY REHABILITATION	2.1	3 000	1 000	1 000	WHOLE OF MUNICIPALITY	R
	DUNE ROAD CAPACITY INCREASE	2.1	600	-	-	1	R
	ROADS RESEALING	2.1	-	40 000	-	1, 2, 3, 4, 6, 7, 8, 9, 14, 15, 16, 17, 18, 19	R
	DOUBLING OF EAST CENTRAL ARTERIAL	2.1	-	-	10 000	WHOLE OF MUNICIPALITY	U
	ESKHALENI INTERSECTION	2.1	9 240	-	15 000	14, 16, 21	U
	ESKHALENI INTERSECTION	2.1	-	11 000	-	14, 16, 21	U
	DOUBLING OF EAST CENTRAL ARTERIAL	2.1	1 000	10 500	-	WHOLE OF MUNICIPALITY	U
	UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMHLATHUZE	2.1	1 500	1 500	1 500	1	U
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	NTAMBANANA PROJECTS - BUILDING & STRUCTURES	2.1	6 276	-	-	WHOLE OF MUNICIPALITY	N
	RURAL SANITATION	2.1	33 473	34 184	36 151	5,12,13,14,15,22,16,18,19,20,22	N
	RURAL/SEMI-URBAN AREAS	2.1	33 473	34 184	36 151	10,11,16,17,19,20,21	N
	REPLACEMENT VEHICLES	2.1	20 029	-	28 779	WHOLE OF MUNICIPALITY	N
	REPLACEMENT VEHICLES	2.1	-	43 485	-	WHOLE OF MUNICIPALITY	N
	ROADS PROJECTS - PHASE 3 MZINGAZI	2.1	17 783	18 161	19 205	WHOLE OF MUNICIPALITY	N
	SPORTS PROJECTS	3.4	8 368	14 956	15 816	WHOLE OF MUNICIPALITY	N
	FURNITURE - PMU ADMIN	2.1	200	70	77	WHOLE OF MUNICIPALITY	R
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	INFRASTRUCTURE TO ASSIST SMME PROJECT WITH OUTDOOR ADVERTISING	3.1	427	1 902	624	WHOLE OF MUNICIPALITY	N
Total Capital expenditure			517 311	523 756	542 057		

24.2 IDZ Signed Investment

No	Investment	Investment Value	Job (C)	Job (P)
1.	Logistics and Heavy Equipment moving	R20 m	10	7
2.	Manufacturing of plastic piping for bulk water transportation	R300m	110	87
	Paint manufacturing company	R16 m	50	50
4.	Chemical plant	R500m	300	100
5.	Generation of 60 MW electricity from biomass and 2000 MW from LNG	R2 Billion/9.4 billion	260	70
6.	Chemical Plant	R250m	250	58
7.	Titanium Dioxide Pigment	R4.5 Billion	800	300
8.	Manufacturing of solar panels	R650 m	200	600
9.	Manufacturing of MGRP pipes for water , gas, oil distribution	R400 m	100	100
10.	Manufacturing of aluminum canisters	R260 m	tbd	126
11.	Manufacturing of Energy system and LED Light	R150 m	200	100
12.	Manufacturing of low to medium voltage cables	R150 m	200	100
13.	Manufacturing Kraft paper	R1.2 billion	600	239

24.3 Department of Public Works 2018/2019

Project Name	Client Department	Nature Of Investment	Region	District Municipality	Town
Offices - Erf 139 - Transport - Empangeni	DoT	Upgrading & Additions	North Coast	KCDM	Empangeni
Catherine Booth Hospital	DoH	Upgrading & Additions	North Coast	KCDM	Amatikulu
Catherine Booth Hospital	DoH	Upgrading & Additions	North Coast	KCDM	Amatikulu
Offices - Erf 37 - Rem Of - Kuleka - Empangeni : Mechanical Workshop	DoT	Upgrading & Additions	North Coast	KCDM	Empangeni

24.4 Department of Education

Project Name	Programme Implementer	Nature of Investment	Total Project Cost	2017-2018	2018 - 2019	2019 - 2020
Nguluzana Primary School	KZNDoe	Upgrades and Additions	6,178	84	2,467	822
Mzingwenya Primary School	KZNDoe	Upgrades and Additions	32,183	0	3,218	14,272
Richem Secondary School	Independent Development Trust	New Infrastructure Assets	14,512	4,000	0	0

Project Name	Programme Implementer	Nature of Investment	Total Project Cost	2017-2018	2018 - 2019	2019 - 2020
Nqamana Junior Secondary School	DoPW	Upgrades and Additions	500	150	0	0
Kwamondi Primary School	DoPW	Upgrades and Additions	2,000	600	0	50
Nkwelo Primary School	DoPW	Upgrades and Additions	2,000	600	0	50

24.5 SANRAL

PROJECT	CURRENT PHASE	2018/2019
Nseleni Service Road – New Single Carriage way road	Pre-Tender Design	R6,131,000.00
N2 Mthunzini Ped Facilities – Road safety improvements	Pre- tender Design (Construction)	R9,000.000.00
Mtunzini Plaza – Empangeni T-Junction Upgrading from single to dual carriageway road	Construction	R379,800,000.00

24.6 Eskom Project for 2018/2019

Only one project has been confirmed by Eskom, to be implemented at uMhlathuze in 2018/2019 Financial Year.

Project Name: Nsimbakazi – Luwamba

Budget allocation: **R3 574 100,00**

Connections: 200

24.7 KZN Department of Sports and Recreation 2018/2019

Project Name: ESikhaleni Fitness Centre

Budget allocation: **R7 800 000, 00**

24.8 Private Investment Projects

24.8.1 BHP E-Village

The BHP E-Village project is an initiative of the Hillside aluminum smelter. The Project was initiated in 2011 and is intended to provide offices and workshops from where various contractors can operate. The site is positioned entirely within the Hillside property boundary, which is zoned for industrial use.

The E-Village is designed to accommodate 1 100 contactors and will be constructed in two phases. There is already construction activity in terms of access to the site, which will be off Bullion Boulevard. A key feature of the project is the introduction of energy and resource efficient building criteria in terms of the Green Building Council of South Africa

24.8.2 CBD North

DFA approval for "Town Square/Northern Edge Lifestyle Centre" was obtained during Oct 2008. Latest reports indicate that a R600-million upmarket Lifestyle Centre and four-star hotel are to be developed on the site although plan submissions are still awaited.

24.8.3 SAPPI Housing Development

Sappi Manufacturing/MDC is proposing to establish an integrated residential township to the north of Birdswood. Proposed land uses include Commercial, Office, Filling Station, Community Facilities, Hospital, Frail care, Worship and Pre-School, High School, Primary Schools, Retirement village.

The residential components contain a proposed 262 single residential erven, medium density residential stands for about 2400 units (at 30 units per hectare) as well as high density residential stands for about 3100 units (at 60 units per hectare). It is understood that the EIA for the above project has been submitted and the submission of the PDA for planning approval is awaited.

24.8.4 Westview Residential

The proposed development provides for about 540 single residential erven, 1 commercial erven, 3 high-density residential erven, 4 open space erven, 2 conservation erven, 1 Erf to be reserved for the construction of electrical works, 1 worship Erf and 1 primary school Erf.

The total extent of the development is about 61 Ha and it is located to the east of the western outskirts of Empangeni town and abuts the existing residential suburb of Hillview. Commercial farmland is located to the west and south of the site while the Empangeni Prison is located to the east of the site. Tronox mining industry is located to the north-east of the site, across the R34.

24.8.5 Carsdale

The development proposes to establish a mixed residential development consisting of 671 single residential erven, 2 commercial erven, and 1 group housing erf, 3 open space erven and 3 conservation erven. The property is situated on the western outskirts of Empangeni and abuts the existing residential suburb of Panorama. The property is traversed by the Mkhumbane River on the west, as well as Main Road P166 between Ngwelezane and the R34.

24.8.6 Empangeni Lifestyle Estate

Thanda Group has applied for development approval for the proposed Waterstone Country Lifestyle Estate. The proposed development is situated on Sub 1 of Lot 197, Sub 2 of Lot 197 and Portion 6 of Wilton Park Farm No. 11484, being approximately 464 hectares in extent, to the north of Empangeni. The proposed development conforms to Spatial Development Framework Plan and consists of 14 Phases.

24.8.7 RBM Zulti South Mining and Resettlement Action Plan (RAP)

A number of households' assets are located within the proposed mining area and/or within the exclusion zone and due to mining activities may face economic or physical displacement. As a result, RBM has appointed a service provider to prepare a Resettlement Action Plan (RAP) that aims to guide an internationally compliant resettlement process. An approved budget of 9, 000,000 has been allocated for this project.

24.8.8 RBM RBM Road

The extension of the East Central Arterial in a northerly direction to provide an alternative access to and from the RBM northern mining areas and headquarters. The options being investigated by RBM are indicated in the following map inset.

25. REPORT OF THE AUDITOR GENERAL

25.1 Previous Auditor General's Opinion on uMhlathuze's annual financial statements

	2012/2013	2013/2014	2014/2015	2015/2016
uMhlathuze Municipality	Clean Audit with emphasis of matter	Clean Audit emphasis of matter	Clean Audit emphasis of matter	Clean Audit emphasis of matter

25.2 Summary of Auditor General's Report on 2015/2016 Financial Statements

The Auditor general has expressed a Clean Audit opinion with emphasis on matters relating to:

Restatement of corresponding figures

- As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error discovered in the financial statements of the City of uMhlathuze during the year ended 30 June 2016

Events after reporting date

6. As disclosed in note 32 to the financial statements, City of uMhlathuze incorporated three wards from Ntambanana Municipality after the local government elections. This arose due to a redetermination of boundaries in terms of section 21 of the Local Government: Municipal Demarcation Act of South Africa, 1998 (Act No. 27 of 1998). Consequently, Ntambanana Municipality ceased to exist from 10 August 2016.

Additional matter paragraph

7. The following additional matter paragraph will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities and the auditor's report:

Unaudited disclosure notes

8. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

25.3 Management Responses to Auditor General's Report

The Municipality had two issues highlighted by the Auditor-General in the audit report, namely restatement of corresponding figures and also the issue around the investigation. Responses on the highlighted issues are as follows:

Restatement of corresponding figures

The restatement was a result of prior year adjustments done on the assets useful lives review as well as reclassification of other items. This is done in accordance with a GRAP Standard (GRAP 3).

Investigation

The investigation was conducted by the KwaZulu-Natal Department of Cooperative Governance in the period 1 July 2013 to 30 June 2014. The Municipality has not received the outcome of the report and a number of letters have been sent to the Department by the Municipality requesting the report on the investigation. The Municipal Manager will engage with the Department in March 2018 regarding this outstanding report.

SECTION G: ANNUAL OPERATIONAL PLAN –SDBIP

DRAFT SDBIP FOR 2018/2019 IS AN ANNEXURE TO THE IDP

SECTION H: ORGANISATIONAL AND INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

26. ANNUAL PERFORMANCE REPORT

26.1 ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

26.1.1 Legislative requirements

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following: -

"Annual performance reports

46. (1) A municipality must prepare for each financial year a performance report *reflecting*
-
- (a) the performance of the municipality and of each external service provider during that financial year;
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - (c) *measures taken to improve performance.*
- (2) ***An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."***

26.1.2 Introduction

The first performance management framework was adopted by the uMhlathuze Municipality on 28 May 2002. The framework was reviewed and amended during 2012/2013 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of Kwazulu-Natal. The framework/policy was again reviewed in May 2015 to address the Auditor General finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

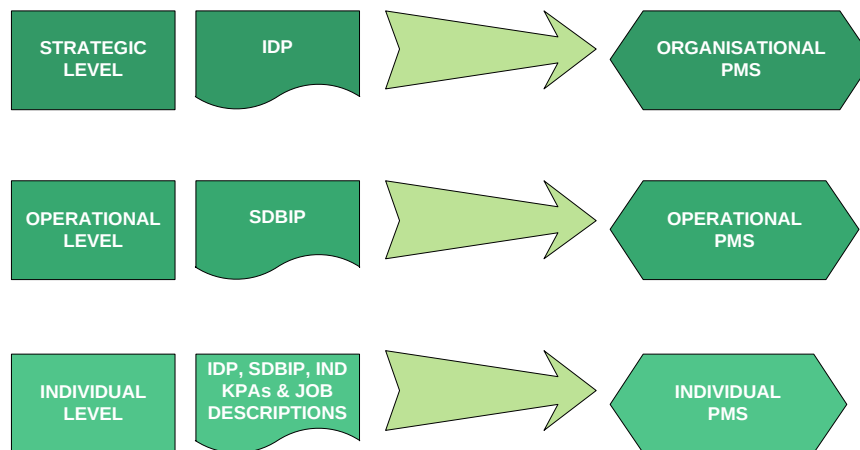
The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg 21 of 17 January 2014) were also included in the reviewed framework, since it was promulgated after the adoption of the previous Performance Management Framework and Policy.

The approved and adopted Performance Management Framework/Policy has been adopted in June 2016, per item on RPT 160112 and framework/policy document on DMS 1122026 together with the newly established Standard Operating Procedure (DMS 1077198) to clarify the processes to collect, collate, verify and store of performance information and documents are available on Councils official website (www.umhlathuze.gov.za under the "Performance Management" link).

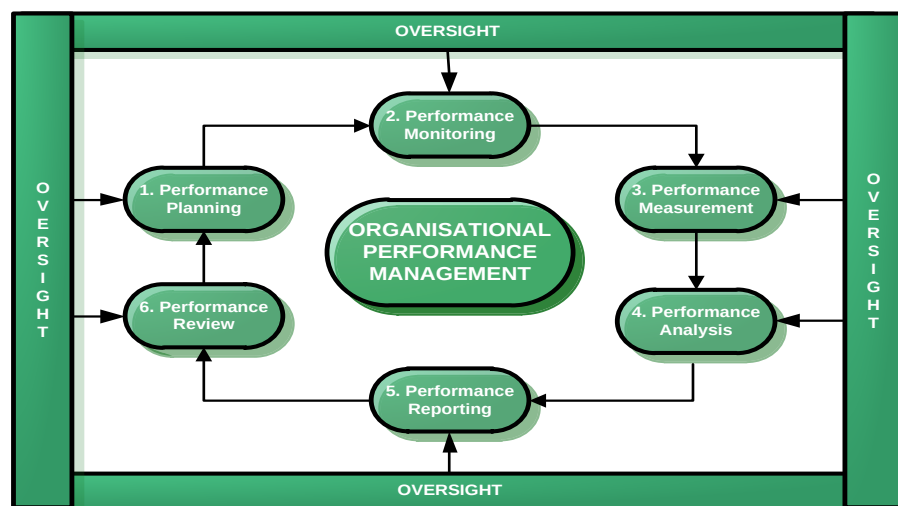
The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

26.1.3 Organisational Performance Management Process

The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.



The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:



Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the five year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established and are reflected on the 2015/2016 OPMS Scorecard. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Deputy Municipal Managers (Heads of Department). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act (No 56 of 2003)

The following diagram illustrates a summary of the reviewed performance management framework for the City of uMhlathuze for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:

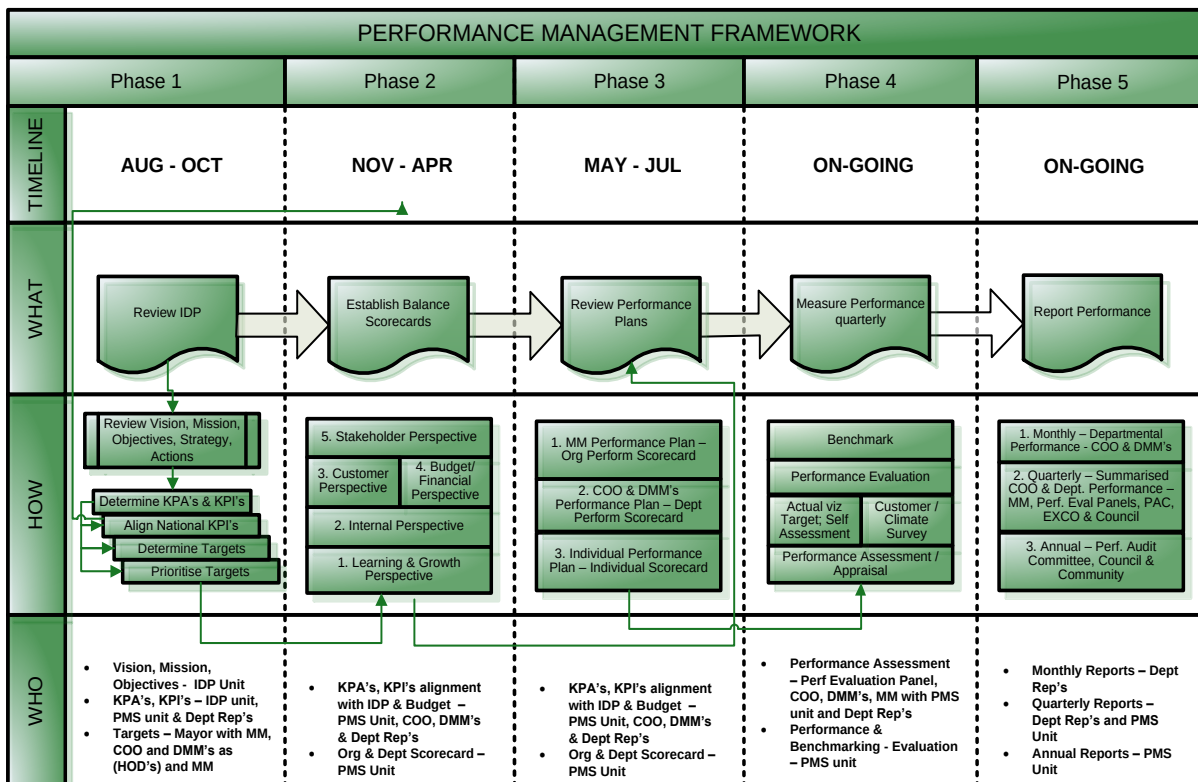


Figure 81: uMhlathuze Performance Management Framework diagram

26.1.4 Performance Audit Committee

The Performance Audit Committee established in 2003 in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time. The Performance Audit Committee for the 2016/2017 financial year was re-affirmed on 7 March 2017, by Council Resolution 111367, Item on RPT 161834, for the re-appointment of external members to serve on the performance audit committee for the 2016/2017 financial year.

Dr M J Ndlovu – Chairperson (external member)

Mr. M M Masuku (external member)

Mr. B S Ndaba (external member)

Cllr M G Mhlongo (Mayor)

Cllr S G Mkize (Deputy Mayor)

The Performance Audit Committee is meeting on a quarterly basis for each financial to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the Performance Achievements reported in terms of the Service Delivery Budget Implementation Plan.

26.1.5 Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council Resolution on 7 March 2017, by Council Resolution 111367, Item on RPT 161834 for the 2017/2017 financial year. Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

For purposes of evaluating the annual performance of the municipal manager (section 54A), an evaluation panel constituting of the following persons was established –

- (i) Executive Mayor or Mayor;
- (ii) Chairperson of the Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
- (iv) Mayor and/or Municipal Manager from another Municipality; and
- (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor."

Cllr M G Mhlongo	Mayor/Chairperson
Cllr S G Mkhize	Member of the Executive Committee
Ms. M J Ndlovu	Chairperson of the Performance Audit Committee
Cllr S W Mgenge	Mayor from another Municipality (uMfolozi)
Mr. E S Luthuli	Ward Committee member

For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:

- (i) Municipal Manager;
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and
- (iv) Municipal Manager from another Municipality."

Dr. N J Sibeko	Chairperson
Cllr S G Mkhize	Member of the Executive Committee
Ms. M J Ndlovu	Chairperson of the Performance Audit Committee
Mr. K E Gamede	Municipal Manager from another Municipality (uMfolozi)

Performance Evaluation sessions are conducted at the end of each quarter. The first and the third quarter assessment are informal assessments. Formal assessments are conducted on the Second and Fourth quarter. The final(Fourth) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the

financial year are performed in November to allow sufficient time for validation and auditing of information reported on the completed financial year. The minutes of all meetings are available on the GroupWise electronic document management system. The final performance evaluation results and scores are reported via the Performance Audit Committee to the Executive Committee and Council before submission of the Annual Financial Statements and the Annual Report.

26.1.6 Auditing of Performance Information

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councilor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides for a single audit committee as further being recommended by National Treasury in terms of their MFMA Circular no. 65 of November 2012. The municipal Council has however taken a decision to continue with a separate Performance Audit Committee and Audit Committee to allow for Councilors to serve on the Performance Audit Committee to enable Councilors to provide input towards Performance Management related matters.

The Audit Committee relies on the work done by the Performance Audit Committee in terms of the Audit Committee charter and receives and considers reports presented to it by the Performance Audit Committee at its scheduled meetings.

In carrying out its mandate, the Audit Committee and Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measurable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the Municipality's annual reports within the stipulated timeframes. Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.
- At least twice during a financial year submit an audit report to the municipal council concerned.

In reviewing the municipality's performance management system, the Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit Executive within the office of the Municipal Manager coordinates and manages the Internal Audit function within the municipality. A Panel of service providers (SekeleXabiso, PriceWaterHouseCoopers and Deloitte & Touché) has been appointed by uMhlathuze municipality for a three-year period to deliver the Internal Audit function.

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.
Review of Performance Information - Quarter 2	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 4 (Annual Performance Report)	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

The Auditor General finally audits all achievements reported in the Organisational Performance Management System Scorecard as reported in the Draft Annual Performance Report that is submitted together with the Draft Annual Financial Statements at the end of August of each year. Their findings are reported in their management letter and are included in the Annual Report. The information reported therefore is validated for correctness.

26.1.7 Customer Satisfaction

Council has appointed Siloam People Development Agency to conduct the 2015 Customer Satisfaction Survey. The Comprehensive feedback and analysis report was received in June 2015.

The results were reported to Council via the Performance Audit Committee per Council Resolution 10335, RPT 158509 on 28 August 2015. The comprehensive analysis feedback report is available on Council's official website. (www.umhlathuze.gov.za under the "Performance Management" link. A customer satisfaction survey was conducted during May/June/July 2017.

26.1.8 Annual Organisational Performance Information

The annual performance reporting on the 2016/2017 financial year has been completed and reflected in the Organisational Performance Scorecard in a table format (as prescribed by KZN CoGTA). The Organisational Performance report, has been presented to the Auditor General for auditing together with the Annual Financial Statements on 31 August 2017 and the validated information will be included in the 2016/2017 Annual Report. The same process is performed for each financial year.

The Annual Performance Report should be read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information for each financial year and forms the baseline for the following financial year.

The Organisational Performance Scorecard for 2018/2019 (following table) will be finalized in July 2018, once the actual achievements for the completed 2017/2018 financial year has been reported, which is forming the baseline for the following term of the Integrated Development Plan.

27. ORGANIZATIONAL PERFORMANCE SCORECARD (2018/2019)

UMHLATHUZE ORGANISATIONAL PERFORMANCE SCORECARD 2018/2019									
IDP Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Annual Target 2017/2018	Actual 2017/2018 Baseline	Backlog	Annual Target 2018/2019
1.1.4.3	Deepen democracy through a refined Ward Committee model	Good Governance and Public Participation	To promote a municipal governance system that enhances and embraces the system of participatory Governance	Facilitation of Stakeholder and Community participation in policy making	Number of Public Meetings (IDP/PMS and budget meetings)	10	11	N/A	10
1.1.4.1				Facilitate the Functionality of Ward Committees through continuous capacitation	Number of Ward Committee Management meetings held	374	389	N/A	374
1.1.4.1					Number of community meetings per ward	136	273	N/A	136
1.1.4.2				Development of a Credible Integrated Development plan within prescribed legislative	Date of IDP approval	2018/05/31	2018/05/29	N/A	2019/05/31
2.1.1.1	Improving access to basic services	Basic Service Delivery and Infrastructure Development	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Eradicate water services backlogs through provision of basic water services	% Households with access to basic water	94.91%	94.93%	5.07%	95.83%
2.1.1.1					Total number of Households with access to potable water	104880	104896	5607	105896
2.1.1.1					Number of Water connections upgraded to households (upgrade service to yard connections)	1000	1016	N/A	1000
2.1.1.1					Number of Households with access to free water service	10323	11644	N/A	11644
2.1.1.2				Eradicate Sanitation services backlogs through provision of basic sanitation services	% Households with access to sanitation	77.73%	78.82%	21.18%	81.09%
2.1.1.2					Number of Household with access to Sanitation	85892	87103	23400	89603
2.1.1.2					Number of new VIP toilets provided to households	2500	3711	N/A	2500
2.1.1.2					Number of Households with access to free sanitation (VIP's) service & Indigent	46889	52514	N/A	51895
2.1.1.3	Improving access to basic services	Basic Service Delivery and Infrastructure Development	To expand and maintain infrastructure in order to	Eradicate electricity supply backlogs through provision of basic electricity supply services	Number of Households with access to Electricity (Municipal Area)	35301	35338	N/A	35418
2.1.1.3					Number of new households provided with new Electricity connections (Municipal	120	135	N/A	80
2.1.1.3					Number of Households with access to free Electricity (Municipal Area)	509	473	N/A	473
2.1.1.4			To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Provide a weekly domestic solid waste removal service to the community	% Households with access to waste disposal	67.29%	67.74%	32.26%	69.55%
2.1.1.4					Number of Households with access to waste disposal	74356	74856	35647	76856
2.1.1.4					Number of new Households with access to waste disposal	1000	1500	N/A	2000
2.1.1.4					Number of Household with access to free waste removal	30891	31578	N/A	33578

UMHLATHUZE ORGANISATIONAL PERFORMANCE SCORECARD 2018/2019									
IDP Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Annual Target 2017/2018	Actual 2017/2018 Baseline	Backlog	Annual Target 2018/2019
2.1.1.5	Improving access to basic services	Basic Service Delivery and Infrastructure Development	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Provision of public transport infrastructure facilities	Kilometres of rural gravel roads established (gravelling)	26	83.82	N/A	26
2.1.1.5					Kilometres of tarred roads established	3	1.659	N/A	1.5
3.4.1.2			To promote social cohesion	Development of community facilities	Number of sport field upgraded	10	10	N/A	5
3.4.1.2					Number of community halls/museum/library upgraded	2	2	N/A	3
6.1.1.3	Actions supportive of the human settlement outcome	Local Economic Development	To plan and manage existing and future	To review and implementation of human settlements sector plan	Number of Post 1994 Housing stock transferred (400)	400	158	389	300
3.1.5.3			To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	Promoting economic growth by providing skills empowerment to the unemployed	Number of scarce skills training provided	4	7	N/A	4
3.1.5.1				Promote economic growth by successful implementation of EPWP community based projects	Number of jobs created through the municipality's Capital Projects (EPWP) (Cumulative quarterly)	1000	1657	N/A	1000
4.1.1.2	Implement differentiated approach to Municipal financing, planning and support	Municipal Transformation and Institutional Development	To create an appropriate organisational climate that will attract and ensure retention of staff	Compliance with Employment Equity Act	Number of women employed by the municipality	776	768	N/A	768 + 18
4.1.1.2					Number of Youth employed by the municipality	624	552	N/A	552 + 38
4.1.1.2					Number of people with Disability employed by the municipality (Target additional to baseline)	20	21	N/A	21 + 4
4.1.1.4	Implement differentiated approach to Municipal financing, planning and support	Municipal Transformation and Institutional Development	To create an appropriate organisational climate that will attract and ensure retention of staff	Improve Citizens Skills levels and education	Workplace Skills training programs	100	173	N/A	120
4.1.1.4					% Budget Spent on Workplace Skills Plan (cumulative)	95%	95.48%	N/A	95%
4.1.1.4					% Operating Budget spent on implementing Workplace Skills Plan	0.80%	0.82%	N/A	0.80%
1.1.2			To create an appropriate organisational climate that will attract and ensure retention of staff	Compliance with Employment Equity Act	Number of S57 Performance Agreements signed (cumulative)	8	8	N/A	8

UMHLATHUZE ORGANISATIONAL PERFORMANCE SCORECARD 2018/2019									
IDP Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Annual Target 2017/2018	Actual 2017/2018 Baseline	Backlog	Annual Target 2018/2019
5.1.1.4	Implement differentiated approach to Municipal financing, planning and support	Financial Viability and Financial Management	Compliance with financial legislation and policies	Debt coverage ratio (cumulative)	(Total operating revenue received - operating grants) / debts service payments (interest & redemption due for the year) (x 1000) (cumulative)	2 569 081 / 223 897 = 11.47	2 459 695 / 191 763 = 12.83	N/A	2 698 236 / 224 028 = 12.04
5.1.1.4				Outstanding service debtors to revenue	Outstanding service debtors / revenue actually received for services	350 101 300 / 2 334 008 664 = 0.15	393 220 937 / 2 279 023 489 = 0.17	N/A	398 452 364 / 2 468 949 600 = 0.16
5.1.1.4				Cost coverage ratio (cumulative)	[(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment / Monthly fixed operating expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)]	499 248 / 206 251 = 2.42	446 217 / 206 251 = 2.16	N/A	638 788 / 217 827 = 2.93
5.2.1.6			Sustainable Financial and supply chain Management	Percentage Capital Budget spent on Capital project i.to. IDP	Capital Budget amount spent on Capital Projects / Total Capital Budget x 100 = Percentage spent YTD	495 192 345 / 521 255 100 = 95 %	468 600 846 / 570 504 800 = 82.14%	N/A	498 902 760 / 525 160 800 = 95%

LEGEND KEY FOR PERFORMANCE INDICATORS:

Priority (National general KPI's)

KZN CoGTA Excellence awards criteria

Additional /Departmental criteria

Comments:**Access to electricity (New connections):** The Quarterly targets and achievements for this KPI are dependent on the number on applications received.**Free basic Service (Households with access to free electricity):** The Quarterly targets and achievements for this KPI are dependent on the number on indigent applications received.**Total number of households:** The annual targets for basic services as reflected in the approved IDP have been have been aligned with Stats SA (2016 Survey) figures, targets relevant for the 2018/2019 financial year heave been revised to 110 503 to include the additional households of the four wards included from former Ntambanana municipality.**ACHIEVEMENTS:** The annual achievements as reported in the Actual (June 2018) column to be audited by the Internal Auditors (SekeleZabiso, PriceWaterHouseCoopers and Deloitte & Touche) and subject to the Auditor General and final adjustments made together with the Annual Financial Statements and AG Report.

SECTION I: STATUS OF SECTOR PLANS & ANNEXURES

27.1 STATUS OF SECTOR PLANS AND OTHER MUNICIPAL PLANS

No	Sector Plan	Completed (Y/N)	Adopted (Y/N)	Adoption Date	Date of Next Review
1.	Disaster Management Plan Disaster Management Framework	Yes	Yes	01/12/2009 master plan (reviewed annually) March 2018	
2.	Water Service Delivery Plan	Yes	Yes	Adopted in Principle by Council in 2013 Review 2018/2019 29 May 2018	May 2018
3.	Energy Sector Plan	Yes	Yes	30 May 2009 DMS637608	2015
4.	LED Strategy [Economic Transformation roadmap]	Yes	Yes	October 2016	2019
5.	Tourism Strategy	Yes	Yes	DMS 925775 22 April 2014 2014-2018	2019
6.	Pavement Management System	Yes	No	To be adopted	2016
7.	Integrated Human Settlement Plan	Yes	Yes	31 May 2017	2018
8.	Air Quality Management Plan	Yes (Draft)	No		
9.	Spatial Development Framework	Yes	Yes	31 May 2017	
10.	Land Use Scheme	Yes	Yes		
11.	Electricity Network Plan	Yes (2016)	No		
12.	Integrated Waste Management Plan	Yes	Yes	March 2017	

- o An effort will be made by the municipality to review its sector plans; this is necessary for inclusion of information of newly incorporated wards.

27.2 IDP ANNEXURES

Annexure	Document Description	Hard Copy	Electronic
"A"	Disaster Management Framework and Disaster Management Plan	Yes	
"B"	Spatial Development Framework 2018/2019	Yes	Yes
"C"	LED Plan [Road Map] 2016		Yes
"D"	Draft Water Service Delivery Plan 2018		Yes
"E"	Draft Service Delivery and Implementation Plan (SDBIP)	Yes	
"F"	Electricity Master Plan		Yes
"G"	Integrated Waste Management Plan		Yes
"H"	Informal Trading Policy		Yes
"I"	Indigent Policy		Yes
"J"	Integrated Human Settlement Plan 2018		Yes
"K"	Roads Maintenance Plan		Yes
"L"	Water and Sanitation Maintenance		Yes
"M"	Full Municipal Organogram		Yes
"N"	Public Participation Report 2018		Yes
"O"	Ward Based Plans		Yes
"P"	Batho Pele Customer Care Policy , Service Charter and Standards		Yes

“Q”	Revenue Raising Strategy		Yes
“R”	Agricultural Support Plan		Yes
“S”	‘Tourism Marketing Strategy		Yes
“T”	Expanded Public Works (EPWP) Policy		Yes
“U”	UMhlathuze Bulk Water Master Plan		Yes
“V”	UMhlathuze Bulk Sewer Master Plan		Yes
“W”	Electricity Operations and Maintenance Plan		Yes
“X”	Supply Chain Management Policy		Yes