

Draft IDP REVIEW

2020/2021

3rd Review of the 2017/2022 IDP

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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

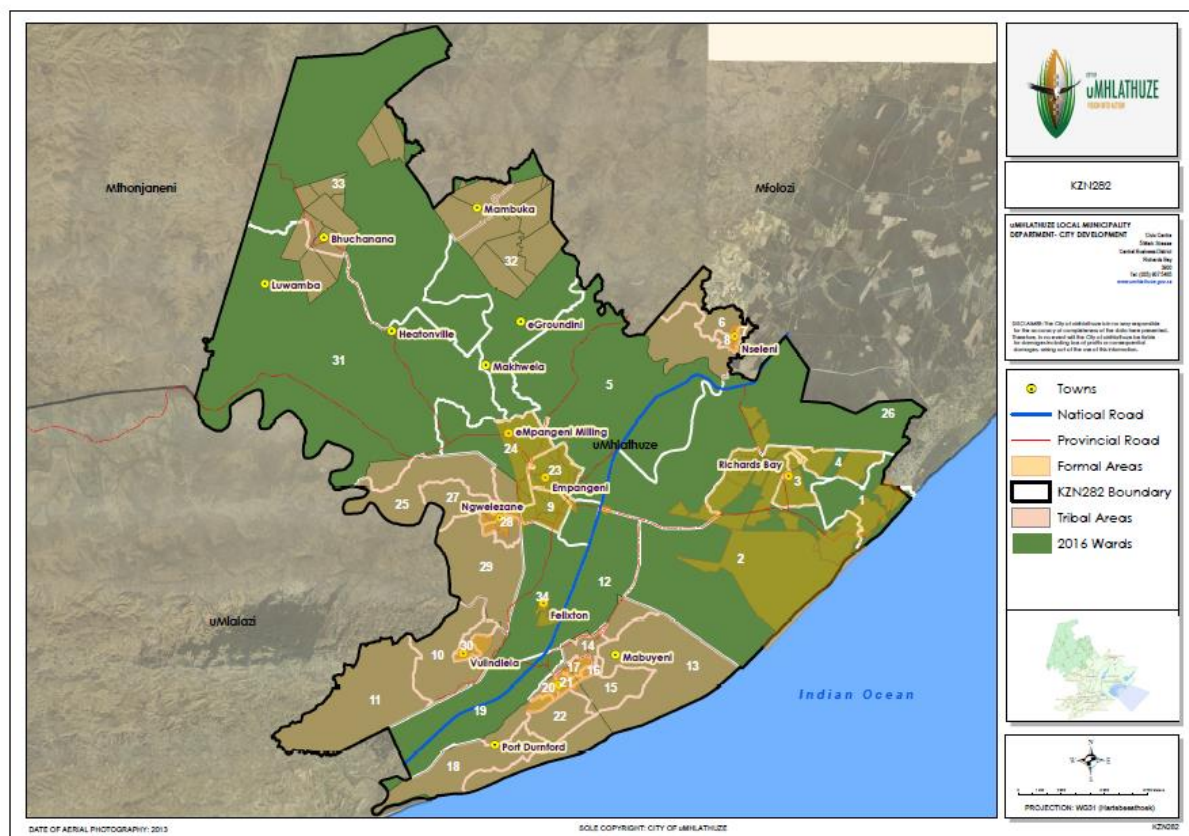
LUMF	Land Use Management Framework
LUMS	Land Use Management System
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium-Term Revenue and Expenditure Framework
MTSF	Medium-Term 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 phenomenons 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 2020/2021 is informed highly by the responses to the MEC comments as raised in the 2019/2020 IDP. The following table indicates municipal interventions on the issues raised:

MEC Comment	Intervention/ Improvement
Municipal Transformation and Institutional Arrangements	
Develop Human Resource Plan	The Human Resource Plan has been developed awaiting council's workshop prior to the actual approval. The Plan will be adopted on or before May 2020 together with the Final IDP Review 2020/2021.
Filling of vacant posts to decrease the vacancy rate of 27.75%.	<p>The structure of the municipality is futuristic, the organisational structure was developed to cater for the growth of the municipality, and it does not only cater for the current operational needs of the organisation. Hence, it was developed in a manner that accommodates or responds to the City's long-term vision, Vision 2030. Furthermore, the structure is implemented on a phased approach based on available resources.</p> <p>The municipality is also trying to ensure it does not exceed the salary ratio of 30% of the total OPEX as per the National Treasury regulations. As at February 2020 the salary ratio of the total OPEX is 23% excluding salaries of councillors.</p>
Local Economic Development	
MEC Comment	Intervention/ Improvement
Review of Local Economic Development Strategy	The Local Economic Development Strategy will be reviewed during the 2021/2022 IDP.

Adopt Informal Economy Policy and the policy regulating permits	<p>The Informal Trading Policy is currently under review. As at February 2020, A Public Participation Process commenced with various external and internal stakeholders.</p> <p>Comments received will be integrated and thereafter a Final Reviewed Policy will be adopted together with the Final IDP Review 2020/2021 in May.</p>
Develop and adopt an Investment /Retention Policy	Policy remains a priority of the municipality, the municipality is seeking assistance from the Department of Economic Development and Tourism and Environmental Affairs.
Identify and budget for programs and projects seeking to transform local tourism	<p>uMhlathuze Municipality has developed and adopted a Tourism Marketing strategy, which identifies key projects that will transform the local tourism of uMhlathuze.</p> <p>Projects are defined in the Implementation plan which is incorporated into the IDP Review, however challenges still remains with the funding of the programs and projects.</p> <p>The City has prepared business plans with an aim to seek funding from external funders.</p>
Budget for research and development on Local Economic Development	The Local Economic Development unit does not have an allocated budget for research programs. The budget for research in terms of the MSCOA and in terms of municipal functions remains at a centralized vote, under the Office of the Municipal Manager.
Develop a Monitoring and Evaluation Plan	The office of the Municipal Manager working together with Corporate Services are in a process to establish a monitoring and evaluation unit.
Basic Service Delivery	
MEC Comment	Intervention/ Improvement
Development and inclusion of the Comprehensive Integrated Transport plan.	The municipality is in the process of finalizing a draft CIP for consideration by council in May 2020
Financial Viability and Management	
MEC Comment	Intervention/ Improvement
Asset Renewal Strategy and Operations and maintenance Plan	Operations and Maintenance plans for Water, Sanitation, Roads and Electricity are submitted together with every IDP Review.

Equitable Share Indigent support allocation to be indicated and an increase or decrease of indigent support over 3 years	The information on equitable share is extensively covered on MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS section of the IDP Review 2020/2021
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	
Include Intergovernmental Relations indicator in the performance agreements of senior managers (recommendation)	Recommendation to be considered by the Executive Management Committee
CROSS CUTTING KPA	
MEC Comment	Intervention/ Improvement
Improve economic analysis information in the SDF especially employment trends	To be updated with recent statistics received from Provincial Treasury.
Allocate funding to address deficiencies/ non-compliance in the SDF	The municipality has sourced funding to address some deficiencies other deficiencies are related to IGR and does actually require funding
Align to Spatial Development Framework Guidelines (2017) when developing a Municipal SDF	On-going work to align
Develop and Implement Disaster Management Plan	A Draft Disaster Management Plan has been completed, awaiting workshop with internal stakeholders before submission to Council.

Amongst the interventions above, the focus of this review is 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 Review 2019/2020;
- Self-Assessment, based on past organisational performance outcomes
- 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 on the IDP Process for IDP Review (2020/2021). Below is council approved schedule for the public participation meetings held during the month of September 2019, further engagements will be held in April 2020 for the Draft IDP and Budget.

Table 1: IDP and Budget Public Participation Meetings1st Round IDP Roadshows

CLUSTER	WARDS	VENUE	DATE	TIME
Amakhosi	Traditional Councils	Council Chambers, Richards Bay Civic Centre	12 September 2019 (Thursday)	11:00
Ward Committees	All Wards	New Hall- Esikhaleni	13 September 2019 (Friday)	16:00
Wards	1, 2, 3, 4, 5, 6, 7, 8, & 26	uMzivukile Sports Field	15 September 2019 (Sunday)	12:00
Wards	9, 23, 24, 25, 27, 28, 29, 31, 32 and 33	Dumisani Makhaye Village Sports Ground	22 September 2019 (Sunday)	12:00
OSS	Sector Departments, CDW's, Ward Committees, Cllrs, NGO's etc.	uMhlathuze Auditorium	08 October 2019 (Tuesday)	10:00
Wards	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 30 & 34	ESikhaleni TVET Sports field	29 September 2019 (Sunday)	12:00
Stakeholder engagement	All Stakeholders	Council Chambers, Richards Bay Civic Centre	03 October 2019 (Thursday)	15:00

The following is a summary of pertinent issues raised during the community consultation process:

Empangeni Cluster	Richards Bay Cluster	ESikhaleni Cluster	Amakhosi	Ward Committees	OSS
1. Housing 2. Jobs 3. Water 4. Roads 5. Electricity	1. Housing 2. Roads 3. Water 4. Electricity 5. Skips	1. Housing 2. Jobs 3. Sports Facilities 4. Market Stalls and	1. Skips 2. High mast lights 3. Roads 4. Water	1. Roads 2. Housing 3. Electricity 4. Bus shelters	1. Roads 2. Electricity 3. Skips 4. Water 5. Housing

6. Community Halls	6. Sanitation	business support	5. Pedestrian bridges	5. Agricultural support	6. Bus shelters
7. Bursaries	7. Bursaries	5. Floods at Mzingwenya Park	6. Housing	6. Pedestrian bridge	7. Market stalls
8. Skips	8. Community Hall	6. Bus Shelters	7. Bursaries	7. New and Maintenance of Sports Ground	
		7. Jobs/Skills development			

Over and above the issues above, the following non-core functions were also raised

- Clinics
- Crèches/ Early Childhood development
- Schools'
- Public Safety and Security
- Libraries

For a complete list of needs per cluster, a needs database is attached as an annexure to the IDP Review

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”

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.”

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.

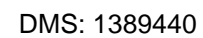
5. What are we going to do to unlock and address our key challenges?

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 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 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.



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.

Below is a table, which summarises previous performance of the organisation

HIGH LEVEL SUMMARY - ORGANISATIONAL PERFORMANCE ON TOP LAYER SERVICE DELIVERY TARGETS (uMhlathuze municipality)						
Description & Year	KPA 1 - Good Governance	KPA 2 - Basic Service Delivery	KPA 3 - Local Economic Development	KPA 4 - Municipal Transformation	KPA 5 - Financial Viability	Total Annual Target
2012/2013						
OPMS Target set	4	22	5	9	13	53
Target achieved	3	15	3	7	11	39
% Target achieved	75,0%	68,2%	60,0%	77,8%	84,6%	73,6%
2013/2014						
OPMS Target set	6	39	4	17	12	78
Target achieved	5	31	3	9	9	57
% Target achieved	83,30%	79,50%	75,00%	53%	75,00%	73,08%
2014/2015						

OPMS Target set	7	28	7	16	12	70
Target achieved	6	20	5	11	11	53
% Target achieved	85,7%	71,4%	71,4%	68,8%	91,7%	75,7%
2015/2016						
OPMS Target set	5	17	3	8	4	37
Target achieved	5	12	3	7	3	30
% Target achieved	100,0%	70,6%	100,0%	87,5%	75,0%	81,1%
2016/2017						
OPMS Target set	4	19	3	7	4	37
Target achieved	3	15	3	7	4	32
% Target achieved	75,0%	78,9%	100,0%	100,0%	100,0%	86,5%
2017/2018						
OPMS Target set	4	35	6	7	4	56
Target achieved	4	27	5	7	1	44
% Target achieved	100,0%	77,1%	83,3%	100,0%	25,0%	87,6%
2018/2019						
OPMS Target set	4	37	6	7	4	58
Target achieved	4	31	6	6	2	49
% Target achieved	100,0%	83,8%	100,0%	85,7%	50,0%	84,5%

On the targets not achieved, the organisation set up corrective measures which its implementation is closely monitored by internal auditor.

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.

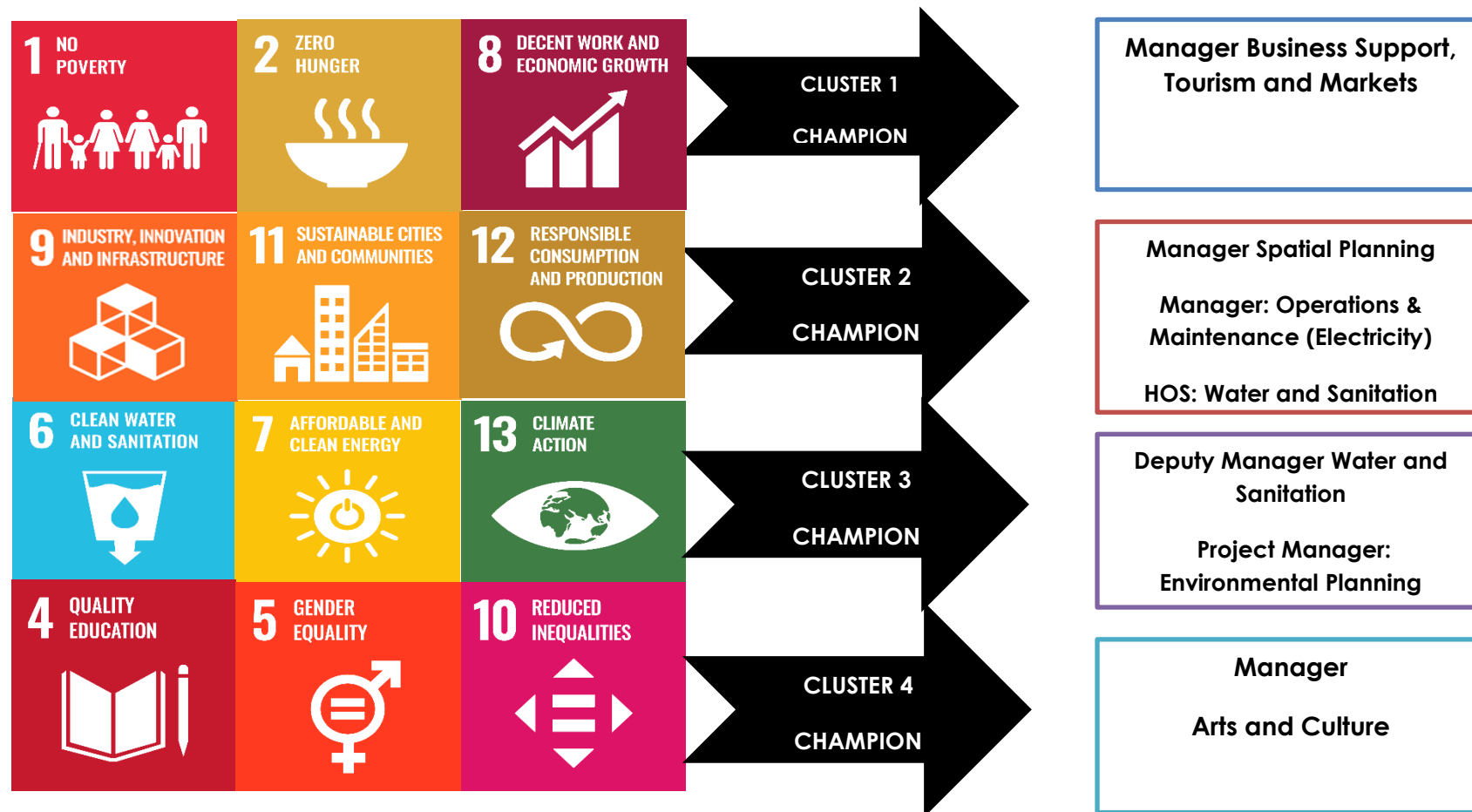
The SDG framework provides an overall narrative articulating how the goals will lead to broader outcomes for people and the planet. The 17 goals provide a clearer means-to-end continuum and they also offer better coverage of, and balance between, the three dimensions of sustainable development – social, 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.

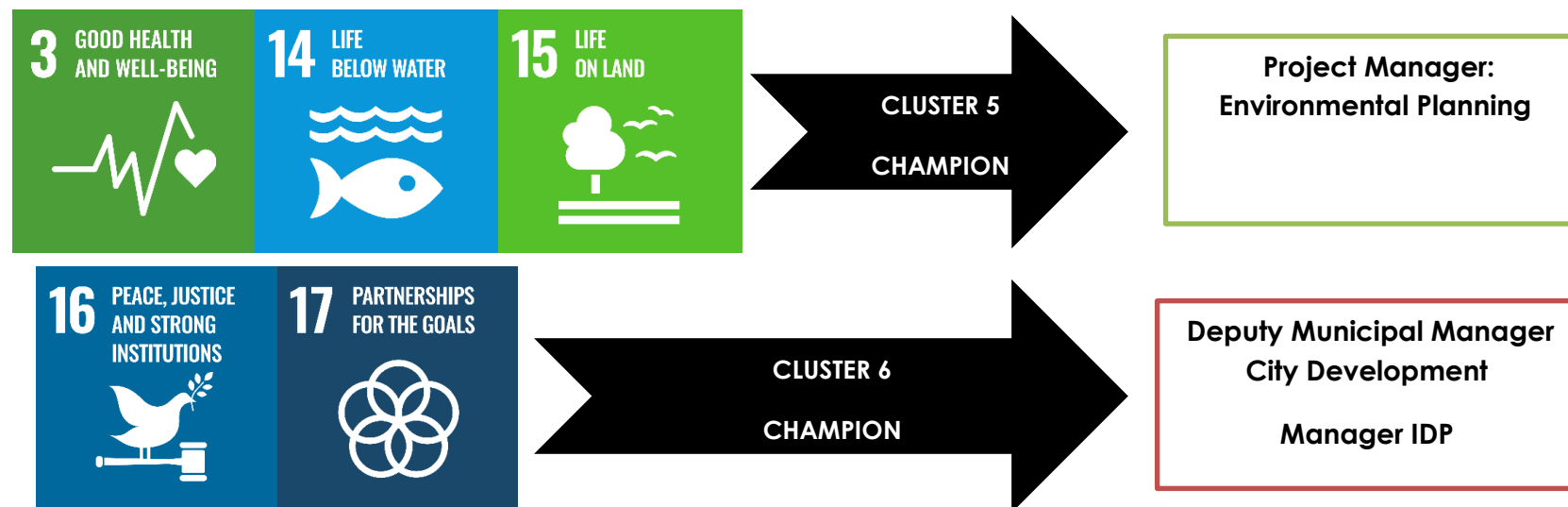
Institutionalization of Sustainable Development Goals

Local governments have a crucial role to play in the process of localizing the SDGs. As policymakers, catalysts for change and key actors in development, they have a unique capacity to implement and monitor sustainable development, prosperity and well-being at the local level. In order to fulfil their role in achieving the SDGs, local governments need sufficient support from all levels of government and adequate financial resources. Moreover, it will be essential for them to increase their capacities using appropriate methods and knowledge platforms.

uMhlathuze Municipality in partnership with ICLEI Africa are working towards the localisation of SDG's in uMhlathuze Municipality. In December 2019, a workshop was held with a purpose to familiarise participants, including City Officials, provincial and national representatives, and representatives from the private sector, with the 17 SDGs, their relevance to local developmental agendas, and develop a robust framework through which the SDGs can be localised in the uMhlathuze context. The ultimate aims of the City is to use the SDGs as an enabling framework, to support integrated planning and to realize sustainable development at a project and community level. Further, in institutionalizing the SDGs, the Municipality is strategically poised to engage diverse stakeholders to achieve the SDGs in a leave no-one behind approach. The Municipality is already achieving this, to a large extent, through a diverse range of initiatives, but in many instances existing work is not explicitly linked to the SDGs or seen as directly contributing due to a lack of awareness and understanding.

Progressively the city has clustered SDG's and nominated champions for each cluster who would be responsible for driving and monitoring the activities across the municipality as they relate to that cluster specifically. Further, the City will be establishing an Internal SDG structure, which will be made up of champions and other relevant officials. The structure will ensure that there is progress in the process of localising SDG's in uMhlathuze. Below is figure showing uMhlathuze SDG's cluster approach:





Draft uMhlathuze SDG Localisation and Reporting Framework

In order to track progress with the localisation of the SDG's in uMhlathuze, the City had developed a draft reporting framework below:

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 6	Reduce waste water disposal into marine outfall pipeline (by 75% by 2030)		Commission waste water re-use project/to divert to 40 ML of waste water being disposed at sea.	2030	WSS- IS				6,9,13,17

SDGs	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 13	Waste management		Remove, reduce plastic debris	Immediate	C. SERI. Transect.				
SDG 15	Promote sustainability management of all forest types	Approved policy at reporting strategy	Create awareness of airborne issues in Environmental Awareness Programs	Immediate	Green team	Percentage coverage	Approved policy implementation plan Municipal bylaws for Invasive Alien Vegetation EPWP	Alignment with Environmental Authorisation	3,11,13,17
		M.O.A Campaigns	Develop a policy removal of indigenous trees	2021	Green team-Comm. Services	Hectares cleared and percentage covered		Alignment with existing NPO's and Government Departments	
	Partnership for alien invasive clearing		Create partnerships through various programs and funding opportunities to report in alien invasive clearing	2020	Comm. service				

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 6	By 2030 achieve about 100% of equitable access to safe and affordable drinking water in Umhlathuze		Increase bulk supply and protect water sources	2030	Council-Infrastructure services				7, 13, 6 6
	Achieve at least 70% access to sanitation		Install more VIP toilets	2030					
	Reduce pollution, dumping, minimizing hazardous chemicals of untreated waste water		Awareness campaigns on water	Continuous					
SDG 7	Ensure local access to affordable, reliable and modern energy services	Percentage of households with access to affordable/reliable energy	Electricity master plan and finalisation and implementation	2026	Electrical and Energy Services	Baseline data	Electricity master plan		8,9,11,12,13

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
	Increase sustainability in the share of renewable energy mix to move away from coal		Finalisation and implementation of energy plan and energy strategies	2025					
SDG 13	Strengthen resilience and adaptive capacity to climate related hazards and natural disasters within COU		Development of a disaster management plan	2021	Fire and Rescue Department				3,6,7

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 13	Integrate climate change measures into municipal policies, strategies and planning, including by-laws	100% response to natural disasters by rapid responses team	Implementation of the climate action plan	2025	COU				4,6,7,8
	Improve education awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	100% dissemination of information from early warning system Develop a functional disaster management centre	Conduct Road Shows, ward meetings and school visits	2030/ ongoing	COU		Disaster Management Plan		4,7,6

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 2	Reduce hunger and ensure access by all citizens to opportunities to participate in the economy through agriculture		Identify land Advocate for subsistence farming Community and school feeding programmes	By 2030		Indigenous register Universities and research institutions NYDA LED	Sukuma Sakhe War room Green team Co-operation	Internal Budget Internal and External Budget	2

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 4	SDG 4: 1. Ensure each ward has an early childhood development facility 2. Continue to provide stipend and grant in aid for increase of skills. 3. Strengthen skill development programmes for the disabled.	Increasing budget	Partner with relevant stakeholders	2030		Literacy and Mathematics performance rates	Provision of educational toys to ECD's	Provide budget	4, 8, 10
		Annually increase the number of skilled programs	Each operational node should have a disability centre	2030		Census of unemployed youth	Provision of relevant books to schools LED Programs	Provide budget for skills program	

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 5	SDG 5:1. Reduction of social ills- women and child violence.	Achieving 50/50 party by 2021	1. Installation of cameras, smart public lighting and accessibility of emergency numbers	2030	Council/ government departments, busses and SAPS	Representation / percentage	Women caucus	Bring FEMG Budget For Awareness Campaigns	16
	2. Ensure that 50/50 policy is strengthen and implemente d by all institutions	Gender equality in the workplace should be achieved immediately	Influence decision making	2030		Employment equity plan	Adherence to employment equity plan	Staff related cost budget	
	3. SCM policies should be strengthene d		It should provide details of categories e.g. 50% women	2022	Gov. departments, council and private consultants Council				

SDG s	Local Target	Indicator to measure progress	Required Action	By When?	By Who?	Data required?	Mechanism used to embed	Budget constraints	Linked to other SDGs
SDG 8	Increase agricultural productivity and incomes at small scale food produces	GDP growth	Research Projects in agricultural value chain Workshops with farmers and prosp. Services provincial agencies	2030	South Africa Statistics (employment and unemployment rates)	IDP		External Budget	

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.	<ul style="list-style-type: none"> • Operation Sukuma Sakhe (War Rooms) • Short term work opportunities (EPWP,CWP, Green deeds) •
2.	End Hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Stimulate key sectors that promote economic growth and create jobs	<ul style="list-style-type: none"> • King Cetshwayo District Fresh Produce Market • Strategic Support to small scale farmers • Agricultural support linked to RASET (Radical Agrarian Social-Economic Transformation
3.	Ensure Healthy Lifestyles and promote well-being for all at all ages.	Safe and Healthy living environment	<ul style="list-style-type: none"> • 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 • Establishment of eSikhaleni fitness centre

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
4.	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Improving Citizens Skills levels and Education	<ul style="list-style-type: none"> • 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) • Youth economic emancipation programme (YEEP)
5.	Achieve gender equality and empower all women and girls.	Promoting economic growth by providing employment opportunities for women and youth.	<ul style="list-style-type: none"> • 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
6.	Ensure availability and sustainable management of water and sanitation for all.	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> • Water Demand Management • Waste water re-use initiatives • Sea Water Desalination • Water conservation • Long term infrastructure investment plan

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
			<ul style="list-style-type: none"> Roll out of RDP Standard sanitation projects (VIP) targeting rural areas
7.	Ensure access to affordable, reliable and modern energy for all.		<ul style="list-style-type: none"> 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 Energy infrastructure upgrade
8.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Viable Economic Growth and Development	<ul style="list-style-type: none"> 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 Supplier development
9.	Build resilient infrastructure promote inclusive and sustainable industrialization and foster innovation.	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project)

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
			<ul style="list-style-type: none"> 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.	<p>Viable economic growth and development</p> <p>Integrated Urban and Rural Development</p>	<ul style="list-style-type: none"> Strategic Implementation of Spatial Development Framework 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.	<ul style="list-style-type: none"> Spatial Development Framework Public Safety Strategy Integrated Human Settlement Plan Integrated Waste Management Plan (Waste Reuse, Reduce and Recycle) Climate Change Action Plan
12.	Ensure sustainable consumption and production patterns.	Safe and Healthy living environment	<ul style="list-style-type: none"> Urban Air Quality Management Agricultural Support Plan
13.	Take urgent action to combat climate change and its impacts.		<ul style="list-style-type: none"> Climate Change Action Plan International Partnerships and collaborations (ICELI)

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
		Optimal management of natural resources and commitment to sustainable environmental management.	<ul style="list-style-type: none"> • 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 • Waste Water Reuse
14.	Conserve sustainably use of oceans, seas and marine resources for sustainable development.		<ul style="list-style-type: none"> • Estuary Management Plan • Green and Blue Drop • Coastal Management •
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.		<ul style="list-style-type: none"> • 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	Democratic responsible, transparent , objective and equitable municipal governance	<ul style="list-style-type: none"> • City of uMhlathuze Public Safety Strategy • Community Policing Forums • OSS War Rooms

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
	effective accountable and inclusive institutions at all levels.		
17.	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	Democratic responsible, transparent , objective and equitable municipal governance	<ul style="list-style-type: none"> • Concluded international Relations and twinning arrangement with strategic cities • Membership of international organisations • Trade missions • Host international delegations and diplomats • Global protocol

6.4 Climate Change Resolution

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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Recognises the importance of averting, minimising and addressing loss and damage associated with the adverse effects of climate change; • 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	<ul style="list-style-type: none"> • 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 cities	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 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	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.

Nr.	Priority	Description
	regardless of their migration status	
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

No.	National Outcome	Strategic Alignment Thereof
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 environmental assets and natural resources	To promote environmental; conservation 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 NDP, Provincial Growth, Development Strategy (PGDS), District Growth and Development Strategy (DGDP), Vision 2030 and uMhlathuze IDP

NDP	PGDS Strategic Goal	KCDM DGDP Goals	COU 2030 Vision Strategic Goals	IDP Strategic Goals	CoU Interventions aligned to PGDP and DGDP Strategic Objectives
Decent employment through inclusive economic growth	Inclusive Economic Growth	Inclusive Economic Growth	Increase the City's economic growth through catalytic projects , strategic partnerships and commercials investments initiatives	Viable economic growth and development	<ul style="list-style-type: none"> • 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

A skilled and capable workforce to support an inclusive growth path	Human Resource Development	Human Resource Development	Attain the "SMART City" status by implementing modern and integrated technologies	Municipality that is resources and committed to attaining the vision and mission of the organisation	<ul style="list-style-type: none"> • 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) • Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub)
Quality basic education	Human and Community Development	Human and Community Development	Achieve the City's social stability through coordinated social interventions	Viable economic growth and development	<ul style="list-style-type: none"> • 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

					<ul style="list-style-type: none"> • 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
An efficient, competitive and responsive economic infrastructure network	Strategic Infrastructure	Strategic Infrastructure	Obtain optimum customer satisfaction by strengthening cross functional delivery of services	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> • 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

Protecting and enhancing our environmental assets and natural resources	Environmental Sustainability	Environmental Sustainability	Contain climate change effects on the City's development and people	Optimal management of natural resources and commitment to sustainable environmental management	<ul style="list-style-type: none"> • 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
A responsive, accountable, effective and efficient developmental local government system	Governance and Policy	Governance and Policy	Obtain optimum customer satisfaction by strengthening cross functional delivery of services	Democratic, Responsible, Transparent, Objective and Equitable Municipal Governance and Social Cohesion	<ul style="list-style-type: none"> • Concluded international Relations and twinning arrangement with strategic cities • Membership of international organisations • Trade missions • Host international delegations and diplomats

Sustainable human settlements and improved quality of household life	Spatial Equity	Spatial Equity	Cater for industrial and human settlements growth by facilitating spatial restructuring and land banking initiatives	Integrated urban and rural development	<ul style="list-style-type: none"> • 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
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6.10 Strategic Integrated Projects

<p>The Presidential Infrastructure Coordinating Commission (PIC) identified 18 SIPs of which the following have direct relevance to the Municipality:SIP 1</p> <p>Unlocking the northern mineral belt with Primary Mineral Reserves Waterberg as the catalyst</p>	<p>The rail capacity between Mpumalanga and Richards Bay is relevant in in this instance. The Port expansion of Richards Bay is a permanent discussion item between the uMhlathuze Municipality and the Richards Bay Port (Transnet).</p>
<p>SIP 8</p> <p>Green energy in support of the South African economy</p>	<p>Numerous green economy initiatives are either being pursued or supported by the uMhlathuze Municipality in its area of jurisdiction.</p>

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	
<p>Programme 1: Basic Services Monitoring and Tracking Programme (Service Delivery Nerve Centre)</p>	<p>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.</p>
<p>Programme 2:</p>	<p>The programme aims to advance spatial transformation goals (equity and access) and</p>

Spatial Transformation and Land Banking	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	<p>The purpose of the initiative is to:</p> <ul style="list-style-type: none"> ○ 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

	<ul style="list-style-type: none"> o 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 pilot municipality to draw on a technical support grant to:

- 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.
- 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.

- 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.
- 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 and is in progress.

6.13 Back to Basics aligned with Area Based Management

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

Area Based Management

The City of uMhlathuze has embarked on a programme that seeks to improve day to day management and maintenance of the urban environment including addressing service delivery failures, this programme is implemented to supplement the Back to Basics program. The objectives of this programme are indicated below: -

Integrated service delivery operations and urban management aims to achieve service delivery excellence by ensuring that the city is responsive to the needs of the community; through coordination, integration, monitoring and achievement of service delivery standards at grass-roots level thus ensuring well serviced urban environment towards the achievement of a "Liveable and Sustainable City" and to foster citizen centric ethos through service excellence.

Integrated service delivery operations seek to ensure a well-governed, managed and developed City, with enhanced levels of accountability, quality services and prompt response to service delivery failures. To that end, the following are medium and long term strategic objectives: -

- a) *To bring service delivery and customer service closer to the residents / citizens, so as to address service delivery failures by providing a citizen-interface channel to coordinate; monitor, evaluate and enforce efforts by the City and its service delivery machinery to realize the objectives of quality and efficiency, sustainability, impact and customer satisfaction;*
- b) *To respond to people's needs not only through communication, but through the actual delivery of services;*
- c) *To develop effective solutions to local problems and improve customer satisfaction;*
- d) *To effectively deal with community complaints and dissatisfaction on service delivery related issues by facilitating well integrated service delivery response solutions;*

- e) *To work with other spheres and agents of government to deliver effective services;*
- f) *To coordinate, monitor and enforce the delivery of all municipal services in all zones; and*
- g) *To contribute to the physical, social and mental wellbeing and development of communities - building "liveable and sustainable communities.*

The City seeks to contribute through "pro-active interventions in the City's service delivery value chain to create an environment for accelerated and integrated service delivery that is sustainable and ensures that the benefits are equitably shared by all its citizens thus improving the levels of citizen satisfaction".

Anticipated outcomes

- Reduction in service failures
- Clean environment
- Multi-disciplinary response to urban management challenges
- Improve day to day maintenance of the urban environment and services
- Improved civic education
- Arrest systematic urban decay

6.14 State of the Nation Address (SONA) 2020

President Cyril Ramaphosa delivered the [State of the Nation Address](#) on 13 February 2020 at 7 pm before a joint sitting of the two houses of [Parliament](#). The President took the nation into his confidence on the way forward, set the tone on critical matters and reported back to South Africans on the progress since his last address in June 2019.

The theme for this year's event remained the same as the previous year's theme which is : ***“Following up on our commitments: Making Your Future Work Better”***. The following is a summary of the country's focus areas and action plan for the 2020/2021: -

Key Point/Announcement	Action Plan
Development model to extend to 23 districts	<ul style="list-style-type: none"> Government will expand the District Development Model to 23 new districts, drawing on lessons from the three pilot districts
Coding, Robotics in Grades R to 3	<ul style="list-style-type: none"> Government will introduce Coding and Robotics in Grades R to 3, in 200 schools (2020)- with a plan to implement it fully by 2022.
Building Nine TVET Colleges	<ul style="list-style-type: none"> Government is building nine new TVET college campuses in Sterkspruit, Aliwal North, Graaff Reinet and Ngungqushu in the Eastern Cape, and in Umzimkhulu, Greytown, Msinga, Nongoma and Kwagqikazi in KwaZulu-Natal.
New University	<ul style="list-style-type: none"> Government has decided to establish a new University of Science and Innovation in Ekurhuleni.
Funds to reduce youth unemployment	<ul style="list-style-type: none"> youth employment initiative will be funded by setting aside 1% of the budget to deal with the high levels of youth unemployment government is launching five prototype sites in five provinces that will grow to a national network, reaching three million young people through multiple channels. Government will provide to the youth shorter, more flexible courses in specific skills that employers in fast-growing sectors need government plans to develop new and innovative ways to support youth entrepreneurship and self-employment scaling up the Youth Employment Service and working with Technical and Vocational Education and Training (TVET) colleges and the private sector to ensure that more learners receive practical experience in the workplace to complete their training. government will establish the first cohort of a Presidential Youth Service programme that will empower young people and provide opportunities for them to earn an income.

	<ul style="list-style-type: none"> National Youth Development Agency and the Department of Small Business Development will provide grant funding and business support to 1 000 young entrepreneurs in the next 100 days.
Domestic Violence Amendment Act To Better Protect GBV Victims	<ul style="list-style-type: none"> Domestic Violence Act is expected to be amended to better protect victims in violent domestic relationships Sexual Offences Act will also broaden the categories of sex offenders whose names must be included in the National Register for Sex Offenders.
Tapping into the international market	<ul style="list-style-type: none"> Introduction of the SheTradesZA platform to assist women-owned businesses to participate in global value chains and markets The Industrial Development Corporation is targeting R10 billion of its own and partner funding for women-empowered businesses. designate 1 000 locally produced products that must be procured from small, medium, and micro enterprises (SMMEs) in an effort to create a larger market for small businesses Procurement Bill will soon be presented to Parliament as part of an effort to empower black and emerging businesses and advance radical economic transformation. Government will hold its third South Africa Investment Conference in November 2020 to review the implementation of previous commitments and to generate new investment into the economy Independent Communications Authority of South Africa (ICASA) has undertaken to conclude the licensing of high demand spectrum for industry via auction before the end of 2020
State to intensify SOE re-purposing for growth, development	<ul style="list-style-type: none"> Government will undertake a process of rationalisation state owned enterprises to ensure that they serve strategic economic or developmental purposes Government plans to fix commuter rail with over R1.4 billion investment over the years, this investment is vital to the economy and to the quality of life of the people. Fundamental overhaul of the Durban port – the third largest container terminal in the Southern Hemisphere – to reduce delays and costs.
Government to regulate commercial use of hemp products	<ul style="list-style-type: none"> Government will in 2020 open up and regulate the commercial use of hemp products, providing opportunities for small-scale farmers Government will this year (2020) release around 700 000 hectares of state land for agricultural production.

New crime detection university	<ul style="list-style-type: none"> • To improve the quality of general and specialised police investigations, government will be establishing a Crime Detection University in Hammanskraal, north of Pretoria. •
Student Accommodation	<ul style="list-style-type: none"> • R64 billion will be spent over the next few years in student accommodation.
Major economic reforms set to change SA's fortunes	<ul style="list-style-type: none"> • reforms are contained in the Economic Transformation, Inclusive Growth and Competitiveness Paper produced by National Treasury • the country's low levels of growth mean it is not generating enough revenue to meet its expenses • continuous engagements with labour and other stakeholders on measures to contain the public wage bill and reduce wastage • improve public finances by working with the Auditor General to reduce irregular expenditure, shifting government spending from consumption expenditure to investment in infrastructure
Measures to improve energy generation	<ul style="list-style-type: none"> • Government will be implementing measures that are set to fundamentally improve South Africa's energy generation capacity <ul style="list-style-type: none"> - Section 34 Ministerial Determination will be issued to give effect to the Integrated Resource Plan 2019, enabling the development of additional grid capacity from renewable energy, natural gas, hydro power, battery storage and coal. - Government will initiate the procurement of emergency power from projects that can deliver electricity into the grid within three to 12 months from approval. The National Energy Regulator will continue to register small scale distributed generation for own use of under 1 MW, for which no licence is required - The National Energy Regulator will ensure that all applications by commercial and industrial users to produce electricity for own use above 1MW are processed within the prescribed 120 days - open bid window 5 of the renewable energy IPP and work with producers to accelerate the completion of window 4 projects - negotiate supplementary power purchase agreements to acquire additional capacity from existing wind and solar plants. - measures will be put in place to enable municipalities in good financial standing to procure their own power from independent power producers

6.15 State of the Province Address (SOPA) 2020

The State of the Province Address is a localised version of the State of the Nation Address where Premiers reflect on their achievements and communicate their programmes of action in respect of government's five priority areas - education, health, the fight against crime and corruption, rural development and land reform as well as jobs for the year ahead.

State of the Province Address by Premier of KwaZulu-Natal, Hon. Sihle Zikalala, Royal Show Grounds, Pietermaritzburg, 04 March 2020. The theme for the 2020 KZN SOPA is *"Together, Creating Our Common Future"*. It recognises that the people of KwaZulu-Natal themselves are the cornerstone and the most vital ingredient or force for growth and development

The table below indicates some of the highlights from the state of the province address:

PGDP GOALS		PROGRESS AND INTERVENTIONS
Radical Economic Transformation	Attracting investment	<ul style="list-style-type: none"> Investment commitments to the province worth over R15-billion since May 2019 are materialising. The launch of Mara Group, Africa's first cell phone manufacturer, investing more than R1-billion and creating more than 300 permanent jobs in the province Ubuhle Towels (Pty) Ltd, a 75% black women-owned company, investing R132-million in towel manufacturing Elegant Afro Line (Pty) Ltd, a 100% black women-owned company, investing about R900 million in chemicals in the Richards Bay IDZ. Nyanza Light Metal, a 100% black-owned company, investing R4.5-billion in the production of titanium dioxide pigments. Construction of the top structure at RBIDZ Phase 1F is expected to resume in April 2020. Wilmar SA (Pty) Ltd, a manufacturer of edible oils, investing R1.3-billion and creating 300 jobs Phase 1A and 1F of RIBDZ are planned to materialise from March 2020 in Richards Bay.
	Economic infrastructure	<ul style="list-style-type: none"> launch of the Durban Aerotropolis Master Plan which envisions the development of a globally-connected airport city around King Shaka International Airport

		<ul style="list-style-type: none"> • R30-million provision by EDTEA towards the construction of a terminal building at Mkhuze airport following its runway upgrade • Upgrade of the Margate airport terminal building at a cost of RS-million, by the municipality working with EDTEA • Development of a Clothing and Textile Master Plan by National Department which focuses on growth and protection of this industry • During 2020/2021, investment drive will be focusing on the oceans economy, aloe processing, bio-ethanol, renewable energy, fish processing facilities and innovation hubs
	Digital economy	<ul style="list-style-type: none"> • Government is rolling out telecommunication infrastructure, including broadband networks and digital innovation hubs. • An agreement will be entered to with Broadband Infracore to provide layer two network services to be used by Dube Trade Port to provide over 810 Wi-Fi hotspots at 405 selected sites across the province • Over the next five years, the Moses Kotane Institute will ensure that several rural communities are digitally connected • development of information technology hubs in five rural municipalities Okhahlamba, Kokstad , Umfolozi , Mandeni and Mpofana Municipalities are at various stages of completion
	Enterprise Development	<ul style="list-style-type: none"> • R226-million to small enterprises by EDTEA, facilitating the creation of 3 284 jobs. • R63.4-million disbursed to women-owned businesses, creating 1 382 jobs. • R57.1-million expended on youth-owned businesses generated 655 job opportunities
	Youth empowerment and job Creation	<ul style="list-style-type: none"> • R71-million offered to 55 youth-owned enterprises through the KZN Youth Empowerment Fund, • the Office of the Premier will allocate another R50- million to the Youth Development Fund in 2020/2021.
	Operation Vula Fund	<ul style="list-style-type: none"> • A provision of R150-million has been made In the 2020/2021 budget estimates for Operation Vula Fund
	Private-Public-Partnership	<ul style="list-style-type: none"> • To date, 51 SMMEs have been supported to the value of R158-million - 65% of recipients are African female and 60% are youth

		<ul style="list-style-type: none"> A total of 349 interns have already been assigned to various municipalities across the province while the remaining 151 interns are to be placed before the end of March 2020.
	Tourism development	<ul style="list-style-type: none"> building and maintaining tourism assets in the province, Ngodini and Ndumo Border Caves at a cost of R15-million, resulting in 400 job opportunities for the local communities upgrading the Bhanga Nek Campsite with an investment of R20-million. 10 permanent and 25 temporary jobs R220-million investment from Transnet construction of the Cruise Terminal
	Tourism outlook	<ul style="list-style-type: none"> 80% increase in domestic tourists, with over 2.3-million arrivals in 2019 against 1.3-million arrivals in 2018. increase in tourist spend in the province which totalled R14.4-billion in the first half of 2019, a 37% increase on the previous half-year. KSIA grew by 6.5% in 2019 compared to 2018 at 6.26 million passengers. International passengers grew by 9.7% in 2019 when compared to 2018. estimated R1.2-billion to be injected by hosting of major business events
	Environmental Sustainability	<ul style="list-style-type: none"> clearance of 120 000 hectares of land affected by invasive alien species and created 7 500 Job opportunities 3 000 work opportunities were created through the Good Green Deeds programme. A provision of R100-million was made towards ecosystem management.
AGRICULTURE DEVELOPMENT	Radical Socio-Economic Transformation	<ul style="list-style-type: none"> In terms of the new KZN MTSF, our target is 30% set asides for women, youth and SMMEs. We have a policy on set-asides on specific commodities for designated groups. Our own PGDP targets governments local procurement spend is 35% youth;30% women, 5% people with disabilities, 10% Military Vets - 60% allocated to Africans. By 2024, we aim to have 50 % of government spend on entrepreneurship for women- owned and led business. Land to be acquired for agriculture in terms of the rural Land Reform Programme: target 40% to youth by 2024.
	Cannabis – The green rush	<ul style="list-style-type: none"> A Cannabis Investor Protocol has also been developed and launched.

		<ul style="list-style-type: none"> A dedicated and fully staffed Cannabis Unit has been established within the Moses Kotane Institute to assist emerging cultivators and entrepreneurs with infrastructure assistance, funding and licencing
	Multi-Planting Season Programme	<ul style="list-style-type: none"> the Department of Agriculture has assisted farmers to plant 10 658 hectares for food security across the province. provincial government has committed R77-million for the implementation of the 2020/2021 planting season programme
	Production of seeds, seedlings and fruit trees	<ul style="list-style-type: none"> establishment of five mega-nurseries to produce seedlings and fruit trees A budget of R30-million has been set aside for the initial phase of agricultural infrastructure, equipment and operations. Implementation will commence in 2020/2021 and the programme will see the employment of 290 agricultural graduates
	Youth empowerment - Sukuma 100 000	<ul style="list-style-type: none"> youth empowerment programme called Sukuma 100 000, which will be implemented across all government departments, state-owned entities and our partners in the private sector
PUBLIC WORKS AND INFRASTRUCTURE		<ul style="list-style-type: none"> over 135 163 EPWP work opportunities created in 2019 Establishment of a Provincial Precinct in progress
	Transport infrastructure delivery	<ul style="list-style-type: none"> In 2020/2021, R8-billion will be invested in infrastructure development and maintenance. overhaul of the Durban Port to lessen delays and costs
	Bridges and enabling access to education	<ul style="list-style-type: none"> new seven vehicular bridges and 12 bailey bridges. upgrade 60 kilometres of roads from gravel to black top IN 2020/2021 12 new bridges will be built in 2020/2021, mainly in rural communities
	Transport and job creation	<ul style="list-style-type: none"> Transport will create 63 000 work opportunities through the EPWP in 2020/2021 increase intake for the Internship programme to 160 young people.
EDUCATION AND SKILLS DEVELOPMENT	Performance of our Basic Education	<ul style="list-style-type: none"> establishment of 12 ECO centres in district in the rural areas
	Information communication technology and 4IR	<ul style="list-style-type: none"> rolling out e-learning solutions coding and robotics in the curriculum in selected pilots in the province. Maths and Science School of Excellence in LaMercy is at 98% completion

		<ul style="list-style-type: none"> • The construction of the Agricultural and Maritime Schools of Excellence in uMgungundlovu and Umlazi, respectively, will commence in 2021 • The construction of the Special School for Autism will also commence in 2020
	School safety interventions	<ul style="list-style-type: none"> • Approval of the multi-pronged Schools Safety Strategy • 2400 Shovakalula bicycles will be distributed •
THE HEALTH AND WELLBEING OF THE PEOPLE OF KZN	Make Me Look Like a Hospital' campaign	<ul style="list-style-type: none"> • revive the ambitious Make Me Look Uke a Hospital Project (MMLLH) • new e-health system is being piloted at Prince Mshiyeni Memorial Hospital, as well as the Madadeni Hospital.
	Improved health system	<ul style="list-style-type: none"> • Three districts in KwaZulu-Natal, namely Ugu, uMkhanyakude and uMzinyathi, have become the first in the country to meet the ambitious UNAIDS 90-90-90 target to help end the AIDS pandemic • Fabulous About Health programme to address challenges faced by the LGBTQI sector • R2.8-billion, state-of-the-art Dr Pixley Ka Isaka Seme Memorial Hospital will be opened in 2020
Progress on the State of Local Government in KZN		<ul style="list-style-type: none"> • 54 Municipal Support Plans developed and adopted by municipalities. • Challenges in both the uMsunduzi and Ethekwini Metro are progressively being attended too, with turn around strategies adopted by these municipalities • Issues with Newcastle and Alfred Duma have received provincial attention and a task team has been deployed to intervene • R20-million has been allocated to uGu District to alleviate Ugu's water scarcity and 92 static tanks have already been delivered • R1.3-million allocated to upgrade water pumps in Ifafa area, R14.5-million for uMthamvuna's raw water pump station as well as water treatment works, and R2.7-million for the construction of temporary bridge across uMzimkhulu River
	Basic services	<ul style="list-style-type: none"> • Approximately 70% of learners in government schools are in no fee schools • 85.44% of people with access to portable water, and about 88.55%, have access to sanitation. • About 89% of people have access to electricity

	Implementation of the District Development Model	<ul style="list-style-type: none"> integrated OSS with the new DDM as part of re-engineering of the former
	Operation Clean Audit	<ul style="list-style-type: none"> A Consequence Management Framework will be in place, applicable to all departments by the end of March 2020.
Fighting crime		<ul style="list-style-type: none"> In 2020/2021, together with the JCPS Cluster, there will be a launch of crime-fighting intervention programme titled Operation Vala
Social Cohesion		<ul style="list-style-type: none"> in 2020/2021, government will expanding Its programme of combating Gender-Based Violence and Femicide In 2020/2021, the Office of the Premier will undertake a 365-day awareness, advocacy and communication campaign in 2020/2021, construction of two new treatment centres in Ugu and Ilembe districts developed a Provincial database of persons with disabilities that will serve as a hub from which government departments can tap into when they target persons with disabilities for recruitment purposes KwaZulu-Natal will have a new provincial department of Sports, Arts, and Culture no later by April 2020.
New Interventions		<ul style="list-style-type: none"> the province has established the Job Creation War Room which meets monthly, Job creation will be linked to Sukuma 100 000 for the youth - Enhance the Role of SMMEs, This will entail training, incubation, finance, and linkage to market post financing. Building Requisite Skills for Future Industries: Social Stability & the fight against Crime: The province will also drive an intensive Campaign on Social Stability and the Fight against Crime. The Campaign will be known as Operation Vala - as in Vala ubugebengu.

SECTION C: SITUATIONAL ANALYSIS

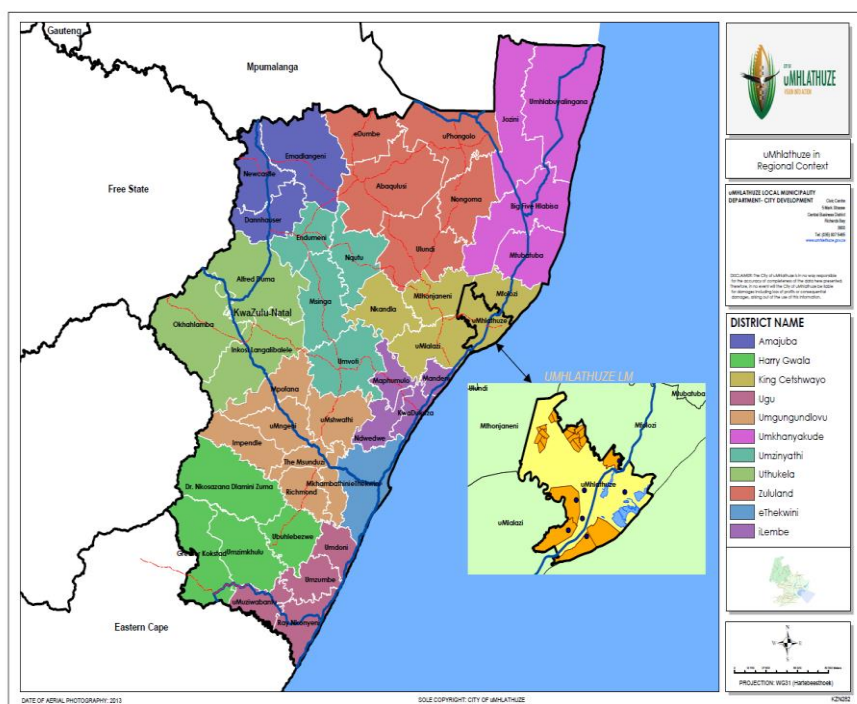
7. Spatial Analysis

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

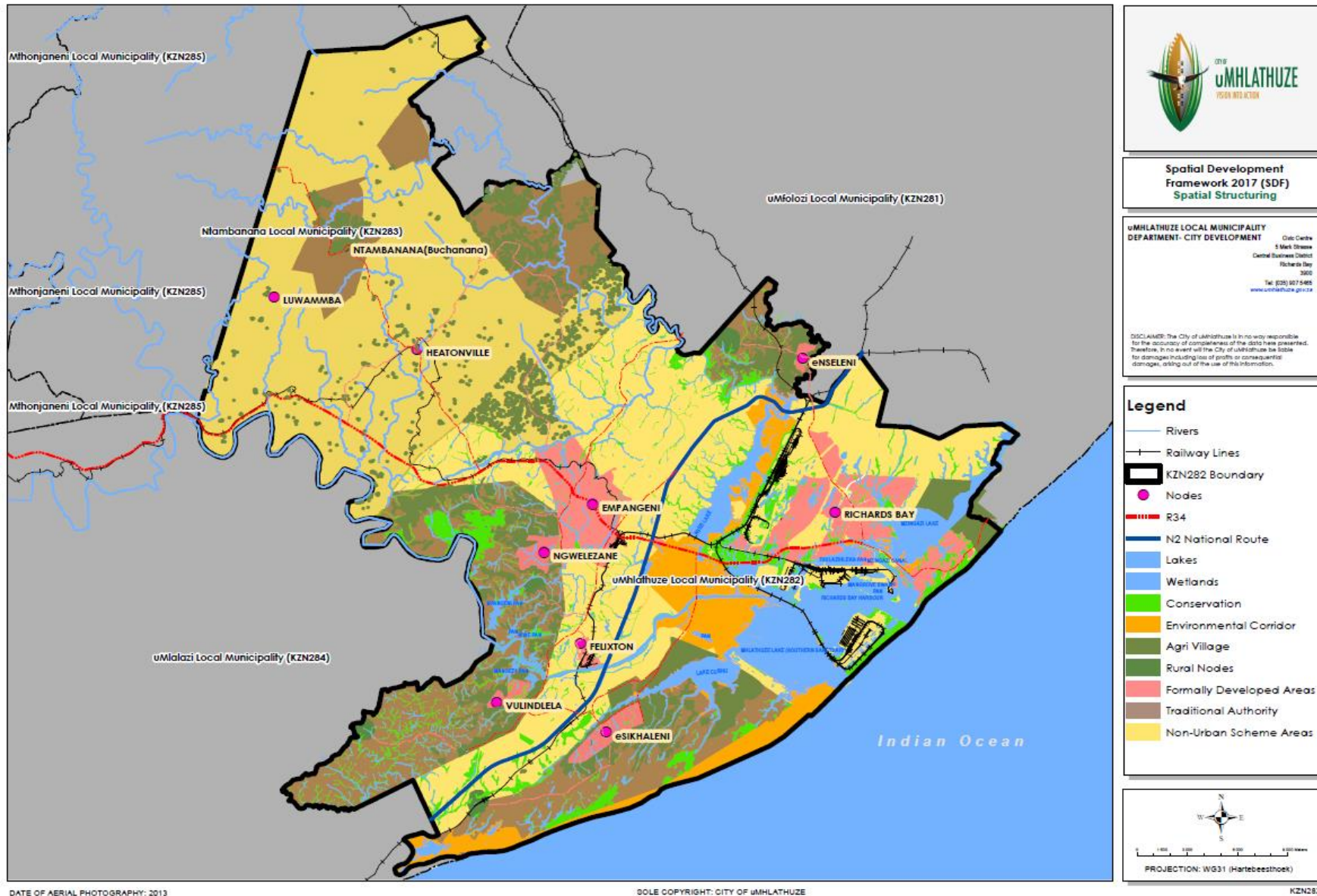
The uMhlathuze Municipality was established on 5 December 2000 after the demarcation process and the local government elections of that date. As such it encompasses the towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton as well as the Traditional Authority areas 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

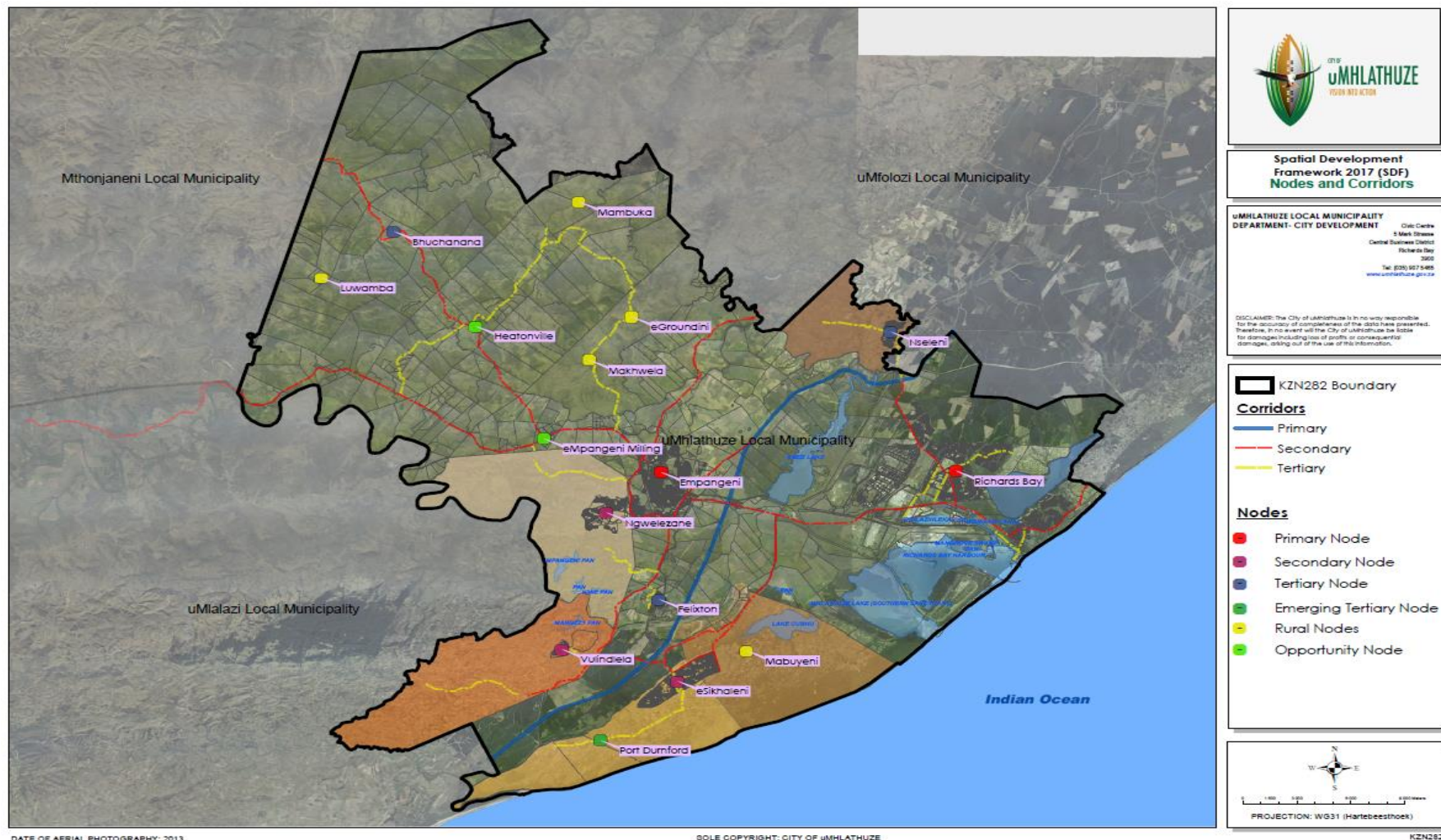
There are a number of natural and man-made phenomena that have shaped and continue to shape the uMhlathuze Municipality. The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze and Nsezi. The main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

uMhlathuze Local Municipality: Draft IDP Review 2020/2021
Map 4: Structuring Elements



Map 5: Nodes and 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

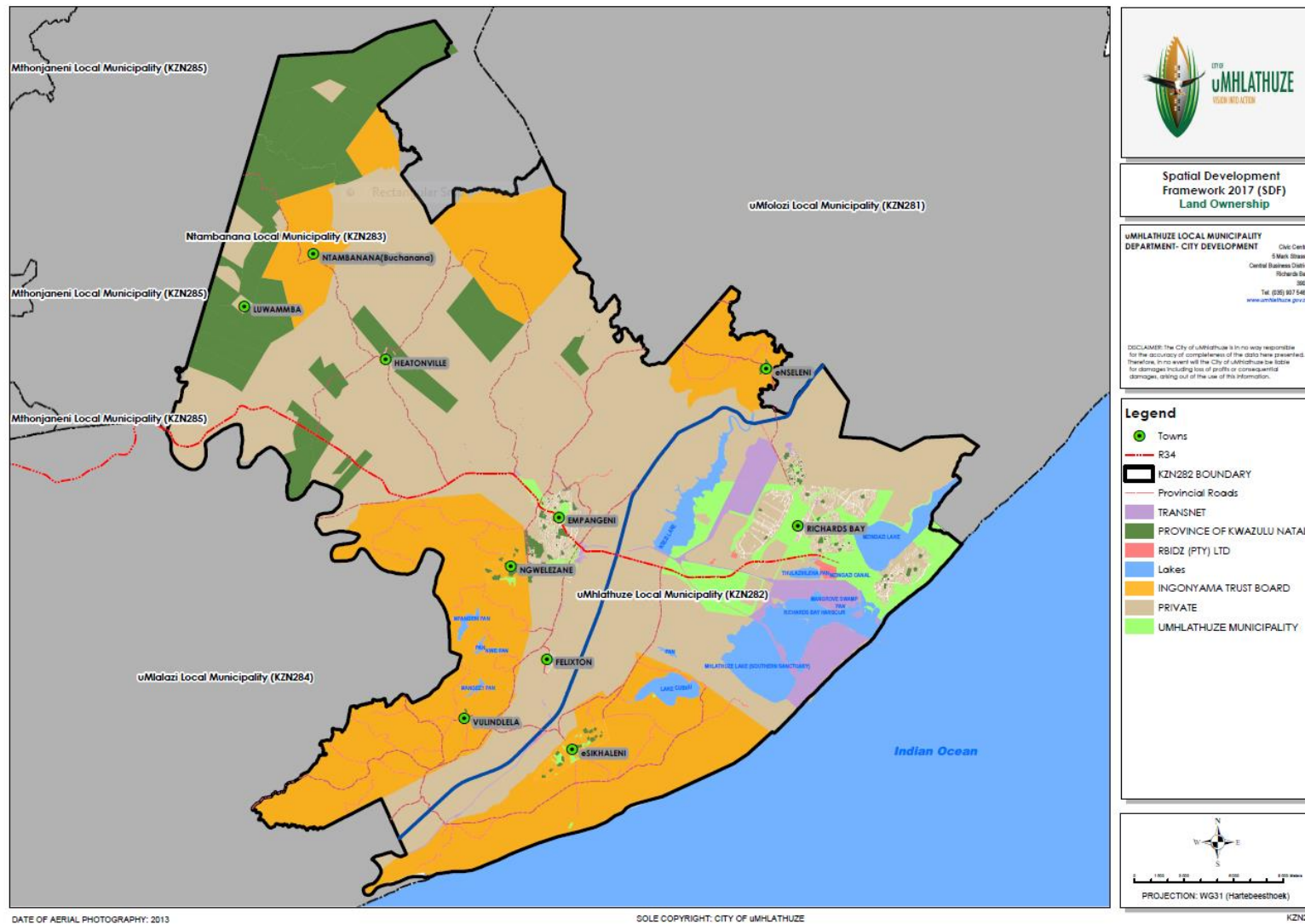
The following table provides a breakdown of the land ownership in terms of hectares

Table 5: 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 Mondli. 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

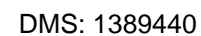
A claim related to the ESikhaleni residential area known as the "Mkhwanazi" claim has been ongoing from January 2004. The land claim affects the following properties:

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.

Resolved land claims

- On 14 October 2018, President Ramaphosa handed over 4 586 hectares of land to the community of Kwa-Mkhwanazi.
- On 16 March 2019 the Deputy President, David Mabuza also handed over officially land to Ubizo community, which is a total of 2547.2 hectares amounting to R136.4 million. The second phase to the value of R1.7 million will soon be finalised and restored to the community.



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

Table 6: 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

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. This project has been on the cards for quite some time, with no progress in terms of the actual construction.

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. 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 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

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 7: 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

LANDSCAPE FACTORS: LAND USE	
	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.
Energy	The City has a Draft Energy Sector Plan (2019) and Draft Electricity Master Plan (2020) 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
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 (2020) 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 (2018) where the

LANDSCAPE FACTORS: LAND USE	
	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.
LANDSCAPE FACTORS: SOCIAL	
Community health and wellbeing	<p>Reducing poverty and unemployment and inequalities are national and provincial priorities.</p> <p>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.</p>
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.

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 8: 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	Prioritized for development	Community Services
Wetland Management Plan	In Progress, Budgeted for	City Development, DWA, KZNWL, and DARD
Biodiversity Sector Plan	Proposed	City Development, SANBI, KZNWL, and
Water Services Development Plan	Approved 2018	Infrastructure and Technical Services
Lake Management Plans	In progress, Draft available	Infrastructure and Technical Services
Alien Weed Control Programme	Commenced	Community Services
Estuary Management Plan	In Progress	Community Services
Heritage Management Plan	Proposed	City Development, King Cetshwayo District Municipality, DARD and KZNWL
Waste Management Plan	Adopted 2019	Community Services
Climate Change Strategy	Priority Plan	City Development
Energy Sector Plan	Draft (2019) Adopted by Council	Infrastructure Services
Health / Air Quality Study	Adopted by Council. Implementation phase	Community Services
Low Emissions Development Strategy	Commissioned by DARD (CEDARA/Head Office)	Community Services, King Cetshwayo District Municipality,

Tools/Programmes for Measuring Environmental Performance	Status	Responsible Department/Section
	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:

- o 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.
- o 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.

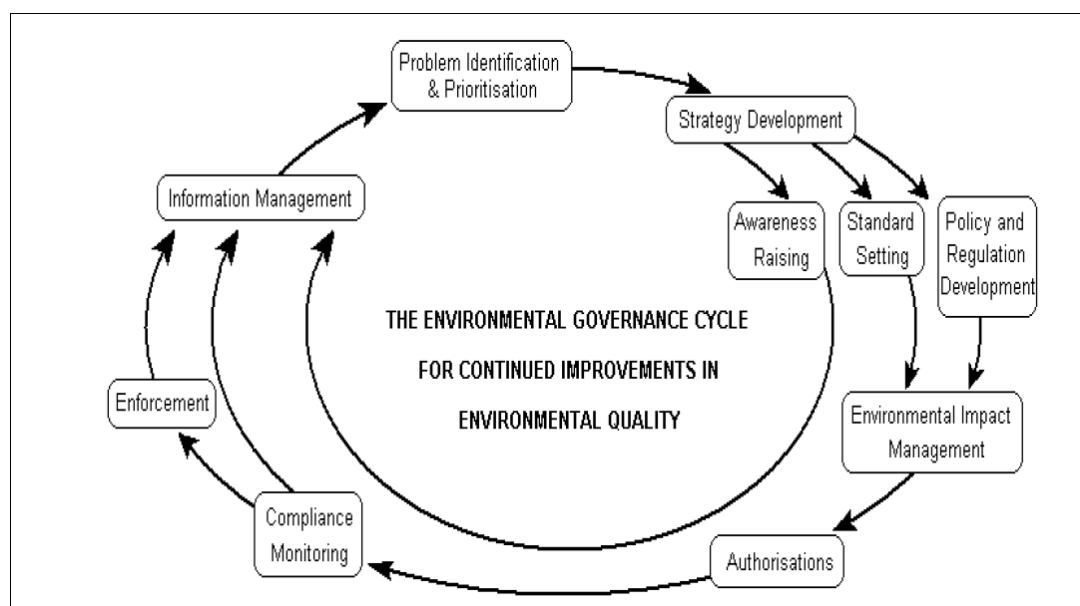
The Department Agriculture and Environmental Affairs in Kwa-Zulu Natal (DAEA) in partnership with the City of uMhlathuze in 2011, appointed Gondwana Environmental Solutions to conduct a study to describe the range of ambient exposures of criteria pollutants through ambient monitoring systems. This study 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 budge 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 1: Environmental Governance Cycle for Continued improvements in Environmental Quality



Awareness Raising

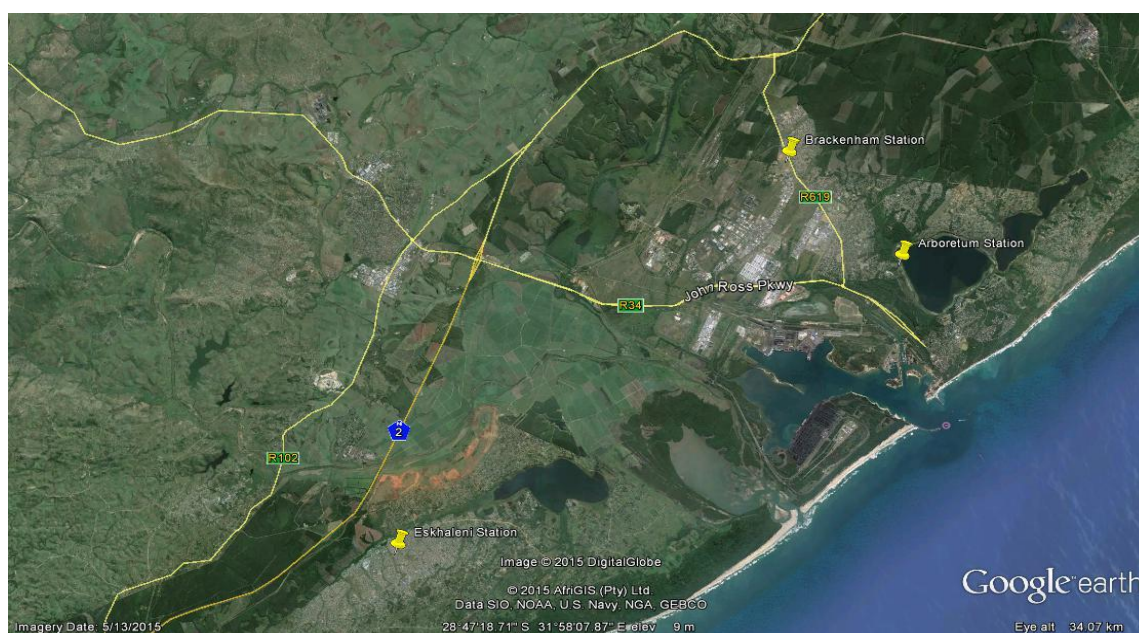
This is one of the strategies identified in the air quality governance cycle of the 2012 National Framework for Air Quality Management in the Republic of South Africa. The main purpose of awareness-raising is to bring about positive changes towards air quality. Sharing of knowledge, experiences and access 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 Brackenhams Cemetery. The data collected by these stations are continuously updated.

Map 8: Location of Ambient Air Quality Monitoring Stations (highlighted Yellow Pins)**Table 9: 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 10: Shows pollutants measured in each monitoring station

Station Name	SO ₂	NO _x	PM ₁₀	PM _{2.5}	O ₃
Arboretum	√	√	√	√	√
Brackenham	√	√	√	√	√
eSikhaleni	√	√	√	√	√

Table 11: 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 12: 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 13: 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
Air Quality Management Plan	Requested funding
Dispersion Modeling	Requested funding
Stricter Air Quality Management Standards	To be developed after implementation of by-laws

Table 14: 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 15: Biodiversity Significance

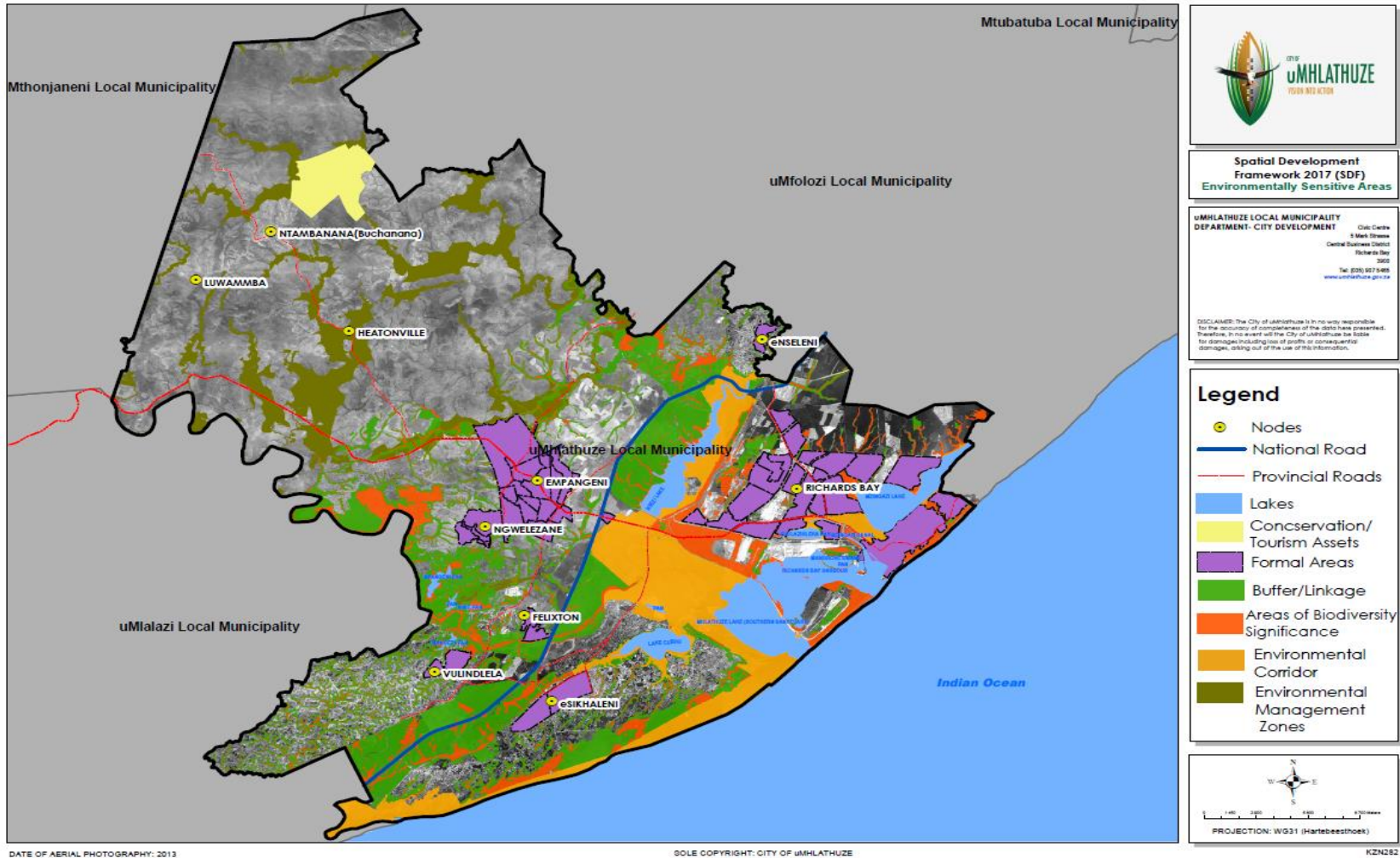
Vegetation Type	Red Data Species (Significance)	Conservation Target
Grasslands	124	100 % following a detailed survey. Conservation of a substantial portion of the remaining natural asset in the region is required if
Forests	90	
Nseleni River Lake Nsezi System	70	
Large Wetlands	55	
Estuaries	28	
Lakes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

Mhlathuze River System	11	conservation objectives are to be pursued
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

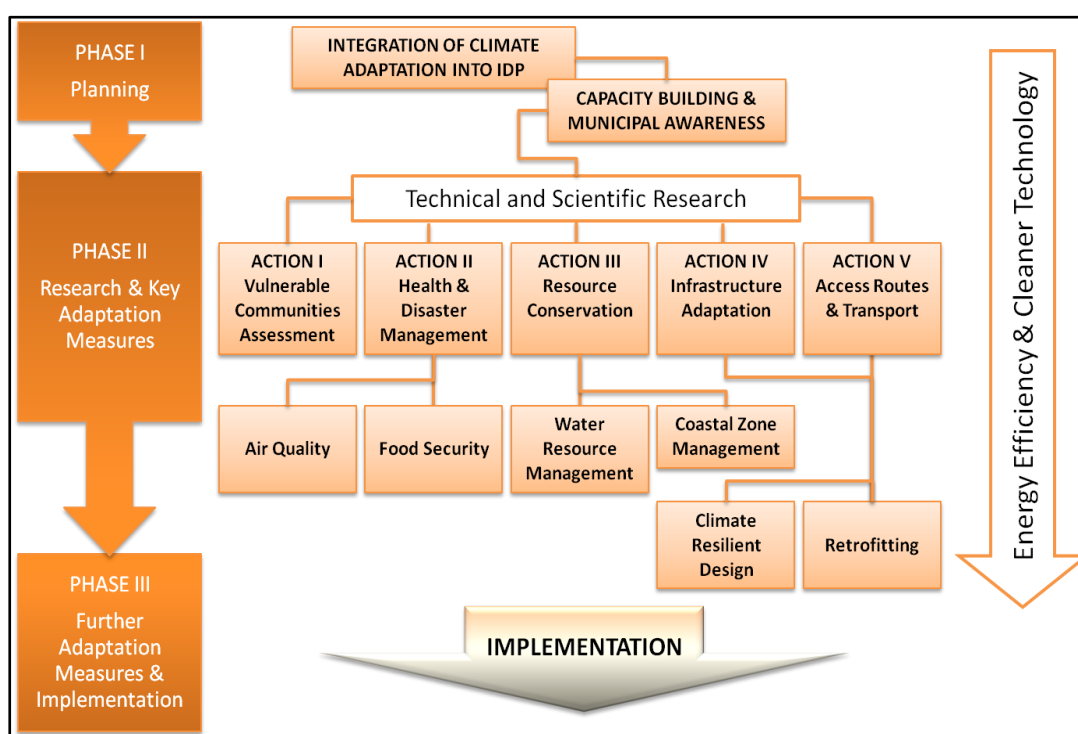


7.9.15 Response to Climate Change

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 2: Phased Approach to Municipal Action Plan



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
<ul style="list-style-type: none"> 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 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. Spatial Development Framework has been developed and is in place. Climate change Strategy in place. 	<ul style="list-style-type: none"> 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 meeting its conservation objectives in the province.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 has developed and completed a Draft Disaster Management Plan with the services of an external service provider. The Municipal Disaster Risk Management Plan is designed to establish the framework for implementation of the provisions of the Disaster Management Act, 57 of 2002, as well as the related provisions of the Municipal Systems Act, 32 of 2000.

The main objective of the Disaster Risk Assessment is to provide relevant information to enable and support the required disaster risk reduction planning and activities to be undertaken by the Municipality. Given their spatial relevance, the issues of overall vulnerability and resilience are briefly expanded upon:

Vulnerability can be described as the degree to which an individual, a household, a community, an area or a development may be adversely affected by the impact of a hazard. Conditions of vulnerability and susceptibility to the impact of hazards are determined by physical, social, economic and environmental factors or processes. It is also important to remember that vulnerability is dynamic, not static, as the vulnerability of communities change due to improvements or degradation of social, environmental and economic conditions, as well as interventions specifically aimed at reducing vulnerability, such as disaster mitigating actions.

Resilience characteristics relate to the capacity within the uMhlathuze area to counter the effects of hazards and vulnerabilities. Resilience levels consist of Manageability and Capacity values. Manageability is defined as the combination of all the strengths and resources available within the government departments and line-functions that can reduce the level of risk or the effects of a disaster. This includes the level of staff or human resources, available expertise, suitable experience, available vehicles, equipment, funding or budget allocations, facilities and risk reduction and response plans. Capacity is defined as the combination of all the strengths and resources

The Disaster Management Act (Act 57 of 2002) as well as the National Disaster Management Framework, requires that Municipalities conduct disaster risk assessments for

their area of jurisdiction. uMhlathuze Municipality has prepared a draft Disaster Management Plan (Level 2) as of March 2020.

As part of the compilation of the plan, amongst others, the following was interrogated:

- The Legal Framework
- The Profile of the City of uMhlathuze, including population dynamics, topographical conditions and climatological conditions
- Institutional capacity
- Disaster Risk Assessment
- Disaster Risk Reduction
- Generic protocols, procedure and considerations for the establishment of a Joint Operations Centre (JOC)
- Information Management and Communication
- Recommended funding arrangements

In terms of the draft plan (in the process of adoption), the preventative, risk-reduction and preparedness elements of the Municipal Disaster Management Plan (DMP) must be implemented and maintained on a continuous basis. The emergency response or re-active elements of the DMP will be implemented whenever a major incident or disaster occurs or is threatening to occur in the municipal area.

The three levels of planning are broken into critical outcomes and a series of action steps as summarized hereunder:

Table 16: Three levels of Disaster Risk Management

Level	Critical Outcomes
1	1. Establish foundational institutional arrangements for disaster risk management 2. Develop the capability to generate a Level 2 Disaster Risk Management Plan 3. Development and implement contingency plans for known priority risks
2	1. Establish processes for comprehensive disaster risk assessments 2. Identify and establish consultative mechanisms for specific priority disaster risk reduction projects 3. Develop a supportive information management system 4. Develop emergency communication capabilities
3	1. Establish specific institutional arrangements for coordinating and aligning disaster risk management plans 2. Establish mechanisms to ensure informed and ongoing disaster risk assessments 3. Institute mechanisms to ensure ongoing relevance of disaster risk management policy frameworks and plans

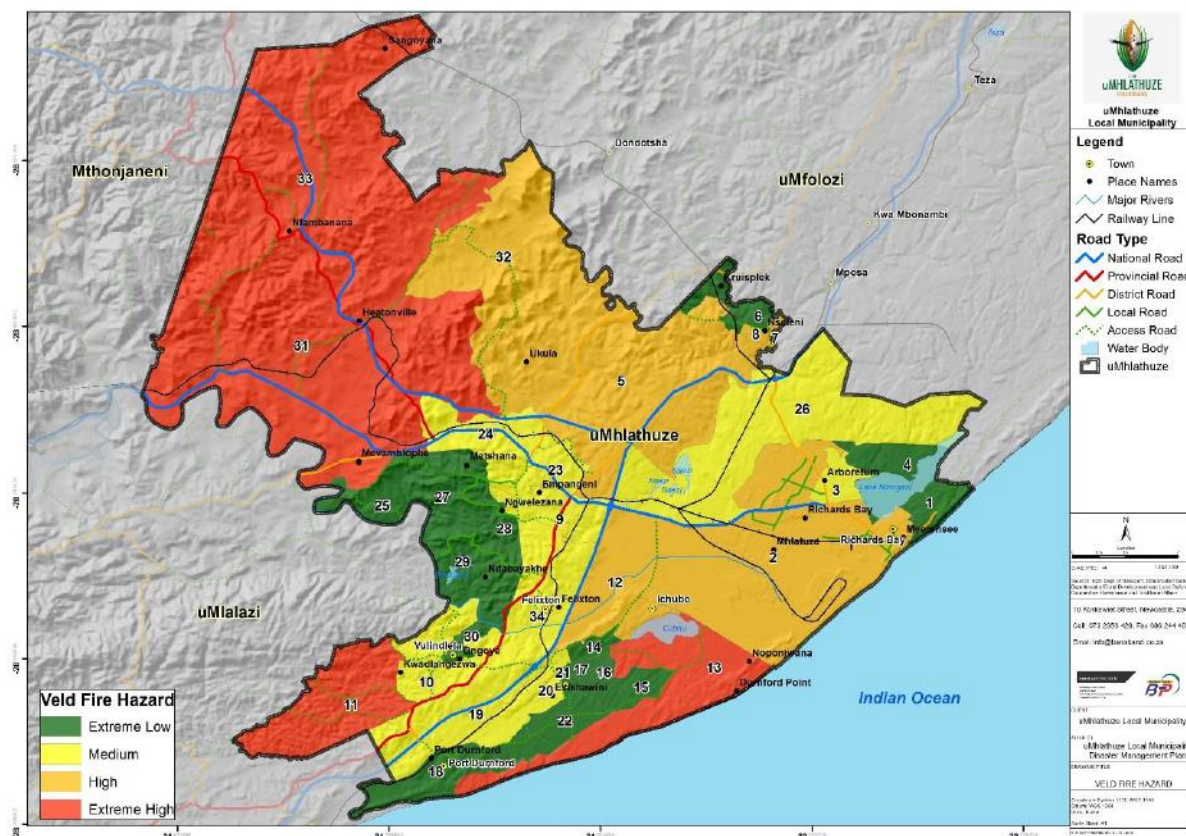
The following indicates the City of uMhlathuze Risk Rating.

Table 17: Risk Rating

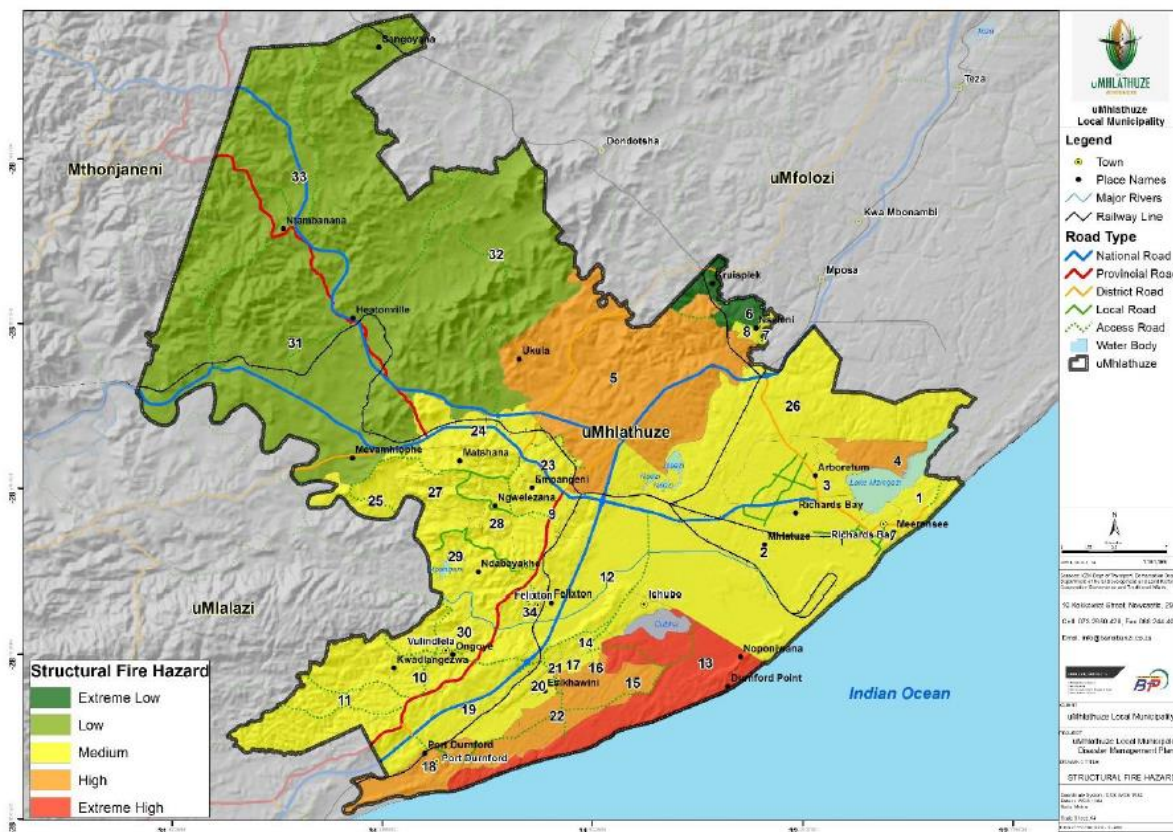
Main Category (CITY RISK RATING)	RISK (City)
Hydro-meteorological Hazards - Severe Storms (Lightning)	0.90
Hydro-meteorological Hazards - Severe Storms (Heavy Rainfall)	0.86
Hydro-meteorological Hazards - Floods (River)	0.83
Fire Hazards - Veld/Forest Fires	0.77
Hydro-meteorological Hazards - Severe Storms (Wind, Hail)	0.75
Fire Hazards - Formal & Informal Settlements / Urban Area	0.75
Hydro-meteorological Hazards - Severe Storms (Snow)	0.72
Transport Hazards - Road Transportation	0.71
Geological Hazards - Rock-fall	0.71
Hydro-meteorological - Drought	0.70
Pollution - Air Pollution	0.70
Transport Hazards - Air Transportation	0.69
Transport Hazards - Rail Transportation	0.67
Environmental Degradation - Erosion	0.66
Pollution - Water Pollution	0.65
Disease / Health - Disease: Animal	0.61
Hazardous Material - Hazmat: Spill/Release/Fire/Explosion (Storage & Transportation)	0.59
Pollution - Land Pollution	0.57
Environmental Degradation	0.57
Geological Hazards - Earthquake	0.55
Structural Failure - Dam failure	0.52
Infrastructure Failure / Service Delivery Failure - Information Technology	0.52
Major Event Hazards (Cultural, Religious, Political, Recreational, Commercial, Sport)	0.51
Disease / Health - Disease: Plants	0.46
Civil Unrest - Terrorism	0.45
Civil Unrest - Xenophobic Violence	0.44
Hydro-meteorological Hazards - Extreme Temperatures	0.38
Civil Unrest - Refugees / Displaced People	0.37

The following series of mapping spatially depicts an analysis of veld fire hazard, structural fire, flood hazard, lightning and drought hazards.

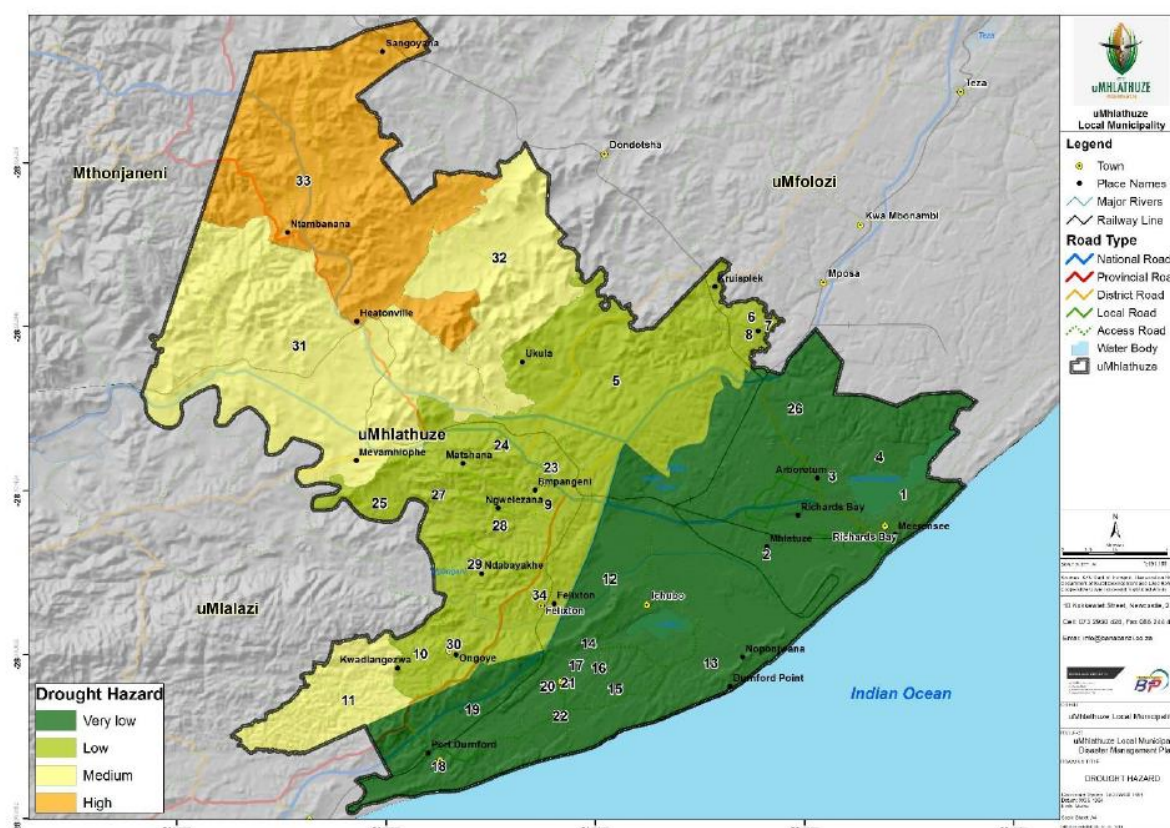
Map 10: Veld Fires Hazard Assessment



Map 11: Structural Fires Hazard Assessment



Map 14: Drought Hazard Assessment



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 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.

7.11.3 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 risk 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

7.11.4 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.

7.11.5 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

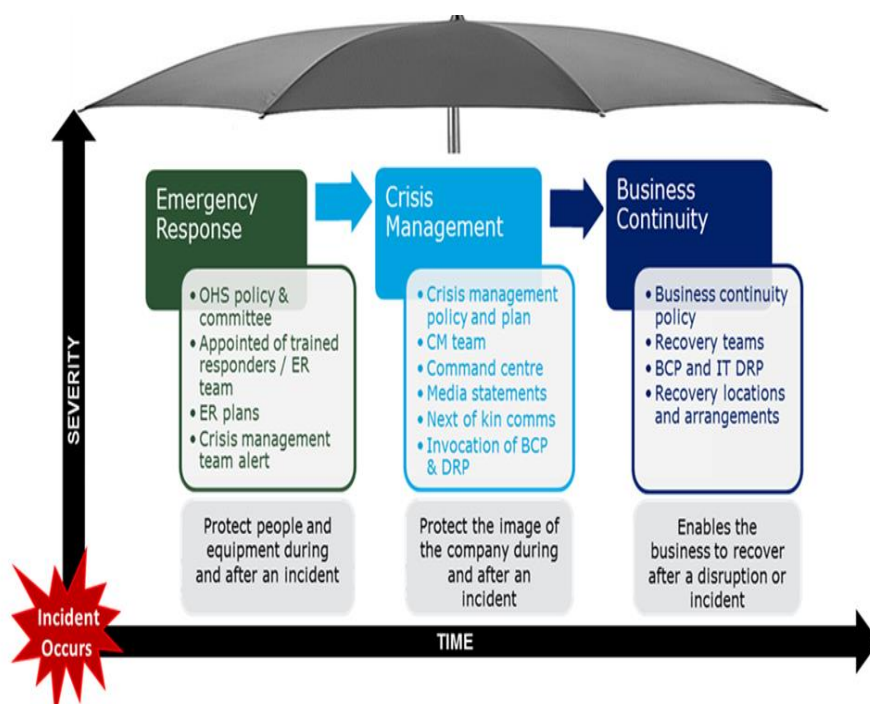
In the event of a material disruption to its critical activities, the City of uMhlathuze is committed to ensuring the continuity of the Municipality by:

- 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 3: BCM Overview



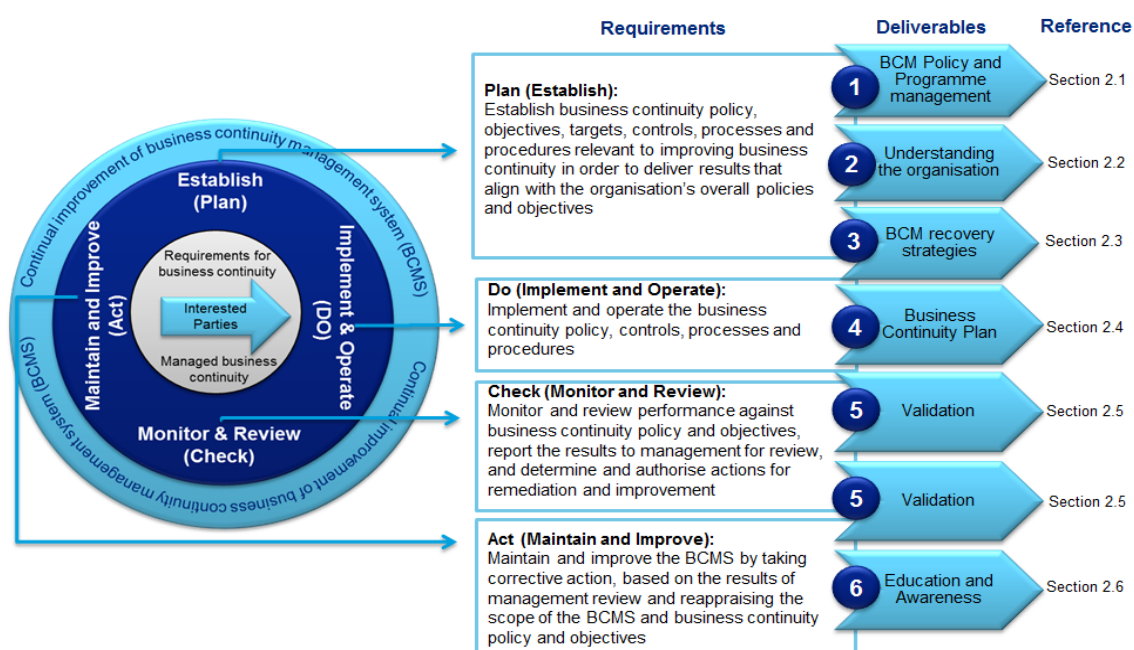
The objectives of uMhlathuze's BCM programme are to:

- 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 4: 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
<ul style="list-style-type: none"> ○ Disaster Management Framework in place ○ Draft Disaster Management Plan in place ○ Disaster Management Bylaws aimed give effect to the provisions of Council's Disaster Management Framework. ○ Disaster Management Advisory Forum in place 	<ul style="list-style-type: none"> ○ 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
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ○ 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 	<ul style="list-style-type: none"> ○ 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

8. DEMOGRAPHIC CHARACTERISTICS

8.1 Demographic Indicators

8.1.1 Population and Household Numbers

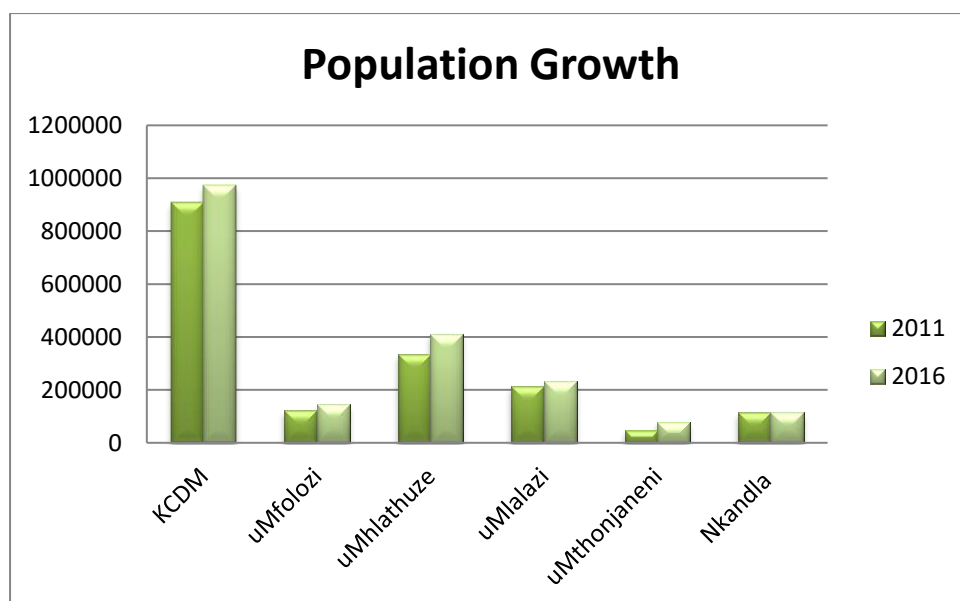
UMhlathuze Municipality is located in King Cetshwayo District. The population increase in King Cetshwayo District, broken down per municipality is indicated in the table and explanatory figure herewith.

Table 18: Population Numbers

	KCDM	IMFOLOZI	UMHLATHUZE	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: Statistics SA, Census 2011 and Community Survey 2016

Figure 5: Population Growth



Source: Statistics SA, Census 2011 and Community Survey 2016

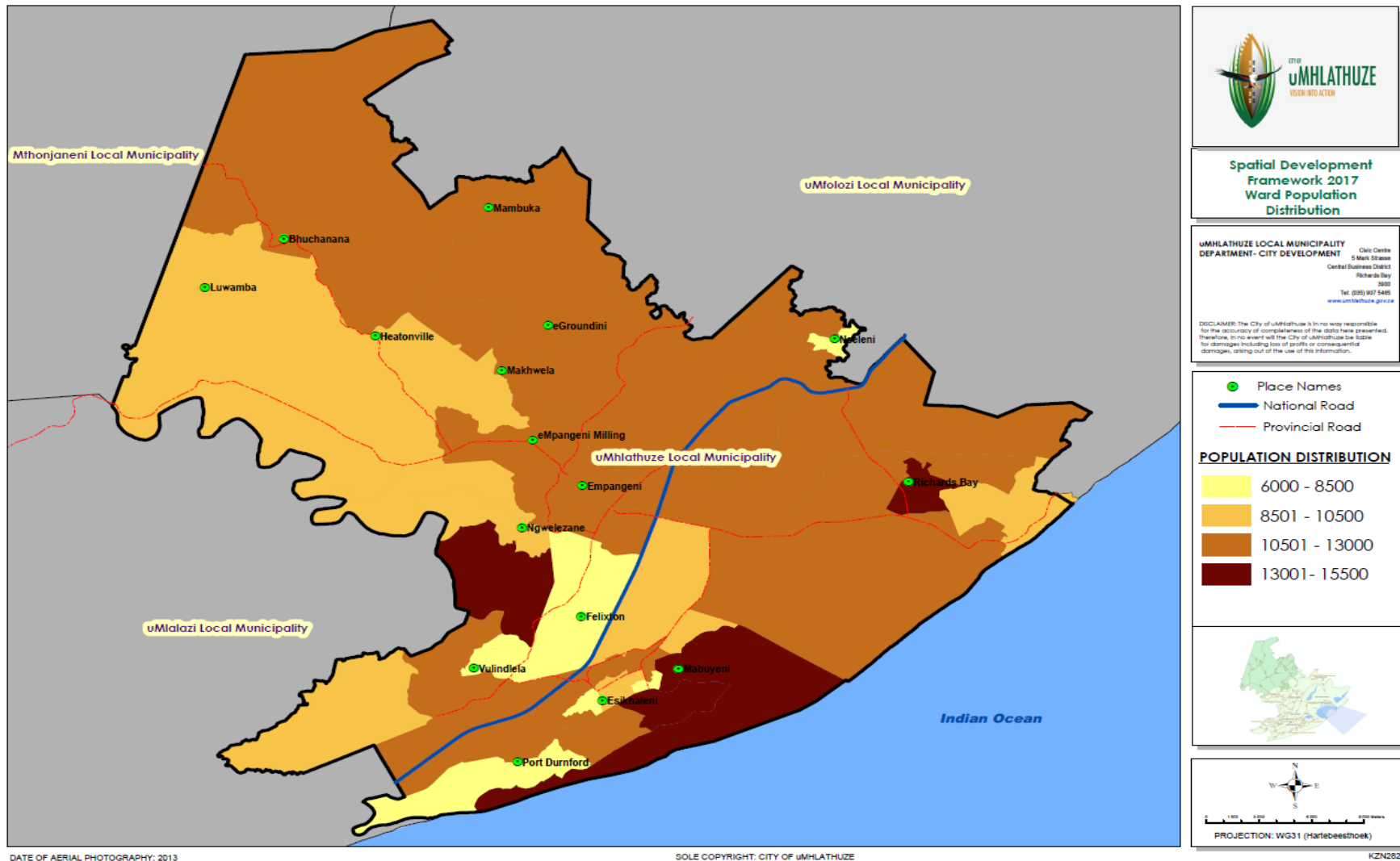
the 2016 Community Survey indicates that the population of uMhlathuze Municipality has increased by just over 22% between 2011 and 2016. This increase is indicated in relation to the King Cetshwayo District Family of Municipalities, as per table 9 and Figure 4.

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 15: Population Distribution



Source: uMhlathuze SDF 2017

Table 19: 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

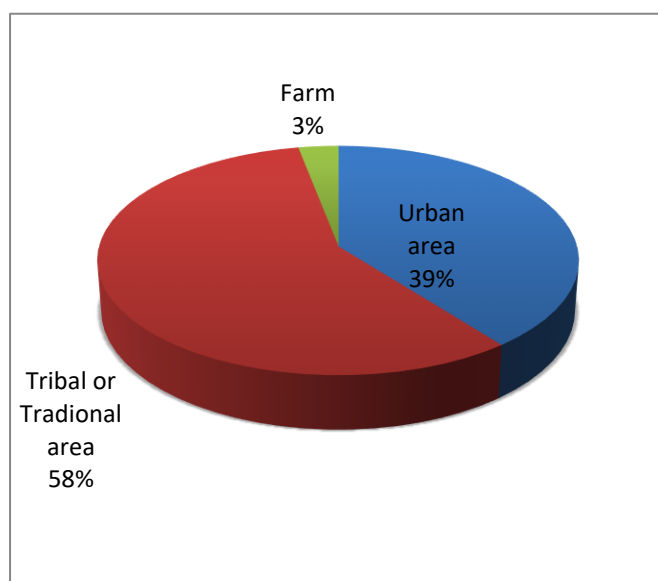
From the above, the following is highlighted:

- 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 20: 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: Statistics SA (Census 2011)

Figure 6: Geo Type

Source: Statistics SA (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 21: 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

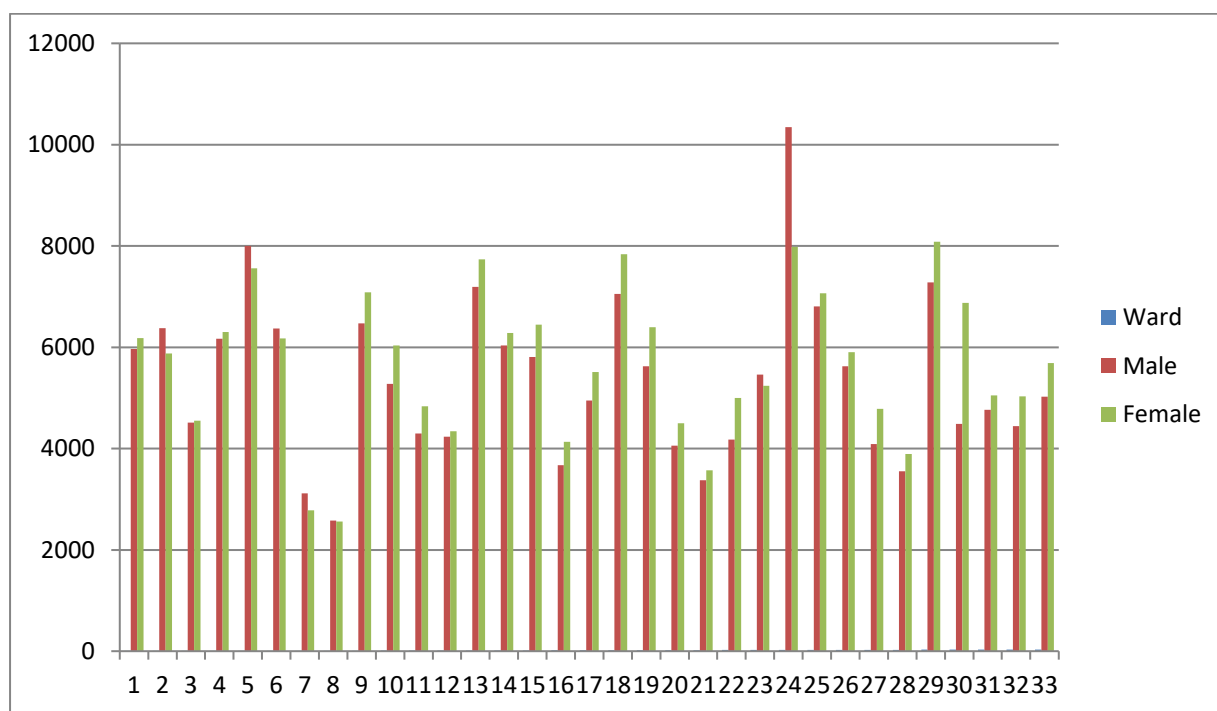
The municipal wards that have the highest population numbers are wards 5, 13, 18, 24, 25 and 29.

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.

There is a challenge with Ward 43 population statistics, it is a new ward formed and officiated after the re-determination of municipal boundaries. At this state it is difficult to thumbsuck the statistics for this ward until the next census 2021.

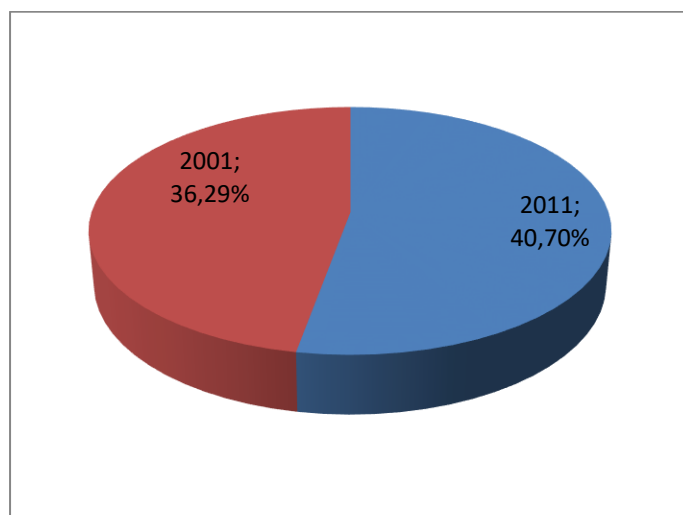
As this affects the municipal planning, the City is in engagements with the Statistics SA to assist with a methodology for conducting own survey and a validation criteria of outcomes. **Source: Statistics SA, (Census 2011)**

Figure 7: Gender Breakdown per Ward



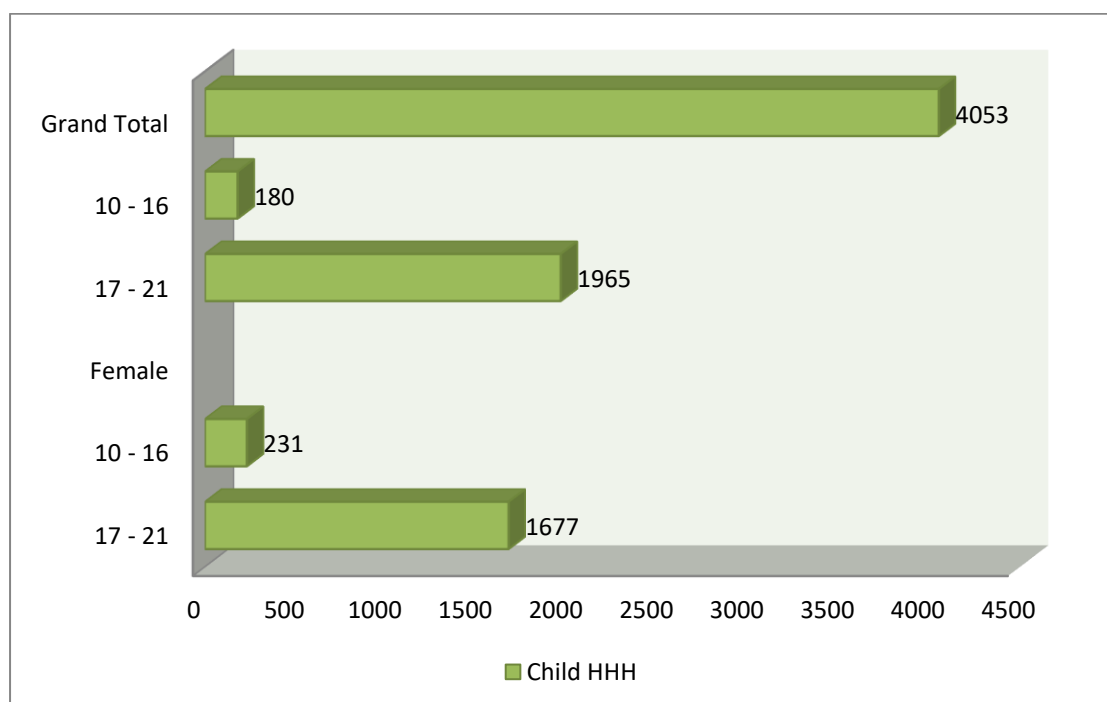
Source: Statistics SA, (Census 2011)

Figure 8: Female Headed Households



Source: Statistics SA, (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 9: Child Headed Households

Source: Statistics SA, (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.

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

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.

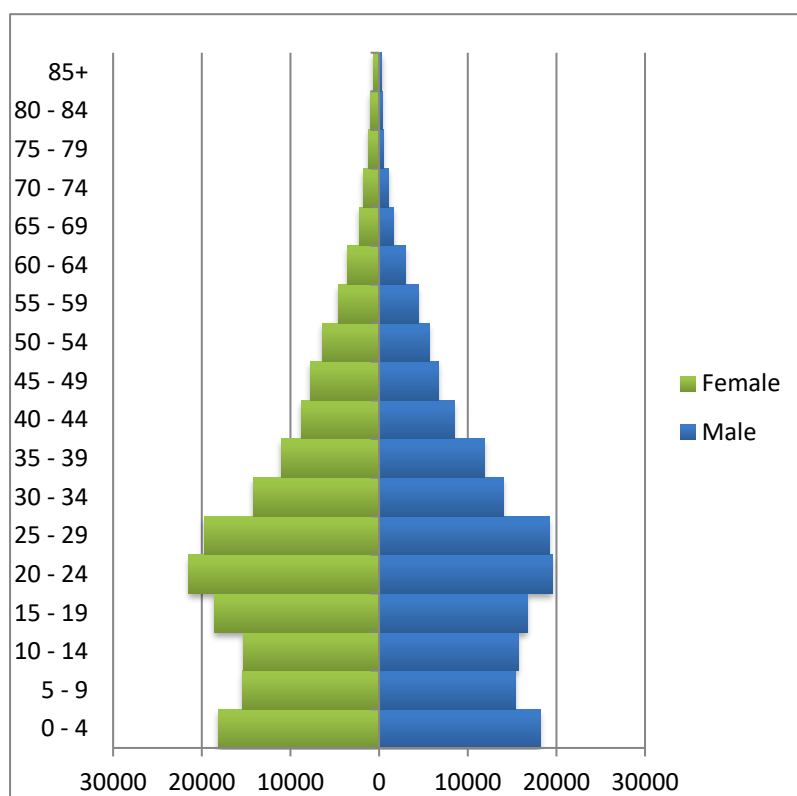
increase at both the district and local municipality level between 2001 and 2011. The latter could be indicative of increased perceptions of employment opportunities in the uMhlathuze area resulting in an in-migration into the area. An increase in the older age cohort (65+) is also observed between 2001 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 22: 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: Statistics SA, (Census 2011)

Figure 10: Age in Completed Years by Gender



Source: Statistics SA, (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

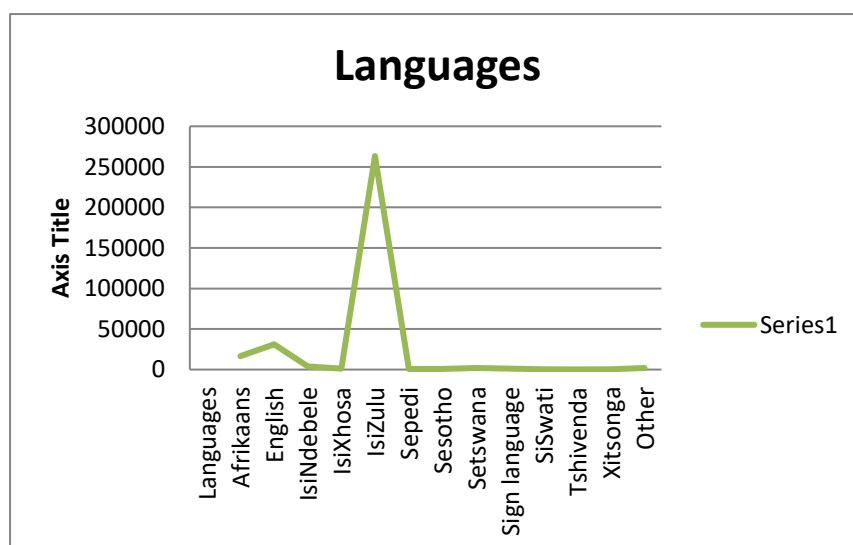
Education levels are provided for the 2001 and 2011 census years. Comparisons are made with the levels in the country, the uThungulu District as well as the local municipalities in the uThungulu district. The following table provides a summary of the situation while more explanatory figures are provided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

Table 23: 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: Statistics SA, 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 11: Language for Persons Weighted in uMhlathuze

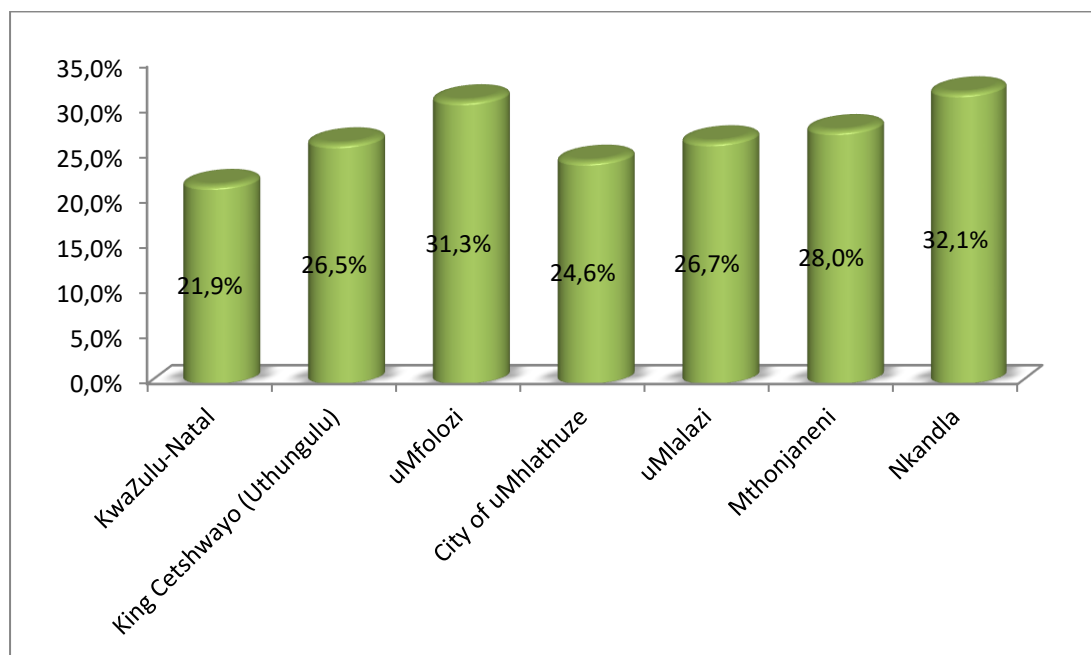
Source: Statistics SA, Census 2011

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.

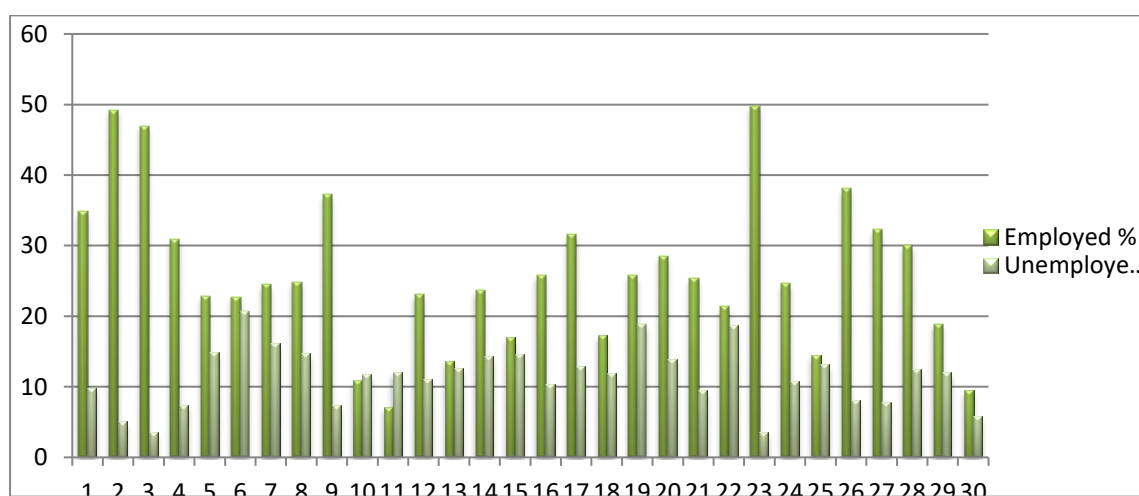
8.1.6 Employment

Figure 12: Total Employment within KwaZulu Natal



Source: Global Insights 2017

Figure 13: Percentage Employment per Ward



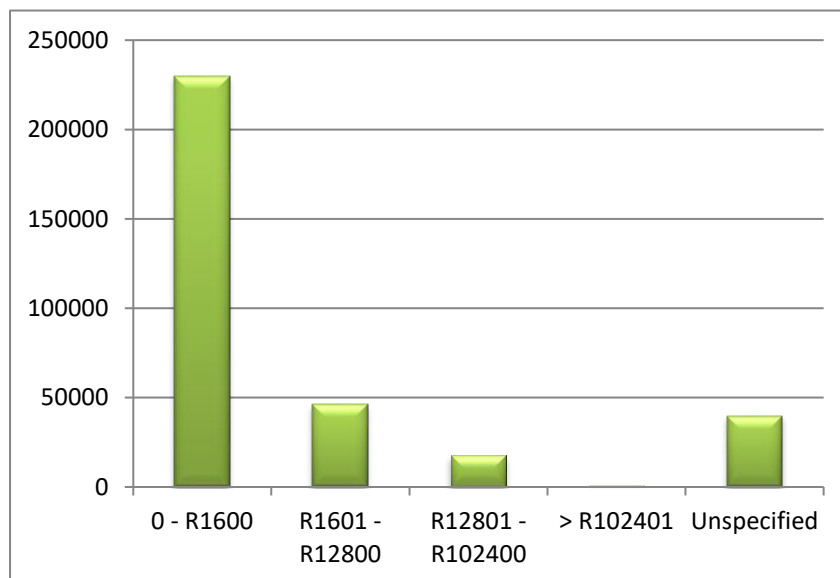
Source: Statistics SA, (Census 2011)

The above figure 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. 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.

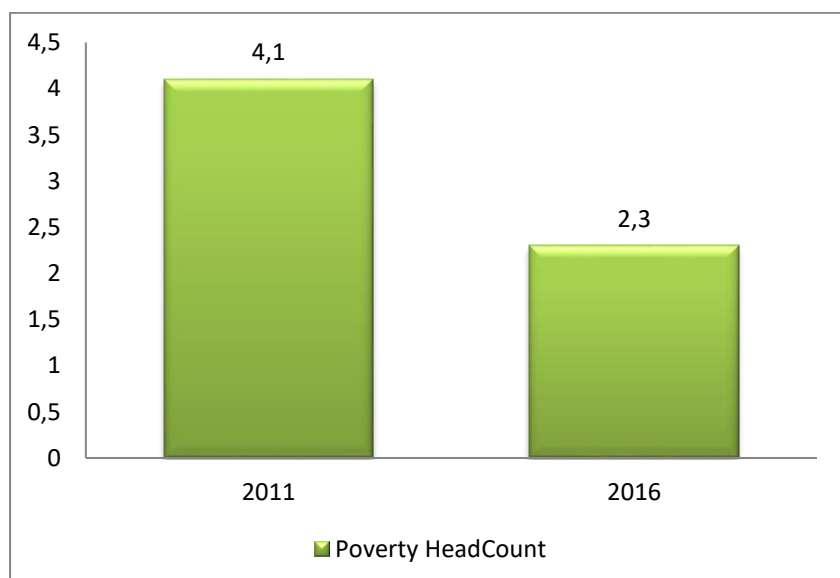
Figure 14: Monthly Individual Income in uMhlathuze



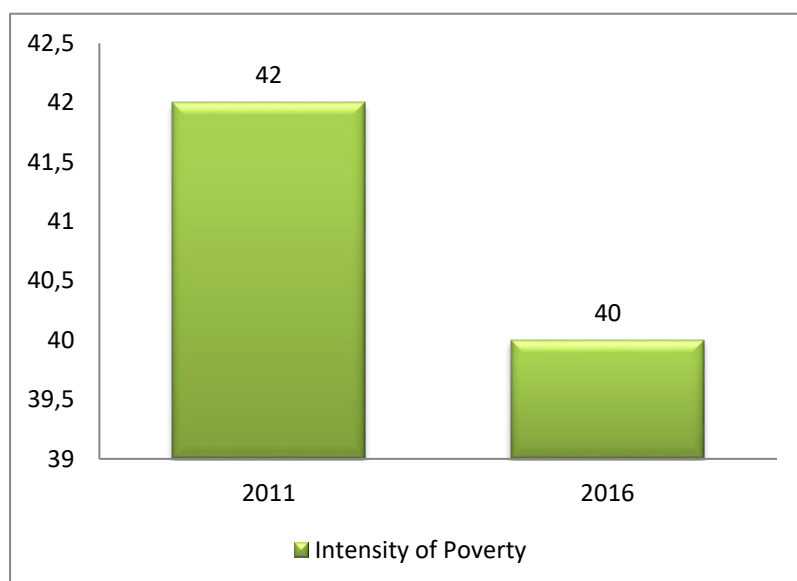
Source: Statistics SA, Census 2011

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 15: Poverty Head Count



Source: Statistics SA, Census 2011 and Community Survey 2016

Figure 16: Intensity of poverty

Source: Statistics SA, Census 2011 and Community Survey 2016

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

Table 24: Comparative Dependency Ratio

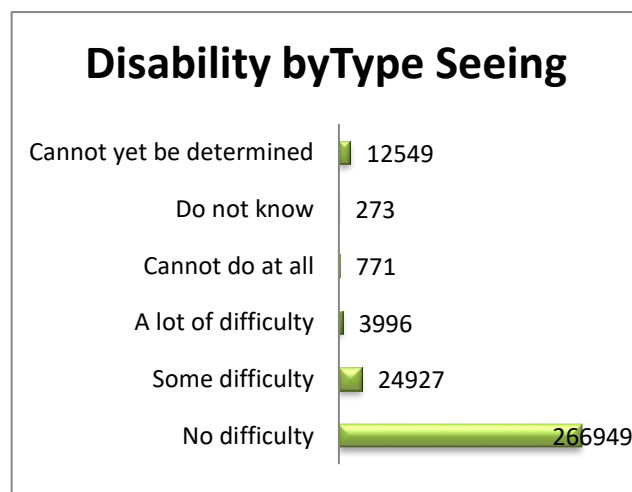
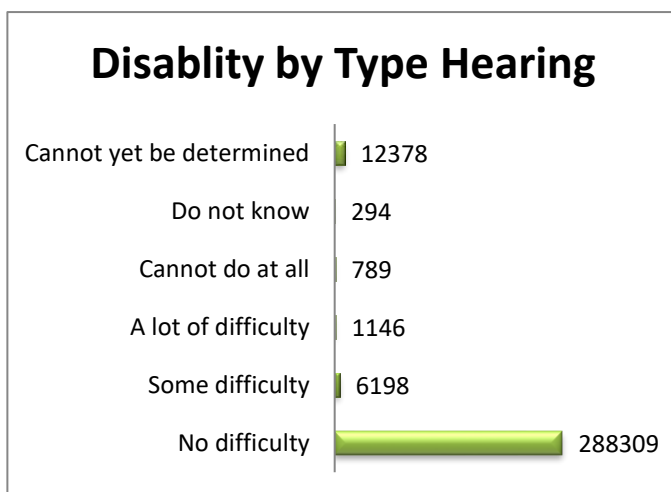
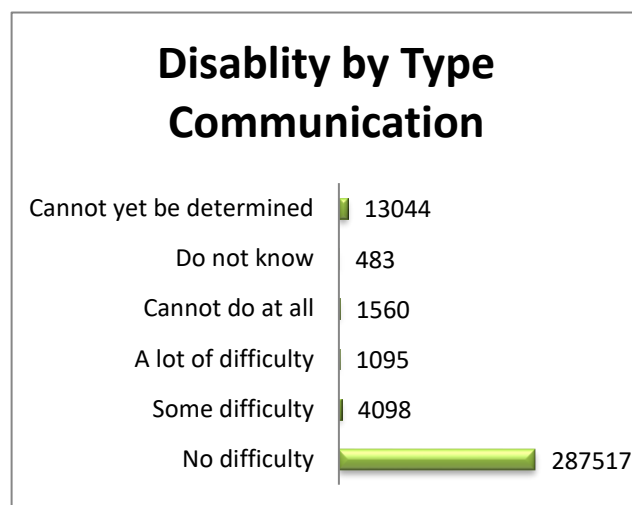
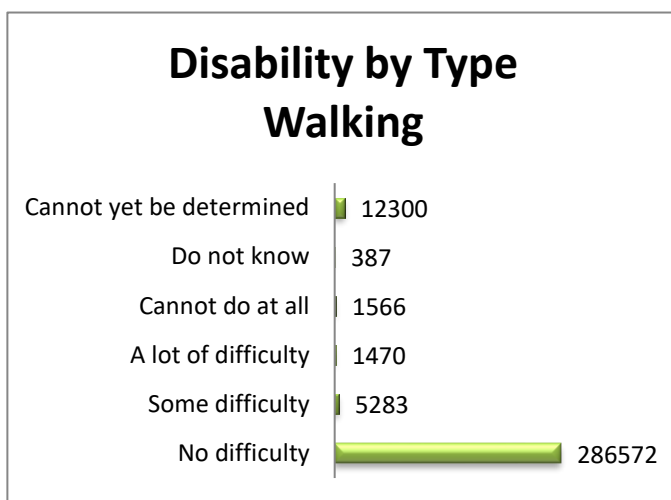
	Dependency Ratio	
	per 100 (15-64)	
	2001	2011
SOUTH AFRICA	58.7	52.7
KWAZULU-NATAL	65.4	58.5
DC28: Uthungulu	74.5	64.7
KZN282: uMhlathuze	55.8	48.2
KZN286: Nkandla	99.2	86.6
KZN281: Mfolozi	80.2	68.2
KZN283: Ntambanana	85.7	79.3
KZN284: uMlalazi	81.5	74.9

Source: Statistics SA, 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.



Source: Statistics SA, Census 2011

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.

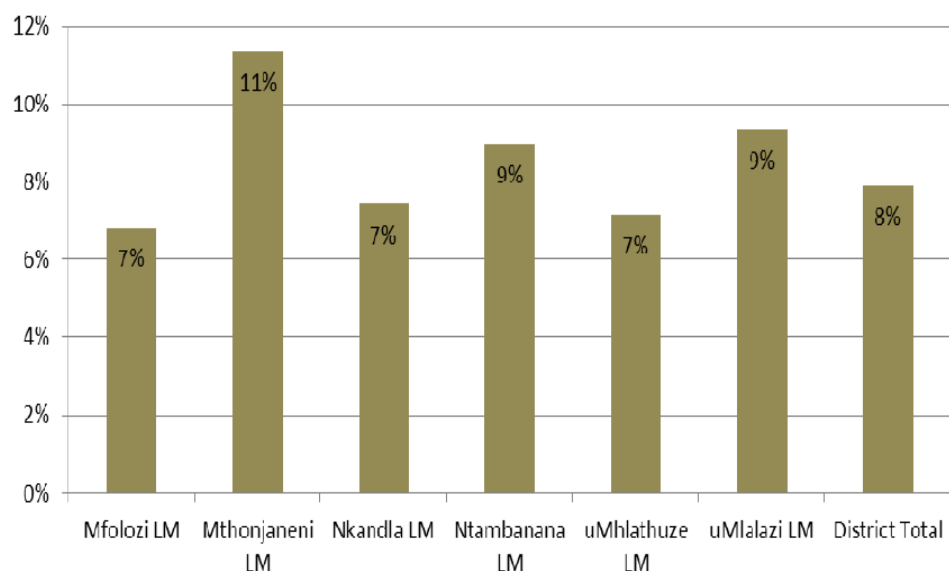
Below are recent statistics on HIV Prevalence

Figure 17 : HIV/AIDS Statistics

	Number of people living with HIV			Proportion of people living with HIV as the total size of population			Number of AIDS Deaths estimates		
	2007	2012	2017	2007	2012	2017	2007	2012	2017
KwaZulu-Natal	1 565 260	1 641 759	1 814 099	15,7	15,7	16,3	86 320	65 084	34 009
King Cetshwayo	147 802	146 893	158 200	16,3	16,0	16,5	8 158	5 813	2 970
uMhlathuze	62 371	63 135	70 275	17,2	16,9	17,2	3 335	2 453	1 296

Source: Global Insight 2017 (Supplied by KZN Provincial Treasury)

8.1.10 Fertility Rates/Recorded Live Births



Source: 2017/2018 King Cetshwayo District IDP

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).

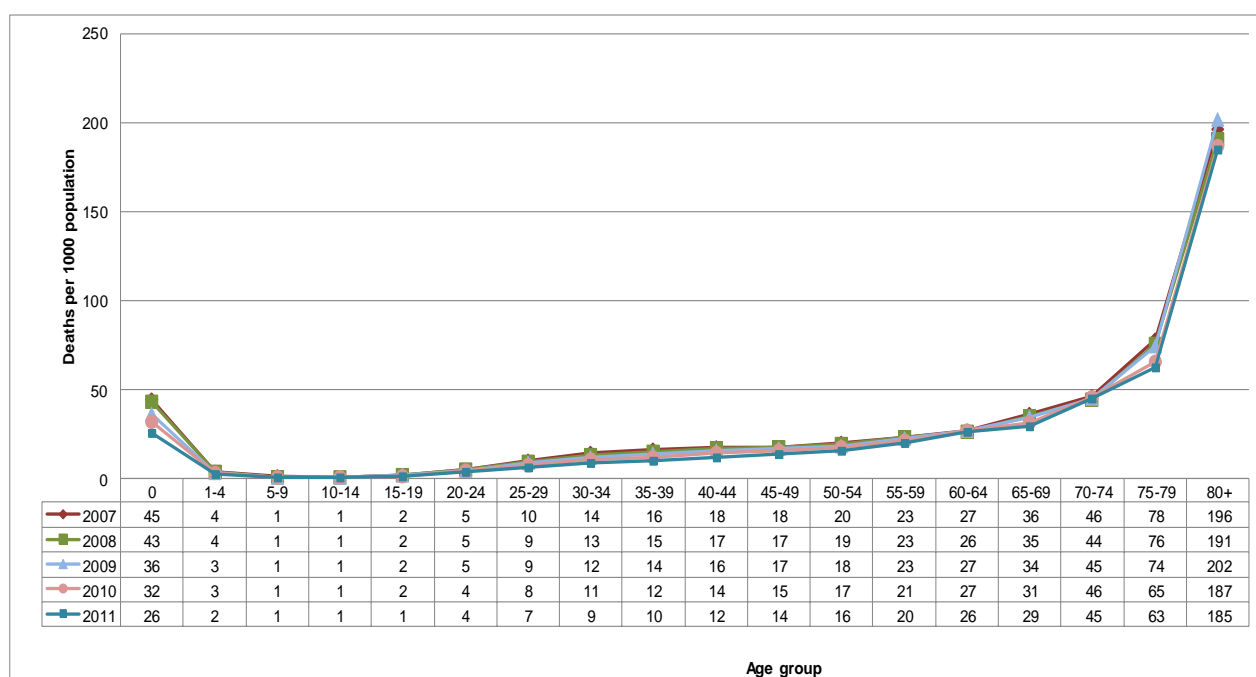
The National target is 8.4%. Anything above this indicates high teenage pregnancy.

8.1.11 Mortality Rates**Table 25: 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
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
Unspecified	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: Census 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 18: 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 26: 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: Statistics SA, 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.

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT ANALYSIS

PGDS GOAL: HUMAN RESOURCE DEVELOPMENT

8.3 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
- o Licensing, Facilities for Accommodation, Care and Burial of Animals
- o Fencing and Fences
- o Local Amenities
- o Local Tourism
- o Municipal Airports
- o Municipal Planning

- Municipal Public Transport
- Storm Water Management
- Local Sport Facilities
- Markets Stalls / Trade Areas
- Municipal Abattoirs
- Municipal Parks and Recreation

8.4 Municipal Transformation

8.4.1 Employment Equity Plan

uMhlathuze Municipality has an Employment Equity Plan which was Adopted in 2018 November and will be in implementation until the year 2023 (*attached*). 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 2020) is provided in the following table:

Figure 19: Designated and Non-Designated Employment Numbers and Levels as at December 2019

Occupational Levels	Male				Female				Total	PWD
	A	C	I	W	A	C	I	W		
Top Management (23-26)	5	0	0	0	2	0	0	0	7	0
Senior Management (18-22)	22	1	1	6	8	0	0	5	43	1
Professionally qualified and experienced specialists and mid-management (14-17)	47	0	5	6	23	1	2	6	90	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (9-13)	172	1	13	21	124	3	14	22	370	2
Semi-skilled and discretionary decision making (4-8)	526	2	9	16	302	6	14	15	890	14
Unskilled and defined decision making (1-3)	330	1	0	4	214	0	1	0	550	4
TOTAL Permanent	1 102	5	28	53	673	10	31	48	1 950	21

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

- Ensuring that the Employment Equity Act is being implemented.

8.4.2 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 eleven (21) permanently employed and 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.

8.4.3 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:

- Facilitation of and preparation meetings for the Local Labour Forum (LLF) in conjunction with the Committee Section;
- 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);
- 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.

8.5 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.

8.5.1 Institutional Arrangements

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

Table 27: Council Committees

<ul style="list-style-type: none"> ○ Bylaws ○ Standing Orders ○ uMhlathuze Public Transport Liaison Committee ○ Public Participation Committee 	Section 79 Committees
<ul style="list-style-type: none"> ○ Corporate Services ○ Community Services <ul style="list-style-type: none"> ○ Geographical Naming Committee ○ Financial Services ○ City Development <ul style="list-style-type: none"> ○ Aesthetics ○ Mandlazini Trust ○ Mzingazi Joint Steering Committee ○ Social Compact ○ SPLUMA ○ Infrastructure and Technical Services ○ Energy and Electrical Services 	Section 80 Committees
<ul style="list-style-type: none"> ○ Municipal Public Accounts Committee (MPAC) 	Established in terms of Municipal Structures Act, Municipal Systems Act and Municipal Finance Management Act
<ul style="list-style-type: none"> ○ Section 62 Appeals Committee 	Established in terms of Local Government Municipal Systems Act, 32 of 2000.
<ul style="list-style-type: none"> ○ Local Labour Forum 	Established in terms of the Organisational Rights Agreement

<ul style="list-style-type: none"> o Audit Committee o Performance Audit Committee o Performance Evaluation Panel (Section 57 Employees) o Performance Evaluation Panel (Municipal Manager) 	Performance Audit, Performance Evaluation Panels
o Board of Trustees	
<ul style="list-style-type: none"> o Bid Specification o Bid Evaluation o Bid Adjudication 	Supply Chain Management Committees

8.5.2 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, As at 31 January 2019

UMhlathuze Workforce Profile	Figures	Percentage
Total Positions	2763	100%
Total Vacancies funded	289	
Total Vacancies unfunded	459	
Total Vacancy ratio		27.75%
Funded vacancy ration		10.73%

The vacancy ratio slightly decreased when compared to the previous financial year, from 28, 10% to 27, 75%. 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 was adopted by **Council on 20 June 2017 and recently reviewed in November 2019**, it 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 28: Personnel Numbers

Summary of Personnel Numbers				2017/18			Current Year 2018/19			Budget Year 2019/20		
Number	Positions	Permanent employees	Contract employees	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	-	67	67	-
Board Members of municipal entities	-	-	-	-	-	-	-	-	-	-	-	-
Municipal employees												
Municipal Manager and Senior Managers	7	7	-	8	8	-	8	8	-	8	8	-
Other Managers	17	13	-	17	15	-	17	12	-	17	12	-
Professionals	393	297	-	394	304	-	394	346	-	394	346	-
Finance	46	32	-	46	32	-	46	42	-	46	42	-
Spatial/town planning	33	29	-	33	29	-	33	23	-	33	23	-
Information Technology	11	11	-	11	10	-	11	11	-	11	11	-
Roads	22	19	-	22	19	-	22	20	-	22	20	-
Electricity	40	32	-	41	32	-	41	31	-	41	31	-
Water	16	12	-	16	12	-	16	10	-	16	10	-
Sanitation	24	17	-	24	17	-	24	12	-	24	12	-
Refuse	10	10	-	10	10	-	10	8	-	10	8	-
Other	191	135	-	191	143	-	191	189	-	191	189	-
Technicians	533	455	-	533	455	-	533	457	-	533	457	-
Finance	31	22	-	31	22	-	31	19	-	31	19	-
Spatial/town planning	26	23	-	26	23	-	26	22	-	26	22	-
Information Technology	6	5	-	6	5	-	6	5	-	6	5	-
Roads	48	42	-	48	42	-	48	40	-	48	40	-
Electricity	60	49	-	60	49	-	60	53	-	60	53	-
Water	34	37	-	34	37	-	34	34	-	34	34	-
Sanitation	34	25	-	34	25	-	34	23	-	34	23	-
Refuse	13	13	-	13	13	-	13	13	-	13	13	-
Other	281	239	-	281	239	-	281	248	-	281	248	-
Clerks (Clerical and administrative)	315	281	-	315	285	-	315	289	-	315	289	-
Skilled agricultural and fishery workers	2	2	-	2	2	-	2	2	-	2	2	-
Craft and related trades	3	3	-	3	3	-	3	3	-	3	3	-
Plant and Machine Operators	87	82	-	87	82	-	87	81	-	87	81	-
Elementary Occupations	1 592	1 420	-	1 592	1 437	-	1 592	1 478	-	1 592	1 478	-
TOTAL PERSONNEL NUMBERS	3 016	2 627	-	3 018	2 658	-	3 018	2 743	-	3 018	2 743	-
% increase				0.1%	1.2%	-	-	3.2%	-	-	3.2%	-
Total municipal employees headcount	2 949	2 560	-	2 951	2 591	-	2 951	2 676	-	2 951	2 676	-
Finance personnel headcount	235	185	-	237	173	-	237	192	-	237	192	-
Human Resources personnel headcount	41	32	-	42	33	-	42	29	-	42	29	-

Source: uMhlathuze Municipality's 2019/2020 MTREF (to be updated with 2020/2021 Approved MTREF)

Figure 20: Senior Management (Adopted 2019)

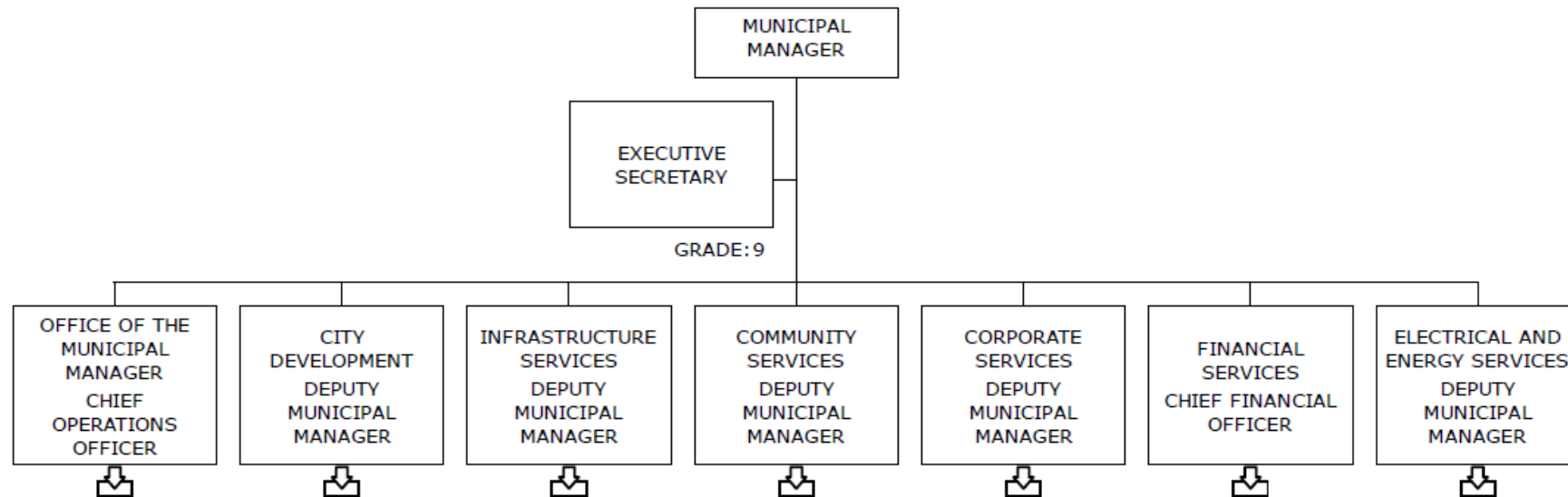


Figure 21: Office of the Municipal Manager (Adopted 2019)

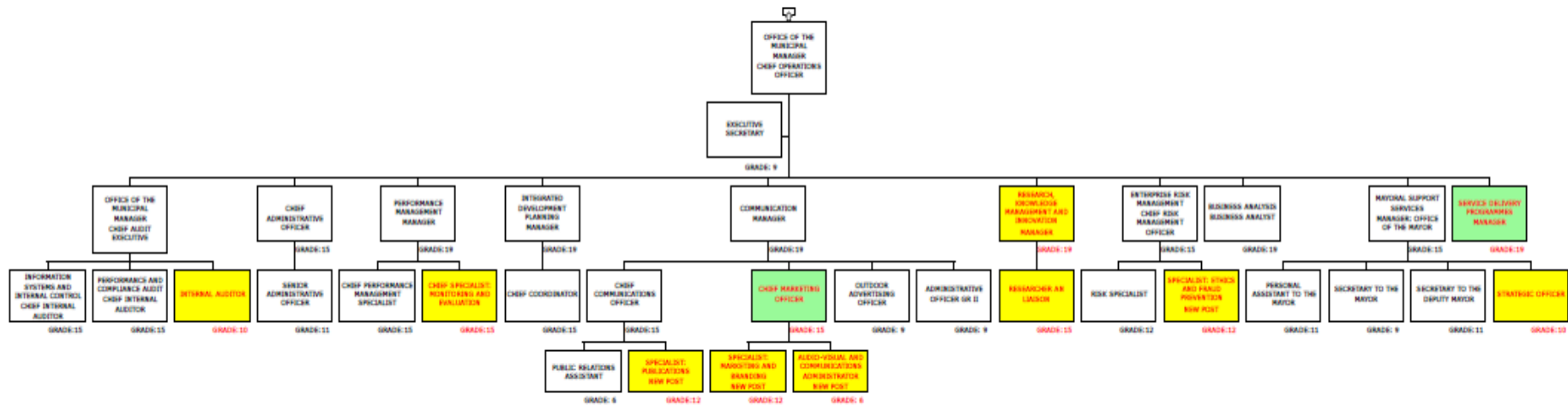


Figure 22: Corporate Services Department (Adopted 2019)

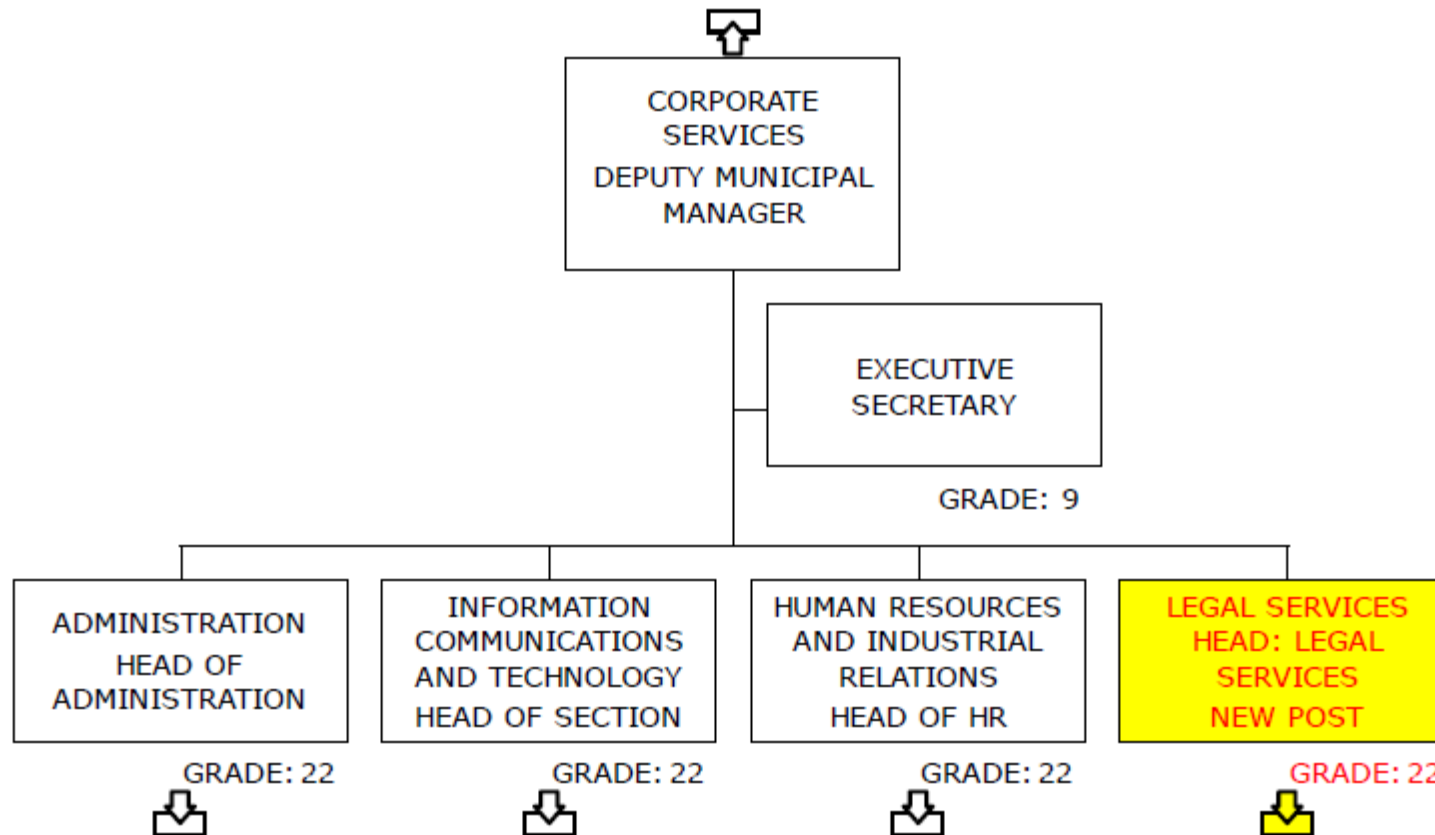


Figure 23: City Development Department (Adopted 2019)

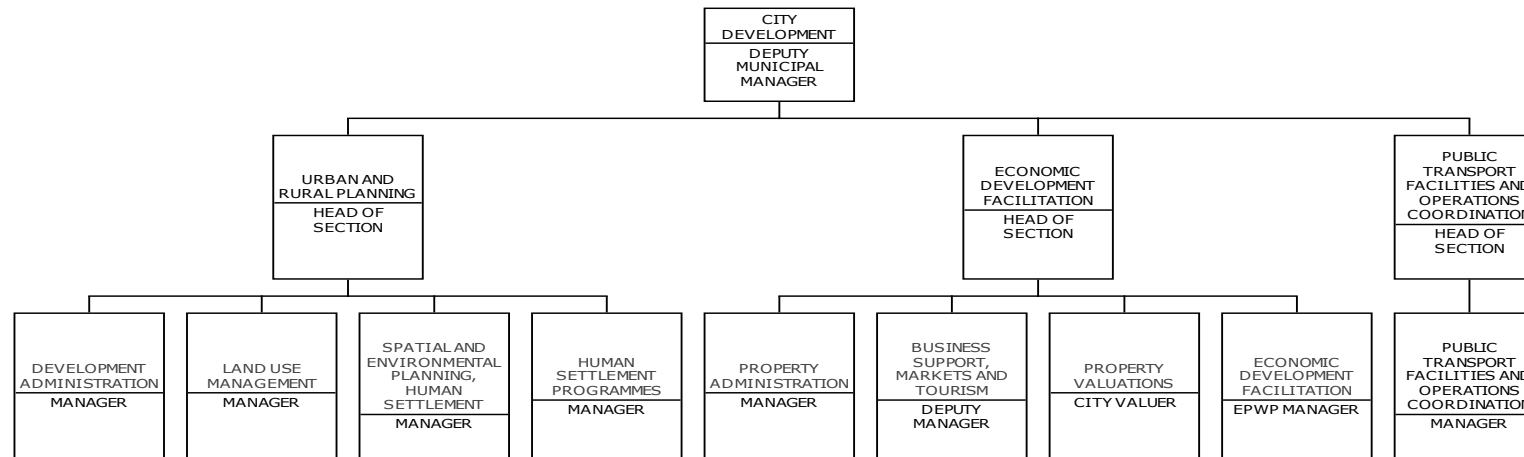


Figure 24: Financial Services (Adopted 2019)

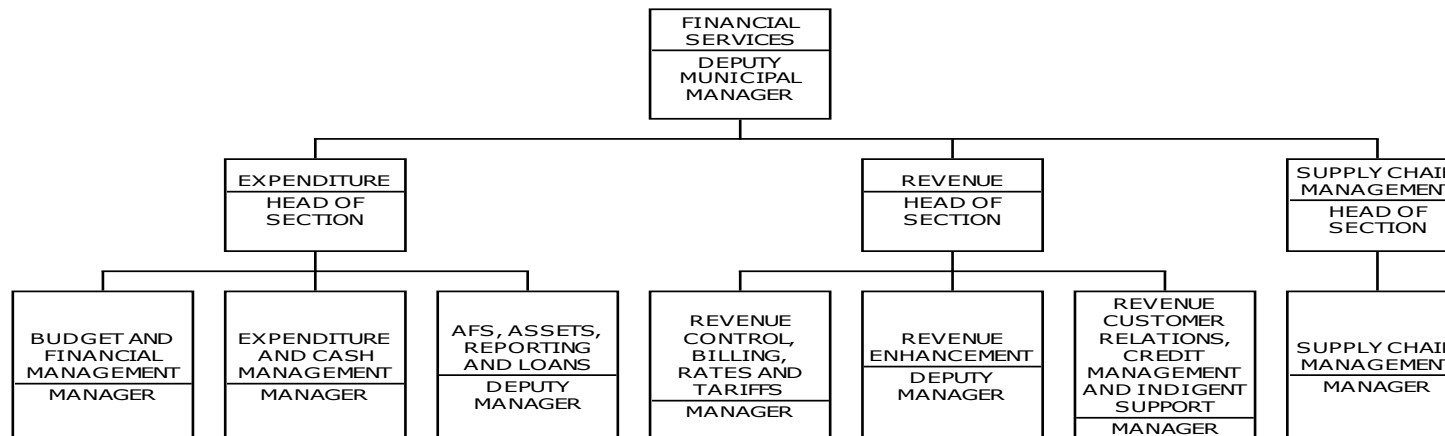


Figure 25: Community Services (Adopted 2019)

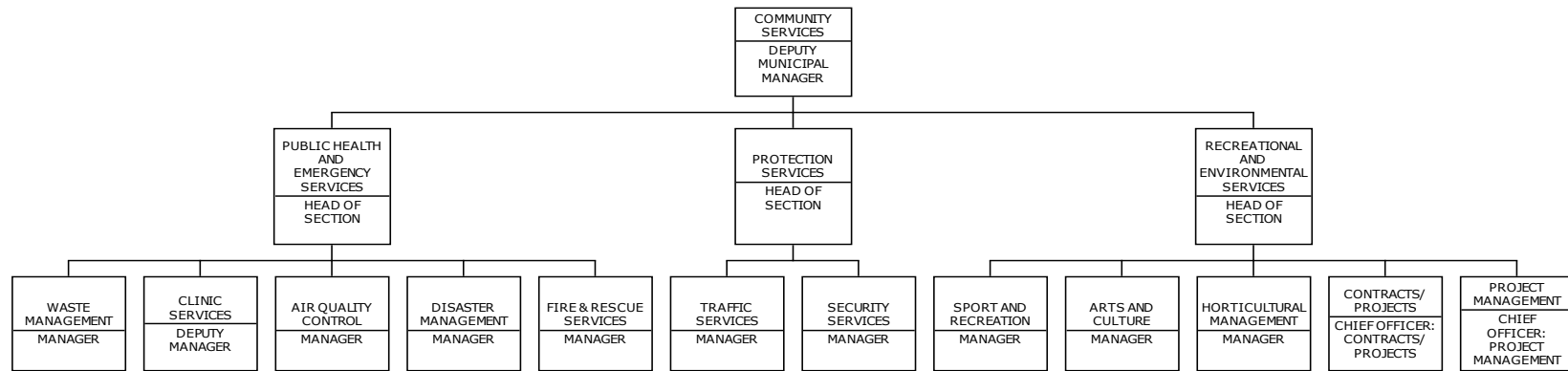


Figure 26: Electrical and Energy Services (Adopted 2019)

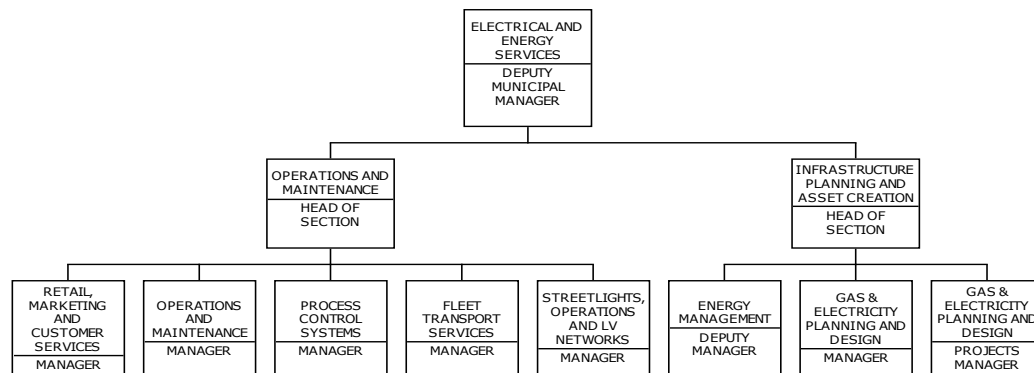
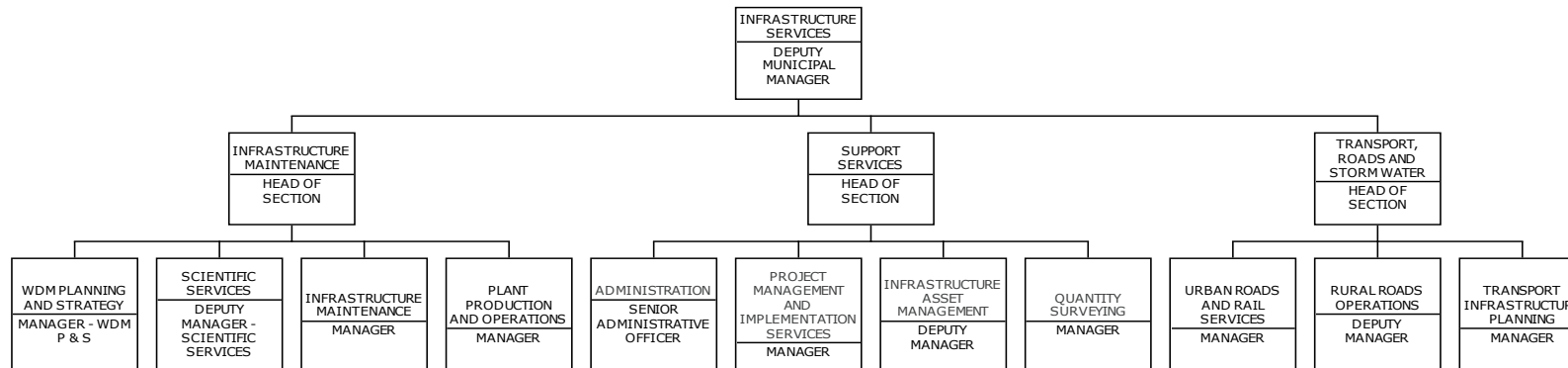


Figure 27: Infrastructure Services (Adopted 2019)



8.5.3 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. The post of a Municipal Manager is vacant following the resignation of the Municipal Manager. Recruitment and selection process has commenced for the filling up of the following posts critical posts, the post of a Municipal Manager together, the Deputy Municipal Manager City Development and the Chief Operations Officer positions.

10.3.3.2 Municipal Institutional Capacity

As indicated previously in the document, uMhlathuze Municipality has seven departments which are aligned to the 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	<ul style="list-style-type: none"> • Integrated Development Planning • Performance Management • Communication and Marketing • Internal Audit • Specialised Services • Enterprise Risk Management
Corporate Services	<ul style="list-style-type: none"> • Diverse Administration • Legal Services • ICT • Councillor Support and Public Participation
Community Services	<ul style="list-style-type: none"> • Public Safety and Security Services • Environmental Health /Health and Cleaning • Recreation and Environmental Services
City Development	<ul style="list-style-type: none"> • Property Administration • Local Economic Development • Urban and Rural Planning
Infrastructure and Technical Services	<ul style="list-style-type: none"> • Water and Sanitation • Roads • Transports Roads and Storm Water • Engineering Supply Services
Electricity and Energy Services	<ul style="list-style-type: none"> • Electricity and Energy Services
Financial Services	<ul style="list-style-type: none"> • Income • Expenditure • Supply chain

8.5.4 Human Resource Strategy

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

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

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 employees, Councillors and interns 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 / Tertiary 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 and councilors as indicated below have taken place during the period 1 July 2019 to December 2019:

No.	Training Programme	DMS	Date of Training	Type of Training and Number of Officials / Councillors Trained				
				Induction	Technical	Computer	Soft Skills	Admin
1.	SAP (Petty Cash Training)	DMS 1388097 Pg 1 of 33	24 October 2019			14		
2.	ALIMP Training (Asset Register) – Electrical Section – Session 1	DMS 1388097 Pg 2-3 of 33	15 October 2019			10		
3.	ALIMP Training (Asset Register) – Roads Section – Session 2	DMS 1388097 Pg 4 of 33	15 October 2019			5		
4.	ALIMP Training (Asset Register) – Buildings and Structures and PMU Sections – Session 3	DMS 1388097 Pg 5-6 of 33	16 October 2019			10		
5.	ALIMP Training (Asset Register) – Water and Sanitation Section – Session 4	DMS 1388097 Pg 7-8 of 33	16 October 2019			4		
6.	ALIMP Training (Project Control System)	DMS 1388097 Pg 9 of 33	21 October 2019			1		
7.	ALIMP Training (Asset Register) – Water and Sanitation Section (AM Session)	DMS 1388097 Pg 10-11 of 33	22 October 2019			8		
8.	ALIMP Training (Asset Register) – GIS Section (AM Session)	DMS 1388097 Pg 12 of 33	31 October 2019			5		
9.	Induction	DMS 1388097 Pg 13 of 33	30 October 2019	3				
10.	Financial Planning	DMS 1388097 Pg 14 -17 of 33	1 October 2019				64	
11.	Computer Induction	DMS 1388097 Pg 18 of 33	October 2019			4		
12.	Office Administrator Training	DMS 1388097 Pg 19-21 of 33	7 to 11 October 2019					1
13.	Water Quality and Effluent Treatment Training	DMS 1388097 Pg 22-24 of 33	21 October 2019		1			
14.	MFMP Training	DMS 1388097 Pg 25-26 of 33	21 to 25 October 2019					18
15.	EAP Managers / Supervisor Training	DMS 1388097 Pg 27-28 of 33	11 October 2019				33	
16.	Electrical Trade Test Assessment	DMS 1388097 Pg 29-32 of 33	8 to 9, 10 to 14 October 2019		7			
17.	Induction	DMS 1388097 Pg 33 of 33	1 October 2019	7				
18.	Computer Induction	DMS 1386090 Pg 1 of 63	November 2019			6		
19.	Continuous Trauma Management	DMS 1386090 Pg 2-3 of 63	21 November 2019				20	
20.	HRD Good Governance	DMS 1386090 Pg 4-5 of 63	26 to 29 November 2019		2			
21.	Local Government Anti – Corruption Training Strategy	DMS 1386090 Pg 6-20 of 63	19 to 20 November 2019				8	
22.	SAP – OHS Module	DMS 1386090 Pg 21 of 63	13 November 2019			11		
23.	SAP – OHS Module	DMS 1386090 Pg 22 of 63	20 November 2019			5		
24.	SAP – OHS Module	DMS 1386090 Pg 23 of 63	25 November 2019			19		
25.	SAP – OHS Module	DMS 1386090 Pg 24 of 63	28 November 2019			13		

26.	VEROTEST – Electrical Training – Cable Fault Location	DMS 1386090 Pg 25 of 63	11 to 14 November 2019		3			
27.	Project Management	DMS 1386090 Pg 26 of 63	11 to 15 November 2019		8			
28.	Electrical Skills Programme (Routine Maintenance)	DMS 1386090 Pg 27-38 of 63	11 to 22 November 2019		12			
29.	Electrical Skills Programme (Routine Maintenance)	DMS 1386090 Pg 39-45 of 63	4 to 15 November 2019		7			
30.	Induction	DMS 1386090 Pg 46-47 of 63	1 November 2019	11				
31.	PPP Training	DMS 1386090 Pg 48-52 of 63	18 to 22 November 2019		1			
32.	MFMP Training	DMS 1386090 Pg 53-55 of 63	18 to 22 November 2019					16
33.	SALGA Labour Relations Symposium	DMS 1386090 Pg 56-63 of 63	25 to 26 November 2019		3			
34.	Induction	DMS 1387718 Pg 1 of 22	2 December 2019	5				
35.	Computer Induction	DMS 1387718 Pg 2-3 of 22	December 2019			7		
36.	Gender Based Violence Workshop	DMS 1387718 Pg 4-16 of 22	5 December 2019				243	
37.	Shop Stewards and Managers Training	DMS 1387718 Pg 17-20 of 22	4 December 2019				29	
38.	Moderator Training (1 Councillor)	DMS 1387718 Pg 21-22 of 22	17 to 20 December 2019					1
	TOTAL			26	44	122	397	36

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.

Sixty eight (**68**) learners from various Tertiary Institutions participated in work integrated learning at Council during the second quarter of the 2019/2020 financial year. The demographic breakdown of the learners is as follows:

Number of Learners							
African	68	Coloured	0	Indian	0	White	0

Gender of Learners			
Males	38	Females	30

8.5.5 Recruitment and Selection

The City has developed recruitment and selection policy, which is implemented to ensure that a transparent and unbiased **recruitment and selection process** is followed; further it allows for the appointment of the best candidate, based solely on merit and best-fit with uMhlathuze's organisational values, culture and goals.

8.5.6 Talent Management Strategy

8.5.6.1 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 29: 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 Applications	10747
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	8597

No.	Policy Name		Council Resolution
		expenses of the newly appointed employee.	
17	Employment Equity Plan		9665 (DMS 785445)
18.	Employment Equity Policy		9438
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)

No.	Policy Name	DESCRIPTION	Council Resolution
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 with rollback procedures.	Same resolution as above. Policies were approved under one (1) comprehensive report : CR10702 (RPT 159157)
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)

8.5.7 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.

- o All ICT equipment acquisitions and contractor appointments are conducted in accordance with the approved City of uMhlathuze Supply Chain Management Policy.

Table 30: ICT Projects 2018/2019-2019-2020

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). Tender award amount R 91 974 916.13 Original budget 18/19 – R57 372 000 Revised budget 18/19 – R34 602 500 (FX5001007/632_147/00071)	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 Project Plan: DMS1334048 & 1334047 Project Status Report: DMS1334046
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) Paid in 2017/2018 (FX5001007/532_276/00075) PO34930 R3 393 106 excl VAT.	R 3 100 000	In Progress: Phase I completed Phase II planning in progress. Purchased days used to execute project. No further cost to organisation to complete project.
4	Emergency Services System	Replacement of the Emergency Service System (ESS) for Traffic Section and Fire and Rescue Services	R 500 000	Pending:

8.5.8 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:

- o 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.
- o 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.

8.6 Municipal Transformation and Organisational Development: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ 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 	<ul style="list-style-type: none"> ○ 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
<ul style="list-style-type: none"> ○ 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 	<ul style="list-style-type: none"> ○ 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

SERVICE DELIVERY AND INFRASTRUCTURE ANALYSIS

8.7 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 has reviewed the WSDP and the draft WSDP which is a supporting sector plan to the IDP, It is adopted together with the Final IDP Review 2019/2020 accordingly. The Water Services Development Plan (WSDP) is a key tool in achieving the objectives as mentioned above.

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 continuously when necessary.

8.8 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

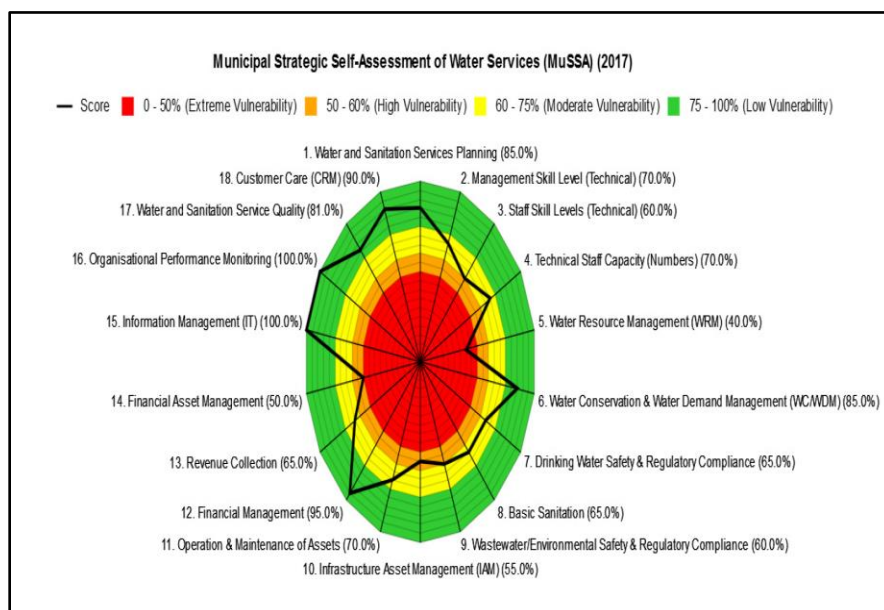
settlements adjacent to urban areas, which are close to a Water Resource, the municipality promotes the installation of shallow sewers to protect a water resource.

The Municipality currently receives funding through the Municipal Infrastructure Grant (MIG), of which **70%** is for water and **30%** for sanitation. It has been proven that such funding is not adequate to reduce backlogs for sanitation. A total of 96.75% households have access to the basic RDP level of water supply service as at 31 December 2016. The basic level for the provision of water is communal supply less than 200 metres from a household. The total percentage of households with basic level of service changed in 2017/18 due to the municipality inheriting three (3) wards from Ntambanana Municipality.

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

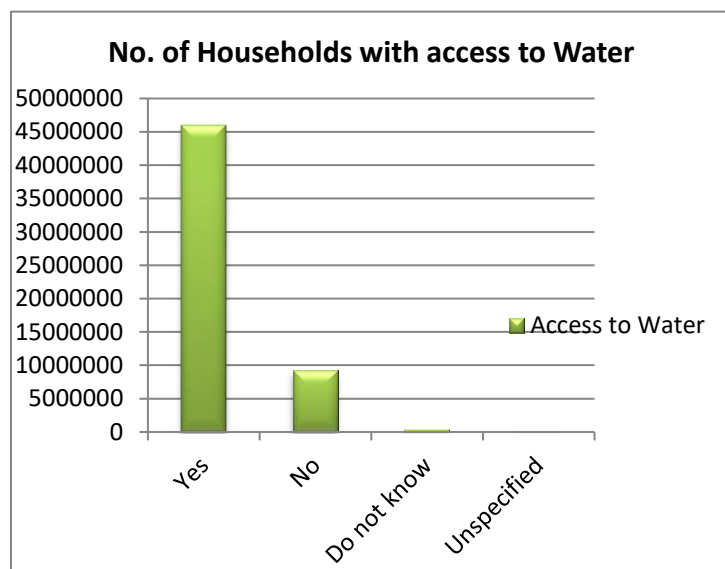
The municipality participated in the 2017 Municipal Strategic Self-Assessment (MuSSA) Survey. The purpose of the MuSSA is to survey and assess the overall business health of a municipality when fulfilling its water service function. Below is a spider diagram illustrating the vulnerability levels across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

Figure 28: 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. The details obtained from the Community Survey 2016 below are

provided for comparison purposes

Figure 29: 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 30: 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: Statistics SA, Community Survey 2016

8.8.2 Water Backlogs

At commencement of the financial year a total of **94.93%** households had access to the basic RDP level of water supply service as at 30 June 2018. The changes were due to the addition of three wards from King Cetshwayo District Municipality as previously stated in the last financial year reports. The basic level for the provision of water is communal supply less than 200 metres from a household. The revised target for 2018/2019 on Water Provision is **95.73%** based on new information from the 2016 community survey. The approved target for households to be upgraded to yard-taps for the 2018/2019 financial year is set at **1 000**.

Table 31: Water Backlogs

Service Level	Baseline (2017/2018)	2018/2019 Target	Stats Ending December 2018
Total households = 110 503 (2011 Stats SA) Revised Stat	Households with access to water	Amended Targets based on 2016 Community Survey	Household with access to water
ACCESS TO WATER	104 789	104 880	105 826
House connections	47 511	47 511	47 511
Yard Connections	53 778	54 778	55 724
Communal Supply < 200 m (Backlog) Supplied with JOJO Tanks	2 591	2 591	2 591
Communal Supply > 200 m (Backlog) Supplied with JOJO Tanks	5 716	4716	4 268
New Installations reducing Backlogs (Target)	1 000	1 000	Actual Q1 = 223 Actual Q2 = 225

Access to water at 31 December 2018 is **95.77%** and the water backlog is **4.23%**. The target of 300 for quarter 2 was not met. The challenge is that the department is relying on new applications as there is currently no new development or water project that is dealing with the upgrade of pipelines. The new project in Mkhwanazi North has just commenced. That will help the department reach its target once it is completed. Shortage of water meters has been identified as a major challenge but a supply tender is being prepared by the department.

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



8.8.3 Water Quality Assurance

The City of uMhlathuze in its capacity as the Water Services Authority and juristic entity is compelled by the Water Services act 107 of 1997 and National Water act 36 of 1998 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. The Scientific Services section is responsible for the effective management of this function within the Water Services Authority Division.

Various key functional areas within the Scientific Services contribute to the reliability and credibility of an effective water quality management system. The two major sections of the Scientific Services: Laboratory and Water Quality Management. Together these sections exist in a cooperative relationship in an endeavour to combat water pollution.

○ 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 steams) 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

8.8.4 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.

8.8.5 Water Loss

The water loss percentage has stabilised to an average of 22% as at February 2019 which is a reduction of over 18% since the Reduction of Non-Revenue Contract in which started in 2014. The challenge is to zoom in to the individual zones as has been established by the consulting team.

8.8.6 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 32: Design and Operating Capacities of Treatment Plants

Name	Design Capacity (ML/day)	Operating Capacity (ML/day)	Challenges
Mzingazi WTW	65	60	<ul style="list-style-type: none"> Increased rural demand for King Cetshwayo
ESikhaleni WTW	36	31	<ul style="list-style-type: none"> High demand compared to capacity No alternative power supply during Eskom power outages Night restrictions
Ngwelezane WTW	8	8	<ul style="list-style-type: none"> 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	-

Name	Design Capacity (ML/day)	Operating Capacity (ML/day)	Challenges
Ngwelezane WWTW	5.8	2.9	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Degritter to be replaced Digesters to be repaired Drying beds to be rehabilitated Ponds to be rehabilitated
Vulindlela WWTW	2.8	1	<ul style="list-style-type: none"> Flooding of the plant when it rains

8.8.7 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

8.8.8 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.

8.9 Sanitation

At commencement of the financial year a total of **78.82%** households had access to the basic level of service for sanitation as at 30 June 2018. The basic (RDP) level is one VIP toilet per household. The target for 2018/2019 for basic RDP level of sanitation service is set at **80.87%**. The approved 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.

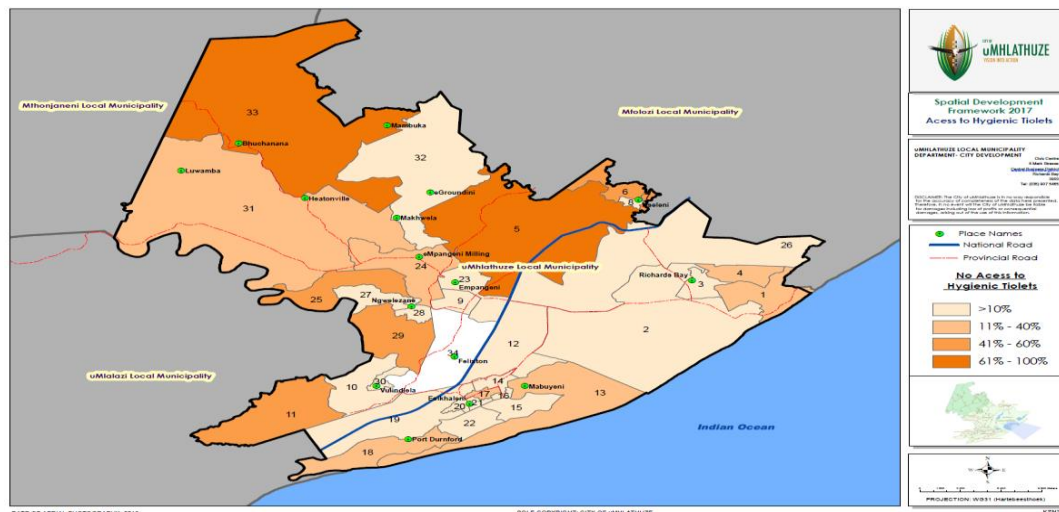
Table 33: Municipality Calculated Sanitation Backlogs

Service Level	Baseline (2017/2018)	2018/2019 Target	Stats Ending December 2018
Total households = 110 503 (2016 Stats SA)	Households with access to sanitation	Amended Targets based on 2016 Community Survey	Households with access to sanitation

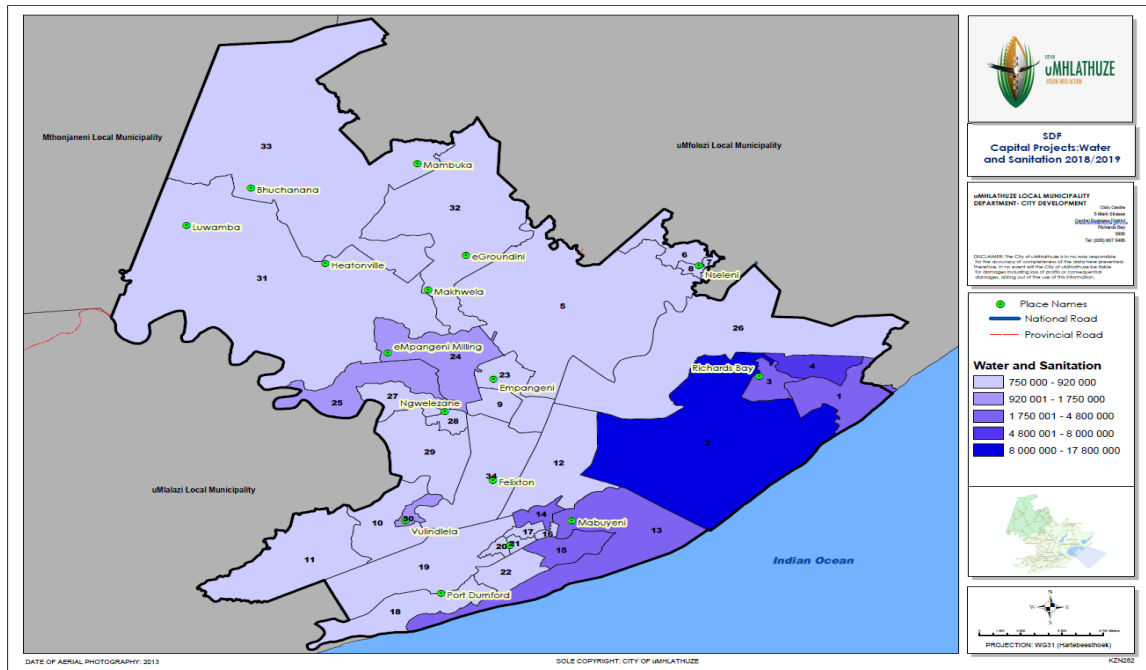
ACCESS TO SANITATION	86 865	89 365	88 206
Waterborne Sewerage	43 068	43 068	43 068
VIP Toilets	43 797	46 297	45 138
Backlogs	23 638	21 138	19 797
New Installations (VIP)	3 177	2 500	Actual Q1 = 971 Actual Q2 = 370

Access to Sanitation as at 31 December 2018 is **79.82%** and the Sanitation backlog is **20.18%**. The 300 target for Quarter 2 has been and over achieved. *(this information will be updated by third quarter)*

Map 17: Access to hygienic toilets



8.9.1 Water and Sanitation Capital Investment Framework for 2018/2019



Source: uMhlathuze SDF 2018/219

8.9.2 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 will be attached as an **annexure "L"** to the Draft IDP Review 2020/2021.

8.9.3 Water and Sanitation Projects

All water and sanitation projects are reflected on **Section F, under Major Funded Project Sub-Section and** on the Municipal Capital Expenditure Framework 2020 "Annexure AC"

8.10 SOLID WASTE MANAGEMENT

8.10.1 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.

8.10.2 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.

As a way of achieving this goal certain activities should be promoted by the Municipality in line with its Integrated Waste Management Plan. The following activities are being implemented:

- Increase re-use and recycling rates of products;
- Reduce the percentage of recyclable material to landfill;
- Ensure separation at source in our Municipality;
- Encourage the establishment of Material Recovery Facilities (MRFs);
- Encourage alternative treatment of waste; and
- Support the diversion of high calorific waste from landfill to recovery options.

Ensure Separation at Source in our Municipality (Kerb Recycling)

There are currently five areas where separation at source is taking place, which are Meerensee, Birdwood, Felixton, Brackenham, Esikhaleni J1 Section and some parts of Empangeni. In these areas each household gets a yellow plastic bag for recyclables

over and above the trolley bin service. Recyclables from Meerensee and Birdswood are collected by a bush truck to Material Recovery Facilities on the day of removal for further sorting. Recyclables from Felixton, Brackenham and Esikhaleni J1 Section are collected by three separate waste-preneurs, under a six (6) month trial, with their own transport, on the day of removal and sort at their recycling sites. Recyclables from Empangeni are collected by informal waste-pickers who sell recyclables collected from trolley bins in order to sustain their livelihoods. This practice further minimizes waste going to the landfill while benefitting green economy.

Uninterrupted operations were carried out also at the Meerensee drop off point next to the bus rank, which complements kerb recycling in this area. A lot of recyclables were recovered in this system called Kerb Recycling.

Figure 31: Hierarchy

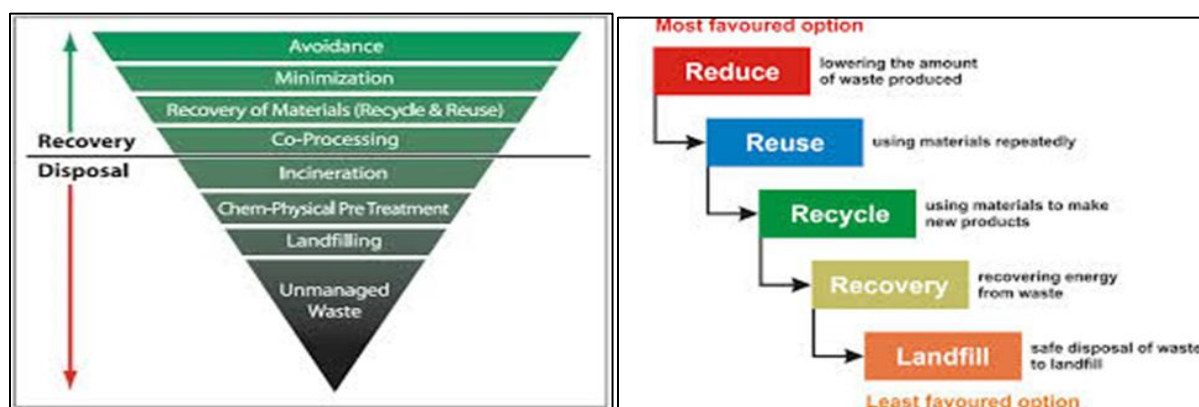


Table 34: different waste streams recycled as at February 2019

MONTH	RECYCLABLES IN TONS	% WASTE MINIMISATION
Quarter 1	2 343 09	24.00
Quarter 2	3 101 68	29.00
Quarter 3	4 589 77	25.01
Quarter 4	4 056 66	35.62
TOTAL	14 091 20	28.41% Average

This reflects that an average of 28 % 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.

8.10.3 Material Recovery Facilities

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

- **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 68 % (74 856) on average of total households (110 503) had access to the basic weekly solid waste removal service at the end of June 2018, 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

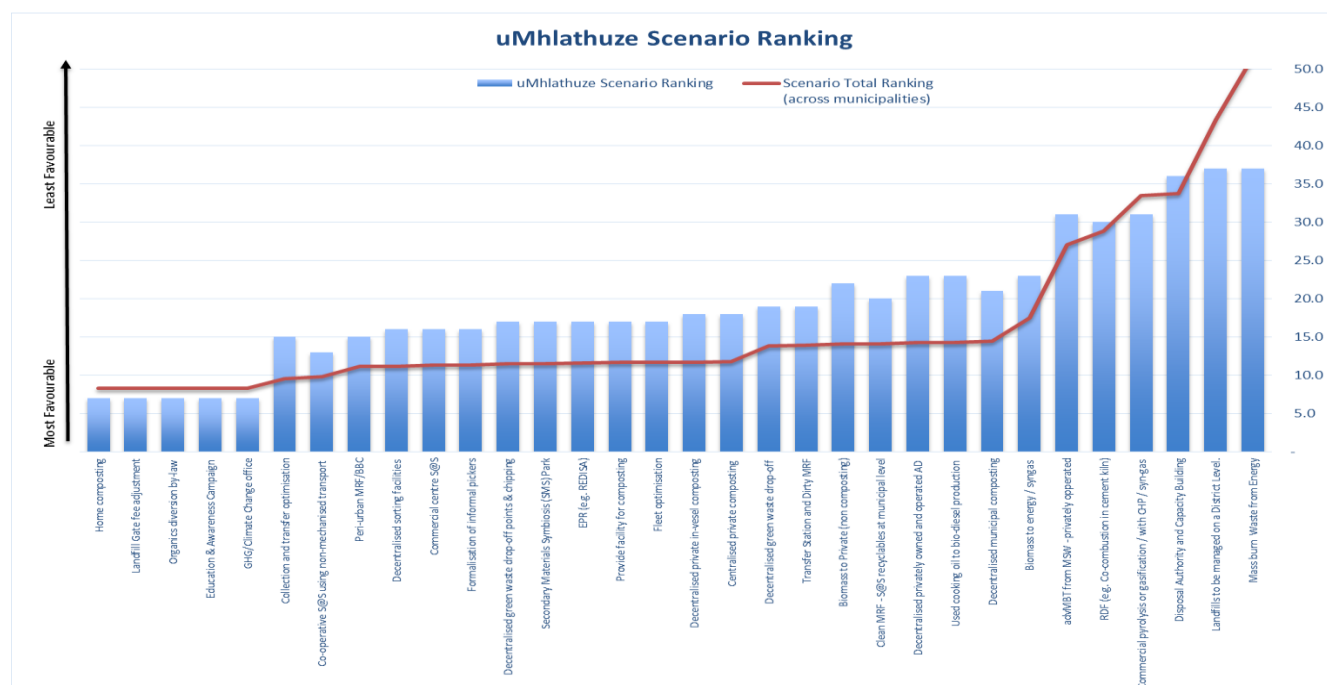
The City of uMhlathuze has conducted a feasibility study on alternative treatment of waste in partnership with National Department of Environmental Affairs. The pre-feasibility has been approved by Council which is looking at food waste as the best option to for soil enhancement.

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 32: 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.

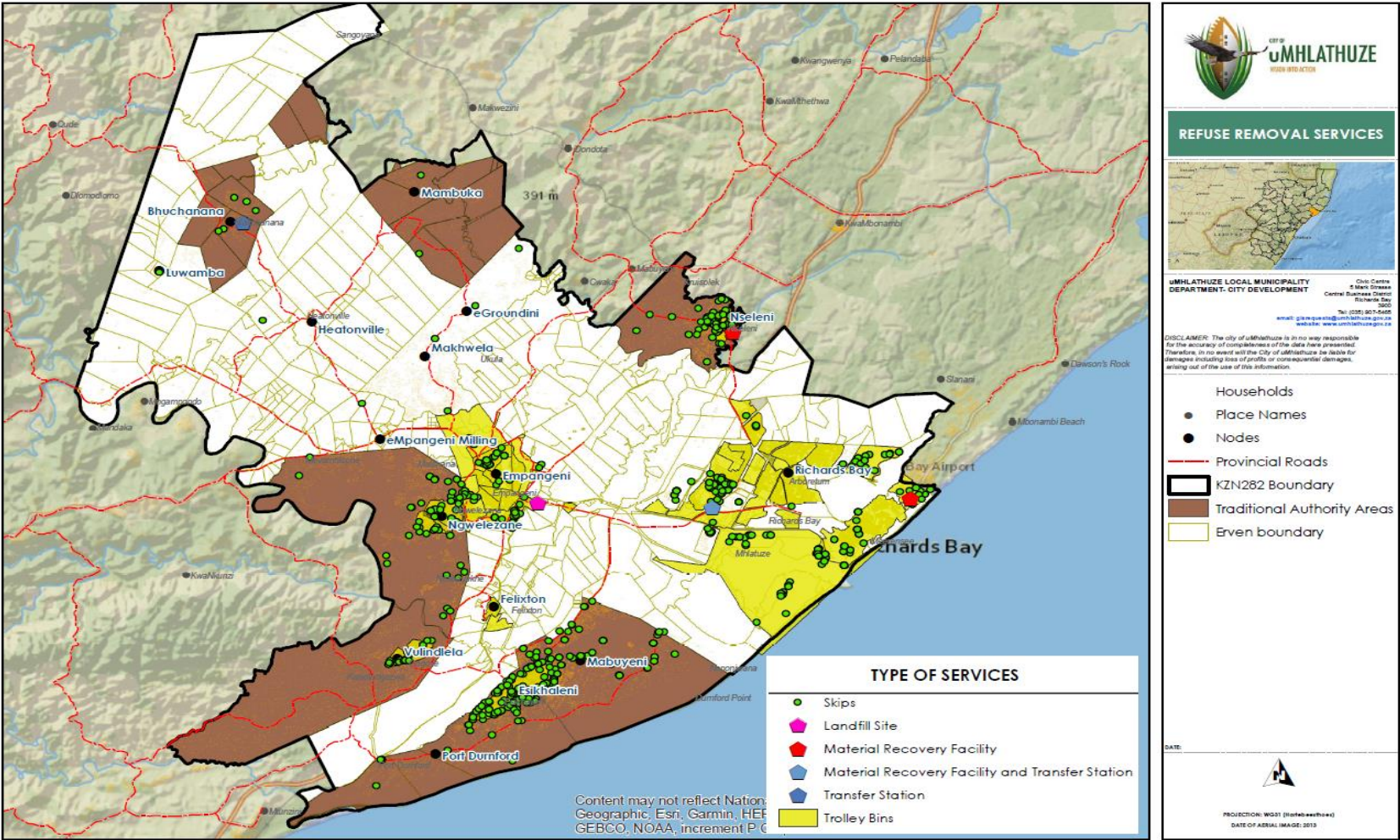
Goal 7: Provide Measures to Remediate Contaminated Land.

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 18: Refuse Removal Services



Source: uMhlathuze IWMP 2019

Table 35: Solid Waste Management Indicators and targets

CITY OF UMHLATHUZE REFUSE REMOVAL									
Objective	Strategies	Performance Indicator	2016/2017 Actual 2016/2017 Baseline	2017/2018 Amended Annual Target incl. 2016 Survey	2017/2018 Actual 2018/2019 Baseline	2018/2019 Annual Target	2019/2020 Annual Target	2020/2021 Annual Target	2021/2022 Annual Target
To improve access to domestic solid waste removal services to the community	Provide a weekly domestic solid waste removal service to the community	% Households with access to waste disposal	79.55%	67.29%	67.74%	69.55%	71.36%	73.17%	74.98%
		Number of Households with access to waste disposal	73356	74356	74856	76856	78856	80856	82856
		Number of new Households with access to waste disposal	6409	1000	1500	2000	2000	2000	2000
		Number of Household with access to free waste removal	29891	30891	31391	33391	35391	37391	39391

Table 36: status of waste disposal site and transferee stations

Name	Permit / Licence / Registration	Auditing	Lifespan	Engineering
King Cetshwayo Landfill (District Municipality)	Permit: 16/2/7/W1/D1/Z1/P485 Waste Management Licence: DC 28/WML/0002/2012	Annual External Auditing	63 years remaining	Class B Landfill Lining
Alton Material Recovery Facility	Registration: KZN/waste/sorting/084	Bi-annual Internal Auditing	N/A	N/A
Mzingazi Material Recovery Facility	Registration: KZN/waste/sorting/085	Bi-annual Internal Auditing	N/A	N/A
eNseleni Material Recovery Facility	Registration: KZN/waste/sorting/086	Bi-annual Internal Auditing	N/A	N/A

8.11 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:

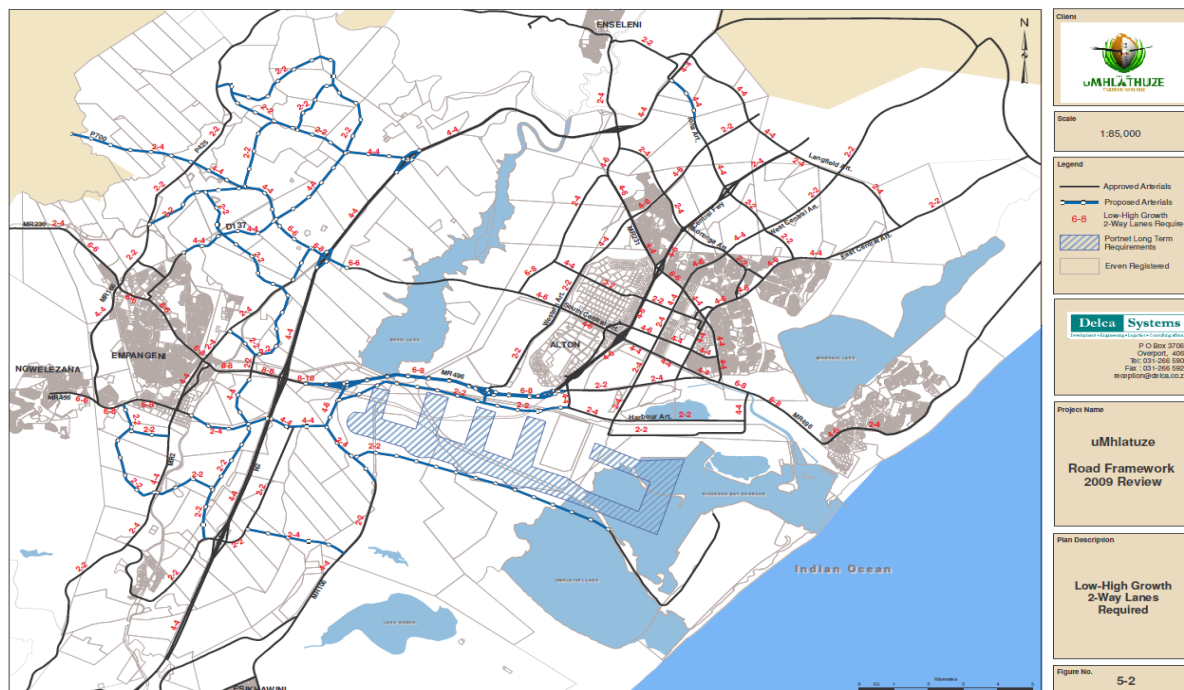
- Urban Roads, Rail and Road Markings
- Transportation Planning and Traffic Signs
- Rural Roads and Stormwater
- Stormwater Coastal Management

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.

8.11.1 Integrated Transport Plan

The Development of the public transport plan and policies are a strategic move aimed at ensuring 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 19: Arterial Road Framework Plan



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 37: 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

Area	Suburb	Length of Road (km)
	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 33: Condition of the Structure

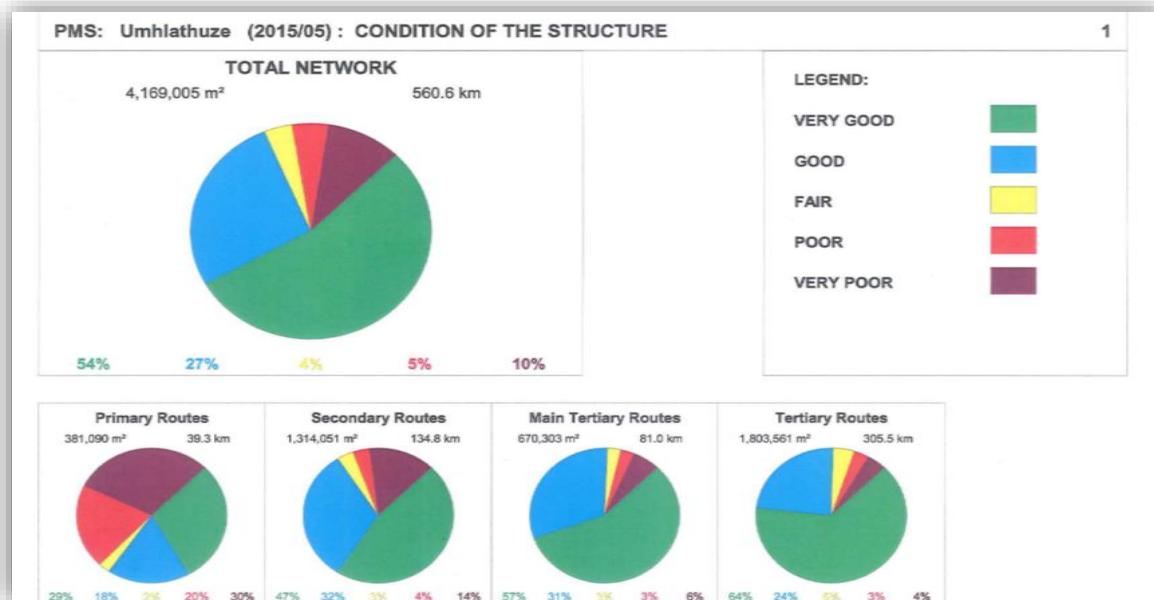
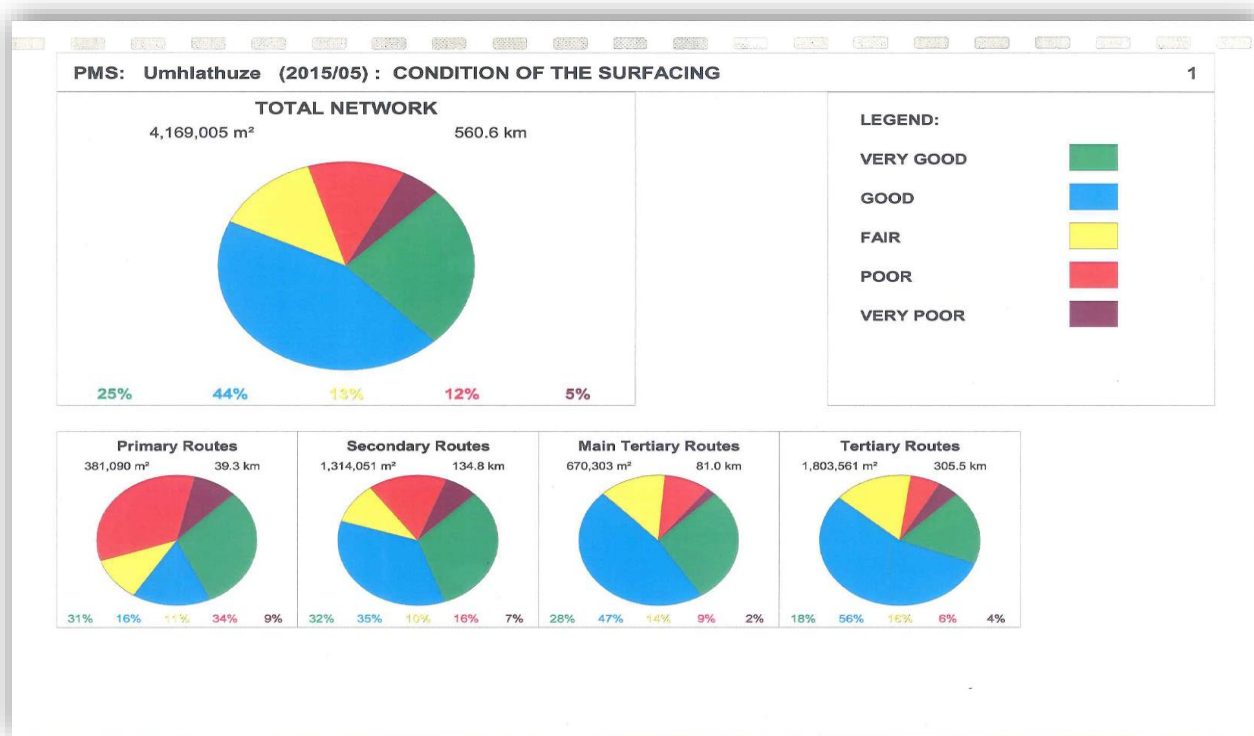


Figure 34: Condition of the Surfacing



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.

8.11.3 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).

8.11.4 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.

8.11.5 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 Cassandra 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.

8.11.6 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.

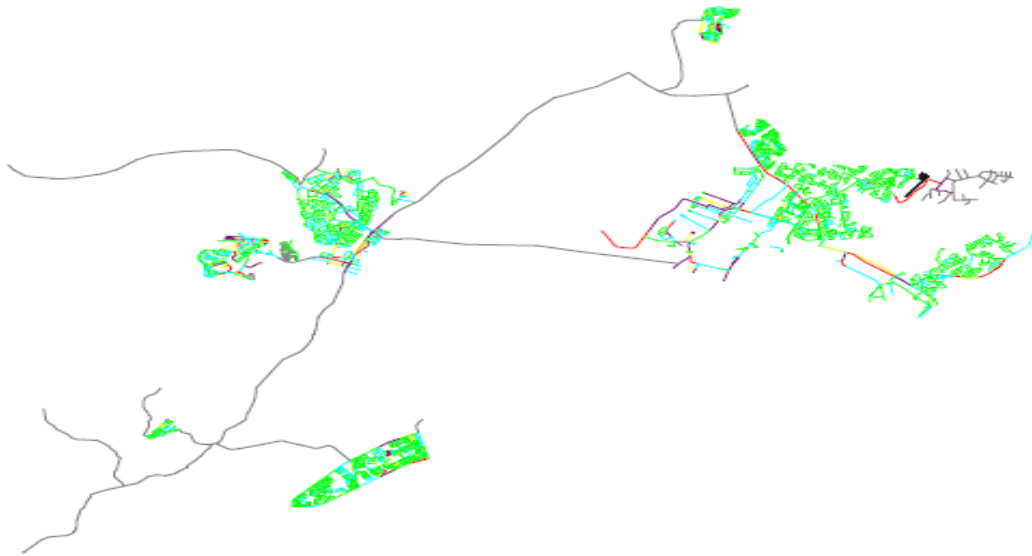
The following maps are sourced from the PMS; they indicate spatially projects and status of the resurfacing, rehabilitation, structure and condition, and route classification:

Map 20: Route Classification



Source: uMhlathuze PMS 2017

Map 21: Structure Condition



Source: uMhlathuze PMS 2017

Map 22: Rehabilitation Projects



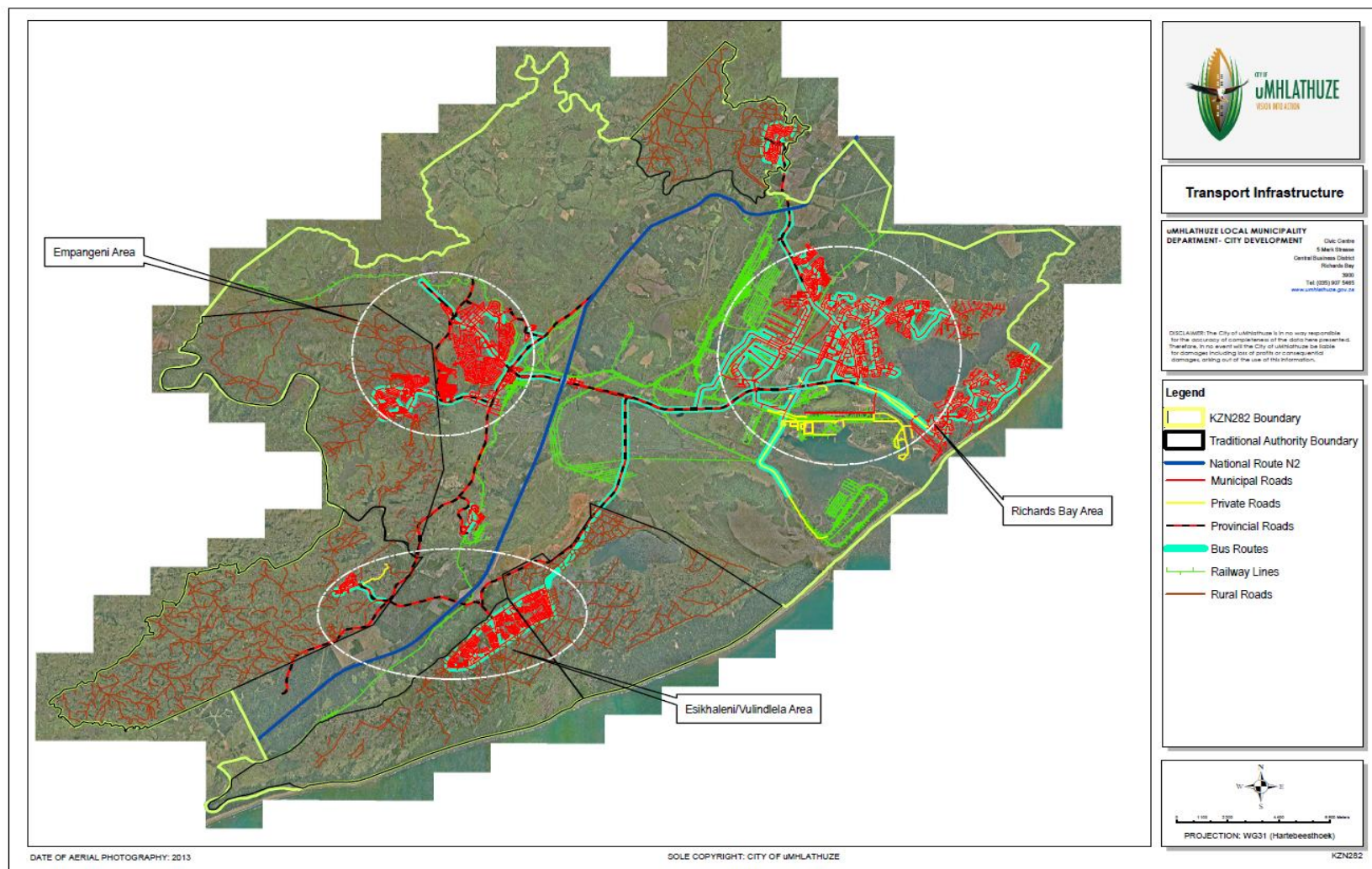
Source: uMhlathuze PMS 2017

Map 23: Resurfacing projects



Source: uMhlathuze PMS 2017

Map 24: Transport Infrastructure



Source: UMhlathuze, SDF 2017

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, which is still in progress. **Budget for Roads Projects – Refer to section 24.1 for a list of all capital funded projects.**

8.12 Energy

8.12.1 Introduction

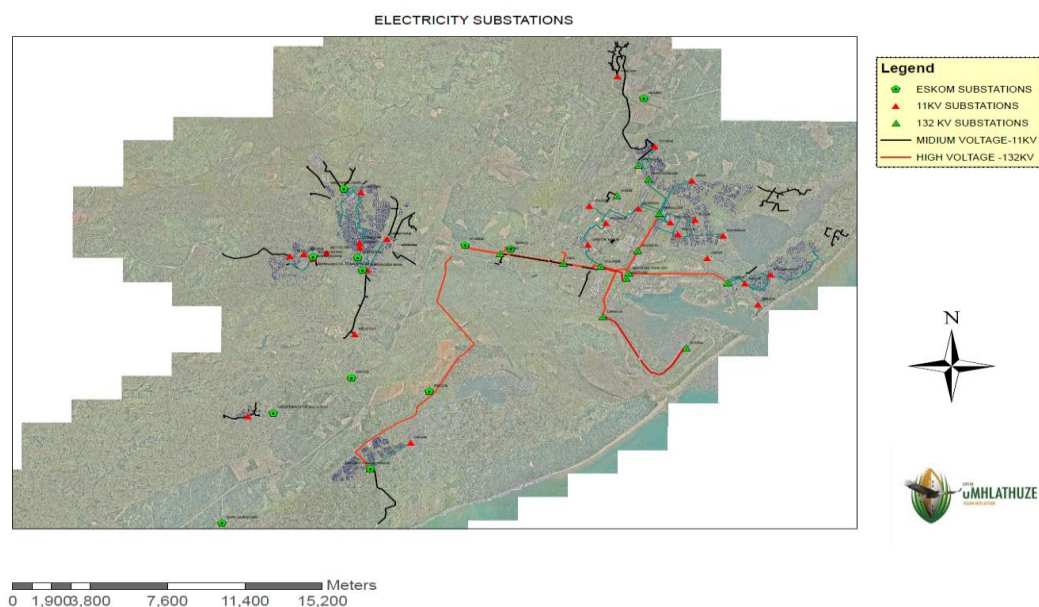
uMhlathuze Municipality has developed an electricity master plan in 2016, which is currently in implementation. The city of uMhlathuze is a licensed electricity provider, however in rural areas electricity is still supplied by ESKOM. The main objective of Energy Sector Plan is to provide a background 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

8.12.2 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.

Map 25: Electricity Infrastructure



Source: uMhlathuze Electricity Master Plan, 2016

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 35 131 municipal customers, including Industrial, Commercial and Residential. The following table summarises the Notified Maximum Demand (NMD) and Recorded Peak in the Municipality:

Table 38: 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

8.12.3 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.

8.12.4 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

8.12.5 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

8.12.6 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.

eSikhaleni 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.

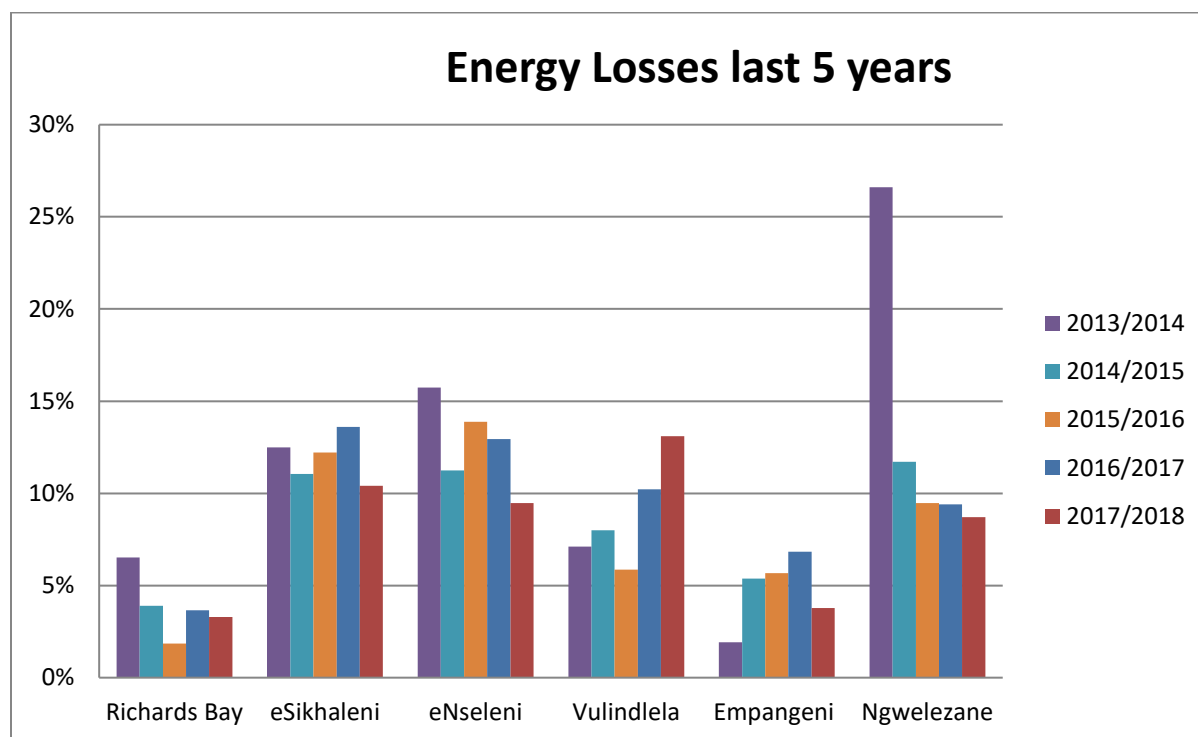
8.12.7 N2 Corridor and Non-Island Areas

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

8.12.8 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

8.12.9 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

8.12.10 Electricity Projects

Refer to Section 24.1 (Funded Projects) for a list all funded projects by the municipality, and

8.13 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 Mondlilane 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. Through 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

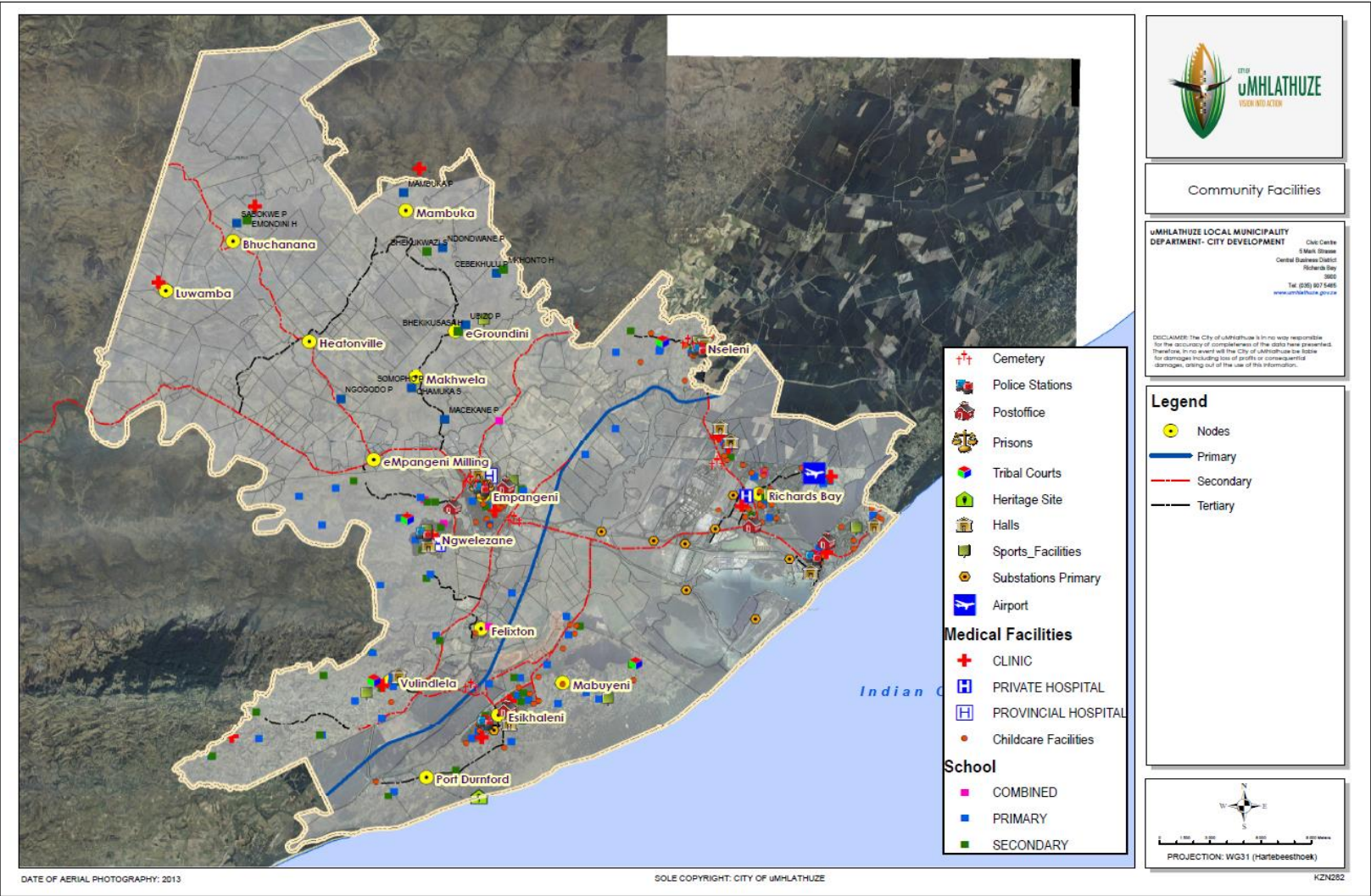
The table below sets out the number of facilities per municipal ward

Table 39: 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

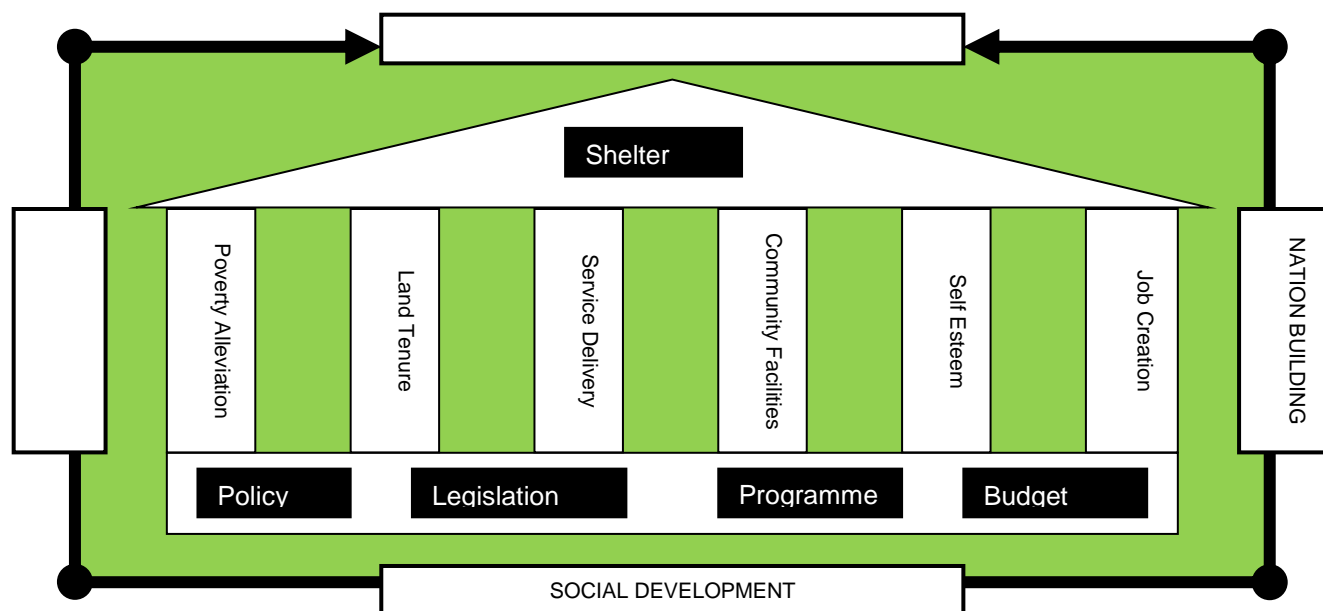
Map 27: Community Facilities



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 35: Housing Concept



uMhlathuze Municipality is the housing developer for Human Settlements. 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 released 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 was dopted by council in May 2019 together with the Final IDP Review 2019/2020.

8.13.1 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

8.13.2 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

8.13.3 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:

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

8.13.4 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.

8.13.5 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.

8.13.6 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.

8.13.7 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

8.13.8 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 uMsunduzi
- **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 36: 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

8.13.9 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.

8.13.10 Housing Demand and Prioritisation

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: Stats'SA, 1996, 2001, 2011

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 areas 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**

8.13.1 Prioritisation

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

8.13.2 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 for 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 40: Land Suitable for Housing Development - SDF Expansion Areas

AREA	LOCATION	LAND OWNERSHIP	PROJECT TYPE	BULK INFRASTRUCTURE AVAILABILITY
Expansion Area A	ESikhaleni-Vulindlela Corridor	State (recent handed-over of Title Deed by President Ramaposa to Mkhazazi Traditional Authority	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	Nseleli Interchange	Private	Mixed Residential	No
Expansion Area H	Empangeni (Water-stone)	Private	Mixed Residential	Yes

Table 41: 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

8.13.3 UMHLATHUZE HOUSING DELIVERY PLAN

The housing needs keeps increasing due to urbanization and population growth. The municipality in the past years has delivered more than 2000 houses in Greenfield project, more than 4000 houses in rural areas, more than 100 Finance Linked Individual Subsidy Programme houses (Flisp), more than 400 bonded houses and more than 130 sites and has assisted more than 41 beneficiaries through the Enhanced People Housing Project.

The municipality is committed to ensure that the constitutional right to have access to adequate housing and access to land is realized. This is seen through the municipal housing delivery plan that the municipality is implementing and also will be implementing in the coming years. The delivery plan also talks to the Provincial Human Settlement Master Spatial Plan especially the Integrated Residential Development Programme projects (essentially the Greenfield projects) which have been identified as restructuring zones. Human settlements restructuring zones have been established as an instrument to pursue the restructuring of South African cities, economically, racially and socially. These restructuring zones are being developed within the SDF Expansion Areas. In-terms of the development approach in these areas, the municipality has invested in bulk infrastructure improvement and development to create conducive environment to attract investors to establish businesses that will create economic development and opportunities. It will also assist in optimizing and maximizing land distribution and development through the promotion of environmental friendly and sustainable development and encourage equal land distribution.

In this section, details are provided in respect of Urban Projects, Rural Projects and Programmes. The housing delivery plan covers the following housing instruments/programmes and subsidies:

- **Integrated Residential Development Programme:** The IRDP provides for the acquisition of land, servicing of stands for a variety of land uses, including commercial and recreational purposes, schools and clinics, as well as residential stands for low, middle and high income groups. The land use and income group mix is based on local planning and needs assessment.
- **Rural Housing Subsidy:** These housing subsidies are available to beneficiaries who enjoy only functional tenure rights to the land they occupy. These subsidies are only available on a project basis and beneficiaries are supported by implementing agents.
- **Upgrading of Informal Settlement:** The programme facilitates the structured upgrading of informal settlements. It applies to in situ upgrading of informal settlements as well as where communities are to be relocated for a variety of reasons.
- **Enhanced People Housing Process:** This is a government housing delivery mechanism that supports households who wish to enhance their subsidies by building their own homes or organizing between themselves the building of their own homes.
- **Eradication of Title Deeds Backlog:** This programme covers both pre-1994 and post-1994 housing stock by ensuring that beneficiaries are given security of tenure through title deeds.

- **Operation Sukuma Sakhe Intervention:** The OSS initiative prioritises households that need urgent interventions. The programme prioritises the poorest of the poor, mostly falling within the definition of "vulnerable groups" these includes the indigents, women, children and disabled persons.

8.13.4 Structures in place for coordination

Structure	Membership	Frequency of meetings
Technical Committee	<ul style="list-style-type: none"> • Municipality • Dep. of Human Settlements • Housing Development Agency • Implementing Agents 	Monthly
Social Compact Committee	<ul style="list-style-type: none"> • Municipality • Department of Human Settlement • Social Compact Members • Implementing Agents • Housing Development Agency 	Monthly
Project Steering Committee	<ul style="list-style-type: none"> • Municipality • Department of Human Settlements • Implementing Agents • Civil Society Representative • Social Housing Regulatory Authority 	Quarterly
Action Working Group 11	<ul style="list-style-type: none"> • Department of Human Settlements • Housing Development Agency • Municipalities • Stakeholders – Civil Society 	Quarterly
Catalytic Projects Steering Committee	<ul style="list-style-type: none"> • Department of Human Settlements • Housing Development Agency • Municipalities 	Quarterly
City Development Portfolio Committee	Municipality Officials and Councillors	Monthly
Council	Municipality Officials and Councillors	Monthly

DMS: 1389440



Source: uMhlathuze Integrated Human Settlement Plan 2019



Table 42: Urban Projects

Priority	Name	Instrument	Ward	Sites	Project Type & Value	Start Date	Completion Date	Status
1	Dumisani Makhaye Village Phase	IRDP	24	RDP 547	RDP R60,738,919.23	July 2011	July 2019	542 houses completed and 5 outstanding. The 5 houses will be completed before end of this financial year 2018/19 as some have slabs poured and others at wall plates level.
2	Dumisani Makhaye Village Phase 6 and 8	IRDP	9, 24	FLISP: 82 CRU/Social: 1020 Low income: 133 Total: 1235	External Bulk Water & Sewer R13 452 450.30	July 2018	March 2019	The overall completion of the Reservoir and Sewer Pump Station contract is at 75%.
					Internal Services R58 629 229.12	June 2018	July 2019	Contract for internal services (Internal Sewer, Storm water Reticulation and Roads) is at 78% completion.

Priority	Name	Instrument	Ward	Sites	Project Type & Value	Start Date	Completion Date	Status
3.	Aquadene Housing	IRDP	26	615:low income 1000: CRU/Social	External bulk Sewer (Northern Outfall) R17 039 201.42		TBD	(Northern Outfall) bulk sewer infrastructure project is at 98% complete. The matter is currently with Council's Legal Section as Thakgoga Projects CC decided to challenge the termination of the contract.
					Internal Services R181 248 404.62	June 2018	December 2020	Internal Sewer, Stormwater Reticulation and Roads contract is at 22% completion.
					External Bulk Stormwater R29 347 266.70	November 2018	December 2019	External Bulk Stormwater contract is for 12 months. Overall progress is at 13%.
4.	Empangeni Mega Housing Project	IRDP	5, portion of 23 and 24	Approx. 10000 units	External Bulk Water R40 Million for external bulk			External Bulk Water is at 95% complete.

Priority	Name	Instrument	Ward	Sites	Project Type & Value	Start Date	Completion Date	Status
				Phase 1A:488 units Phase 1B:592 units Phase 1C: 665 units Phase 2:8316 units	The internal reticulation installation is R 69 021 855.76	November 2018	February 2020	Overall completion is at 20%. Phase 2 is in planning stage.

To Note: all these projects are part of spatial intervention areas Empangeni Mega Housing and Aquadene housing projects are expansion areas and are essential greenfield areas, while Dumisani Makhaye village phase 6 & 8 former TLC area. They are all still at planning stage with the installation of internal and external bulk services. Dumisani Makhaye Village Phase 8 which is the RDP houses is anticipated to commence with top-structures this year.

These projects have created more than 100 EPWP work opportunities and also provided more than 30 opportunities for local businesses (contractors, material suppliers and machine owners). The focus on local business has been on previously disadvantaged groups which are women, youth and disabled persons.

Table 43: Rural Housing Projects

Priority	Name	Instrument	Ward	Sites	Project Value	Start Date	Completion Date	Status
1	Mkhwanazi Rural Housing and	Rural Subsidy	10,11,18,19,22 & 30	48 houses	R 5 123 688.75	December 2018	August 2019	1000 houses were approved and 952 houses have been constructed. 48 outstanding houses to be constructed. The contractor has been appointed (Fezeka). They have started working attending to social issues.
	Dube Rural Housing	Rural Subsidy	12,13,14,15,16 & 17	13 houses		December 2018	August 2019	1200 houses were approved and only 1487 house were constructed. 13 outstanding houses to be constructed. The contractor has been appointed (Fezeka). They have started working attending to social issues.
2	Luwamba Rural Housing	Rural Subsidy	31	1000	TBD	TBD	TBD	Pre-feasibility study has been done and submitted to the Department of Human Settlements for funding for the next stage.
3	Buchanana Rural Housing	Rural Subsidy	33	1500	TBD	TBD	TBD	Pre-feasibility study has been done and submitted to the Department of Human Settlements for funding for the next stage.

Table 44: Upgrading of Informal Settlements

Priority	Name	Instrument	Ward	Sites	Project Value	Start Date	Completion Date	Status
1	Mzingwenya Informal Settlement	NUSP	17,19 & 20	TBD	TBD	TBD	TBD	Sma Ngcobo Consortium has been appointed as Implementing Agent (IA) for the project. They have completed the Environmental Study and submitted the report to the municipality.
2	Nseleni Informal Settlement	NUSP	7 & 8	TBD	TBD	TBD	TBD	Municipality has requested funding for the project to the KZN Department of Human Settlement.
3	Mzingazi Informal Settlement	NUSP	1	2500 beneficiaries estimated	R 8 765 575 Over a	December 2018	TB	An inception meeting was held in December 2018. Gabisa investment has been appointed as an IA for the project over a period of 3 years.

Table 45: Ngwelezane IDT (Enhanced People Housing Project)

Priority	Name	Instrument	Ward	Sites	Project Value	Start Date	Completion Date	Status
1	IDT Area (People's Housing Process Ngwelezane)	EPHP	27	Approx. 250 (138 sites approved by Department of Human settlements)	R1,789,309	2013/2014	TBD	47 were paid and 91 still outstanding. The Municipality has done the verification of beneficiaries and has informed the Department of Human Settlements about the current status of this project for intervention in terms of giving a go ahead with the payment of qualifying beneficiaries. The Municipality has also requested the intervention of the Department with provision of Land Surveyors and Town Planners to assist with redesigning the layout plan to rectify all the encroachments and the de-registration of unbuildable sites from the beneficiaries' names.

Table 46: Eradication of Title Deeds Backlog (Pre and Post-1994 Housing Stock)

	Total Backlog	2015/16	2016/17	2017/18	2018/19	Total Delivered to date.	Current Backlog	Total
Pre-1994 (EEDBS)	405	105	92	87	18 current	302	103	
Post-1994 (DMV)	627		65	159	12 current	236	391	
Total	1032	105	157	246	30 current	538	494	

It is anticipated that by end of 2019 all the properties that do not have problems should be transferred to beneficiaries while those that have problems, should all be addressed by end of 2020/2021 financial year.

Challenges:

- Release of Staff Houses owned by Department of Public Works to municipality in order to dispose to qualifying beneficiaries.
- Sort out multiple allocations in 58 units (Enseleni Hostels) and find alternative accommodation for the displacees.
- Sub-division of some properties especially Old Stock in various townships.
- Vulindlela Township Establishme

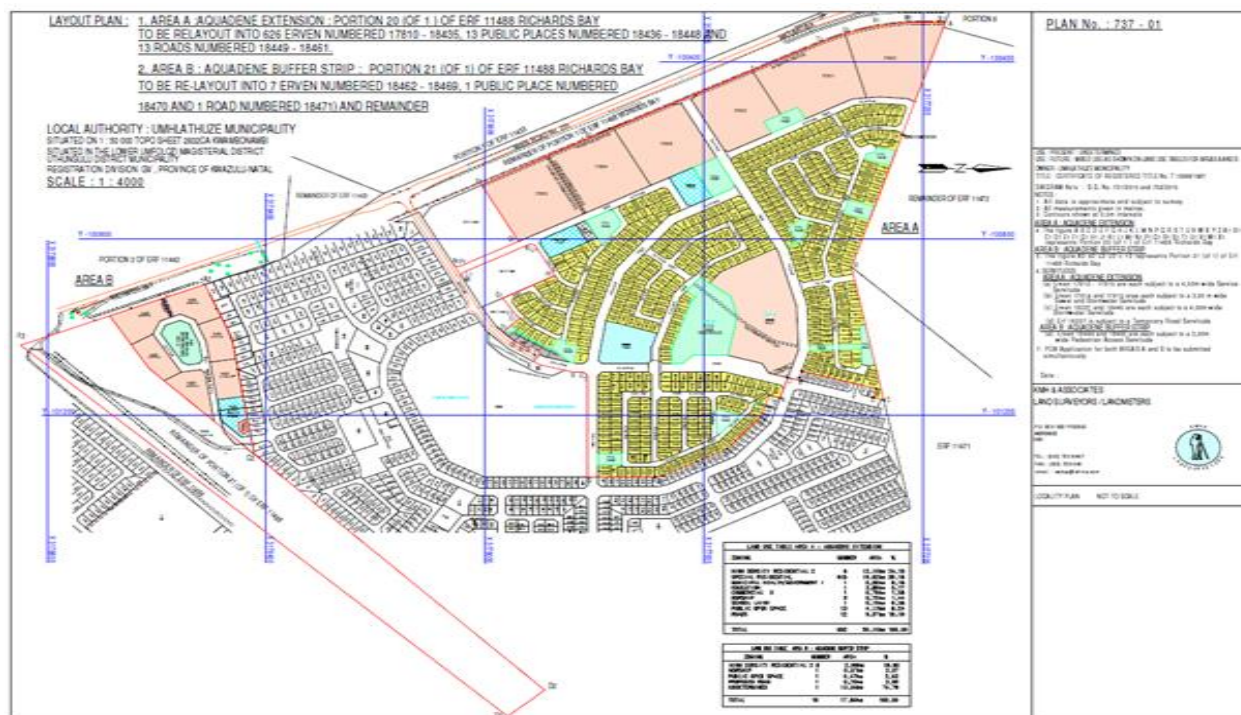
8.13.5 Human Settlements Operational Sukuma Sakhe (OSS) Intervention

The OSS initiative prioritises households that need urgent interventions. Once a need is identified through the Sukuma Sakhe war room, relevant officials in the department are notified. The departmental inspectors and project managers visit the identified site to assess the problem, and then the extent and urgency is confirmed and recorded. The programme prioritises the poorest of the poor, mostly falling within the definition of “vulnerable groups” these includes the indigents, women, children and disabled persons.

- 41 cases have been approved and the contractor (Stedone) has been appointed to construct the houses. The contractor was recently introduced to the Traditional Authorities affected.
- 19 cases were also approved for ward 33 and DoHS is working on the appointment of the contractor.
- 201 cases have been submitted to department and awaiting approval by DoHS. These cases were identified through different wards.
- The municipality is also in the process of appointing an Implementing Agent that will construct all OSS cases, to ensure that the construction of OSS cases is fast tracked as soon as the beneficiaries are approved by DoHS.

8.13.6 Integrated Residential Housing Programme (IRDP) Projects Layout Plans

Figure 37: 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 proposed development consists of single residential units (Integrated Residential Development Development) and Social Housing Units (Rental). The project consists of 615 RDP houses, 212 Flisp and 1000 Social Housing units. The external bulk water installation has been completed and the external bulk sewer is sitting at 97%. Internal services are anticipated to commence in June 2018. The layout plan has been approved.

Table 47: Units per Phase for Aquadene

Phase	Number	Housing Instrument
Area A	6 blocks and 615 RDP	Social Housing, Flisp and RDP
Area B	6 blocks	Social Housing

Table 48: Other sites provided in Phase 1

Activity	Number
Mixed use low impact (shop)	1
Municipal, health and government	1
Education	1
Public Open Spaces	13
Commercial	1
Worship	3

Figure 38: Empangeni Mega Housing Project



The project is classified as a Catalytic project and it 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 the housing, social and economic needs of different income categories. The

layout plan for phase 1 has been approved while for stage 2 is still under-going planning process.

Table 49: Units per Phase for Empangeni Mega Housing

Phase	Number of Units	Housing Instruments
Phase 1A	488	Serviced Sites and Medium Density Residential
Phase 1B	592	RDP and High Density Residential
Phase 1C	665	Flisp and High Density Residential
Phase 2	8316	Planning
Total	10061	

Table 50: Other sites provided in Phase 1

Activity	Number
Mixed use low impact (shop)	1
Municipal, health and government	13
Education	3
Public Open Spaces	18
Conservation	5

Figure 39: Dumisani Makhaye Village Phase 6 & 8

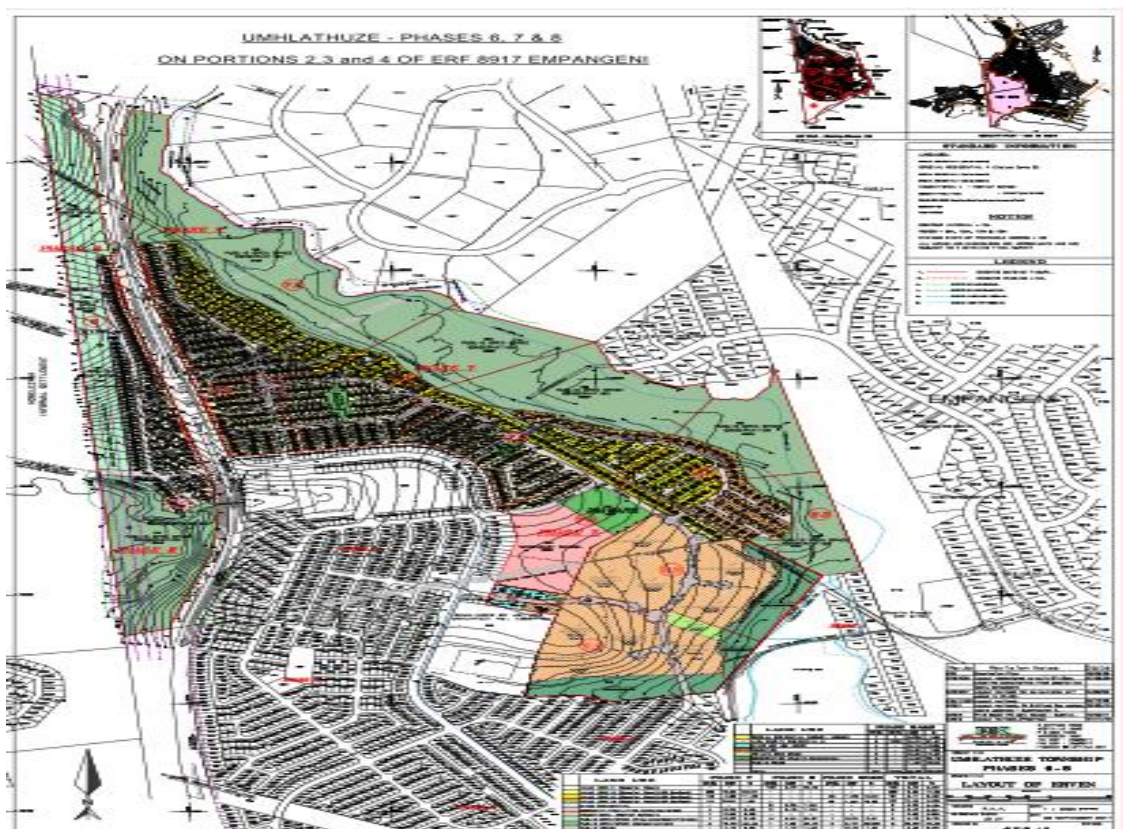


Table 51: Units per Phase for DMV

Phases	Number	Housing Instrument
Phase 6	1 102	Flisp and Social Housing
Phase 8	133	RDP

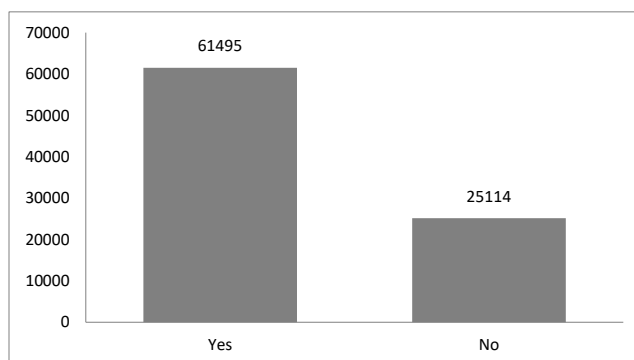
Table 52: Other sites provided in Phase 1

Activity	Number
Mixed use low impact (shop)	1
Municipal, health and government	13
Education	3
Public Open Spaces	18
Conservation	5

8.14 Telecommunications

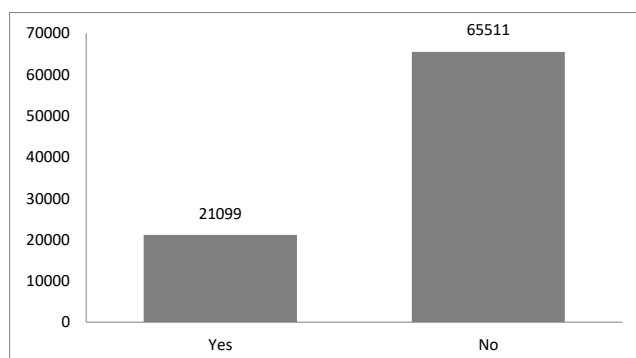
The 2011 census results indicate the following in respect of telecommunications.

Figure 40: Household Access to Radio



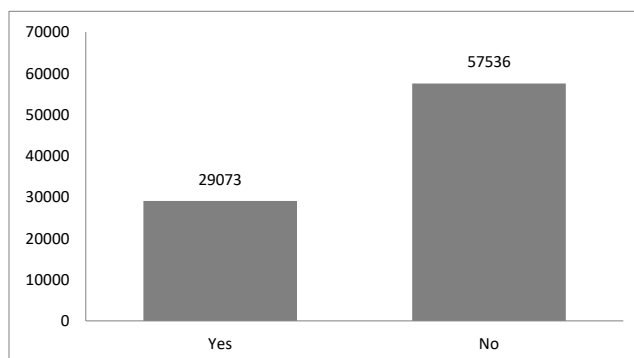
Source: 2011 Census

Figure 41: Household Access to Computer



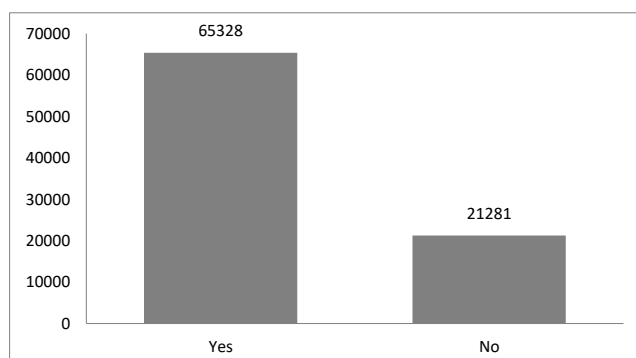
Source: 2011 Census

Figure 42: Household Access to Satellite Television



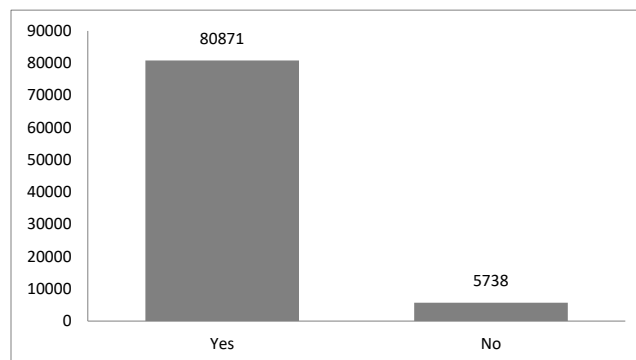
Source: 2011 Census

Figure 43: Household Access to Television



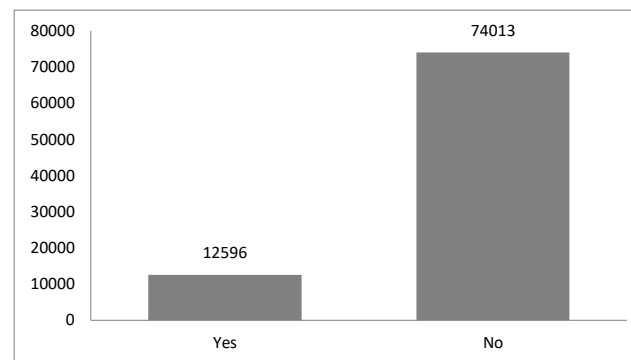
Source: 2011 Census

Figure 44: Household Access to Cellphone



Source: 2011 Census

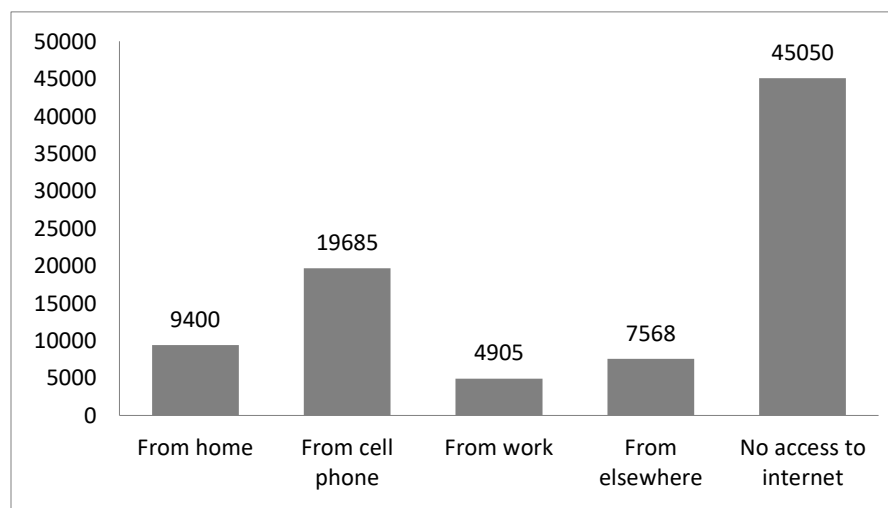
Figure 45: Household Access to Landline



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.

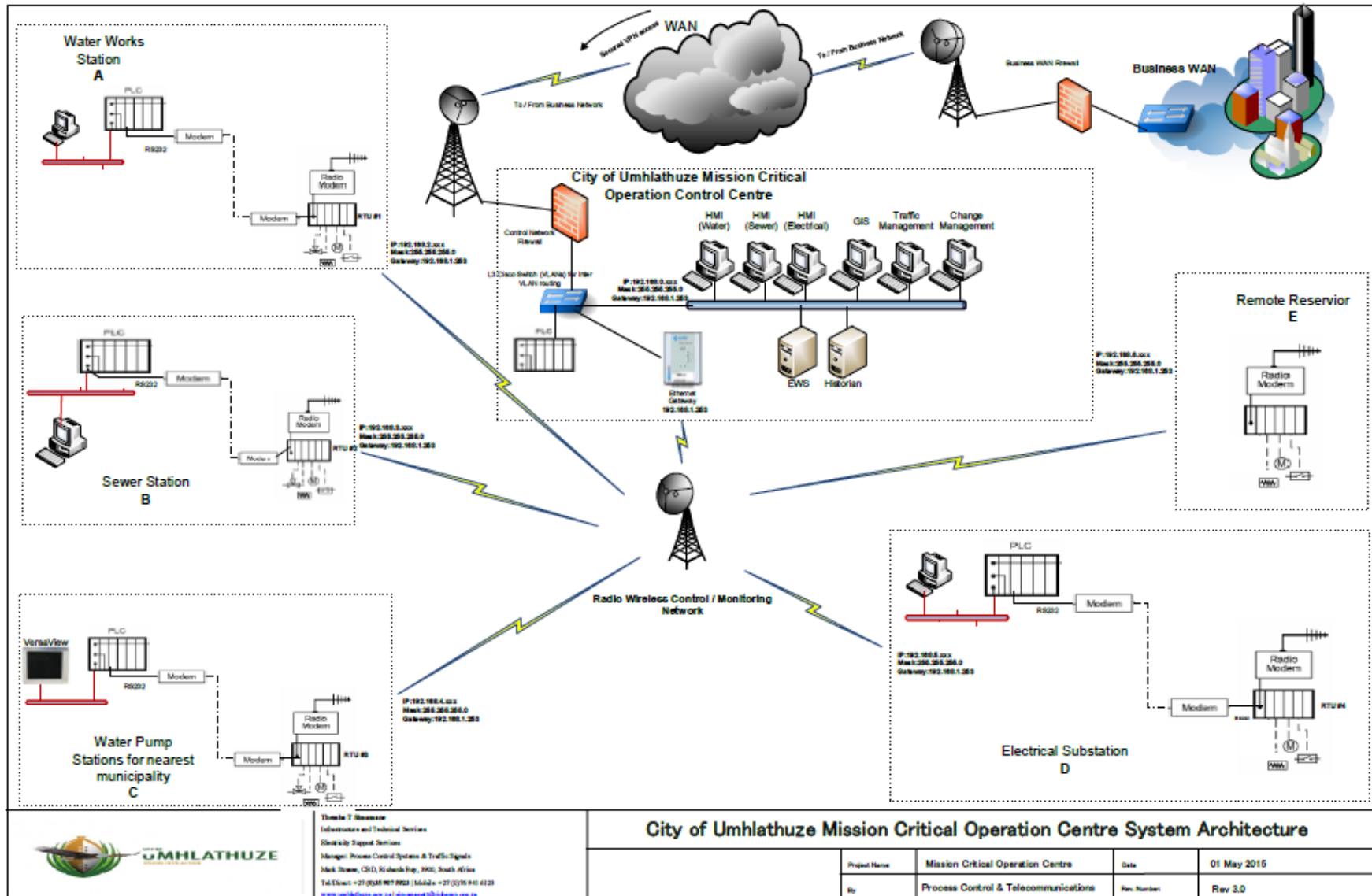
Figure 46: Household Access to Internet



Source: 2011 Census

8.14.1 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



8.15 2019/2020 MTREF capital budget by discipline-based service

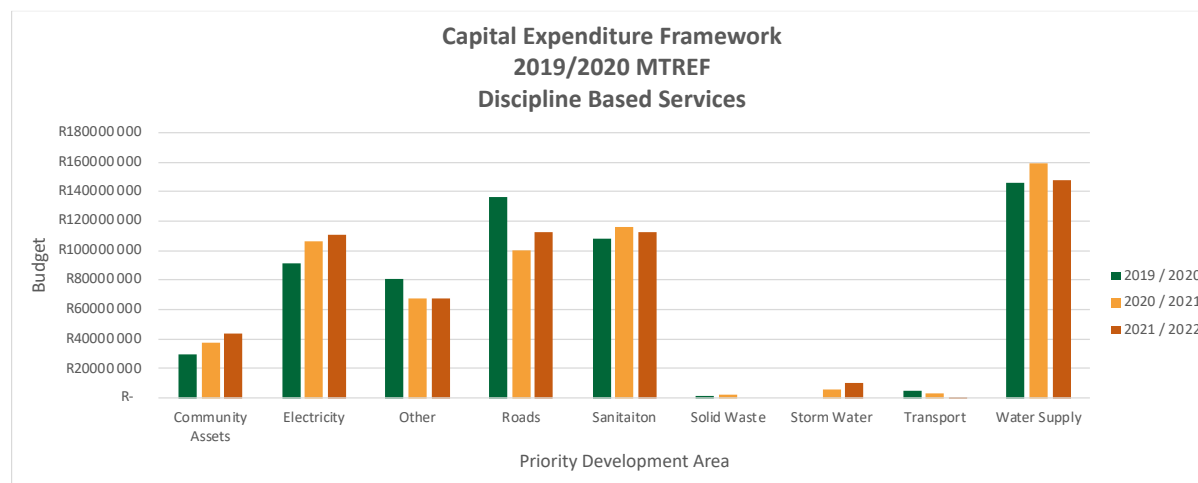
The following table and figures provide the MTREF capital budget by discipline-based services

Table53: 2019/2020 MTREF Capital Budget by discipline-based services

Discipline based services	2019 / 2020	2020 / 2021	2021 / 2022
Community Assets	R29 644 000	R37 756 000	R43 211 000
Electricity	R91 173 500	R106 432 200	R110 968 900
Other	R80 833 400	R67 190 500	R67 262 500
Roads	R136 008 000	R99 644 000	R112 569 000
Sanitation	R107 957 100	R115 877 100	R112 182 100
Solid Waste	R1 400 000	R2 600 000	R-
Storm Water	R-	R6 000 000	R10 000 000
Transport	R4 917 000	R3 007 000	R815 000
Water Supply	R145 600 000	R159 364 900	R147 948 100
Total	R597 533 000	R597 871 700	R604 956 600

Water Supply discipline represents a quarter of the Draft Capital Budget, followed by Sanitation and Roads with 19% then Electricity with 17%.

Figure 47: Capital Expenditure Framework – 2019/2020 MTREF



8.16 Service Delivery and Infrastructure: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ 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 	<ul style="list-style-type: none"> ○ 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
<ul style="list-style-type: none"> ○ 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. 	<ul style="list-style-type: none"> ○ 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

LOCAL ECONOMIC AND SOCIAL DEVELOPMENT ANALYSIS

8.17 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.

8.18 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.

8.18.1 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 2007, 2012 and 2017 in respect to economic active population in s for uMhlathuze and the other municipalities in the King Cetshwayo District.

Table 54: Economic Population

	Total Economically Active population			EAP growth rate			Average annual growth (2007-2017)
	2007	2012	2017	2007	2012	2017	
South Africa	18 007 069	18 739 171	21 839 604	2,8	2,2	2,5	1,95
KwaZulu-Natal	3 296 129	3 027 883	3 473 626	1,1	1,8	2,8	0,53
King Cetshwayo	258 037	226 303	273 446	0,4	1,9	2,9	0,58
uMfolozi	32 477	29 595	37 115	1,8	2,5	3,6	1,34
uMhlathuze	142 413	131 468	156 315	0,9	1,8	2,8	0,94
uMlalazi	44 316	37 266	45 957	0,1	1,7	2,9	0,36
Mthonjaneni	22 044	16 339	19 483	-1,9	1,2	2,5	-1,23
Nkandla	16 787	11 635	14 576	-2,8	2,6	3,9	-1,40

Source: IHS Markit, 2018

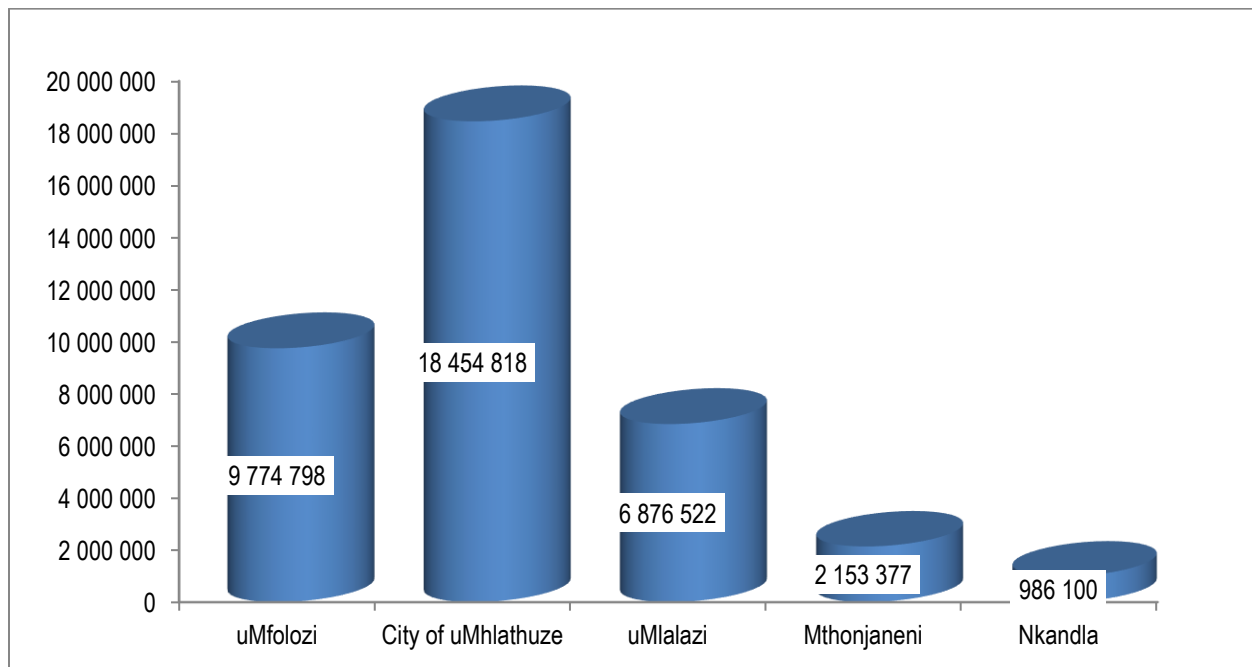
8.18.2 Economic Realities

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.

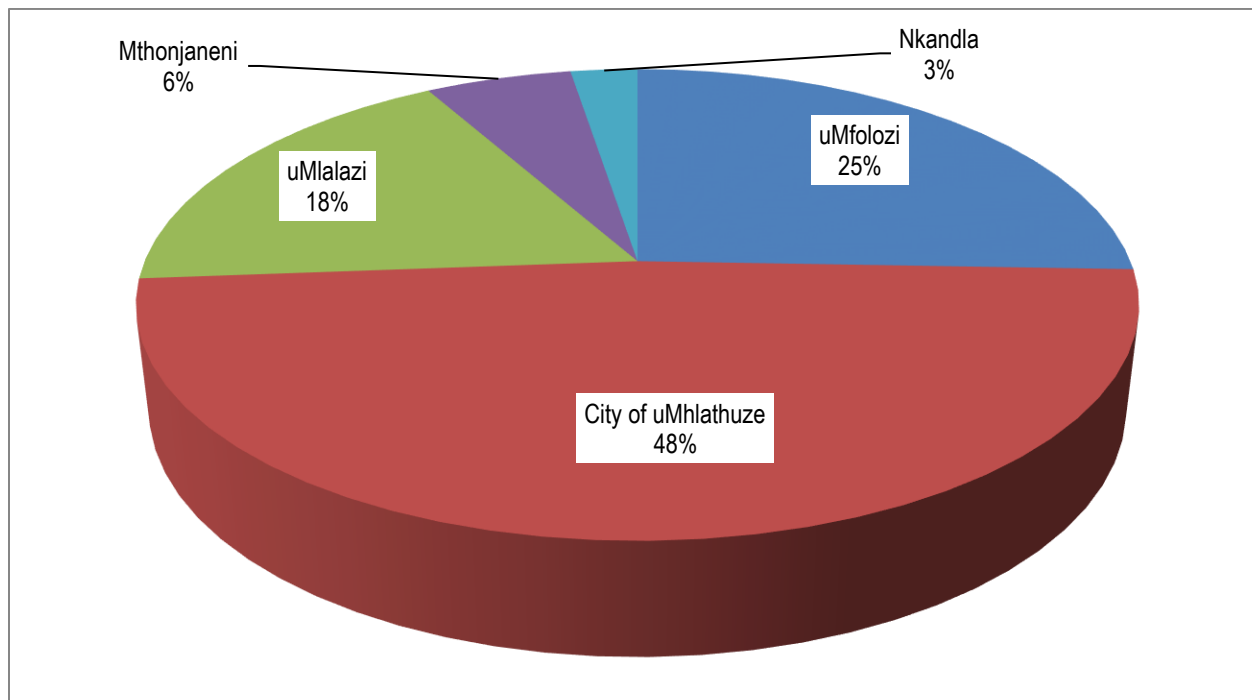
The following bar chart indicates the GDP contribution by uMhlathuze Municipality comparing to other local municipalities within King Cetshwayo District. It is evident that uMhlathuze remain the strong contributor to the district GDP, with 48% contribution.

Figure 48: GDP Contributions



Source: Global Insight 2015

Figure 49: % GDP Contribution



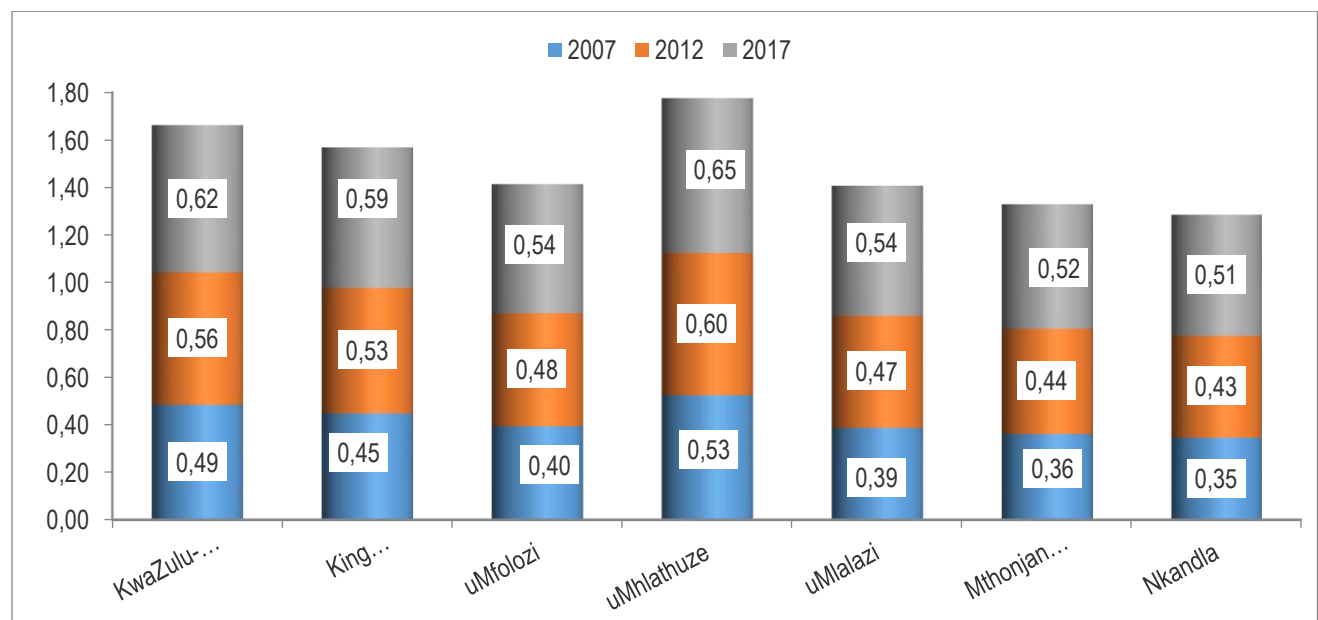
Source: Global Insights 2015

Human Development Index and Gini Coefficient

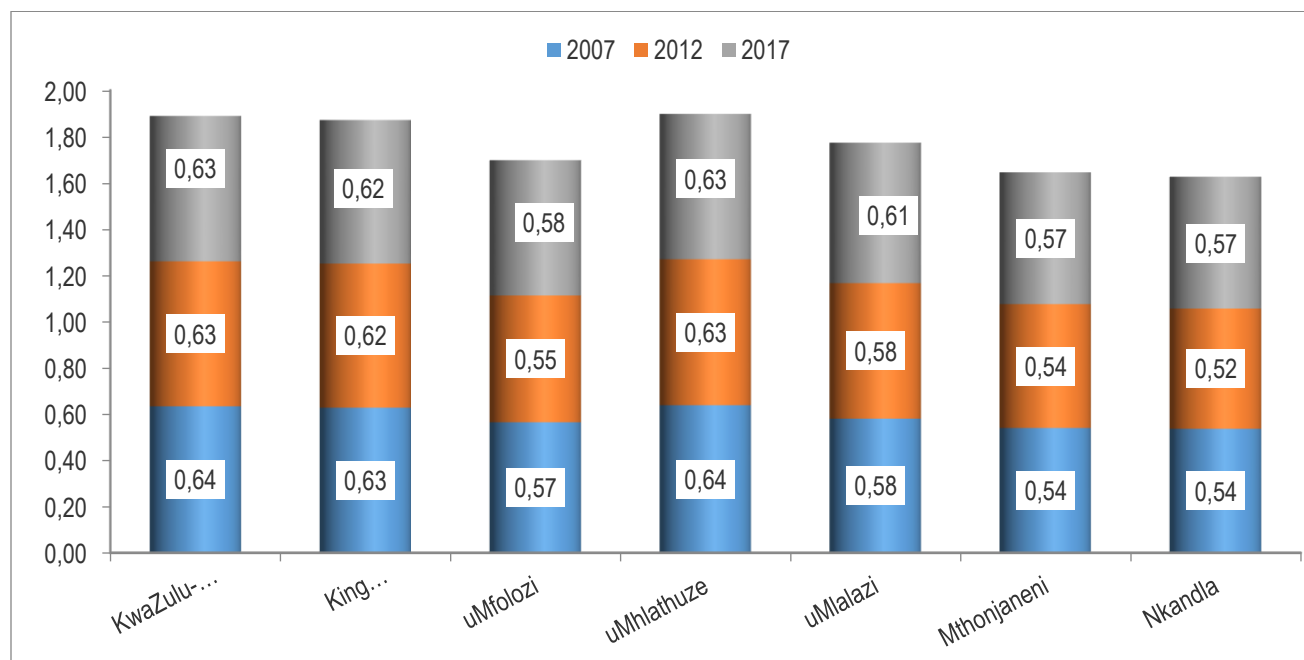
Measuring the life expectancy, literacy rates and income levels as proxy of quality of living, the Human Development Index (HDI) of uMhlathuze Municipality has remained the same since 2009 to 2015, at 0.63. The Human Development Index (HDI) is defined as a “composite, relative index which attempts to 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.

Figure 50: Human Development Index



Source: IHS Markit, 2018

Figure 51: Gini Coefficient

Source: IHS Markit, 2018

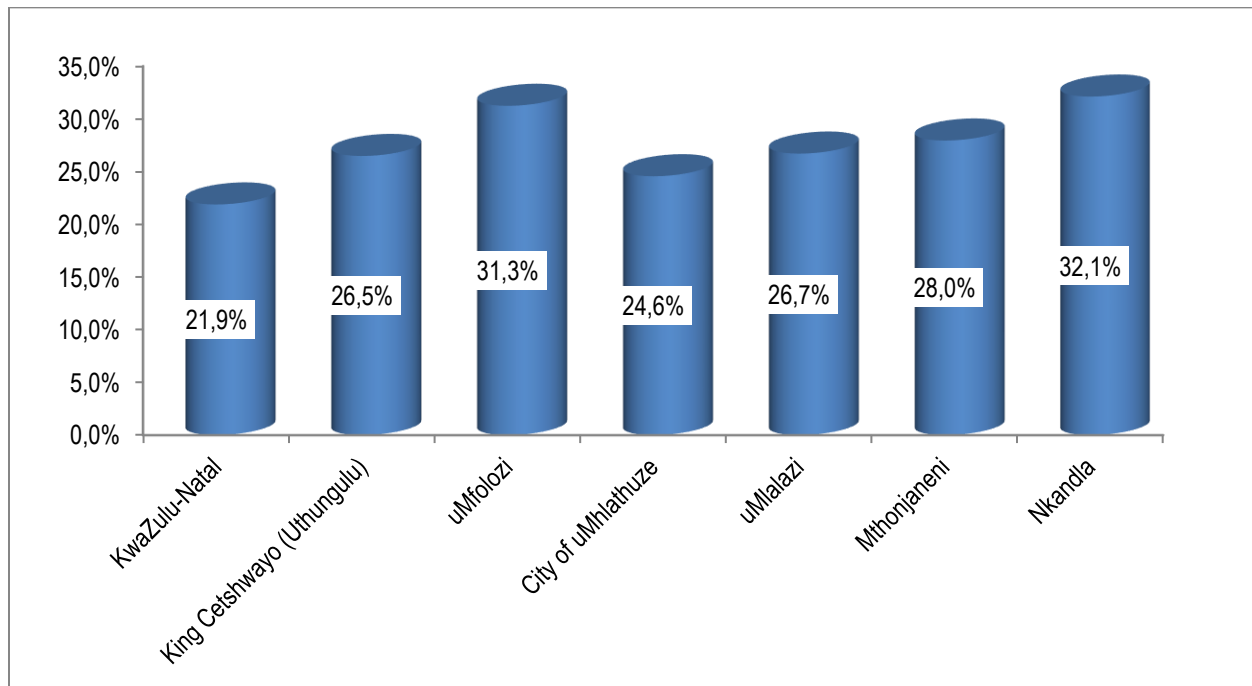
Income inequality is indicated by the Gini-coefficient. Income inequality in the King Cetshwayo District and Province has become less equal over time – from 0.64 in 2007 and decreased to 0.63 in 2012 up to 2017 in uMhlathuze Municipality.

8.18.3 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.

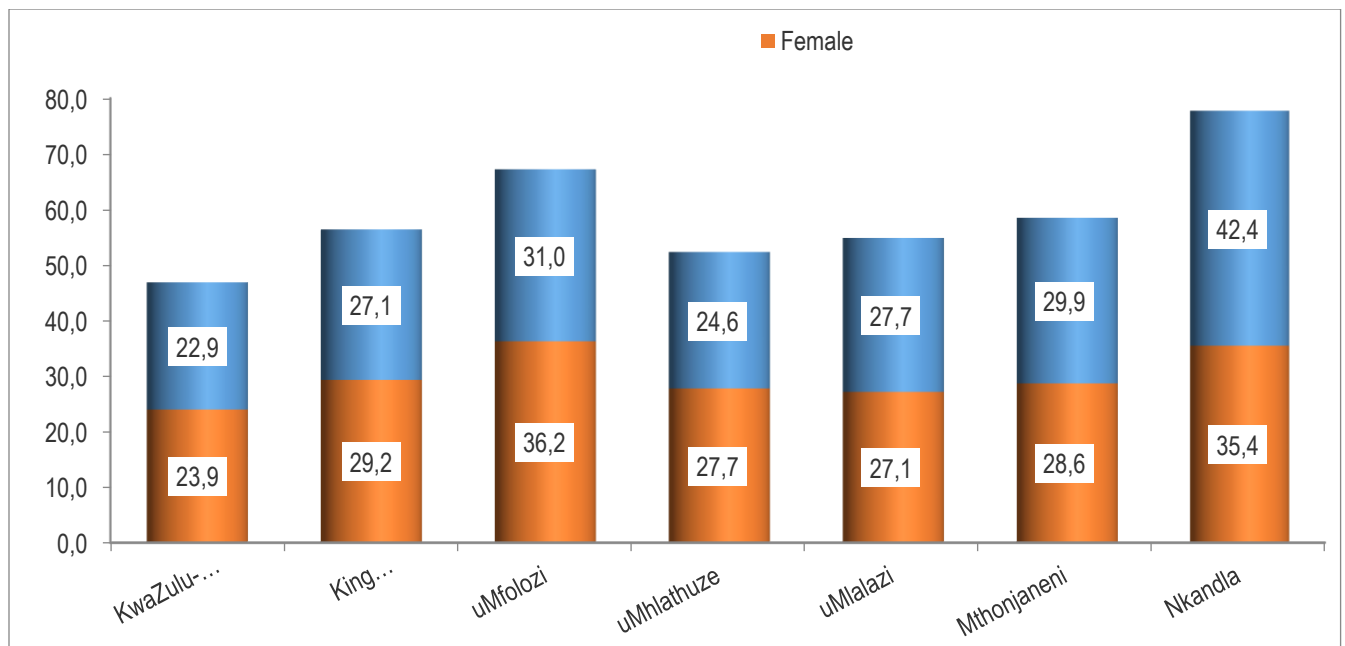
Job creation is not the core competency of the municipality however City of uMhlathuze is committed to radical economic transformation which entails making the environment conducive for investors.

Figure 52: Regional Unemployment



Source: Global insight 2015

Figure 53: Unemployment by Gender

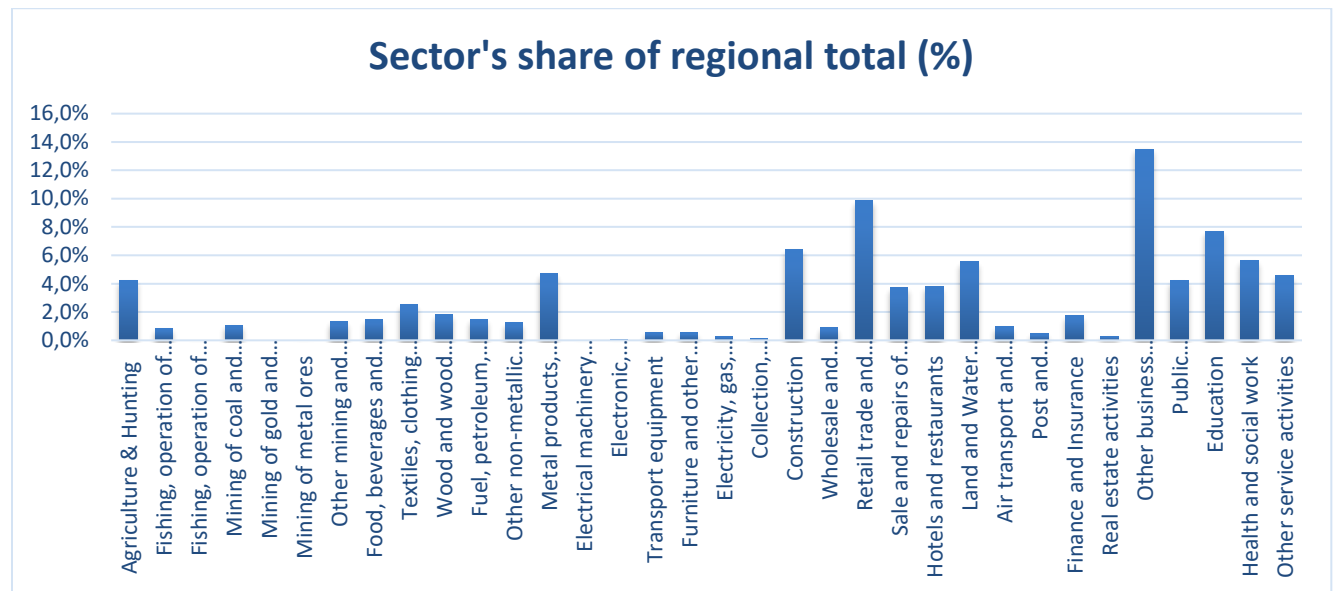


Source: IHS Markit, 2018

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.

Figure 54: Employment by Sector



Source: IHS Markit, 2018

Table 55: Formal and Informal Sector Employment

	Formal employmen †	Informal employmen †	Total employmen †	% share of King Cetshwayo formal employmen †	% share of King Cetshwayo informal employmen †
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

IHS Markit, 2018

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.

Figure 55: Formal and Informal Employment per Sector

	KwaZulu-Natal	King Cetshwayo	uMhlathuze
Primary sector	8,4	5,1	9,3
Agriculture	5,4	4,8	7,6
Mining	3,0	0,4	1,7
Secondary sector	18,5	20,7	24,2
Manufacturing	10,3	12,2	12,4
Electricity	0,6	0,4	0,2
Construction	7,6	8,1	11,5
Tertiary sector	73,2	74,2	66,6
Trade	21,5	22,1	18,8
Transport	5,3	6,0	7,0
Finance	16,8	13,5	13,3
Community services	21,5	23,6	20,3
Households	8,1	8,9	7,1

Source: IHS Markit, 2018

8.18.4 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

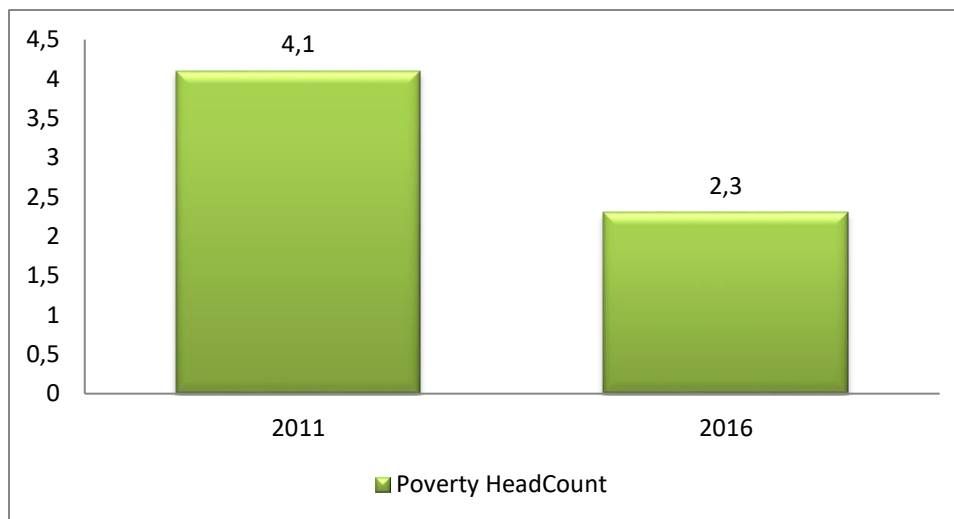
Source: IHS Markit, 2018

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.

8.18.5 Income and Dependency

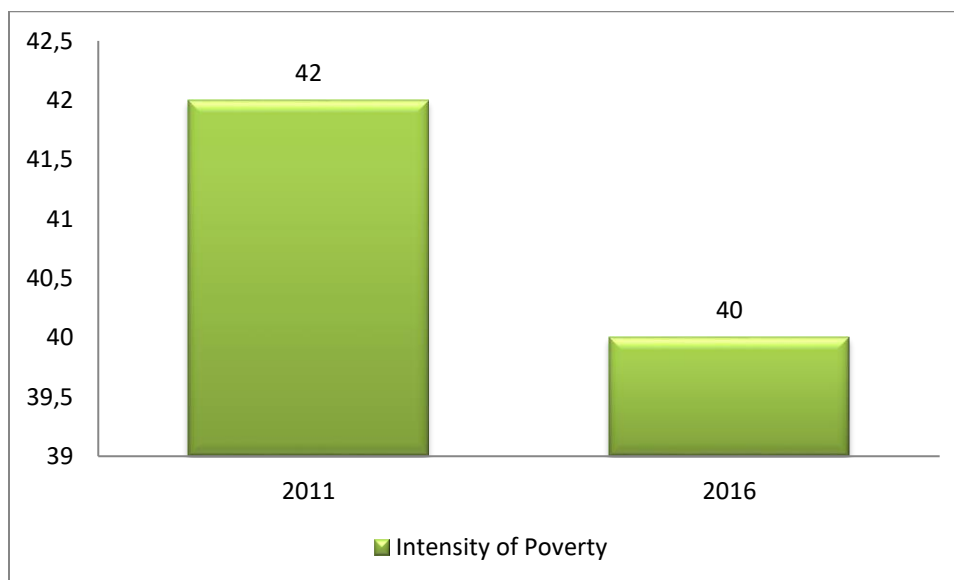
Income levels and the number of dependents have a significant impact on the ability of an employed person to meet the financial needs of his/her dependents. The number of dependents on a salary has a significant impact on the ability of the salary to meet basic needs. The following table provides the 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



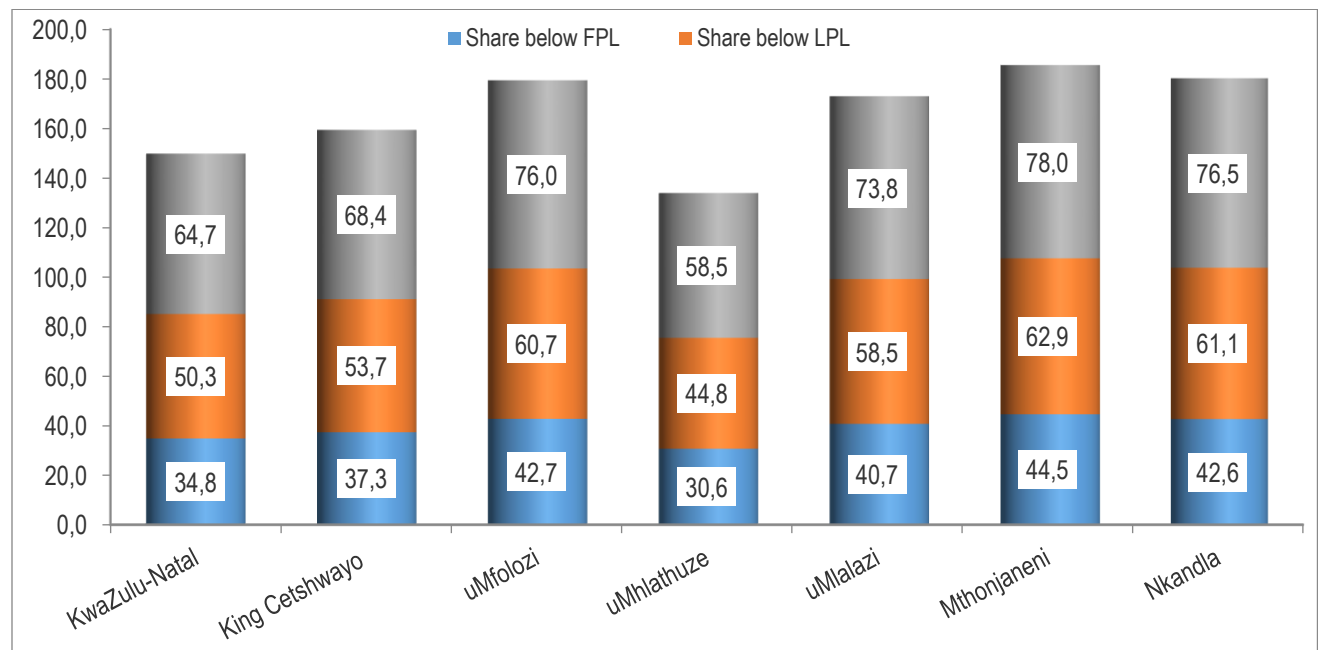
Source Global Insight 2015

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.

Figure 58: Poverty Development Indicators


Source: IHS Markit, 2018

Table 56: 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

8.19 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.

- o 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,
- o 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.
- o 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.

8.20 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.

8.20.1 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

8.20.2 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 57: 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	Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Business/ Enterprise Development								
1.	One-stop shop establishment			x				Completed
2.	Completion of local fund business case in partnership with SOEs and private sector			x				Completed
3.	Commodity resource plan		x					Deferred
4.	MOU with Productivity SA		x					Deferred
5.	MOU with PUM			x				Completed
6.	Review Policy Framework for procurement	x						Completed
7.	Establish Youth in Business Forum and Support Desk/Centre	x						Completed

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	2018/2019 Progress
		16/17	17/18	18/19	19/20	21/25	26/30	
Knowledge Management								
1.	Establishment of centralised knowledge repository			X				Underway
Spatial Planning								
1.	Set targets and implement land banking of strategic land parcels including privately owned land in line with SDF			X				Completed
Investment Promotion								
1.	Customized Incentives Toolkit for investment attraction		X					underway
2.	Integrated Investment Promotion Plan		x					underway
3.	Implementation of Investment Promotion Plan		X					underway
Green Economy								
1.	Green Economic Strategic Package for City of uMhlathuze				x			Deferred
2.	Water Relief Program and Alternative Sources					x		underway

Sector-Wide Priority Projects								
KCD - DGGP Goal: Job Creation PGDS Goal: Inclusive Economic Growth PGDS Goal: Environmental Sustainability								Strategic Objective: 1.2 and 1.4 Strategic Objective : 5.2 and 5.3
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	2018/2020 Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
1.	Pre-feasibility/ concept for IPTS		X					underway
2.	Localized climate change, mitigation and adaption strategy and phased implementation			X				Completed
3.	Revenue generation, cost-saving and diversification strategic projects	X						underway
4.	Integrated Public Safety Plan in partnership with private sector		X					Completed
5.	Feasibility for Long term Infrastructure Development Fund			X				Completed
6.	Creation of centralised database for unemployed		x					underway
7.	Long-term investment plan for catalytic projects			x				Completed

Sector-Wide Priority Projects							
KCD - DGDP Goal: Job Creation PGDS Goal: Inclusive Economic Growth PGDS Goal: Environmental Sustainability							
				Strategic Objective: 1.2 and 1.4 Strategic Objective : 5.2 and 5.3			
Performance Indicator	Annual targets (2016-2020)				Up to 2025	Up to 2030	2018/2020 Progress
	16/17	17/18	18/19	19/20	2021-2025	2026-2030	
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					Completed
2.	Implement Farmer Enterprise Development Model			x			
3.	One-stop business support shop for farming			x			
4.	Partnership with Department of Agriculture for the establishment agri-parks in the City		x				Deferred
Aggregation/ access to markets							

Sector-Wide Priority Projects										
KCD - DGDG Goal: Job Creation PGDS Goal: Inclusive Economic Growth PGDS Goal: Environmental Sustainability										Strategic Objective: 1.2 and 1.4 Strategic Objective : 5.2 and 5.3
Performance Indicator		Annual targets (2016-2020)					Up to 2025	Up to 2030	2018/2020 Progress	
		16/17	17/18	18/19	19/20	2021-2025	2026-2030			
1.	Collaborative partnerships (public & private sectors)			x					Ongoing	
2.	Pilot urban farmer model to promote and support urban agriculture			x					deferred	
3.	Feasibility for commercial goat farming in partnership with Department of Agriculture		x						Completed	
4.	Feasibility for honey production			x					Deferred	
5.	Feasibility for charcoal manufacture			x					Deferred	
6.	Development and implementation of poultry aggregation project				x					
7.	Negotiated supplier agreements with strategic partners				x					
Climate-resilient agriculture										

Sector-Wide Priority Projects									
KCD - DGDGP Goal: Job Creation PGDS Goal: Inclusive Economic Growth PGDS Goal: Environmental Sustainability					Strategic Objective: 1.2 and 1.4 Strategic Objective : 5.2 and 5.3				
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	2018/2020 Progress	
		16/17	17/18	18/19	19/20	2021-2025	2026-2030		
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 - DGDGP 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					Deferred
Agri-processing								
1.	Feasibility study for pineapple waste processing and other products based on national and international demand			x				Deferred

Tourism								
KCD - DGDG 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					Completed
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					Completed
Institutional strengthening								
1.	Capacity build CTO		x					Ongoing
2.	Capacity-build tourism forum		x					Ongoing

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						District function
2.	MOU with eThekweni Maritime Cluster		x					District function
3.	Plan of action for PCN		x					
4.	One-stop shop for business support – maritime				x			District function
5.	Local economic plan for proactive identification of opportunities for commodities and other products		x					District function
Enterprise Development								
1.	Feasibility study for local owner driver program to support local logistics and transport industry			x				Deferred
Maritime skills development								
1.	Detailed maritime skills profile		x					District function
2.	Support establishment of maritime school	x						Completed (city allocated site for the development of a maritime school by TVET)

Manufacturing							
KCD - DGDGP Goal: Job Creation PGDS Goal : Inclusive Economic Growth Strategic Objective 1.2							
Performance Indicator		Annual targets (2016-2020)				Up to 2025	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				Deferred
Investment Promotion Support							
1.	Investment Promotion Plan & Programme of Action		x				Underway
2.	Early Warning System to identify, track and trace strategic projects in the pipeline			x			Underway
Export Development							
1.	Export enhancement implementation plan			x			Underway (co-ordinated by TIKZN)

Township Economy							
KCD - DGDGP 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	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				Ongoing (construction incubation, business

								support, commercial retail space)
2.	Township growth index and economic profile			x				Deferred
3.	Township chamber forum			x				Deferred
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					Ongoing
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					Ongoing
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				Provincial Initiative

Wholesale, retail, trade and services							
KCD - DGDP Goal: Job Creation PDGS Goal: Inclusive Economic Growth							
Performance Indicator		Strategic objective : 1.2 , 1.3 and 1.5 Annual targets (2016-2020)				Up to 2025	Up to 2030
		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		
2..	Set targets for former marginalised communities (new retail space) and access model			x			Ongoing
3..	Set targets for localising retail mall ownership and conclude partnership with other spheres of government and SOEs			x			Ongoing
4..	Local sourcing commitment charter				x		
Informal trading							
1.	Master plan for informal sector growth, support and transformation with annual deliverables and outcomes			x			Ongoing
Other (alternative energy and water security)							

DGDP 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				Underway
2.	Implement alternative energy supply resource plan					x		
Water Security								
1.	Feasibility for sea water desalination and water reuse						x	

8.20.3 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 Economy Policy which also incorporate the regulation of street vendors, the policy was adopted by council in 2013 (attached as an annexure H 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

8.20.4 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

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);
- Employment Equity Act, 1998 (Act No. 55 of 1998);
- Code of Good Practice for Employment and Conditions of Work for Special Public Works Programmes;
- Ministerial Determinations 4: 4th May 2012, Expanded Public Works Programmes, issued in terms of Section 50 of the Basic Conditions of Employment Act 1997.

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- Division of Revenue Act (DoRA) 2017;
- Intergovernmental Governmental Relations (IGR) Framework Act, 2005 (Act No.13 of 2005);
- Local Government: Municipal Systems, 2000, (Act No 32 of 2000);
- Local Government: Municipal Finance Management Act, 2003, (Act No. 56 of 2003), (MFMA);
- Unemployment Insurance Act, 2001, (Act No. 63 of 2001) and;
- Compensation for Occupational Injuries and Diseases Act, 1993, (Act No.130 of 10 1993).
- 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:

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

EPWP Indicators as at March 2019

PROJECT FUNDER	PROJECT NAME	CONTRACT AMOUNT INCL VAT	PROJECT START DATE	ANTICIPATED COMPLETION DATE	NEW WORK OPPORTUNITIES	Jan-19		Feb-19		Mar-19		unskilled	Semi-skilled	Professional
DEPARTMENT OF HUMAN SETTLEMENT	AQUADENE INTERNAL BULK WATER	R 151,568,190.10	Jun-18	Dec-20	32	M	30	M	30	M	30	31	1	
						F	2	F	2	F	2			
						Y	19		19		19			
						M	22	M	22	M	22			
	MHLATHUZE VILLAGE HOUSING PROJECT PHASE 6 & 8	R 58,629,229.12	Jun-18	Jul-19	31	F	9	F	9	F	9	30	1	
							15		15		15			
	EMPANGENI MEGA IRDP-PHASE1 INTERNAL BULK SERVICE CIVIL WORK	R45,146 858.13	Nov-18	Feb-20	31	M	28	M	29	M	29	30	1	
						F	1	F	2	F	2			
						Y	13	Y	15	Y	15			
	EMPANGENI MEGA IRDP-PHASE2 INTERNAL BULK SERVICE CIVIL WORK	R 23,874,997.63	Jan-19	Jan-20	12	M	10	M	10	M	10	11	1	
						F	2	F	2	F	2			
						Y	7	Y	7	Y	7			

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EPWP	TENDER 8/2/1/UMH331 -17/18: MKHWANAZI NORTH PHASE 5 - RETICULATION ZONE U	R34 713 407,69	Mar-19	Aug-20	17	M	0	M	0	M	13	16	1	
						F	0	F	0	F	4			
						Y	0	Y	0	Y	8			
	TENDER 8/2/1/UMH401 -18/19: PAVING eSIKHALENI PARK	R426 397,00	Feb-19	Apr-19	4	M		M	4	M	4	3	1	
						F		F	0	F	0			
						Y		Y	2	Y	2			
PRIVATE SECTOR (INDUSTRIAL DEVELOPMENT ZONE) IDZ	BUSINESS DEVELOPMENT & SUPPORT PROJECTS				97	M		M		M				
						F		F		F				
						Y		Y		Y				
	ZONE DEVELOPMENT OPERATIONS PROJECTS				131	M		M		M				
						F		F		F				
						Y		Y		Y				

8.20.5 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.

8.20.6 Agricultural Support Plan

Council during **2018/2019** 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.

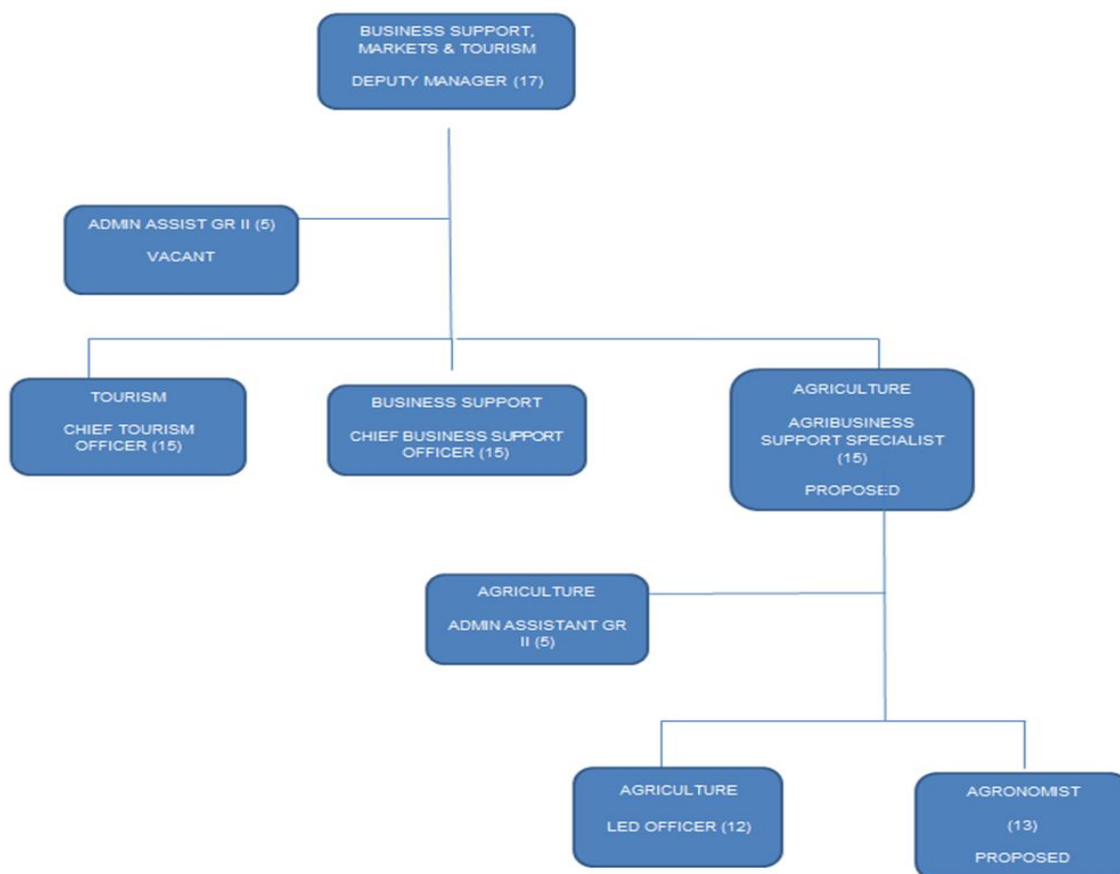
The stakeholder engagement

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 59: Agricultural Institutional Arrangements



8.20.7 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

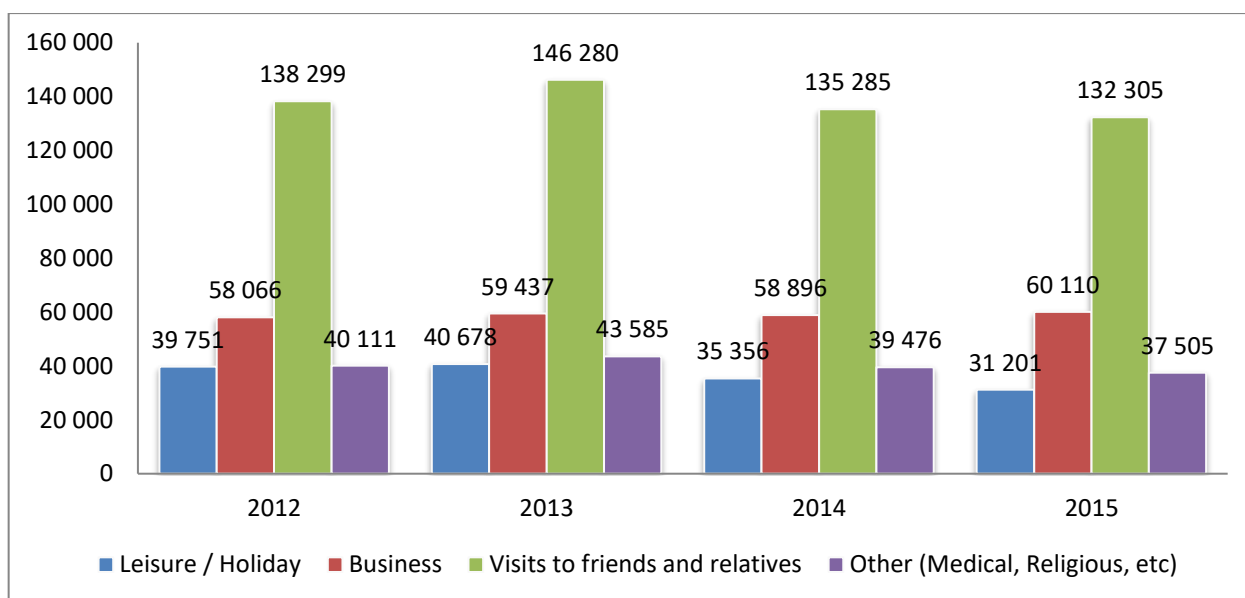
The city of uMhlathuze has amongst others the following key tourism areas:

- 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 60: 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 61: Tourism Spend

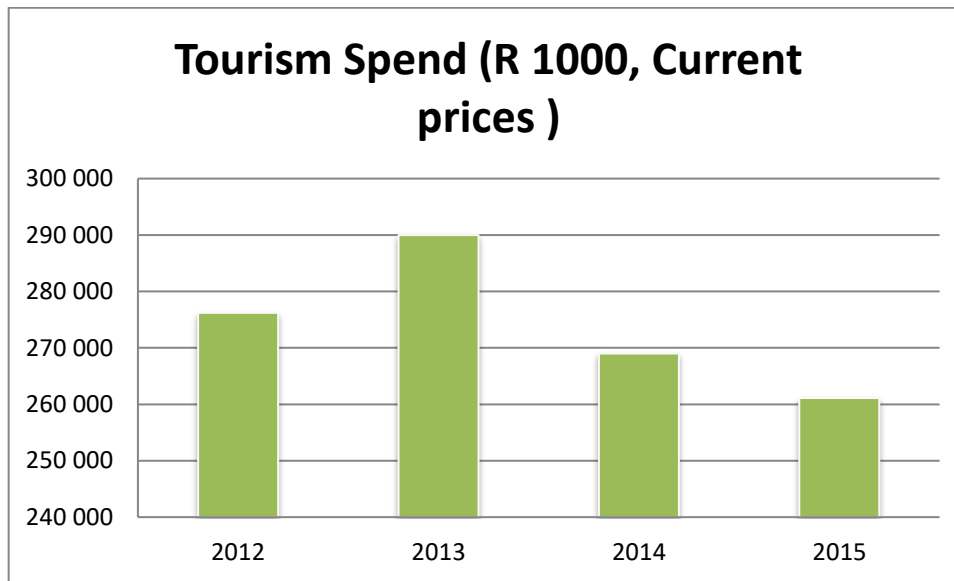
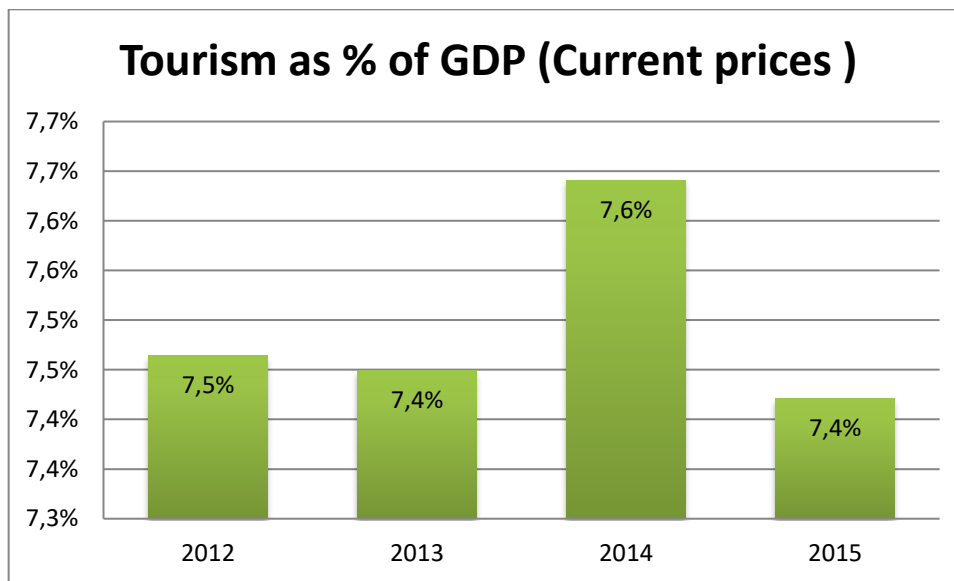


Figure 62: Tourism as % of GDP



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
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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	Average a year	Projection 2017* (issued January)
			Jan-June	2005-2016	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

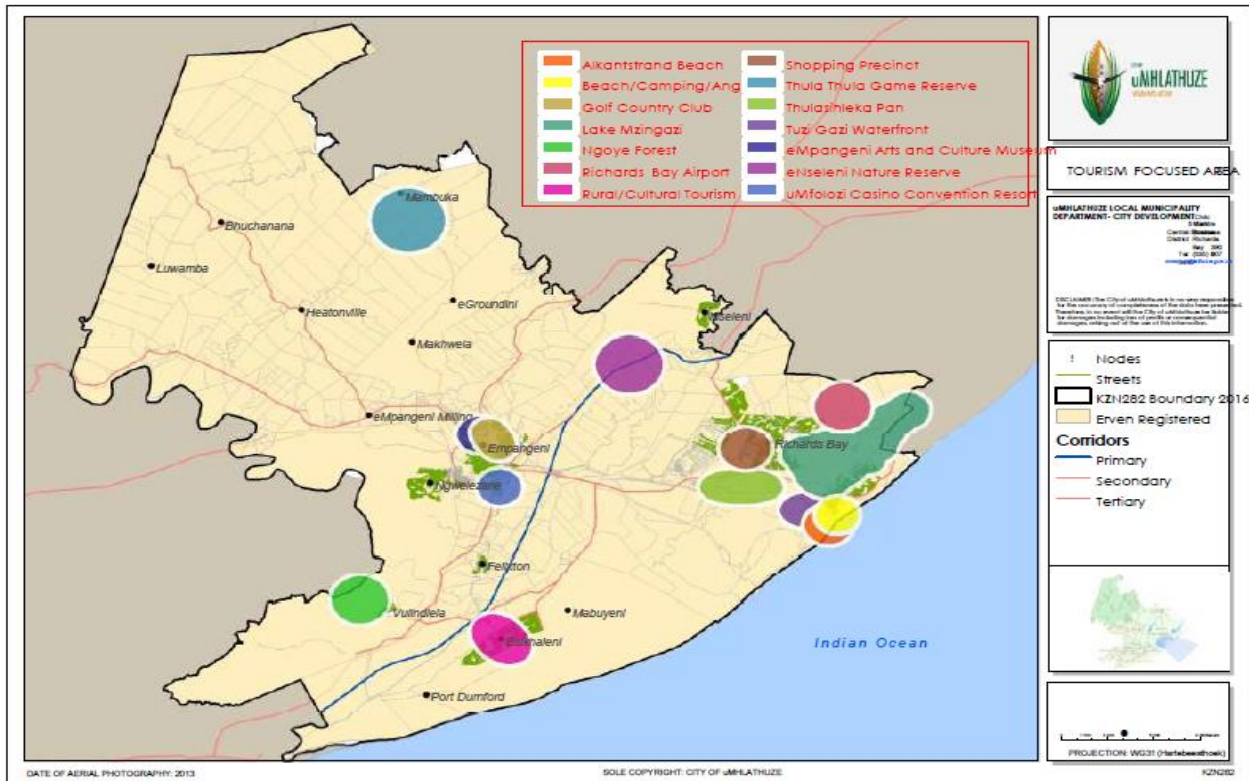
With the varied number of Events hosted in this area, the **Entertainment market** appears to be the largest market one can tap into. The city does not consist of the biggest shopping centres in the province; however, with effective marketing tools implemented the available retail outlets may have potential 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 30: 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

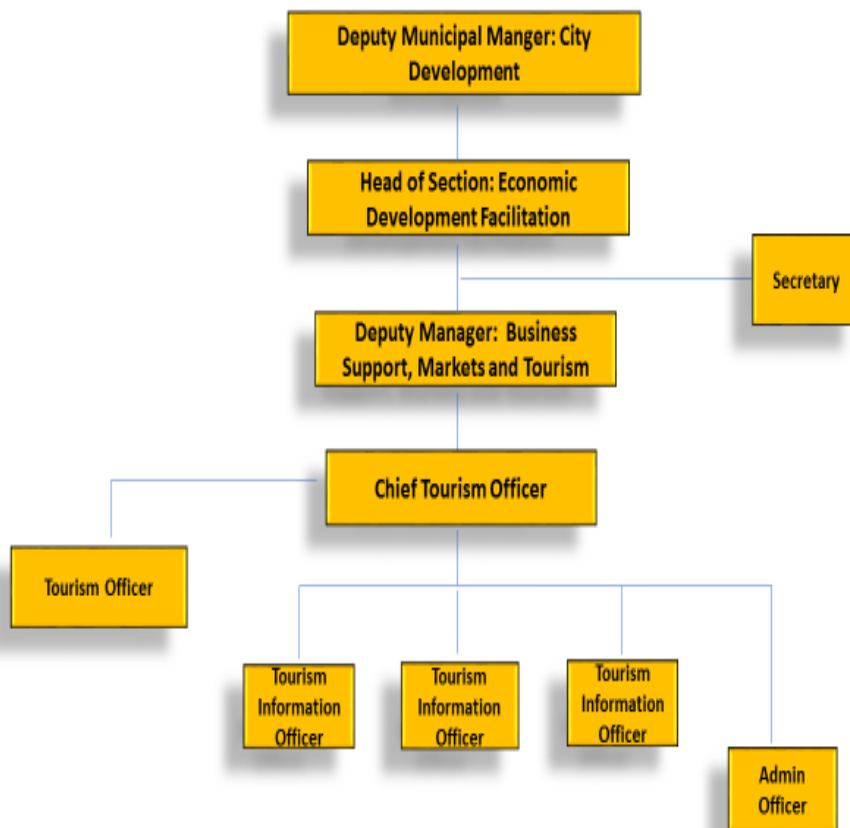
The strategy provides recommendations on the organisational structure that would best facilitate the optimal growth of Tourism in uMhlathuze Local Municipality. It acknowledged that without a clear institutional framework in place, tourism marketing programmes and projects will be implemented in an uncoordinated 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	<ul style="list-style-type: none"> 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 Long - term Short-term	HIGH
	The Development of a Suitable Tourist Signage	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

		<p>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.</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Conduct a semi-annual perceptual tracking study (Brand Image Study). 	ULM	R0,3m	Short-term	MEDIUM
		<ul style="list-style-type: none"> Conduct the Visitor Intercept Interview Program at sites throughout uMhlathuze on an annual basis. 	ULM		Short-term	
		<ul style="list-style-type: none"> Conduct annual inquiry conversion study. This study will explore the effect of advertising in stimulating both inquiries and visitation in uMhlathuze. 	ULM		Short-term	
		<ul style="list-style-type: none"> Conduct semi-annual economic impact study. 	ULM		Long-term	
Marketing Mechanisms	The recreation of the tourist/visitor guide	<ul style="list-style-type: none"> 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. Distribute the guide at the trade and exhibitions (such as the Tourism Indaba). Ensure usage of guide during roadshows and familiarisation tours. 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 	ULM, UCTO ULM, UCTO ULM, UCTO UCTO	R0,1m	Short-term	HIGH
	The Mobile Tourism Application	<ul style="list-style-type: none"> Develop a Mobile Tourism Application for uMhlathuze 	ULM		Short-term	

		<ul style="list-style-type: none"> • Provide updated information on existing routes 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. 	<p>ULM, UCTO</p> <p>ULM</p> <p>ULM</p> <p>ULM</p> <p>ULM</p> <p>UCTO, ULM, KCDM</p>		<p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p>	MEDIUM
The Online Strategy	Website Design	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	UCTO UCTO UCTO UCTO UCTO UCTO	R1,0m	Medium Term	HIGH

		tourism as a subject, Church groups, Tourism Students (Tertiary), Taxi Associations.				
	International Marketing	<ul style="list-style-type: none"> • 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) 	<p>UCTO</p> <p>ULM</p> <p>ULM</p> <p>UCTO</p>	R0,5m	Short-term	LOW

8.20.8 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.

8.20.9 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.

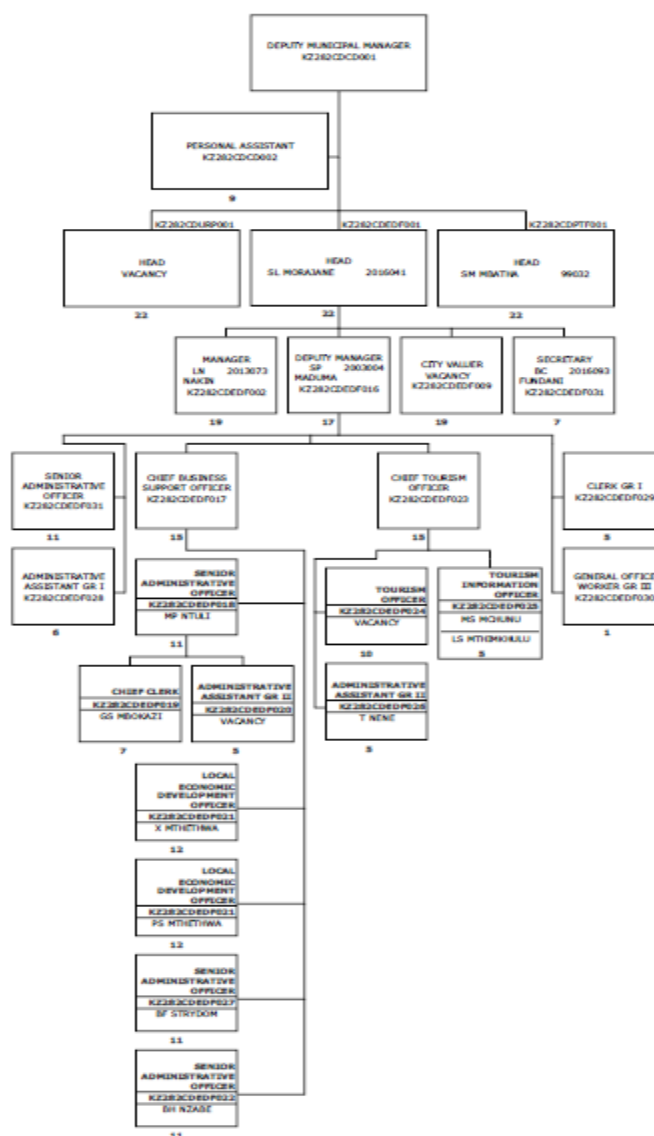
The benefits to industries located in the IDZ include:

- 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

Capacity Analysis for LED Programmes

The uMhlathuze Municipality's organogram provides for an LED Unit, the LED Unit is housed with other functions that includes Tourism under HOS: Economic Development. The LED Unit for the purposes of uMhlathuze Municipality is named Business Support and Markets. The staff compliment includes, Deputy Manager Business Support and Markets, Chief Tourism Officer, Chief Business Support Officer, X2 LED Officers and other supporting staff. About 98% of the approved LED posts in the organogram are filled. LED and Tourism reports are served before the City Development portfolio committee. **LED Unit is fully capacitated with no constraints to in assuming its functions.**

Figure 63: 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

LED Budgeted Proposed projects

- 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



8.21 Social Development Analysis

8.21.1 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 58: Poverty Eradication Initiatives

Poverty eradication Pillars	City of uMhlathuze's Initiatives
Social Protection	<ul style="list-style-type: none"> • 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 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	<ul style="list-style-type: none"> • The city has completed auditing of land owned by the municipality in order to re-distribute arable land to

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	<p>previously disadvantaged communities for agricultural and commercial purposes.</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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, 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	<ul style="list-style-type: none"> • 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.

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	<ul style="list-style-type: none"> • 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 accelerated investment and job creation. These projects include development of Richards Bay ICC, Establishment of a Business Support Park in eSikheleni, development of the Richards Bay Waterfront etc.
Skills Development	<ul style="list-style-type: none"> • 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.

8.21.2 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 59: Summary of Community Needs

Needs/Issues	Wards																																		
	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	Total
Beatification																							*												
Boundary Issues																																			
Broadband/Internet																																			
Bus shelters/Laybys											*							*						*										*	
By-Laws enforcement																																			
Cemetery																																			
Clinic	*				*			*		*	*			*	*			*					*	*	*				*		*	*			
Community Gardens and Fencing																																			
Community Halls/ Multi purpose							*	*		*			*								*		*	*	*	*		*		*	*	*	*	*	
ECD Centres							*	*	*	*	*		*		*					*	*					*				*		*	*	*	*
Electrical (Connections /upgrades)				*	*	*	*	*		*	*		*	*	*	*	*		*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Fire Station																																			
Housing										*		*		*																					
Informal trade facilities																																			
Investment attraction																																			
Jobs Opportunities										*	*																								
Library										*																	*								
Old Age facilities																																			
Paved Walkways																																			
Paypoint	*																										*								
Pedestrian Bridges					*									*										*										*	
Police Station																																			
Refuse Removal issues and dumping																																			
Roads (New/Upgrades/Repairs)	*	*		*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Safety and Security	*	*		*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sanitation Matters																																			
Schools and Related issues									*						*						*												*		
Shopping Mall																									*										
Skips , refuse bins				*	*	*	*	*	*				*	*	*			*		*	*	*	*				*								
SMMEs Development				*																															
Solar System																																			
Speedhumps					*			*							*	*	*				*					*								*	
Sports Field/floodlights				*	*	*	*	*	*	*	*			*		*	*	*	*	*	*	*	*	*	*	*	*		*	*			*	*	*
Street Name/Signage/Markings																								*										*	
Streetlights	*			*										*	*	*	*				*	*	*									*			
Strom Water																																			
Student Bursaries and Skills development														*																					
Swimming Pools																																			
Taxi Rank																																			
Title deeds																									*										
Tourism Development																																			
Traffic Management																																			
Transport System																																			
Truck Stop																																			
Water /Pipes			*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Youth Development																																			
Swimming Pools																									*										

8.21.3 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.

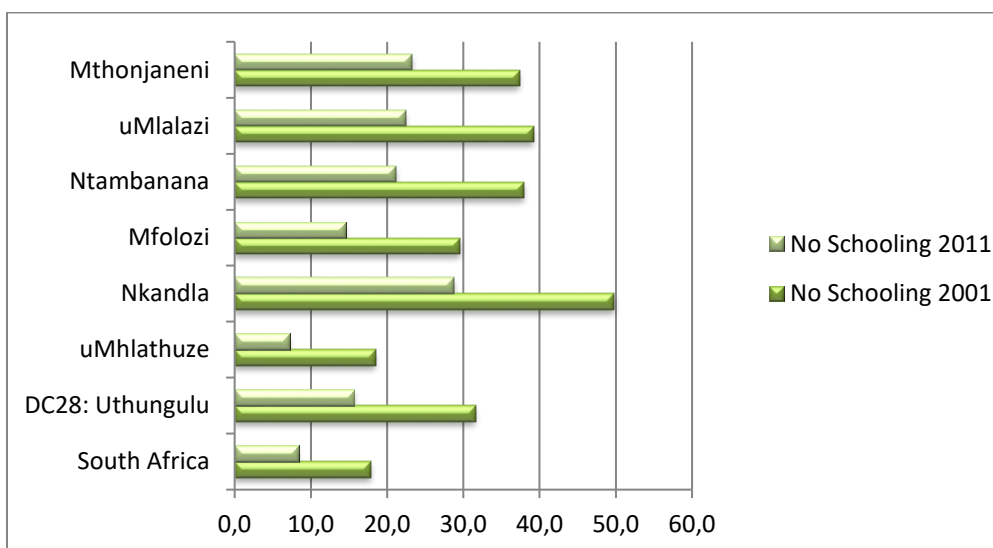
Table 60 : Comparative Education Levels

	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.

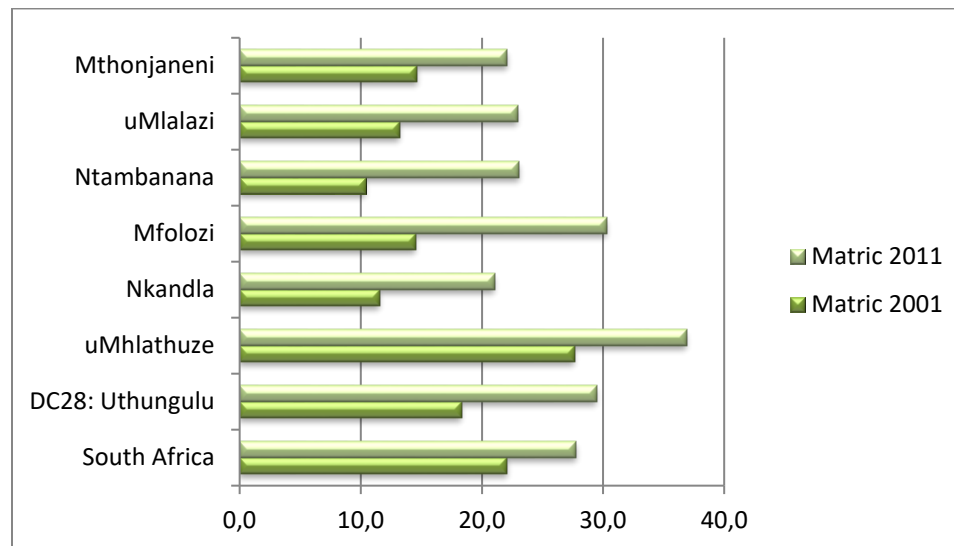
Figure 64: Persons with no Schooling



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 65: Persons with Matric



Source: Census 2011

Matric Pass rates – King Cetshwayo District

	2015	2016	2017	2018	2019
Matric Pass Rate	54.60	63.42	71.64%	73.8%	79.3%

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.

School Nutrition Program

The National School Nutrition Programme is a poverty alleviation strategy introduced in 1994 by government as part of the Reconstruction and Development Programme of the newly founded **democratic** Republic of South Africa.

The programme targets schools in the poorest communities and benefit multitude of learners. The NSNP has since been earmarked as one of the government strategies to alleviate hunger and poverty in the communities.

The programme thus contributes to the economic development of local people through co-operatives and small enterprises as service providers. The programme also contributes to economic development of local people through employment of Volunteer Food Handlers (Cooks) who prepare meals for the learners.

The ratio of 1 (food handler):200 (learners) up to maximum of 8 food handlers per school is applied to allocate food handlers in participating schools

All schools in the King Cetshwayo District receive the NSNP with the exception of schools in quantile 4 and 5. The table below indicate the number of schools and learners benefiting from the NSNP:

Department of Education - King Cetshwayo District				
	Number Of PRIMARY SCHOOLS	Number Of Special Schools	Number Of Sec. School	Total
Schools Participating in NSNP	428	5	176	609
Number of Learners benefiting from NSNP	163268	1199	88223	252690

Projects

Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
Amandosi Primary School	Design	Maintenance And Repair	2 754	325,00

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Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
Amandosi Primary School	Planning	Upgrades And Additions	2 400	372,00
Amangwe Secondary School	Ready For Tender	Upgrades And Additions	2 900	262,00
Bhekikusasa Secondary School	Pre-Feasibility	Refurbishment And Rehabilitation	2 500	904,00
Bhekukwazi Secondary School	Design	Upgrades And Additions	4 861	215,00
Brackenham Primary School	Planning	Upgrades And Additions	2 400	372,00
Imizikayifani Primary School	Construction 1% - 25%	Maintenance And Repair	10 058	723,00
Ongoye Secondary School	Design	Maintenance And Repair	6 010	723,00
Ntabeni Primary School	Design	Maintenance And Repair	5 415	723,00
Kangikho Primary School	Construction 1% - 25%	Maintenance And Repair	5 165	723,00
Dlamvuzo High School	Design	Maintenance And Repair	8 519	723,00
Injabuloyesizwe Primary School	Design	Maintenance And Repair	8 382	723,00
Esikhawini Hp	Tender	Maintenance And Repair	5 169	723,00
Amangwe Secondary School	Tender	Maintenance And Repair	5 106	723,00
Mntonokudla Secondary School	Tender	Maintenance And Repair	6 294	723,00
Nsiwa Primary School	Design	Maintenance And Repair	4 906	723,00
Thambolini Secondary School	Design	Maintenance And Repair	8 088	723,00
Qantayi Secondary School	Design	Maintenance And Repair	7 774	723,00
Empangeni High School	Practical Completion - 100%	Maintenance And Repair	4 494	25,00
Empembeni Primary School	Design	Maintenance And Repair	3 097	77,43
Zenzeleni Mashamase Secondary School	Construction 1% - 25%	Maintenance And Repair	4 100	723,00
Umdlamfe Secondary School	Construction 1% - 25%	Maintenance And Repair	7 279	723,00
Exhaphozini Primary School	Design	Maintenance And Repair	7 052	723,00
Amabuye Primary School	Design	Maintenance And Repair	3 464	723,00
Matamzana Dube Secondary School	Design	Maintenance And Repair	7 509	723,00
Zicabangele Primary School	Design	Maintenance And Repair	2 839	723,00
Sigisi Primary School	Construction 1% - 25%	Maintenance And Repair	4 786	723,00
Mambuka Primary School	Design	Maintenance And Repair	2 260	723,00
Phesheya Primary School	Design	Maintenance And Repair	1 794	723,00
Dover Combined School	Design	Maintenance And Repair	1 317	723,00
Khombindlela High School	Design	Maintenance And Repair	1 215	723,00
Izibuko Secondary School	Practical Completion - 100%	Refurbishment And Rehabilitation	3 345	
Thembelihle Primary School	Design	Maintenance And Repair	752	723,00
Kangikho Primary School	Planning	Upgrades And Additions	2 400	372,00
Ziphozonke Primary School	Design	Maintenance And Repair	5 889	723,00
Khandisa Primary School	Design	Maintenance And Repair	6 672	325,00
Khula Secondary School	Design	Upgrades And Additions	4 807	3 498,31
Thanduyise Secondary School	Design	Maintenance And Repair	8 596	723,00

uMhlathuze Local Municipality: Draft IDP Review 2020/2021

Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
Nkosazana Primary School	Design	Maintenance And Repair	3 460	723,00
Heuwelland Primary School	Design	Maintenance And Repair	24	723,00
Grantham Park Primary School	Design	Maintenance And Repair	24	723,00
Diangezwa Secondary School	Design	Maintenance And Repair	21 215	723,00
Gwejobomvu High School	Design	Maintenance And Repair	6 910	100,00
Hlamvana High School	Design	Maintenance And Repair	4 841	100,00
Ilembe Primary School	Design	Maintenance And Repair	4 738	100,00
Khula Secondary School	Design	Maintenance And Repair	10 058	100,00
Bhekikusasa Secondary School	Tender	Maintenance And Repair	4 266	51,24
Nhlangenyuke Primary School	Design	Maintenance And Repair	5 149	50,99
Manzimpofo Primary School	Planning	Upgrades And Additions	2 400	372,00
Aquadene Secondary School	Design	Maintenance And Repair	3 850	560,00
Matamzana Dube Secondary School	Planning	Upgrades And Additions	2 400	372,00
Matamzana Dube Secondary School	Construction 76% - 99%	Upgrades And Additions	5 474	157,50
Mbuyiseni High School	Planning	Upgrades And Additions	2 400	372,00
Mevamhlophe High School	On Hold	Upgrades And Additions	2 400	480,00
Mkhobosa Primary School	On Hold	Upgrades And Additions	2 400	480,00
Muntionokudla Secondary School	Ready For Tender	Upgrades And Additions	2 900	262,00
Mzingwenya Primary School	Design	Upgrades And Additions	32 183	7 417,46
Ncombo Primary School	Planning	Upgrades And Additions	2 400	372,00
Nguluzana Primary School	Design	Upgrades And Additions	6 178	940,48
Nongweleza High School	Design	Maintenance And Repair	2 531	400,00
Nongweleza Secondary School	Pre-Feasibility	Refurbishment And Rehabilitation	2 500	904,00
Macekane Primary School	Design	Maintenance And Repair	1 798	560,00
Madlankala Primary School	Design	Maintenance And Repair	5 785	560,00
Ongoye Primary School	On Hold	Upgrades And Additions	2 400	480,00
Phembokuhle Junior Primary School	Planning	Upgrades And Additions	2 400	372,00
Qantayi Secondary School	Terminated (Construction)	Refurbishment And Rehabilitation	35 167	2 437,00
Qhamuka High School	Tender	Refurbishment And Rehabilitation	8 558	
Qhamuka Secondary School	Construction 76% - 99%	Upgrades And Additions	7 150	306,60
Qhubandaba Primary School	Design	Maintenance And Repair	10 412	400,00
Mkhobosa Primary School	Design	Maintenance And Repair	8 242	560,00
Sabokwe Primary School	Design	Maintenance And Repair	5 303	29,11
Mzingwenya Primary School	Design	Maintenance And Repair	7 771	560,00
Siphumelele Secondary School (Meer-En-See)	Construction 26% - 50%	New /Replacement Infrastructure Assets	121 561	8 241,00

Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
Siyabonga Secondary School	Design	Maintenance And Repair	4 928	723,00
Siyabonga Secondary School (Kwadlangenzwa)	Planning	Upgrades And Additions	2 400	372,00
Siyakhanyisa Primary School	Design	Upgrades And Additions	25 125	2 000,00
Ncombo Primary School	Design	Maintenance And Repair	6 537	560,00
Somopho Primary School	Design	Maintenance And Repair	5 023	26,22
Somopho Primary School	Project Initiation	Refurbishment And Rehabilitation	10 583	1 728,00
Thuthukani Special School	Tender	Maintenance And Repair	19 562	385,00
Vondlo Junior Primary School	Planning	Upgrades And Additions	2 400	372,00
Wood And Raw Primary School	Design	Maintenance And Repair	374	110,00
Zicabangele Junior Primary School (Kwadlangenzwa)	Planning	Upgrades And Additions	2 400	372,00
Zululand Special Projects, Cottages	Tender	Upgrades And Additions	30 000	4 500,00

Below is the table indicating infrastructure backlog for each school within uMhlathuze Municipality:

Table 61: Education Infrastructure Backlogs

Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classrooms	Grade R Classrooms	Multipurpose Classroom s including Laborator ies 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
AMABUYE S	13	S	8	12	0	0	3	1	1	2	5	0	1	8	6	2	1	0	0	0
AMANDOSI P	22	P	R	7	2	1	2	1	1	6	5	0	1	10	8	6	2	0	0	0
AMANGWE H	24	S	8	12	0	0	1	0	0.5	2	4	0	1	6	4	2	1	0	0	0
BAJABULILE P	16	P	R	7	9	2	4	1	1	3	7	0	1	14	14	3	2	0	0	0
BINGOMA P	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
DLANGEZWA H	30	S	8	12	0	0	2	0	0	0	8	0	1	14	10	6	2	0	0	0
DOVER C	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
EMPEMBENI P	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
GOBANDLOVU P	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
IEMBE 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
INGWENI P	27	P	R	7	3	6	4	1	1	5	7	1	1	14	14	4	2	0	0	0
INIWE S	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
ISIKHALASENKOSI JS	18	S	8	12	0	0	0	0	0	1	4	0	1	6	4	0	1	0	1	0
KANGIKHO P	25	P	R	5	4	4	3	1	1	6	6	1	1	14	10	4	2	0	0	0
KHANDISA P	30	P	R	7	3	2	3	1	1	0	6	0	1	14	10	3	2	0	0	0
KHOMBINDELA H	28	S	8	12	13	0	4	0	0	8	8	1	1	14	14	0	2	0	0	0
KHULA H	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 Classrooms	Grade R Classrooms	Multipurpose Classrooms 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
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
MASHANANDANE S	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
ONGOYE P	11	P	R	7	0	0	1	0.5	0.5	2	3	0	1	4	4	3	1	0	0	0
ONGOYE S	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
RHESHEYA 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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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 MASHAMASE S	11	S	8	12	0	0	3	1	1	2	5	0	1	8	6	4	1	0	0	0
MVUZEMVUZE P	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
ZICABANGELE P (KWADLANGEZWA)	11	P	R	7	0	1	1	1	1	3	4	0	1	6	4	0	1	0	0	0
PHEMBOKUHELE 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
AQUADENE P		P	R	7	21	4	3	1	1	7	6	1	1	14	10	6	2	1	1	1
WATERSTONES S		S	8	12	25	0	6	1	1	8	8	1	1	14	10	6	2	1	1	1

8.21.4 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

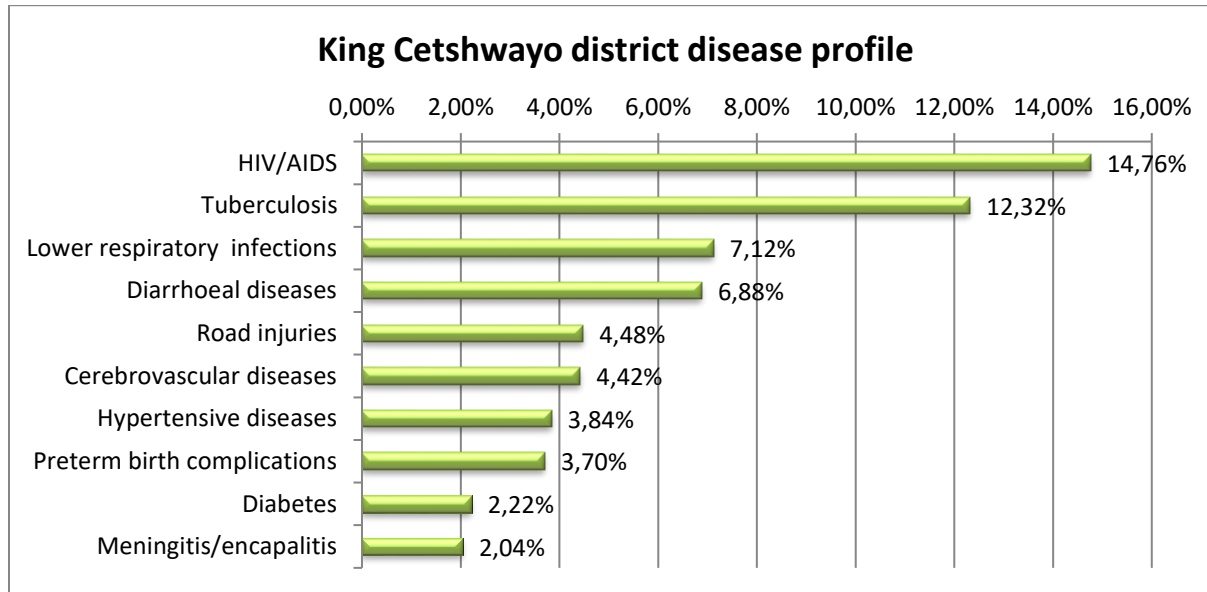
King Cetshwayo District Health office working together with municipalities in the King Cetshwayo District municipality will continue improving on initiating ARTs to all eligible clients and the Implementation of Universal Test and Treat (UTT). Male Circumcision programme is also implemented. The district to continue implementing and monitoring the 90-90-90 DIP. The district is doing well on TB management with the TB (new pulmonary).

Table 62: HIV/AIDS Statistics

	Number of people living with HIV			Proportion of people living with HIV as the total size of population			Number of AIDS Deaths estimates		
	2007	2012	2017	2007	2012	2017	2007	2012	2017
KwaZulu-Natal	1 565 260	1 641 759	1 814 099	15,7	15,7	16,3	86 320	65 084	34 009
King Cetshwayo	147 802	146 893	158 200	16,3	16,0	16,5	8 158	5 813	2 970
uMhlathuze	62 371	63 135	70 275	17,2	16,9	17,2	3 335	2 453	1 296

Notable there is an increase in HIV Prevalence and a decrease in the number of deaths. The district is working closely with municipalities in implementing initiatives that are aimed at fighting this pandemic.

Figure 66: Disease Profile



Source: King Cetshwayo Health District

Table 63: 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:	Reduce by three-quarters, between 1990	Maternal mortality ratio (only facility mortality ratio)

Improve Maternal Health	and 2015, the maternal mortality rate	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

Environmental Health By-Law

Environmental Health and Health services are a function of the District Municipality and they are responsible for development and enforcement of health by-laws. However before the function was transferred to the district municipality, uMhlathuze municipality had an existing health bylaw, **Refer to 13.1.7 for a list of municipal by-laws.**

8.21.5 Safety and Security

Integrated Public Safety Strategy

uMhlathuze Municipality has an adopted an Integrated Public Safety Plan in 2018 . The plan is attached to the IDP.

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.

Priorities

- Establishment of a Drivers Licence Testing Centre - Grade A

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.

8.21.6 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)**
- Brackenhams 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 Mondl Eisteddfod. Artwork is also purchased and added to the municipal assets, the value of which increases every year. Through 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.

8.21.7 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 64: 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
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Table 65: 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
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

ACTIVITY	PURPOSE	RESPONSIBILITY
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 & Departments	LTT, Government departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations

8.21.8 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 gets to be 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 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 was 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. Conference is held in every five years, linked to term of council office. uMhlathuze hosted its conference on the first and second of June 2017, which provided 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 HIV/AIDS. The Municipality has been able to establish 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 66: 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 school children and 50 adults	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 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

8.22 LED and Social Development: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> 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. 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 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS

8.23 Capability of the Municipality to execute Capital Projects

Procurement plans to expedite the implementation of the procurement process for the 2020/2021 MTREF 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.

The project team has been established to expedite the capital expenditure and to ensure any challenges for example delays are addressed and resolved.

Table 67: Capital Expenditure for the Previous Years

FIN YEAR	Y	BUDGET	ACTUAL	AVAILABLE	% SPENT
2018/2019 Adjustment	0	586,328,400	251,481,636		43, 54%
2017/2018 Adjustment	1	570 504 800	247 249 973		43, 47%
2016/2017	2	548 195 800	507 829 563	(40 366 237)	92, 64%
2015/2016 Adjustment Budget	3	501 161 000	393 502 000	107 658 000	78%
2014/2015 Adjustment Budget	4	489, 307 400	454 373 000	43 635 000	91%
2013/2014	5	467, 889 900	254 716 481	213 267 119	54%

Table 68: Proposed Capital Funding

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funded by:									
National Government	127 220	137 671	105 800	182 989	173 051	173 051	183 857	146 789	165 376
Provincial Government	10 365	541	–	8 243	8 243	8 243	–	8 000	8 000
District Municipality	5 625	–	–	–	–	–	–	–	–
Transfers recognised - capital	143 210	138 212	105 800	191 232	181 294	181 294	183 857	154 789	173 376
Borrowing	204 961	9 969	265 391	–	50 608	50 608	157 000	143 000	154 000
Internally generated funds	159 738	352 341	145 489	406 301	391 004	391 004	330 977	296 000	327 000
Total Capital Funding	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376

Detail Investment Information

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R63 million, R65 million and R67 million for the respective three financial years of the 2020/21 MTREF. It needs to be noted that whilst a healthy working capital is important for a Municipality, the practise in this Municipality comes from a historical trend of utilising cash reserves to fund service delivery initiatives instead of generating interest returns.

Table 69: Investment Information

Investment type	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
Parent municipality									
Deposits - Bank	645 000	415 000	390 000	300 000	250 000	250 000	270 000	270 000	280 000
Municipality sub-total	645 000	415 000	390 000	300 000	250 000	250 000	270 000	270 000	280 000
Consolidated total:	645 000	415 000	390 000	300 000	250 000	250 000	270 000	270 000	280 000

Note: Investment register attached

Table 70: 2020/2021 Medium-term capital budget per Vote:

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
Capital Expenditure - Functional									
Governance and administration	81 039	128 345	121 623	37 500	58 719	58 719	34 690	45 271	50 870
Executive and council	182	20	171	—	—	—	130	133	142
Finance and administration	80 857	128 325	121 452	37 500	58 719	58 719	34 560	45 139	50 728
Internal audit	—	—	—	—	—	—	—	—	—
Community and public safety	72 544	43 331	60 491	64 058	91 851	91 851	55 380	57 561	62 452
Community and social services	24 017	26 027	44 321	31 533	55 777	55 777	26 633	23 940	33 357
Sport and recreation	20 564	10 584	15 638	32 525	29 734	29 734	27 847	32 737	27 976
Public safety	17 433	6 926	531	—	—	—	900	884	1 119
Housing	9 576	(206)	—	—	6 340	6 340	—	—	—
Health	954	—	—	—	—	—	—	—	—
Economic and environmental services	126 626	97 197	93 770	144 408	157 172	157 172	169 926	117 708	128 357
Planning and development	3 531	19 313	1 067	33 000	35 615	35 615	3 000	—	—
Road transport	123 095	77 183	92 482	111 408	121 557	121 557	165 326	116 108	128 357
Environmental protection	—	701	222	—	—	—	1 600	1 600	—
Trading services	227 700	231 648	240 796	351 567	315 164	315 164	411 839	373 249	412 697
Energy sources	60 270	57 776	80 828	96 910	76 054	76 054	85 537	78 647	90 663
Water management	104 593	84 873	76 982	175 540	158 951	158 951	274 093	214 118	259 052
Waste water management	59 354	87 895	79 745	75 517	76 559	76 559	48 605	77 587	60 482
Waste management	3 484	1 103	3 242	3 600	3 600	3 600	3 604	2 896	2 500
Total Capital Expenditure - Functional	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376
Funded by:									
National Government	127 220	137 671	105 800	182 989	173 051	173 051	183 857	146 789	165 376
Provincial Government	10 365	541	—	8 243	8 243	8 243	—	8 000	8 000
District Municipality	5 625	—	—	—	—	—	—	—	—
Transfers recognised - capital	143 210	138 212	105 800	191 232	181 294	181 294	183 857	154 789	173 376
Borrowing	204 961	9 969	265 391	—	50 608	50 608	157 000	143 000	154 000
Internally generated funds	159 738	352 341	145 489	406 301	391 004	391 004	330 977	296 000	327 000
Total Capital Funding	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376

For 2020/21 an amount of R581 million has been appropriated for the development of infrastructure which represents 87 per cent of the total capital budget. In the outer years this amount totals R491 million, 83 per cent and R 542 million, 83 per cent respectively for each of the financial years. Water infrastructure receives the highest allocation of R 274 million in 2020/21 which equates to 47 per cent followed by road transport infrastructure at 28 per cent, R161 million, electricity infrastructure at 14 per cent, R83 million and then waste water infrastructure at 8 per cent, R47 million.

Total new assets represent 79 per cent or R 528 million of the total capital budget, asset renewal equates to 4 per cent or R 27 million and upgrade of existing assets 4 per cent or R 25 million.

8.23.1 Indigent Support and Free Basic Services

There are currently 4 separate policies that provide for support to the indigent.

- o The Indigent Policy
- o The Rates Policy
- o The Credit Control Policy
- o 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 poor or face other circumstances that limit their ability to pay for services. **There are four hundred and twenty six (426) registered beneficiaries on the indigent register.** These are done in a universal and targeted approach. The universal approach is through the tariff structures and provides for 6kl free water and 50 kWh electricity free for users below a threshold. In addition, no rates and no refuse removal and no sewer are debited against consumers that have a property valued below the prescribed threshold. The targeted approach is applied as well where individual customers are found destitute completely that despite the universal approach still cannot afford their accounts. These customers' accounts are administered on a dedicated personal basis and then written off according to the Credit Control and Debt Collection Policy.

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 below. 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. The only weakness in the current service charge can be found in the residential Water and Electricity Tiered (Block) Tariff structure, where medium to upper income consumers are payment below cost tariffs for the bottom scales. A solution here has been proposed to the National Treasury through a Policy document on Free & Subsidized Services they are working on.

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. The tiered municipal tariffs also provide for an element of cross subsidisation on the tariffs themselves as per the below table:

The indigent support is increasing due to expansion of the support to consumers under the traditional authority areas.

profile of consumers have been conducted and the results indicates that half of the consumers residing under traditional authority areas are indigent and as a result the municipality has to write off about 30 million and declare consumers and indigent. The impact is that the indigent register will balloon after writing off the debts. **Indigent register and policy attached.**

Table 71: Free Basic Services and Indigent Costs

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	49 665	50 835	55 743	60 843	60 843	60 843	71 200	74 618	78 199
Sanitation (free minimum level service)	38 063	40 695	41 201	46 301	46 301	46 301	50 200	52 610	60 000
Electricity/other energy (50kwh per household per month)	545	518	475	521	521	521	530	530	530
Refuse (removed at least once a week)	18 470	18 470	29 049	34 149	34 149	34 149	35 822	37 578	39 419
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	69 858	89 055	128 948	132 816	132 816	132 816	152 739	160 070	167 753
Sanitation (free sanitation service to indigent households)	18 698	21 537	20 039	23 115	23 115	23 115	25 427	26 647	27 926
Electricity/other energy (50kwh per indigent household per month)	921	921	1 173	1 278	1 278	1 278	1 393	1 460	1 530
Refuse (removed once a week for indigent households)	16 271	20 182	23 192	23 887	23 887	23 887	26 276	27 537	28 859
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	12 011	12 011	12 011	13 686	14 490	15 343
Total cost of FBS provided	105 749	131 695	173 350	193 108	193 108	193 108	219 520	230 205	241 412
Highest level of free service provided per household									
Property rates (R value threshold)	120	120	120	130	130	130	130	130	130
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)	154	165	177	185	185	185	185	185	185
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)									
MPRA)	3 523	3 550	4 219	4 346	4 346	4 346	4 945	5 182	5 431
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	3 212	52 129	72 652	70 492	70 492	70 492	74 721	79 055	43 156
Water (in excess of 6 kilolitres per indigent household per month)	3 071	121 228	131 997	141 237	141 237	141 237	148 299	155 714	163 499
Sanitation (in excess of free sanitation service to indigent households)	2 306	700	5 633	4 473	4 473	4 473	4 697	4 931	5 178
Electricity/other energy (in excess of 50 kwh per indigent household per month)	267	4 776	144 736	8 084	8 084	8 084	8 489	8 913	9 359
Refuse (in excess of one removal a week for indigent households)	1 671	1 192	1 612	1 710	1 710	1 710	1 796	1 885	1 980
Total revenue cost of subsidised services provided	14 050	183 573	360 849	230 342	230 342	230 342	242 945	255 681	228 602

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

- i. The City continues to make progress with the eradication of backlogs.
- ii. The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2020/21 MTREF.
- iii. This Municipality is of the view that following the strict Indigent route of free 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.
- iv. 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 2020/21 MTREF (Adopted).
- v. City of uMhlathuze does not at the present moment have a system that automates the reporting of the Cost of Free Basic Services.
- vi. uM-SAP system is currently under way and will be effective from 1 July 2019, this will assist with providing Council with solutions to such challenges. The Expenditure and SCM modules went live on 1 July 2019 but it is anticipated that Revenue will only go live on 1 July 2020.
- vii. Equitable share is not a conditional grant, hence some of its funds are used to fund the community services, services that cannot be funded by rates and general.

8.23.2 Revenue Enhancement and Protection Strategies

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

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 94 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);
- Increase ability to extend new services and recover costs where economically possible;
- Revenue enhancement, investment and cash management;

- Pricing risk strategy to ensure that rates and general grows to a level that can sustain the municipality;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City which has been extensively reviewed to ensure that customer are clear on how the municipality will raise revenue

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories are:

Table 72: Proposed tariff increases over the medium-term

Revenue category	2019/20 current revenue increase	2020/21 proposed revenue increase	2020/21 additional revenue for each 1% increase	2020/21 additional revenue per service	2020/21 Total Budgeted revenue
	%	%	R'000	R'000	R'000
Property rates	7,00	(10,00)	5 408	30 613	540 840
Sanitation	7,00	6,00	1 119	6 318	111 886
Solid Waste	12,60	6,00	1 174	6 646	117 414
Water	7,00	22,00	4 116	23 275	411 574
Electricity	9,05	4,8	16 662	94 252	1 666 177
TOTAL			28 479	161 104	2 847 891

Revenue to be generated from property rates is R540.8 million in the 2020/21 financial year which represents 16 per cent of the operating revenue base of the City. The rate base has remained constant when compared to the previous year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R 2.3 billion for the 2020/21 financial year.

As reflected in table 41 above, the City has projected about R161 million as additional revenue, with electricity service charges being the biggest contributor at 80% of the additional revenue expected.

Operational grants and subsidies amount to R425 million, R456 million and R497 million for each of the respective financial years of the MTREF, or 12.4, 12.6 and 12.8 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF by 8.9 per cent and increases to 7.5 and 8.8 per cent for the two outer years.

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R63 million, R65 million and R67 million for the respective three financial years of the 2020/21 MTREF. It needs to be noted that whilst a healthy working capital is important for a Municipality, the practise in this Municipality comes from a historical trend of utilising cash reserves to fund service delivery initiatives instead of generating interest returns.

Table 73: Breakdown of the operating revenue over the medium-term

Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source						
Property rates	520 380	16.2%	556 806	16.2%	584 647	16.0%
Service charges	2 175 960	67.8%	2 340 749	68.0%	2 477 682	67.8%
Interest earned - external investments	58 000	1.8%	60 000	1.7%	65 000	1.8%
Transfers recognised - operational	390 676	12.2%	419 116	12.2%	458 058	12.5%
Other own revenue	63 753	2.0%	66 101	1.9%	68 840	1.9%
Total Operating Revenue (excluding capital transfers and contributions)	3 208 768	100.0%	3 442 772	100.0%	3 654 227	100.0%
Total Operating Expenditure	3 234 247		3 426 024		3 625 932	
Surplus/(Deficit)	(25 479)		16 749		28 294	

8.23.3 Municipal Consumer Debt Position

Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National Treasury determined the formulas for every financial ratio in terms of Circular 71. These formulas will, therefore, be used in the reporting

Debt Collection Rate

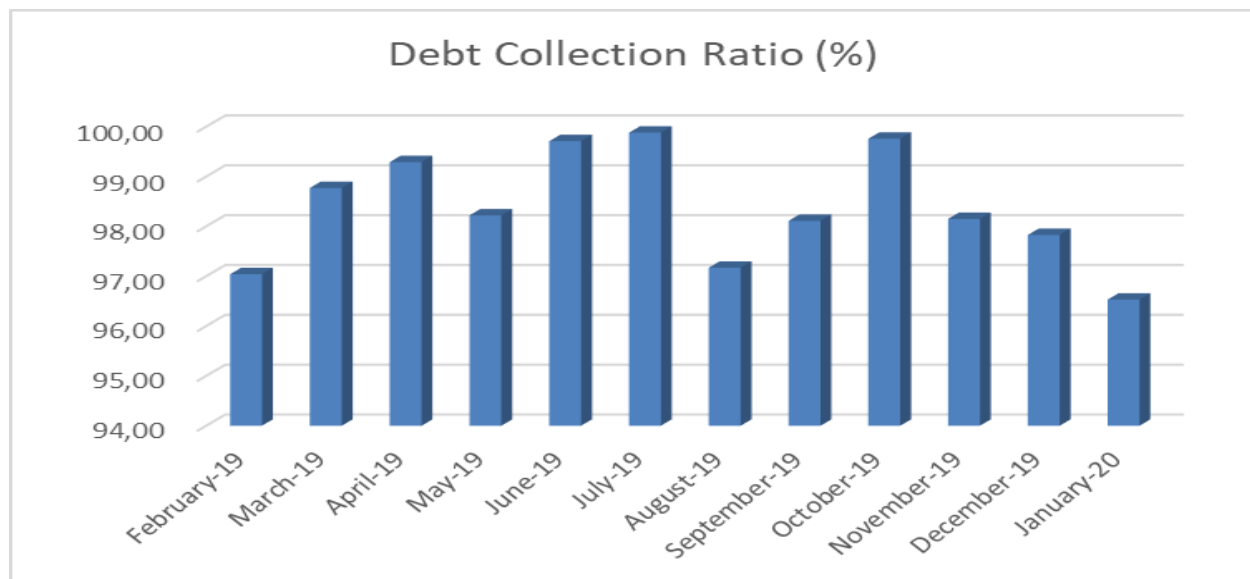
The Ratio indicates the collection rate, i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular

Formula (As per circular 71)	Norm
Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100	The norm is 95%

Table 74: Debt Collection Rate

Month	Debt Collection Ratio (%)
January-20	96,53
December-19	97,83
November-19	98,15
October-19	99,76
September-19	98,11
August-19	97,17
July-19	99,88
June-19	99,71
May-19	98,22
April-19	99,29
March-19	98,77
February-19	97,04

Figure 67: Debt Collection Ratio



Net Debtors Days

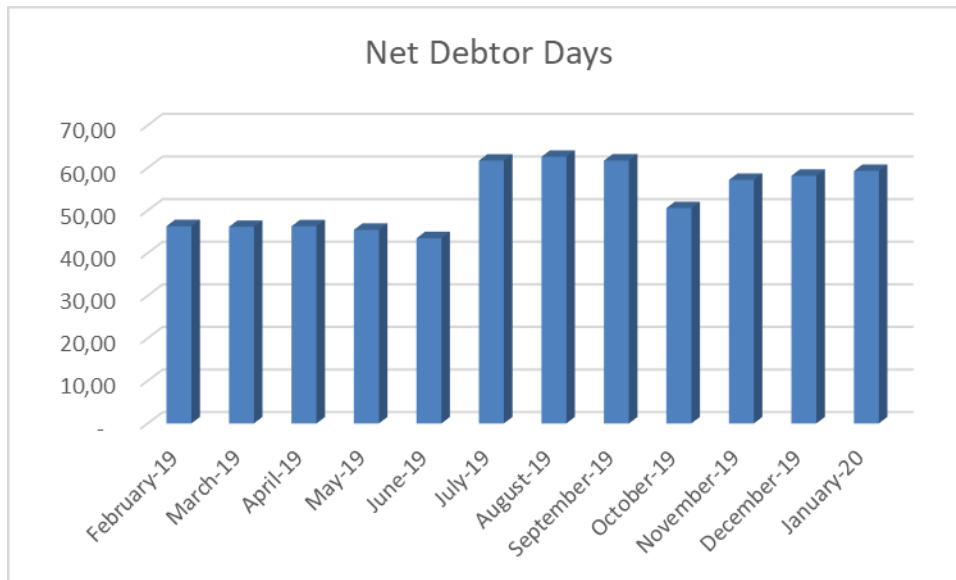
This ratio reflects the collection period. The Net Debtor Days refer to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio excludes balances for Debtors which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of Credit Control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful debts:

Formula (As per circular 71)	Norm
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

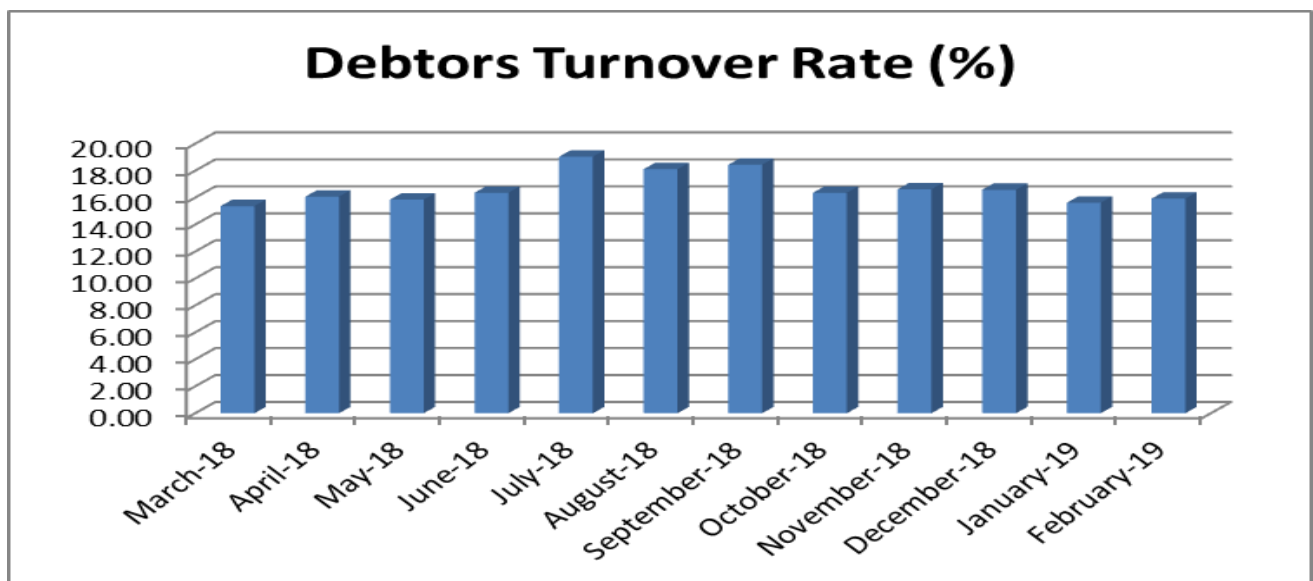
Month	Net Debtor Days
January-20	59,28
December-19	58,14
November-19	57,17
October-19	50,55
September-19	61,71
August-19	62,60
July-19	61,69
June-19	43,48
May-19	45,45
April-19	46,29
March-19	46,15
February-19	46,31

Figure 68: Net Debtor Days



Debtor's Turnover Rate

The norm is to be below 20%:



DEBTORS' AGE ANALYSIS

Table 75: Debtors age categories three years

Sum of Value	Column Labels															Grand Total
Row Labels	-	1,00	30,00	60,00	90,00	120,00	150,00	180,00	210,00	240,00	270,00	300,00	330,00	360,00	360p	Grand Total
DEPOSITS	130 255,85	-40 015,03	51 652,14	-26 148,16	-18 655,23	-4 040,00	-11 849,23	-21 005,15	-25 629,37	-587,74	-24 384,82	1 168,84	-18 765,42	39 253,68	-438 436,14	-407 185,78
ELECTRICITY	-169 918,96	66 096 084,84	14 573 083,21	1 935 771,54	905 145,93	705 596,16	728 760,27	687 666,98	736 351,28	656 553,76	514 377,00	531 371,62	401 111,88	551 849,77	5 159 729,20	94 013 534,48
GENERAL	-1 322 776,81	-4 203 895,42	-2 951 533,92	-709 699,55	-220 763,92	-584 524,68	-139 974,75	-118 710,58	-99 444,77	-67 133,17	-77 523,18	-32 283,85	-864 461,60	6 282,09	5 905 921,54	-5 480 522,57
GENERAL CHARGES	-80 322,21	1 316 639,45	295 339,37	1 400 815,87	1 080 259,44	230 551,43	1 405 851,62	962 325,38	407 918,11	151 665,44	132 075,34	227 040,66	88 223,37	183 956,71	4 250 323,06	12 052 663,04
LOANS	25 967,03														35 843,76	61 810,79
RATES	33 685,80	31 370 070,98	3 350 642,30	2 121 536,38	1 478 274,16	1 338 159,27	1 131 469,96	1 067 499,47	975 647,41	1 168 394,57	6 525 335,95	568 686,34	583 827,56	567 192,79	15 559 595,36	67 840 018,30
REFUSE	6 447,14	6 030 926,96	813 548,23	336 962,01	414 239,81	347 441,17	305 361,19	285 782,20	268 994,03	224 043,94	218 867,60	163 797,54	165 178,66	159 145,13	1 860 615,52	11 601 351,13
RENTALS	-12 347,31	483 135,20	183 691,77	181 235,37	170 998,78	150 156,22	148 104,73	142 345,31	139 926,34	136 145,09	282 915,47	123 734,03	106 243,13	108 266,57	8 094 955,92	10 439 566,62
SEWER	12 299,73	7 490 292,77	1 190 264,29	509 222,78	582 370,01	513 986,37	460 752,64	350 349,81	322 794,48	291 181,22	285 925,57	236 212,34	259 081,53	219 692,12	3 346 838,63	16 071 264,29
SUNDRY	499 704,79	2 135 400,27	1 699 424,95	337 637,71	424 133,70	139 432,43	427 414,81	359 566,24	438 032,75	178 076,92	280 369,22	360 613,30	224 153,22	161 516,59	22 737 948,23	30 403 425,13
TAKE ON BALANCE-SERVICES															3 453,55	3 453,55
WATER	347 930,93	34 956 115,34	14 469 944,80	11 290 386,20	8 459 727,26	7 605 244,50	4 310 815,46	3 275 573,00	2 867 758,62	2 486 172,96	2 553 116,66	2 625 813,28	2 534 355,88	2 757 443,75	69 964 779,10	170 505 177,74
WATER BASIC CHARGE	49,88	854 287,09	374 096,41	331 196,61	307 673,20	279 713,37	281 914,47	252 218,81	242 537,26	231 193,56	221 158,68	223 791,85	223 576,46	227 873,02	6 171 567,77	10 222 848,44
Grand Total	-529 024,14	146 489 042,45	34 050 153,55	17 708 976,76	13 583 403,14	10 721 716,24	9 048 621,17	7 243 611,47	6 274 886,14	5 455 706,55	10 912 233,49	5 029 945,95	3 702 524,67	4 982 472,22	142 653 135,50	417 327 405,16

Table 76 Debtors age categories three years

Sum of Value	Column Labels								Grand Total
Row Labels	000-030	031-060	061-090	091-120	121-150	151-180	181-360	360p	
ELECTRICITY	80499249,09	1935771,54	905145,93	705596,16	728760,27	687666,98	3391615,31	5159729,2	94013534,48
GENERAL	-7232887,46	572846,19	746498,28	-446106,29	1166582,58	750275,06	-441220,43	8760567,66	3876555,59
INTEREST	286337,92	118270,13	112997,24	92133,04	99294,29	93339,74	497535,58	1395676,94	2695584,88
LOANS	25967,03							35843,76	61810,79
OTHER	4476422,97	311489,55	405478,47	135392,43	415565,58	338561,09	1613817,17	22299512,09	29996239,35
RATES	34754399,08	2121536,38	1478274,16	1338159,27	1131469,96	1067499,47	10389084,62	15559595,36	67840018,3
REFUSE	6850922,33	336962,01	414239,81	347441,17	305361,19	285782,2	1200026,9	1860615,52	11601351,13
RENTALS	654479,66	181295,37	170998,78	150156,22	148104,73	142345,31	897230,63	8094955,92	10439566,62
SEWER	8692856,79	509222,78	582370,01	513986,37	460752,64	350349,81	1614887,26	3346838,63	16071264,29
TAKE-ON								3453,55	3453,55
WATER	50524842,29	11480761,49	8635623,29	7761995,83	4470520,36	3419159,16	16576743,23	73087267,46	175956913,1
WATER BASIC CHARGE	477582,16	140821,32	131777,17	122962,04	122209,57	108632,65	618048,75	3049079,41	4771113,07
Grand Total	180010171,9	17708976,76	13583403,14	10721716,24	9048621,17	7243611,47	36357769,02	142653135,5	417327405,2

8.23.4 Grants and Subsidies

The table below provides a description of the capital grants received by uMhlathuze Municipality for the tabled 2020/2021 budget.

Table 77: Capital transfers and grant receipts

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:									
Capital Transfers and Grants									
National Government:	154 129	126 466	152 305	121 374	121 374	121 374	182 989	161 078	172 723
Municipal Infrastructure Grant (MIG)	90 479	96 473	103 305	99 374	99 374	99 374	—	—	—
Integrated Urban Development Grant	—	—	—	—	—	—	132 989	107 324	115 723
Integrated National Electrification Programme Grant	9 000	(349)	10 000	—	—	—	—	—	—
Water Service Infrastructure Grant	46 761	31 392	34 000	16 000	16 000	16 000	40 000	42 200	45 000
Rural Households Infrastructure	2 148	—	—	—	—	—	—	—	—
Department of Water Affairs	5 743	(1 049)	—	—	—	—	—	—	—
Energy Efficiency and Demand Management	—	—	5 000	6 000	6 000	6 000	10 000	11 554	12 000
Provincial Government:	83 897	1 643	2 087	7 850	7 850	7 850	8 243	8 655	8 750
Housing	1 041	643	—	—	—	—	—	—	—
Libraries	356	—	—	—	—	—	—	—	—
Human Settlement - Waterstone Estates	82 500	—	—	—	—	—	—	—	—
Richards Bay Airport Feasibility Study	—	1 000	—	—	—	—	—	—	—
Sport and Recreation	—	—	1 546	7 850	7 850	7 850	8 243	8 655	8 750
Dept of Arts and Culture	—	—	541	—	—	—	—	—	—
District Municipality:	—	5 625	—	—	—	—	—	—	—
Donated Assets - Ntambanana Water Treatment	—	5 625	—	—	—	—	—	—	—
Other grant providers:	6 700	—	5 135	—	—	—	—	—	—
National Lotto - Sports Development	6 700	—	4 070	—	—	—	—	—	—
Engen Garage Durban - Fire Water Tanker	—	—	415	—	—	—	—	—	—
Lotto Ntambanana	—	—	650	—	—	—	—	—	—
Total Capital Transfers and Grants	244 726	133 733	159 527	129 224	129 224	129 224	191 232	169 733	181 473

The integrated urban development grant (IUDG) is allocated to selected urban local municipalities in place of the municipal infrastructure grant. The grant recognises that municipalities differ in terms of their context and introduces a differentiated approach to encourage integrated development in cities. It is intended to:

- Support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces;
- Enable and incentivise municipalities to invest more non-grant funding in infrastructure projects in intermediate cities.

The grant extends some of the fiscal reforms already implemented in metropolitan municipalities to non-metropolitan cities and is administered by the Department of Cooperative Governance.

Municipalities must meet certain criteria and apply to receive the integrated urban development grant instead of the municipal infrastructure grant in terms of a process set out in section 27 (5) of the Division of Revenue Act. The qualification criteria cover the following areas:

- Management stability (low vacancy rates among senior management)
- Audit findings
- Unauthorised, irregular, fruitless and wasteful expenditure
- Capital expenditure
- Reporting in terms of the MFMA

To remain in the grant, cities must continue to meet or exceed the entry criteria. If they do not do so, they will be placed on a performance improvement plan. If they still do not meet the criteria in the

subsequent year, they will shift back to receiving grant transfers through the municipal infrastructure grant, which comes with closer oversight and support from National and Provincial departments.

In addition to the basic formula based allocation, municipalities participating in the IUDG are also eligible to receive a performance-based incentive component, which is based on performance against weighted indicators as determined by CoGTA.

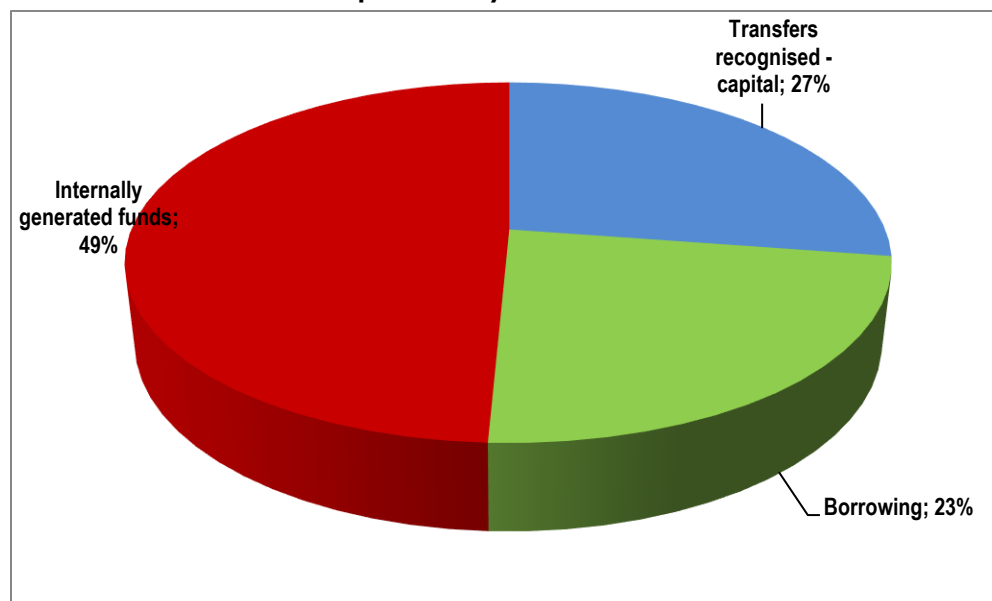
Based on the above Council will receive an incentive for the IUDG for the 2020/21 financial year only amounting to R 55.9 million. This incentive will be used to fast track economic development in the City.

Table 78: Operating Transfers and Grant Receipts

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	275 248	314 327	339 463	377 106	377 044	377 044	411 846	443 307	482 868
Local Government Equitable Share	251 497	292 009	326 255	362 965	362 965	362 965	396 870	434 729	472 093
Finance Management	2 537	2 650	2 650	2 650	2 588	2 588	2 600	2 600	2 650
Municipal Systems Improvement	–	–	1 055	–	–	–	–	200	2 000
EPWP Incentive	5 055	4 143	5 189	4 492	4 492	4 492	4 278	–	–
Project Management Unit	3 344	5 437	2 014	6 999	6 999	6 999	8 098	5 778	6 125
Infrastructure Skills Development Grant	6 500	3 879	2 300	–	–	–	–	–	–
Municipal Demarcation Transition Grant	6 314	6 209	–	–	–	–	–	–	–
Provincial Government:	10 017	12 652	13 762	13 570	12 975	12 975	12 797	13 185	13 781
Museums	175	183	192	202	202	202	214	225	235
Provincialisation of Libraries	7 506	7 881	8 275	8 689	8 689	8 689	8 932	9 136	9 593
Libraries	1 432	1 504	1 576	2 283	1 688	1 688	2 445	2 618	2 747
Housing	904	1 316	3 447	2 396	2 396	2 396	1 206	1 206	1 206
Enhanced Extended Discount Benefit Scheme	–	16	60	–	–	–	–	–	–
Cleanest Town Awards	–	–	100	–	–	–	–	–	–
Hostels	–	152	112	–	–	–	–	–	–
Sport and Recreational	–	–	–	–	–	–	–	–	–
Career Exp - Dept of Public Works	–	800	–	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	800	–	–	–	–	–	–	–
District Municipality:	318	100	130	–	–	–	–	–	–
Beach Festival	–	–	–	–	–	–	–	–	–
Refuse Removal Grant	318	–	–	–	–	–	–	–	–
Beach Protection	–	–	130	–	–	–	–	–	–
Speakers Funeral	–	100	–	–	–	–	–	–	–
Other grant providers:	319	2 359	(495)	–	–	–	–	–	–
Umhlathuze Village Beneficiaries Contribution	26	24	2	–	–	–	–	–	–
Chieta Funding	199	534	46	–	–	–	–	–	–
Absa Bank - SCM Indaba	5	–	–	–	–	–	–	–	–
SM Xulu Chartered Accountants - Strategic Session	15	–	–	–	–	–	–	–	–
EQH Mthombo (Pty) Ltd - Strategic Session	10	–	–	–	–	–	–	–	–
Joat Consulting - Strategic Session	25	–	–	–	–	–	–	–	–
Deloitte La Lucia - Strategic Session	20	–	–	–	–	–	–	–	–
Absa Bank - Strategic Session	20	–	–	–	–	–	–	–	–
Other	–	240	–	–	–	–	–	–	–
State of the City - Various	–	740	–	–	–	–	–	–	–
Mayor Back to school - Various	–	78	170	–	–	–	–	–	–
LG Seta	–	742	(742)	–	–	–	–	–	–
Absa Bank - Building Ngema House	–	–	30	–	–	–	–	–	–
Total Operating Transfers and Grants	285 902	329 438	352 860	390 676	390 019	390 019	424 643	456 492	496 649

Operating grants and transfers totals R424.6 million in the 2020/21 financial year, steadily increases to R456.5 million in 2021/22 and to R496.6 million in 2022/23. Local Government Equitable Share will grow at an average annual rate of 8.4 per cent over the MTREF. 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

8.23.5 Grant Dependency



8.23.6 Municipal Infrastructure Assets and Maintenance

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).

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:

Repairs and Maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2020/21 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 79: Operational repairs and maintenance

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and Maintenance by Expenditure Item									
Employee related costs	208 536	209 087	231 581	494 275	494 275	494 275	525 167	551 426	576 914
Other materials	50 483	73 130	74 844	84 738	83 822	83 822	92 378	96 805	93 002
Contracted Services	120 804	134 906	136 464	103 585	99 211	99 211	123 119	128 900	133 508
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497

During the compilation of the 2020/21 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 10 per cent in the 2020/21 financial year, from R 620 million to R 682.6 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **21.3; 21.3 and 20.9 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **11.2; 11.6 and 11.8 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 80: Repairs and maintenance per asset class

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Infrastructure	247 665	302 041	318 005	486 649	481 050	481 050	520 369	545 966	564 304
Roads Infrastructure	75 976	69 391	87 406	98 921	110 976	110 976	117 534	123 348	126 370
Electrical Infrastructure	53 744	65 780	70 774	170 117	154 117	154 117	165 339	173 517	179 488
Water Supply Infrastructure	81 723	92 452	–	109 014	109 014	109 014	121 858	127 800	132 615
Sanitation Infrastructure	34 816	29 989	159 825	63 219	61 719	61 719	70 423	73 876	76 489
Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Rail Infrastructure	1 385	853	–	1 211	1 211	1 211	1 270	1 331	1 385
Coastal Infrastructure	–	–	–	1 030	1 030	1 030	1 082	1 133	1 179
Information and Communication Infrastructure	21	3 369	–	3 208	4 053	4 053	–	–	–
Community Assets	59 882	73 421	68 308	112 239	94 276	94 276	100 095	105 075	109 393
<u>Heritage assets</u>	–	103	–	113	113	113	120	126	131
<u>Other assets</u>	25 097	250	9 387	5 355	22 952	22 952	24 314	25 520	26 573
<u>Computer Equipment</u>	–	–	–	1 010	142	142	10 374	10 872	10 851
<u>Furniture and Office Equipment</u>	–	527	–	27	27	27	28	29	30
<u>Machinery and Equipment</u>	17 225	1 308	4 664	21 413	23 054	23 054	26 399	27 664	28 628
<u>Transport Assets</u>	29 954	39 474	42 525	55 793	55 693	55 693	58 967	61 880	63 515
Total Repairs and Maintenance Expenditure	379 822	417 124	442 889	682 598	677 307	677 307	740 665	777 131	803 425
R&M as a % of PPE	7.3%	6.7%	7.1%	11.9%	10.6%	10.6%	11.2%	11.6%	11.8%
R&M as % Operating Expenditure	13.4%	15.1%	14.1%	21.1%	20.6%	20.6%	21.3%	21.2%	20.9%

For the 2020/21 financial year, 70.5 per cent or R 520 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 22.3 per cent (R 165 million) followed by water infrastructure at 16.5 per cent (R 121.9 million), road transport infrastructure at 15.9 per cent (R 117.5 million) and sanitation at 9.5 per cent (R70 million). Community assets has been allocated R 100 million of total repairs and maintenance equating to 13.5 per cent. Transport assets has been allocated R 59 million (8 per cent).

8.23.7 Borrowing /Loans

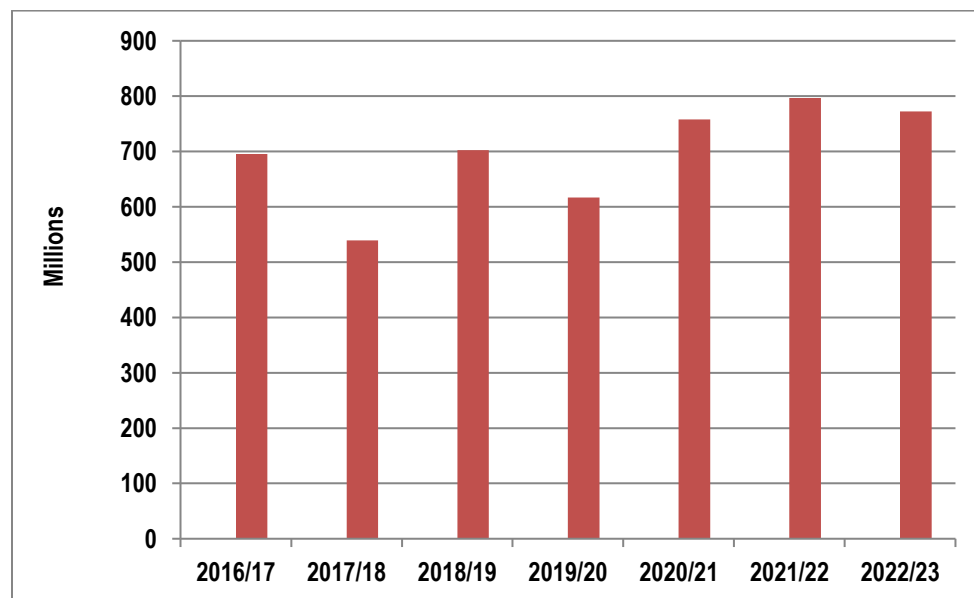
Dependency on borrowing has been reduced in previous financial years, however during the 2020/2021 MTREF borrowing becomes a source of funding for mostly infrastructure projects.

The following table is a detailed analysis of the City's borrowing liability.

Table 81: Details of borrowing

Borrowing - Categorised by type	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality									
Annuity and Bullet Loans	695 609	539 424	702 634	613 400	616 770	616 770	757 721	796 505	772 412
Municipality sub-total	695 609	539 424	702 634	613 400	616 770	616 770	757 721	796 505	772 412
Total Borrowing	695 609	539 424	702 634	613 400	616 770	616 770	757 721	796 505	772 412
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	9 969	-	-	-	-	-	35 550	21 445	12 605
Municipality sub-total	9 969	-	-	-	-	-	35 550	21 445	12 605
Total Unspent Borrowing	9 969	-	-	-	-	-	35 550	21 445	12 605

The following graph illustrates the growth in outstanding borrowing for the 2016/17 to 2021/22 period

Figure 69: 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 R331 million in 2020/21, R296 million in 2021/22 and R327 million in 2022/23.

8.23.8 Financial Viability and Sustainability

Figure 70: Performance Indicators and Benchmarking

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Borrowing Management</u>										
Credit Rating		Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	8.3%	8.1%	6.3%	4.8%	4.7%	4.7%	5.0%	5.1%	5.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	9.0%	8.6%	7.7%	5.5%	5.5%	5.5%	5.9%	5.9%	5.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	105.7%	0.0%	75.4%	0.0%	0.0%	0.0%	48.6%	32.6%	17.5%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	10.9%	6.5%	10.3%	9.6%	9.7%	9.7%	10.4%	10.9%	10.1%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.5	1.5	1.7	1.5	1.5	1.5	1.8	1.7	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.5	1.3	0.8	0.8	0.8	1.1	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.6	0.8	0.6	0.6	0.6	0.7	0.6	0.6
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.9%	99.3%	99.5%	92.8%	96.0%	0.0%	93.6%	93.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.9%	99.3%	99.5%	92.8%	96.0%	96.0%	93.6%	93.1%	93.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.5%	17.5%	15.9%	13.5%	14.0%	14.0%	15.9%	15.4%	15.1%
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		60.6%	72.0%	52.2%	65.7%	75.8%	75.8%	58.7%	60.0%	61.1%

Figure 71: Performance Indicators and Benchmarking (continued)

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	87249273	63838475	62427737	62427737	62427737	62427737	0	0	0
	Total Cost of Losses (Rand '000)	92 484	79 798	55 268	55 268	55 268	55 268	55 268	55 268	55 268
	% Volume (units purchased and generated less units sold)/units purchased and generated	8	6	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	8 502	7 662	9 119	9 119	9 119	9 119	9 119	9 119	9 119
	Total Cost of Losses (Rand '000)	34006624	39615021	60733885	60733885	60733885	60733885	60733885	60733885	60733885
	% Volume (units purchased and generated less units sold)/units purchased and generated	26	21	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.2%	25.5%	26.7%	26.8%	26.9%	26.9%	28.8%	28.4%	28.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.1%	25.0%	27.7%	27.8%	27.9%	27.9%	29.8%	29.4%	29.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	13.1%	14.3%	15.1%	21.3%	21.2%	21.2%	21.6%	21.4%	20.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.5%	14.3%	17.9%	14.9%	15.9%	15.9%	16.2%	16.2%	16.3%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.3	14.8	18.1	19.1	19.1	19.1	17.3	17.7	18.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	21.0%	22.3%	19.5%	16.0%	16.7%	16.7%	19.0%	18.5%	18.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.0	2.6	2.5	1.8	1.6	1.6	1.7	1.6	1.6

Performance indicators and benchmarks

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 2020/21 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 5 per cent in 2020/21 and remaining at 5 per cent in 2022/23. 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 48.6 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 peaked at 17.7 per cent however has stabilised to between 10.4 and 10.9 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 2020/21 MTREF the current ratio is 1.8:1 and 1.7:1 and 1.7:1 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 this ratio has been maintained and increased slightly in the 2021/22 financial year to 1.1. This slight increase is mainly due to the decision to use own funding to fund capital expenditure in the 2018/19 financial year. 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. By maintaining stringent cash flow recovery interventions introduced in 2009/10, the Municipality has managed to this legislative obligation. It is anticipated that with the 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 28.8 per cent for the 2020/21 MTREF, this may appear favourable however needs to be read in conjunction with the comments under section 1.6 – 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.

Table 82: SA 10 - Funding compliance measurement

Description	MFMA section	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	715 116	460 422	491 155	370 841	341 349	341 349	367 282	365 715	376 711
Cash + investments at the yr end less applications - R'000	18(1)b	594 804	254 800	303 495	242 484	228 860	228 860	189 877	157 856	163 506
Cash year end/monthly employee/supplier payments	18(1)b	4.0	2.6	2.5	1.8	1.6	1.6	1.7	1.6	1.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	213 235	290 254	(113 386)	165 753	90 077	90 077	129 377	117 712	199 132
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	(11.1%)	(1.8%)	7.3%	(6.4%)	(6.0%)	(0.0%)	(0.2%)	0.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	96.0%	92.7%	100.1%	93.0%	96.0%	96.0%	93.6%	93.2%	93.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.4%	1.2%	6.9%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Capital payments % of capital expenditure	18(1)c;19	100.0%	99.9%	100.0%	98.6%	98.1%	98.1%	98.6%	101.7%	98.8%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	105.7%	0.0%	75.4%	0.0%	0.0%	0.0%	48.6%	32.6%	17.5%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	0.5%	(8.8%)	(6.9%)	3.9%	0.0%	21.1%	2.8%	4.7%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	7.3%	6.7%	7.1%	11.9%	10.6%	10.6%	11.2%	11.6%	11.8%
Asset renewal % of capital budget	20(1)(vi)	6.0%	23.2%	14.3%	12.6%	17.9%	17.9%	13.5%	13.9%	25.9%
High Level Outcome of Funding Compliance										
Total Operating Revenue		2 904 214	2 920 660	2 927 545	3 208 768	3 198 114	3 198 114	3 430 794	3 636 785	3 877 900
Total Operating Expenditure		2 834 188	2 768 618	3 146 732	3 234 247	3 292 395	3 292 395	3 485 274	3 673 862	3 852 144
Surplus/(Deficit) Budgeted Operating Statement		70 025	152 042	(219 187)	(25 479)	(94 280)	(94 280)	(54 480)	(37 077)	25 756
Surplus/(Deficit) Considering Reserves and Cash Backing		594 804	254 800	303 495	242 484	228 860	228 860	189 877	157 856	163 506
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		✓	✓	✓	✓	✓	✓	✓	✓	✓

8.23.8.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/21 MTREF shows R 367 million, R 366 million and R 377 million for each respective financial year.

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8.23.8.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 31, on page 82. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above

8.23.8.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has improved significantly for the period 2020/21 MTREF the municipality's improving cash position sets the ratio at 1.7 and then decreases slightly to 1.6 for the outer years respectively. As indicated above the City the Investment, Working Capital and Capital Replacement Reserves Policy requires a ratio of two months' coverage. **The target has been somewhat achieved.**

8.23.8.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

For the 2020/21 MTREF the indicative outcome is a surplus of R129 million, R118 million and R199 million. This however is **not a true reflection** of the Operating performance as this figure includes capital revenues (Transfers recognised – capital).

8.23.8.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage declines from remains at 0 percent for the respective financial year of the 2020/21 MTREF. This is not a reflection of economic growth in the area but rather a reflection of cost drives which have increased more than inflation targets such as bulk water and electricity and employee related costs.

8.23.8.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 93 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 96 per cent performance target, it either implies that the Municipality must either increase its' credit control endeavours in the Rural Areas or alternatively lower its collection rate target of 96 per cent to be more realistic. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

8.23.8.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 1.2 per cent over the MTREF which is a reflection of the high standard of credit and debt control for the City. Given the comments mentioned above regarding the debtors' situation within the rural environment these provisions may need to be reviewed in the next budget cycle.

Council has performed an assessment of the Debt impairment and revised its method of calculating the budgeted outstanding debtors. The change is reflected on Table 29 - A6 Budgeted Financial Position and Table 73 SA3 - Supporting detail to Statement of Financial Position

In terms of the debt impairment, the municipality is of the view that the provision that it currently has is sufficient to cover the risk of non-payment. Included in the debtors outstanding is the portion that will have not reached 90 days and therefore may still be recoverable. The trend is that about 50% of the outstanding debt is between current and 60 days. The Municipality is of the view that budgeting 4% of the annual budgeted billing (anticipated recovery of 96%) will be an overstatement of expenditure as sufficient provision is available as reflected in table 73 SA3 - Supporting detail to Statement of Financial Position. Also the Municipality's actual write off has for the past years has never reached R32 million annually which is in line with the proposed budget for 2020/21 financial year of R35m

8.23.8.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. This indicator clearly illustrates the lack of capital spending in the 2019/20 Adjusted budget but does assume that with improved procurement and project management plans, spending will accelerate in the 2020/21 financial year.

8.23.8.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 48.6, 32.6 and 17.5 per cent of own funded capital. This is both consistent and a good funding mix.

8.23.8.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

8.23.8.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Only one indicator is reflected above which illustrates a stable trend in that debtors are only increase by the equivalent increase in revenue not by deterioration in collection rate. The changes in Long term receivables are immaterial and thus no comments are necessary.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance are contained in Table 66 MBRR SA34c on page 172 to 174.

8.23.8.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 63 MBRR SA34b

8.23.9 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.

8.23.10 Auditor General's Opinion

Refer to section F , Subsection 25

8.23.11 Employee Related Costs

Employee related costs, including Councilor Allowances and provided for in the MTREF is summarized hereunder.

Table 83: Summary of Employee and Councilor Related Costs

Summary of Employee and Councilor remuneration	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	17 480	18 280	18 834	20 048	20 048	20 048	21 050	22 103	23 209
Pension and UIF Contributions	2 604	2 741	2 950	2 942	2 942	2 942	3 089	3 244	3 407
Medical Aid Contributions	1 146	1 786	1 831	1 833	1 833	1 833	1 925	2 021	2 123
Motor Vehicle Allowance	2 575	3 570	4 004	4 181	4 181	4 181	4 390	4 610	4 841
Cellphone Allowance	1 737	2 966	2 776	3 124	3 124	3 124	3 280	3 444	3 617
Housing Allowances	–	–	–	277	277	277	291	306	321
Other benefits and allowances	–	–	–	–	–	–	–	–	–
Sub Total - Councillors	25 542	29 342	30 395	32 404	32 404	32 404	34 026	35 728	37 516
% increase		14.9%	3.6%	6.6%	–	–	5.0%	5.0%	5.0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	7 011	8 864	10 917	11 587	11 516	11 516	12 076	12 679	13 313
Pension and UIF Contributions	299	442	670	715	853	853	1 013	1 064	1 117
Medical Aid Contributions	109	175	248	267	273	273	296	311	327
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	1 364	982	1 305	2 127	2 127	2 127	2 259	2 416	2 537
Motor Vehicle Allowance	1 003	1 331	1 563	1 718	1 620	1 620	1 684	1 769	1 857
Cellphone Allowance	159	209	252	269	261	261	283	298	313
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	121	480	846	916	1 015	1 015	1 084	1 139	1 197
Payments in lieu of leave	96	56	260	1 058	1 042	1 042	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	10 161	12 540	16 061	18 655	18 707	18 707	18 695	19 674	20 660
% increase		23.4%	28.1%	16.2%	0.3%	–	(0.1%)	5.2%	5.0%

Table 84: Summary of councillor and staff benefits (continued)

Summary of Employee and Councillor remuneration	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	A	B	C	D	E	F	G	H	I
Other Municipal Staff									
Basic Salaries and Wages	377 798	412 132	438 462	471 124	487 709	487 709	524 002	546 147	573 379
Pension and UIF Contributions	64 872	70 700	76 273	95 016	88 082	88 082	108 089	113 427	119 105
Medical Aid Contributions	33 668	36 148	38 212	43 824	42 321	42 321	47 897	50 296	52 814
Overtime	43 339	44 523	50 992	66 124	62 182	62 182	70 917	74 465	78 192
Motor Vehicle Allowance	39 969	42 733	45 975	49 685	50 933	50 933	55 150	57 530	60 409
Cellphone Allowance	2 714	3 391	3 613	5 033	4 061	4 061	5 548	5 829	6 124
Housing Allowances	4 414	4 316	4 239	4 378	4 280	4 280	5 065	5 324	5 594
Other benefits and allowances	46 965	52 519	60 245	68 657	69 198	69 198	77 510	81 351	85 425
Payments in lieu of leave	14 859	16 176	17 907	30 344	25 611	25 611	39 569	41 629	43 715
Long service awards	194	156	430	161	391	391	950	998	1 047
Post-retirement benefit obligations	5 291	5 721	29 548	6 549	6 088	6 088	33 388	37 402	40 539
Sub Total - Other Municipal Staff	634 083	688 514	765 897	840 895	840 857	840 857	968 086	1 014 399	1 066 343
% increase		8.6%	11.2%	9.8%	(0.0%)	-	15.1%	4.8%	5.1%
Total Parent Municipality	669 787	730 396	812 353	891 954	891 968	891 968	1 020 807	1 069 801	1 124 520
TOTAL SALARY, ALLOWANCES & BENEFITS	669 787	730 396	812 353	891 954	891 968	891 968	1 020 807	1 069 801	1 124 520
% increase		9.0%	11.2%	9.8%	0.0%	-	14.4%	4.8%	5.1%
TOTAL MANAGERS AND STAFF	644 245	701 054	781 958	859 550	859 564	859 564	986 781	1 034 073	1 087 004

Table 85: 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	720 200	168 000	49 000			937 200
Chief Whip	1	723 900	108 700	49 000			881 600
Executive Mayor	1	887 400	222 800	340 100			1 450 300
Deputy Executive Mayor	1	541 600	124 500	271 100			937 200
Executive Committee	8	4 190 100	1 013 100	1 848 800			7 052 000
Chairperson Section 79 Committee	1	478 400	127 800	251 100			857 300
Total for all other councillors	54	13 508 700	3 249 200	5 152 100			21 910 000
Total Councillors	67	21 050 300	5 014 100	7 961 200			34 025 600
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 569 900	282 600	457 900	318 300		2 628 700
Chief Finance Officer	1	1 639 400	-	378 500	277 300		2 295 200
Deputy Municipal Manager - Infrastructure and Technical Services	1	1 284 600	279 900	453 400	277 300		2 295 200
Deputy Municipal Manager - Corporate Services	1	1 284 600	279 900	453 400	277 300		2 295 200
Deputy Municipal Manager - City Development	1	1 580 200	48 700	389 000	277 300		2 295 200
Deputy Municipal Manager - Community Services	1	1 544 600	41 800	431 500	277 300		2 295 200
Deputy Municipal Manager - Specialised Services	1	1 770 300	54 000	193 600	277 300		2 295 200
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE	75	33 126 000	6 307 400	11 027 900	2 259 400		52 720 700

The budgeted allocation for **employee related costs** for the 2020/21 financial year totals R 986,8 million, which equals 28 per cent of the total operating expenditure.

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. In terms of the agreement, the year one increase has been calculated as an across the board increase of 6.25 per cent.

For budget purposes a 6.25 per cent increase has been utilised. An annual increase of 5 and 5 per cent has been included in the two outer years of the MTREF.

It is important to note that the Section 78 process for the insourcing of employees responsible for the operations and maintenance of Council's Water and Waste Water Treatment Works resulted in additional employee related costs of R 35 million in the 2020/21 financial year. Furthermore, Council Resolution 13682 dated 20 November 2019, resolved that:

"75. fifty three (53) posts of General Worker Gr. 1 be created, provisionally on post level 3, reporting to the posts of Team Leader in the Waste Management Division, Public Health and Emergency Services Branch of the Community Services Department;"

These posts are funded in the 2020/21 financial year as they are critical to service delivery and in an effort to reduce the need for excessive temporary employees.

Included in **employee related costs** is an amount of R 30,5 million for post-retirement benefits which is off-set by a same amount under Other Revenue as Gains on Post-retirement benefits. At the request of the Office of the Auditor-General this amount has been budgeted separately under Revenue.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R 250 m 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 38 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. Based on Draft calculations it is expected that the additional annual amount required will be R 30 million, however no provision was made on the 2020/21 MTREF for this implementation.

A provision of R 10 million was however made on the 2020/21 to fund previously unfunded vacant posts. The senior management has been tasked with determining the list of critical operational posts will be funded from these funds.

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 5 per cent has been budgeted for the 2020/21 financial year.

The provision of debt impairment was determined based on an annual collection rate of 96 per cent and the Debt Write-off Policy of the City. For the 2020/21 financial year this amount is R35 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 R475 million for the 2020/21 financial and equates to 13.7 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 2.3 per cent (R79.9 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 R 1 139 million total electricity comprises R 1 029 million and water R110 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 decreased by 20 per cent as administration needs to place lesser reliance on contracted services. This reduction is mainly due to the insourcing of the operational and maintenance of Council's Water and Waste Water Treatment Works. Contracted services together with Employee Related Costs amount to 36% (28 % + 8%) 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.

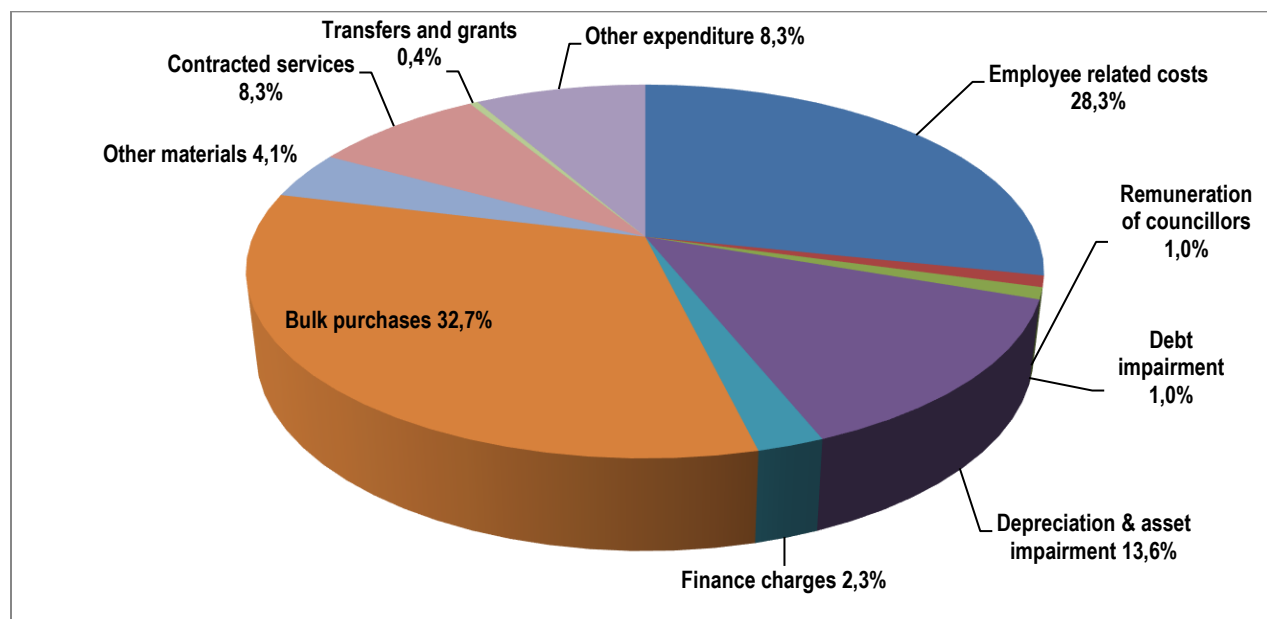
Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

8.23.12 Main operational expenditure categories for the 2020/2021 financial year

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type									
Employee related costs	644 228	746 160	782 436	859 550	859 564	859 564	986 781	1 034 073	1 087 004
Remuneration of councillors	25 542	29 342	30 395	32 404	32 404	32 404	34 026	35 728	37 516
Debt impairment	8 891	27 154	163 733	31 454	31 454	31 454	35 000	36 750	38 587
Depreciation & asset impairment	352 389	348 561	472 658	408 532	441 379	441 379	474 573	505 559	546 925
Finance charges	68 940	67 691	51 286	70 846	67 458	67 458	79 943	82 762	84 491
Bulk purchases	1 173 350	927 274	973 182	1 096 949	1 093 949	1 093 949	1 139 016	1 196 920	1 267 357
Other materials	97 320	105 046	109 730	121 110	119 504	119 504	143 840	150 606	145 744
Contracted services	303 088	339 556	369 218	323 135	363 432	363 432	289 827	300 388	307 803
Transfers and subsidies	9 319	11 517	15 782	12 087	13 755	13 755	13 778	14 329	15 007
Other expenditure	149 823	164 869	166 623	278 181	269 497	269 497	288 491	316 747	321 709
Losses	1 296	1 449	11 689	–	–	–	–	–	–
Total Expenditure	2 834 188	2 768 618	3 146 732	3 234 247	3 292 395	3 292 395	3 485 274	3 673 862	3 852 144

The following figure gives a breakdown of the main expenditure categories for the 2020/2021 financial year.

Figure 72: Main operational expenditure categories for the 2020/2021 financial year



8.23.13 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 86: 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”	MS N Ndonga - chairperson Ms P Gumbi Mr B Khanyile (Resigned) 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 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	Mr S Mhlango - 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

	are present must elect one of them to preside at the meeting.	
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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.

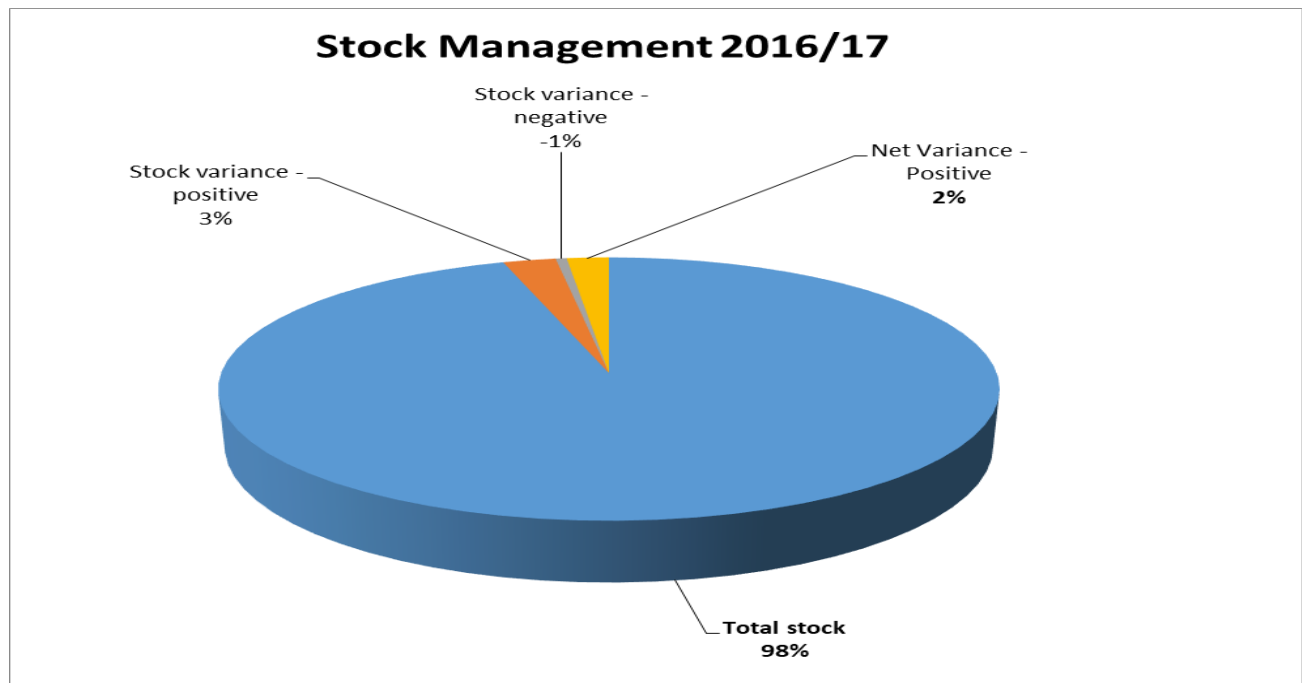
In order to ensure that all contractors are afforded the opportunity to participate in Council's SCM process, all works related orders in excess of R2 000 are advertised on all Council notice boards around the City. This has proven to be highly successful as several new contractors are now afforded an 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.

ALIGNMENT BETWEEN SDBIP AND PROCUMENT PLANS

Refer to annexure SDBIP, component 5, Colum AD to AK

Note: to be updated on the FINAL IDP REVIEW

8.23.14 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.

8.23.15 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.

in the meantime for all tenders/bids relating to local content, the Municipality will be specifying on the advert the requirement as recommended by the Auditor-General although the Municipality disagrees because of interpretation of Regulation 9(1) of 2011.

8.24 Financial Viability and Management: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ 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 	<ul style="list-style-type: none"> ○ 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
<ul style="list-style-type: none"> ○ 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 	<ul style="list-style-type: none"> ○ 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

GOOD GOVERNANCE AND PUBLIC PARTICIPATION ANALYSIS

8.25 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-Resigned
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

Council has adopted the SDIP together with the Final IDP Review 2019/2020 in May 2019. The Plan list three-priority areas which the municipality wish to improve on. The SDIP is an annexure to the IDP

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 2019/2020 was compiled. Maintenance of these assets is currently at various stages of implementation. Where necessary budget provision has been made in the 2019/2020 MTREF.

8.25.1 Intergovernmental Governmental Relations (IGR)

King Cetshwayo District IGR Structures

King Cetshwayo is one of the critical IGR Structures that this municipality is a member to. 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. The table below list various IGR/Technical committees in which the municipality is participating on:

Table 87: King Cetshwayo District IGR Structures

FORUM	PURPOSE /Objective	Composition	Functions	Meeting Frequency
Technical Support Forum (Municipal Managers Forum)	To ensure coordination and alignment of municipal strategic issues and governance issues affecting the district and family of municipalities.	The Committee consists of – (a) the Municipal Manager of the KCDM; (b) members of the management from all municipalities; and (c) the Municipal Managers of Local Municipalities in the District	The Committee is responsible for – (a) Providing technical support to the Forum; and (b) implementing the decisions of the Forum.	The meeting shall be held quarterly provided that it is held one week before the District Mayors Coordinating Forum
Infrastructure forum	To ensure coordination and alignment of infrastructure planning and development across the district family of municipalities	Technical Services and Planning and Economic Development Managers /Directors in the local municipalities and relevant provincial and national line function departments with the District Planning and Deputy Municipal Manager Infrastructure Planning and Technical Services as the Chairperson	shall discuss and make recommendations on matters of water and sanitation; roads and transport; electricity; waste management • Shall coordinate the development of Water Services Development Plan in accordance with the Water Services Act Shall coordinate the development of the Integrated Energy Plan in accordance with Energy White Paper • Shall coordinate Shall coordinate the development of an Integrated Transport Plan in accordance with the National Land Transport Bill, White Paper on Transport and Moving South Strategy and Action Plan • Shall coordinate the compilation of an Integrated Infrastructure Plan	The meeting shall be held quarterly if it is held one week before the Municipal Managers Forum.
Planning and Development Forum	To ensure coordination and alignment of spatial planning, environmental and development initiatives	Technical Services and Planning and Economic Development Managers /Deputy Municipal Managers in the local municipalities and relevant provincial and national line function departments with the District Planning and Economic Development Deputy Municipal Manager as the Chairperson	• Shall discuss and make recommendations on matters of agriculture, mining, tourism, SMMEs, land use management, spatial development, land reform, housing issues. • Shall coordinate the development of the Integrated Spatial Development Framework in accordance with the planning and performance management regulations • Shall coordinate the development of a Land Use Management scheme in accordance with the White Paper	The meeting shall be held quarterly provided that it is held one week before the Municipal Managers Forum.

FORUM	PURPOSE /Objective	Composition	Functions	Meeting Frequency
			on Spatial Planning and Land Use Management Bill • Shall deal with issues of land use and land management in tribal areas in accordance with the Communal Land Rights Bill and Land Reform Processes • Shall coordinate the development of the Integrated Environmental Management Plan • Shall coordinate the development and implementation of the Local Economic Development Plans • Shall deal with the development of Housing Strategy and Targets	
Corporate Services Forum	To ensure uniform norms and standards in terms of human capital management	The composition shall be all Corporate Services Managers, Chief Financial Officer, Managers for Strategic Management and relevant at provincial and national line function departments and meetings shall be chaired by the Deputy Municipal Manager Corporate Services for the district	shall deal with the development of institutional and human resource policies with accordance with the Municipal Systems Act • Shall deal with the development of by-laws • Shall deal with issues of training and capacity building for councilors, officials and ward committees • Shall deal with issues of co-ordinated administration between the District Municipality and Local Municipalities • Shall deal with matters of financial management • Shall deal with matters of good governance • Shall deal with matters of performance management system.	The meeting shall be held quarterly provided that it is held one week before the Municipal Managers Forum.
District Communications Forum	To ensure effective communication and sharing of best practices in the district	The District Communication and Public Relations Managers and Communication Managers of the district family of municipalities The District Communication Manager is the Chairperson of this forum	Promote synergies through periodic and structured inter-department and inter-stakeholder communications efforts; and Seek opportunities to assist the district and district family of municipalities by extension, its partners realise both its vision and its strategic objectives.	The meeting shall be held quarterly provided that it is held one week before the Municipal Managers Forum.

FORUM	PURPOSE /Objective	Composition	Functions	Meeting Frequency
Community and Social Services Forum	To ensure coordination and alignment of community and social services within the district	The Deputy Municipal Manager of Community Services from the district and district family of municipalities	<ul style="list-style-type: none"> the development of an Integrated Waste Management Plan in accordance with White Paper on Integrated Waste Management Plans Shall discuss and make recommendations with all issues of health, youth, disabled, women development, and disaster management. Shall deal with the development an Integrated HIV/AIDS Programme Shall deal with the development of an Integrated District Health Strategy Shall deal with the development of a Disaster Management Plan Shall deal with issues of youth, women and disabled development Shall deal with issues of Skills Development Strategy 	The meeting shall be held quarterly if it is held one week before the Municipal Managers Forum.
District Area Financial (CFO) Forum	To ensure and promote efficient and sound financial management	<p>Chief Financial Officers from the District family of Municipalities</p> <p>The KCDM CFO, is the chairperson of the forum</p>	Here the District Treasury, the CFO's of local municipalities and other relevant stakeholders engage with senior municipal officials about financial management and governance arrangements in the local government arena.	The meeting shall be held quarterly provided that it is held one week before the Municipal Managers Forum.
District Speakers Forum	Provide political guidance in the determination of policy objectives. <ul style="list-style-type: none"> Make decision regarding community participation and consultations. Consult with social partners on Government Flagship Programmes such as CDWs, Ward Committees and Multi-purpose Community Centres. Monitor the implementation of CDWs, Ward Committees and public participation policy framework. 	The DSF consists of all speakers in the district and the District Speaker presides on all the meetings.	it is aimed at increasing public participation, oversight and law, making within the district family of municipalities	The DSF convenes its routine meetings at least once a quarter. Special meetings can be staged when they are deemed essential.

FORUM	PURPOSE /Objective	Composition	Functions	Meeting Frequency
Mayor's Coordinating Forum	(a)To promote and facilitate intergovernmental relations and cooperative government between the District Municipality and the Local Municipalities; (b) seek unity of purpose and coordination of effort around the District's development priorities; and (c) ensure effective and efficient service delivery unhampered by jurisdictional boundaries.	the Mayor of the KCDM Executive Committee Members Traditional Leaders sitting at District Council the Mayors of local municipalities in the District. The KCDM Mayor is the Chairperson	The functions of the Forum is to discuss and consult each other on matters of mutual interest, including – (a) draft national and provincial policy and legislation relating to matters affecting local government interests in the District; (b) implementation of national and provincial policy and legislation with respect to matters affecting local government in the District; (c) matters arising in the Premier's intergovernmental Forum; (d) mutual support in terms of section 88 of the Municipal Structures Act, 1998 (Act 117 of 1998); (e) service delivery in the District; and (f) coherent planning and development in the District.	The Forum must meet at least six times per calendar year at such times and places as the District Mayor may determine
Planners Forum	To discuss matters of mutual concerns on Integrated development planning, and to share best practices.	The Planners of the family of municipalities, regional, provincial and national department's representatives and other key stakeholders. The District Manager Planning Chairs the forum.	To discuss planning and development issues To coordinate and align spatial development framework To give support	The meeting shall be held quarterly provided that it is held one week before the Municipal Managers Forum.

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 Premier's 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.

8.25.2 Municipal Structures

- **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;
- o To promote good governance, transparency and accountability on the use of municipal resources;
 - o 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
 - o 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).

- **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.

- **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

- **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.

8.25.3 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,

- **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.

- **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.

Table 88: 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 SG MKHIZE
uMhlathuze Public Transport Liaison Committee	Cllr MS C Mpungose
uMhlathuze Transport and Taxi Liaison Forum	
Public Participation Committee	Cllr SG Mkhize
Municipal Public Accounts (MPAC)	Cllr D J Ndimande

Table 89: Section 80 Committees of Council

Committee	Chairperson
Financial Services	Cllr M G Mhlongo
Corporate Services	Cllr DK Sibiya
Community Services	Cllr R M Zikhali
City Development	Cllr M Sookroo
Infrastructure and Technical Services	Cllr SG Mkhize

Table 90 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)

8.25.4 Audit Committee

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 91: Audit Committee Meetings for 2017/2018 Financial Year.

Name	31 st August 2017	26 September 2017	06 December 2017	05 April 2018	31 May 2018
S Nkonzombi (Chairperson)	✓	✓	✓	✓	✓
A Dhuki	x	x	✓	✓	✓
B Zulu	✓	✓	✓	resigned	resigned
J Ndlovu	✓	x	✓	✓	✓

Summary of Matters dealt with:

- The Internal Audit Plan for the 2017/2018 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 2018 and can report as follows:
5. 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

6. 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

10.1 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

10.2 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.

10.3 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.

Conclusion

7. The implementation and maintenance of proper systems of internal control, the prevention of fraud and error, the safeguarding of the assets of the municipality and compliance with relevant laws and regulations, are Council's responsibility. The role of the Audit Committee is to monitor the efficiency of the procedures and mechanisms which Council has put in place in order to ensure that its policies and procedures are adhered to. We can report that, taking into account the exceptions noted above and based on the reports submitted to us, that our overall impression is that the systems and procedures implemented by council are operating efficiently.
8. We also wish to take the opportunity to thank the Municipal Manager and his officials for their hard work and the dedication they display to their duties and their positive interaction with the Audit Committee.

8.25.5 Status of Municipal Policies

Herewith a summary of municipal human resource and budget policies already reported on in separate sections:

Table 92: 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 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

Policy Name	Description
	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	RPT 143608 DMS 497798 DMS1126293
Whistleblowing Policy	DMS 1226268
Virement Policy (transfers of funds)	RPT 147986 DMS 635065
Fixed Asset Management Policy	RPT 145981 DMS 562968

8.25.6 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

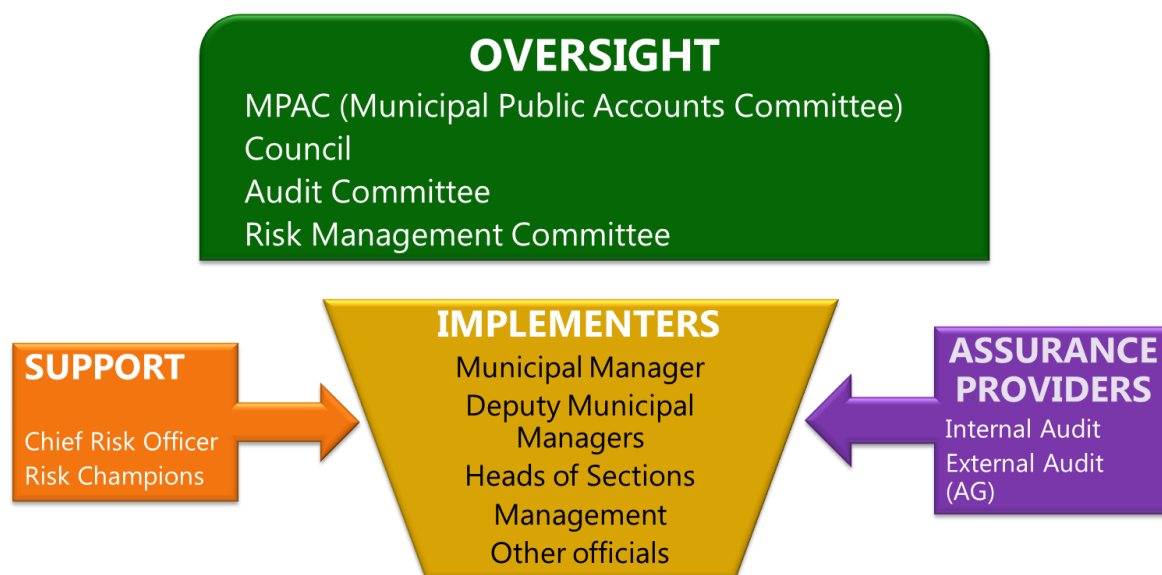
The functional key performance areas of the Enterprise Risk Management unit include:

- 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 73: 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.

8.25.7 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)

BYLAWS	RESPONSIBLE DEPT	ADOPTION DATE AND DMS NO
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)
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.

8.26 Public Participation Analysis

8.26.1 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.

8.26.2 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.

8.26.3 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

8.27 Good Governance and Public Participation: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> o Operation Sukuma Sakhe (OSS) fully functional o Municipal Public Accounts Committee (MPAC) is established o Functional section 79 and Section 80 committees o Ward committees established for all 34 wards o Effective Audit, Performance Audit and Enterprise Risk Management Committees o Range of municipal policies in place o Fully functional and effective Bid Committees o 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 o "Taking Council to the Community" initiative enhances public participation o Unqualified audit outcomes with no matters of emphasis for five consecutive years o Stable Municipal Council o Establishment of whistle blowing facility 	<ul style="list-style-type: none"> o Poor resourcing, of OSS structures o Inconsistent functionality of Ward Committees o Ineffective IGR structures o Poor defined relationship between ward councillors and traditional authority structures o Poor alignment of municipal and district programs o Vastness of rural wards o Poor enforcement of Council By-Laws
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> o Further strengthening of good governance o Enhancing IGR structures o Collaborations with institutions of higher learning to enhance good governance o Improving relationship with traditional institutions o Enhance public participation platforms and methodologies o Capacitation of ward committees o Partnership with private sector in support of community development initiatives 	<ul style="list-style-type: none"> o Dysfunctionality of IGR structures o Redetermination of municipal boundaries o Service delivery protests o Security of councillors o Non-compliance with Supply Chain Management Prescripts o Poor customer service o Lack of participation by minority groups (WIC) in municipal programmes o Maladministration o Land claims against municipal owned land

9. UMHLATHUZE: COMBINED SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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 operational A reliable ICT system for effective functioning and efficient service delivery Human Resource Policies in Place 	<ul style="list-style-type: none"> 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 Unsatisfactory attraction and employment of disabled personnel

<ul style="list-style-type: none"> o Employment Assistance Programme o 24 hours operational Call Centred with toll free o Fully functional ward committees o Functional Local Labour Forum o Progressive Employment Equity Plan o Critical senior management vacancies filled o Stable labour relations o Very high level of access to water and electricity in the uMhlathuze municipal area o 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 o Clear division of duties between water and electrical services as a result of unbundling purposes o Level 2 Accreditation has been granted to the uMhlathuze Municipality in respect of Human Settlements o Continual improvement of the Blue Drop score for the Municipality o Continual improvement of the Green Drop score for the Municipality 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 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 Council has an adopted Indigent Policy. 	<ul style="list-style-type: none"> o Inadequate budget allocations for programs such as the EAP o Inadequate skills development resources o Organisational structure not aligned to long term strategy o Poor change management initiatives o Misplaced professionals o Service interruptions due to ageing infrastructure o Indiscriminate dumping by residents of garden waste and builder's rubble o Illegal dumping of waste within streets and stormwater servitudes by the community causes overflows through blockages that create flooding of streets and properties. o Infrastructure vandalism o Inadequate investment in waste management equipment including trucks o Ageing personnel especially in waste management section 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 o The current credit score of the Municipality is BBB. o organisational structure not fully funded o Poor capital expenditure o Lack of long term financial planning o Investment of borrowings in non-revenue projects o Impact of engineering contributions on investment o In-adequate contract management o Poor resourcing, of OSS structures o Inconsistent functionality of Ward Committees o Ineffective IGR structures
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<ul style="list-style-type: none"> o The City of uMhlathuze has a fully functional Supply Chain Management Unit o uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment o Financial reporting and financial statements are developed in-house o Fully funded budget o Alignment of budget with IDP o Full adherence to financial management prerequisites o Operation Sukuma Sakhe (OSS) fully functional o Municipal Public Accounts Committee (MPAC) is established o Functional section 79 and Section 80 committees o Ward committees established for all 34 wards o Effective Audit, Performance Audit and Enterprise Risk Management Committees o Range of municipal policies in place o Fully functional and effective Bid Committees o 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 o "Taking Council to the Community" initiative enhances public participation o Unqualified audit outcomes with no matters of emphasis for five consecutive years o Stable Municipal Council o Establishment of whistle blowing facility 	<ul style="list-style-type: none"> o Poor defined relationship between ward councillors and traditional authority structures o Poor alignment of municipal and district programs o Vastness of rural wards o Poor enforcement of Council By-Laws o
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> o There is one airport and a couple of land strips in the municipal area. o Economic node to the North-Eastern parts of the Province o The R34 Provincial Main Road passes through Empangeni towards Melmoth. o There are two primary nodes in the municipal area i.e. Richards Bay and Felixton. ESikhaleni is an emerging primary node. 	<ul style="list-style-type: none"> o Distance from major economic node in the province o The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time. o An increasing trend in the frequency of cyclonic activity has been observed. o Coastal Dune areas are sensitive to change and erosion remains a key

<ul style="list-style-type: none"> o Coastal Dunes contain heavy minerals that are sought after for mining. 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 Institutionalisation of Batho-Pele Principles o Implementation of the E-Council system, eliminating cost for paper used in agendas etc. o Bursary Policy for councillors, employees and members of the public o Graduate Development Programmes and off-the –job training is offered to graduates o Improving diversity management o Successful implementation of the Quality Management System, the management system adopted from ISO 17025 requirements for testing laboratories o Maintenance of acceptable standards of water quality o Progressive acquisition of yellow plant and other equipment o Waste recycling, reduce and reuse initiatives o Implementation of mega human settlement projects o Progressive and transformational supply chain management policy for capital projects execution o Investment in alternative water supply such as desalination, waste water reuse, underground water. 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 	<p>concern along a coastline that is susceptible to the sea level rise.</p> <ul style="list-style-type: none"> o Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions. o The area is characterized by a complex hydrology and climate change would therefore have an impact on water resources in the area. 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 o Staff low moral o Lack of proper implementation of the Succession Policy o Delays in finalising job evaluations o Failure/slow process of addressing Identified risks within the organisation o Staff turn-over in critical and scarce skills positions o Limited investment in ICT infrastructure upgrades o Lack of comprehensive skills audit o Illegal connections o Ageing infrastructure: electricity, water and roads o Poor capital expenditure o Non-payment for services o Lack of asset maintenance plan o Cost of water tankering o Cost of maintaining rural roads o Changing municipal boundaries thus impacting on municipal infrastructure backlogs o Continuous demand for waterborne sewer in rural areas o 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
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<ul style="list-style-type: none"> ○ 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 ○ Partnership with private sector in support of community development initiatives 	<ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ Dysfunctionality of IGR structures ○ Redetermination of municipal boundaries ○ Service delivery protests ○ Security of concillors ○ 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
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SECTION D: VISION, STRATEGIES, GOALS AND OBJECTIVES

10. VISION , MISSION AND VALUES 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

Brand Promise

Vision into Action

Values

In order to achieve Customer Service Excellence, uMhlathuze Municipality will continually remind its staff of the core values that should guide all interaction with customers, with special emphasis on Front Line Staff to display a common set of values which include *inter alia*:

- Efficiency
- Professionalism
- Commitment
- Respect
- Integrity and transparency
- Innovation

- Equity and fairness
- Compassion and dignity
- Good Customer Care
- Service Excellence
- Mutual trust and understanding
- Courtesy

11. 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 93: uMhlathuze Strategies, Goals and Objectives

NATIONAL KPA 1 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
GOALS	OBJECTIVES	STRATEGIES
1.1 Democratic, Responsible, Transparent, Objective and Equitable Municipal Governance	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
		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

NATIONAL KPA 1 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
GOALS	OBJECTIVES	STRATEGIES
		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 efficient services	2.1.1 To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1.1 Eradicate water services backlogs through provision of basic water services
		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

NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION		
GOALS	OBJECTIVES	STRATEGIES
	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	3.1.4.1 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

NATIONAL KPA 3 : LOCAL ECONOMIC DEVELOPMENT		
GOALS	OBJECTIVES	STRATEGIES
		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 and informal economy
3.2 Public Safety and Security	3.2.1 Provision of efficient and effective security services	3.2.1.1 Review and implementation of crime prevention strategy
	3.2.2 To ensure Provision of fire and rescue services	3.2.2.1 Review and Implementation of a fire prevention strategy
3.3 Safe and Healthy Living Environment	3.3.1 Efficient an effective waste management services	3.3.1.1 Review and Implementation of Integrated Waste Management Plan
	3.3.2 To ensure air quality management	3.3.2.1 Implementation of Air Quality Management Strategy
	3.3.3 Cater for alternate future burial option	3.3.3.1 Provision of cemeteries
3.4 Social Cohesion	3.4.1 To promote social cohesion	3.4.1.1 Development of community facilities
		3.4.1.2 Development of Arts and Culture Strategy
		3.4.1.3 Development of sports and recreation programmes

NATIONAL KPA 4 : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION		
GOALS	OBJECTIVES	STRATEGIES
4.1 A Municipality that is Resourced and Committed to	4.1.1 To create an appropriate organisational	4.1.1.1 Implement the talent management strategy

attaining the vision and mission of the organisation	climate that will attract and ensure retention of staff	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

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
		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

SECTION E: STRATEGIC MAPPING

12. SDF CHAPTER

PGDS GOAL: SPATIAL EQUITY

PGDS OBJECTIVE: 7.1 AND 7.2

DGDP GOAL: SPATIAL EQUITY

UMHLATHUZE SPATIAL DEVELOPMENT PERSPECTIVE

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) is a visual presentation of the municipal vision 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, goals and objectives of the municipal IDP, in keeping with the principles for land development. As such, it guides spatial growth, conservation of the natural and built environment as well as the correction of past imbalances. It also indicates areas where strategic intervention is required and should act as marketing tool to indicate where development could be promoted.

12.1 SPATIAL DEVELOPMENT VISION

The current long term vision of the Municipality is:

“The Port City of uMhlathuze offering improved quality of life for all its citizens through sustainable development.”

The above municipal vision underpins the following mission elements:

- Job Creation through Economic Development
- Improving Citizens Skills Levels and Education
- Improve Quality of Citizens Health
- Creation of Secure and Friendly City through Fighting Crime
- Planned Rural Development Interventions
- Maintaining Consistent Spatial Development
- Commitment to Sustainable Environmental Management

A new spatial vision for the uMhlathuze Municipality has been developed after an extensive consultation process.

The new vision is founded on the following principles:

<i>Diversity</i>	<i>Sustainability</i>	<i>Choice</i>
<i>Accessibility</i>	<i>Quality of Life</i>	<i>Mobility</i>
<i>Affordability</i>	<i>Shared societal dividends</i>	<i>Equality</i>
<i>Inclusivity</i>	<i>Avant garde</i>	<i>Democratic</i>
	<i>Efficiency</i>	

Key indicators that form the foundation of the vision are:

- An area that supports both **COMPACT URBAN** and **SUSTAINABLE RURAL LIVING**.
- **STRENGTHEN CONNECTIONS** between different parts of the municipal area. Nodes play differentiated but complementary roles.
- Business hubs in Richards Bay, Nseleni, Esikhaleni, Ntambanana, Empangeni, Ngwelezane.
- Agriculture, tourism, mining, freight and logistics anchor the economy.
- New airport to anchor freight and logistics – **SEZ/IDZ CONSOLIDATION (AIR, WATER AND LAND)**
- Work environments that **ALLOW FLEXIBILITY** – work from home, pop ups, etc.
- **INVESTMENT IN PUBLIC REALM** – Public spaces are places of interaction, recreation, expression and enough space for public facilities to be set aside.
- Institution that **FOSTERS PARTNERSHIP** – it will take more than government to deliver this vision.

The new spatial vision statement for the Municipality is the following:

“An agile institution that fosters spatial sustainability, resilience, equity and compact growth, supported by appropriate ICT solutions”

12.2 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 and reviewing the municipal SDF. A short summary of some of the key policies, plans and legislation is provided hereunder:

12.2.1 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.	<ul style="list-style-type: none"> o The uMhlathuze Municipality is a Water Services Authority (WSA) and the Water Service Provider (WSP). o The Municipality has prepared Water and Sewer Bulk Master Plans to inform water and sewer planning and investment. These plans are in the process of updating post the August 2016 Local Government Elections. o Backlog eradication is a priority. In context of the revised municipal boundaries, exact backlogs are being confirmed. o The municipality aims to achieve universal coverage of water and sanitation services over its whole area. o The municipality is undertaking a feasibility study for waste water re-use in the municipal area. o A desalination plant has also been developed in the municipal area.
7	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> o Investigations are underway in the uMhlathuze Municipality for gas to power energy solutions.
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<ul style="list-style-type: none"> 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 Aluminium 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.

SDG	Goal Description	Application to uMhlathuze
11	<p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p> <p>Goal 11.1 ... that citizens have access to adequate, safe and affordable housing and basic services, and upgrade slums.</p> <p>Goal 11.3 ... that all countries must enhance inclusive and sustainable urbanization and capacities for participatory, integrated and sustainable human settlement planning and management ...</p> <p>Goal 11.a ... countries must support positive economic, social and environmental links between urban, peri-urban and rural areas ...</p> <p>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.</p>	<ul style="list-style-type: none"> ○ 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, three Human Settlement projects have been initiated within these identified restructuring zones namely the Aquadene Integrated Human Settlements Project (bulk services under construction), Empangeni Integrated Residential Project (services installation underway) and Phase 6 and 8 of the Dumisani Makhaya Village project.
13	<p>Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy</p>	<ul style="list-style-type: none"> ○ The uMhlathuze Mayor signed the Covenant of Mayors on Climate Change and Energy. ○ Electricity is not the only sector contributing to GHG emissions. Waste; fuel consumption; transport planning and elements of spatial planning also contribute to GHGs. ○ The Energy Sector Plan is under review and, amongst others; the diversification of the energy mix is being investigated. ○ Apart from investigating gas to power solutions, the municipality is

SDG	Goal Description	Application to uMhlathuze
		<p>investigating in details waste water re-use as well.</p> <ul style="list-style-type: none"> Options for the diversion of municipal solid waste away from landfill sites is being finalized. A desalination plant has also been developed in the municipal area. During 2018, Council adopted a Climate Change Action Plan.
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> The uMhlathuze Municipality is involved in partnerships with (1) ICLEI and the (2) International Water Stewardship Program to ensure the Municipality benefits from, amongst others, low emissions development programmes and efforts to ensure sustainability and water security within important catchments.

12.2.2 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

12.2.3 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
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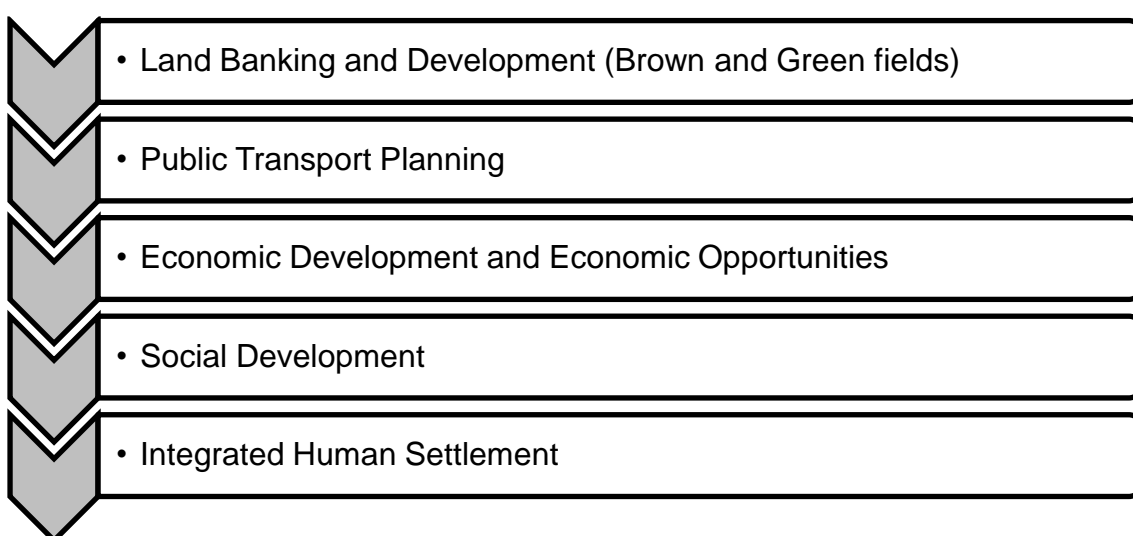
	failure of electricity supply to this large export facility. The Port expansion of Richards Bay is a permanent discussion item between the uMhlathuze Municipality and the Richards Bay Port (Transnet).
SIP 2 Durban-Free State- Gauteng logistics and industrial corridor	A logistics and industrial corridor 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.

2. **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
3. **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.
4. **uMhlathuze-Ulundi-Vryheid Secondary Corridor Plan:** To develop a 25 year strategic framework that identifies spatial issues and opportunities.
5. **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:

Figure 74: uMhlathuze Spatial Transformation Pillars



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 94: Summary of Core Spatial Planning Principles

SPLUMA Principles	Development	Core Spatial Development Principles
Spatial Justice		<ul style="list-style-type: none"> ○ Redress the spatial legacy ○ Integrated human settlement development

	<ul style="list-style-type: none"> o Redress spatial and other development imbalances through improved access to and use of land
Spatial Sustainability	<ul style="list-style-type: none"> o Encourage sustainable development, promote densification, discourage urban sprawl o Integration of all physical aspects of land/economic development o Optimize the use of existing resources o Strategic environmental assessment
Spatial Efficiency	<ul style="list-style-type: none"> o Nodes and corridors o Urban development edge
Spatial Resilience	<ul style="list-style-type: none"> o Urban and rural integration o Promote mixed use development
Good Administration	<ul style="list-style-type: none"> o Capital investment framework, priority spending areas o Cross boundary developments

12.3 SPATIAL STRUCTURING ELEMENTS

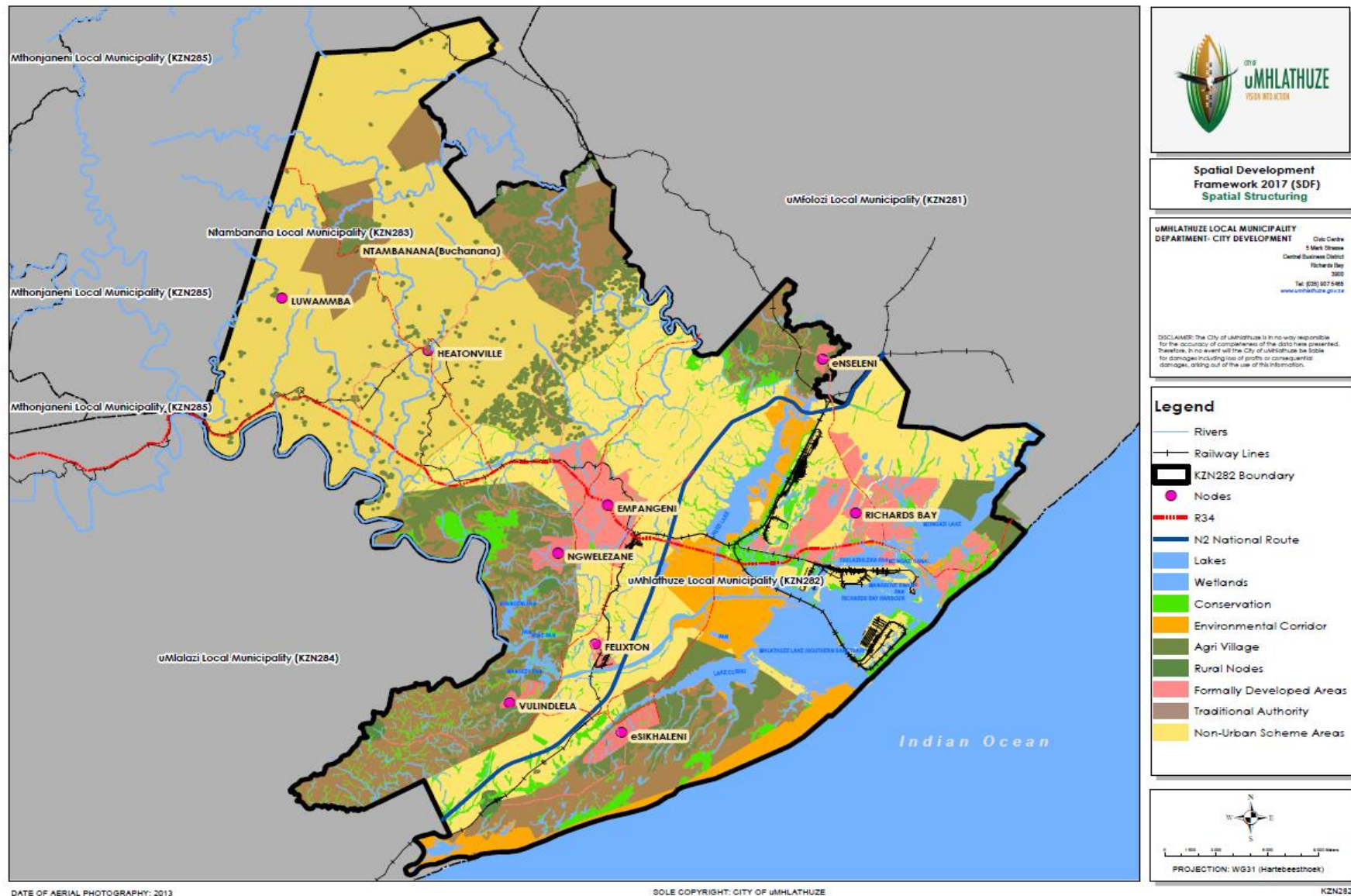
There are a number of existing natural and man-made phenomenon that have shaped and continue to shape the uMhlathuze Municipality spatial landscape. The area to the east of the Municipality is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. 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 Buchanana, Luwamba, Makwela, Mambuka, Hluma, Matshana and Mabuyela.

Map 32: Spatial Structuring Elements



12.4 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.

12.4.1 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 Nseze) 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.

12.4.2 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.

12.4.3 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.

12.4.4 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, Alkantstrand 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.

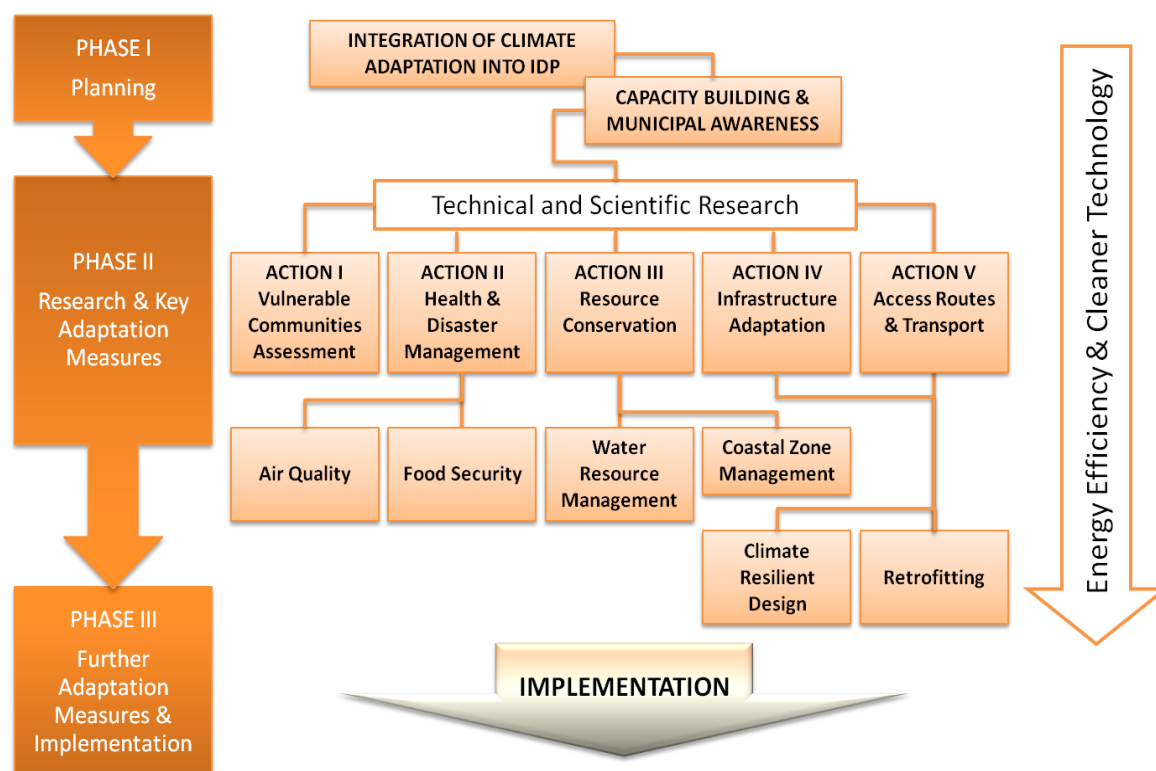
Coastal access:

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.

12.4.5 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 75: Phased Approach to Municipal Action Plan



Since 2010, the Climate Change Strategy was integrated into the Integrated Development Plan of the Municipality. The implementation and reporting thereof was admittedly not as vigorous as it should have been, with outputs coinciding with the various functions within the organization that deal with the Environment. These units include Waste Management, Air Quality Management, Biodiversity and Horticulture Management, Water Quality Management; Energy Management and Environmental Planning. Climate change related actions coincidentally dove-tailed with the operations of these units.

With a growing impetus to scale up on climate change responses for internal reporting requirements, and also reporting to organizations like the Global Compact of Mayors on Climate and Energy, it hence became imperative to improve certain institutional aspects on how the Municipality is currently dealing with Climate Change.

To this end, Council adopted a Climate Change Action Plan in October 2018 that set out the following objectives:

1. An outline of the institutional framework for Climate Change linking global policy with national, provincial and local imperatives;
2. An overview of the uMhlathuze climate risk profile and associated vulnerability for the Municipality;

3. A presentation of the adopted Climate Change and Energy strategies as a basis for prioritising actions/projects for implementation of the Climate Change Action Plan;
4. Development of a Climate Change Action Plan which focuses on priority climate adaptation and mitigation interventions;
5. Strategic Partners and Global affiliations to scale up on climate actions; and
6. Institutional arrangements, which talks to the establishment of a formally constituted committee to implement and report on the climate change action plan.

The Climate Change Action Plan is essentially the implementing arm of the Climate Change and Energy Strategies. The objective is to prioritize selected interventions in accordance with the following sectors:

- Coastal Management
- Water Resources Management
- Stormwater Management
- Open Space and Biodiversity Management
- Waste Management
- Energy Management
- Integrated Transport Planning
- Spatial Planning, Land Use and Designing for sustainability
- Human Settlement Planning
- Disaster Management Responses
- Air Quality Management

In the course of preparing the Climate Change Action Plan, it became quite apparent that the cross-cutting nature of the plan requires a formally constituted team to report on the various interventions. The City of uMhlathuze has, in other instances such the Greenest Municipality Competition, constituted a reference group dealing with environmental functions. It was therefore seen as appropriate to utilize the same committee referred to as the name "Green Team" to implement the climate change strategy and implementation plan, and report accordingly for purposes of good governance.

The Climate Change Action Plan projects a 5 year snapshot, and will remain a live document.

Figure 76: Composition of the uMhlathuze Green Team

12.4.6 BIODIVERSITY AND DEVELOPMENT

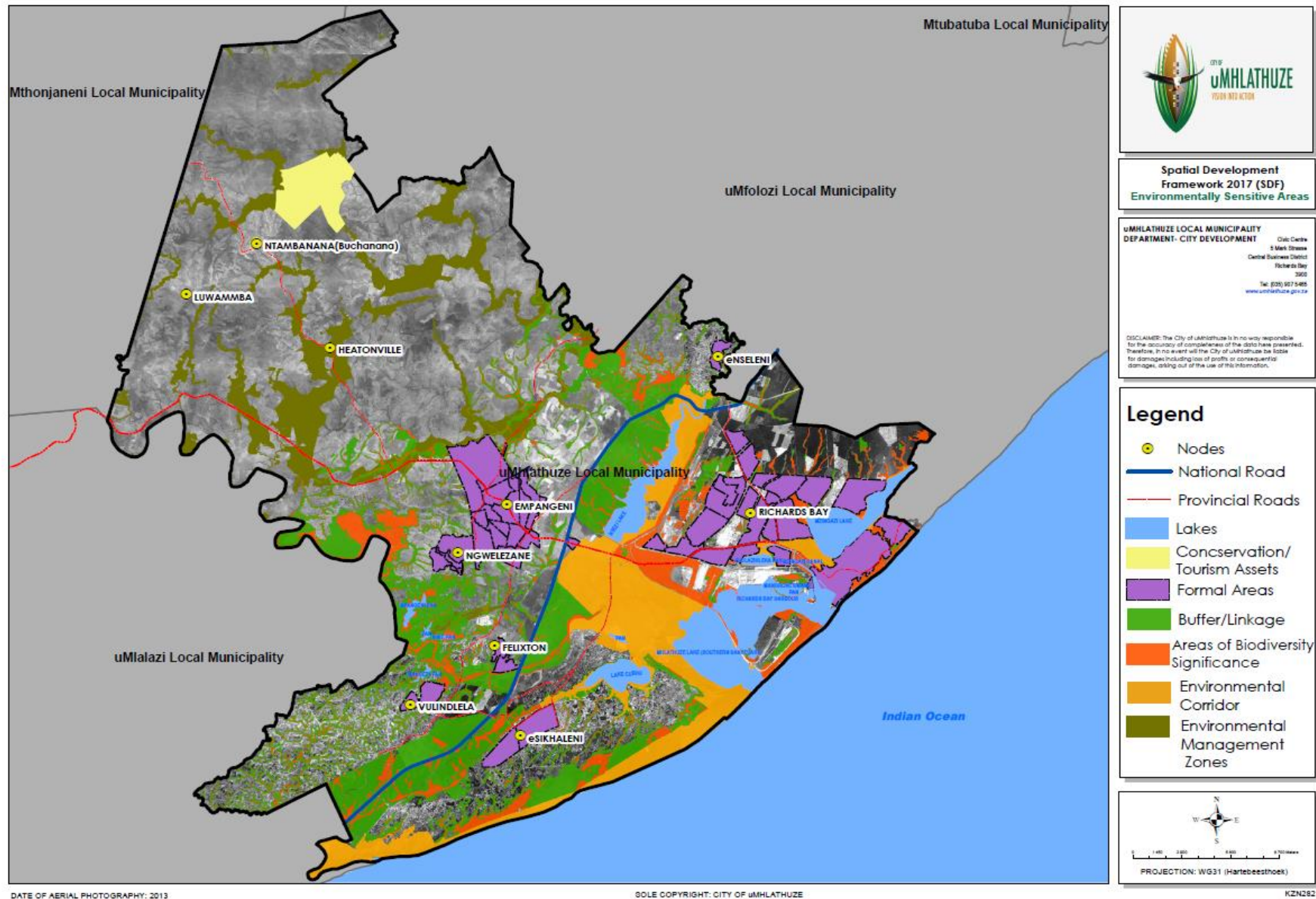
The greater uMhlathuze Municipal Area supports more than 170 Data species, which according to the South African National Biodiversity Institute, ranks amongst the highest in the country for an area of its size. This remarkable concentration of Red Data Species is one of the main reasons that most of the remaining percentage of undeveloped, indigenous land cover, is considered irreplaceable by Ezemvelo KZN Wildlife for meeting its conservation objectives in the Province.

Table 95: Biodiversity Significance

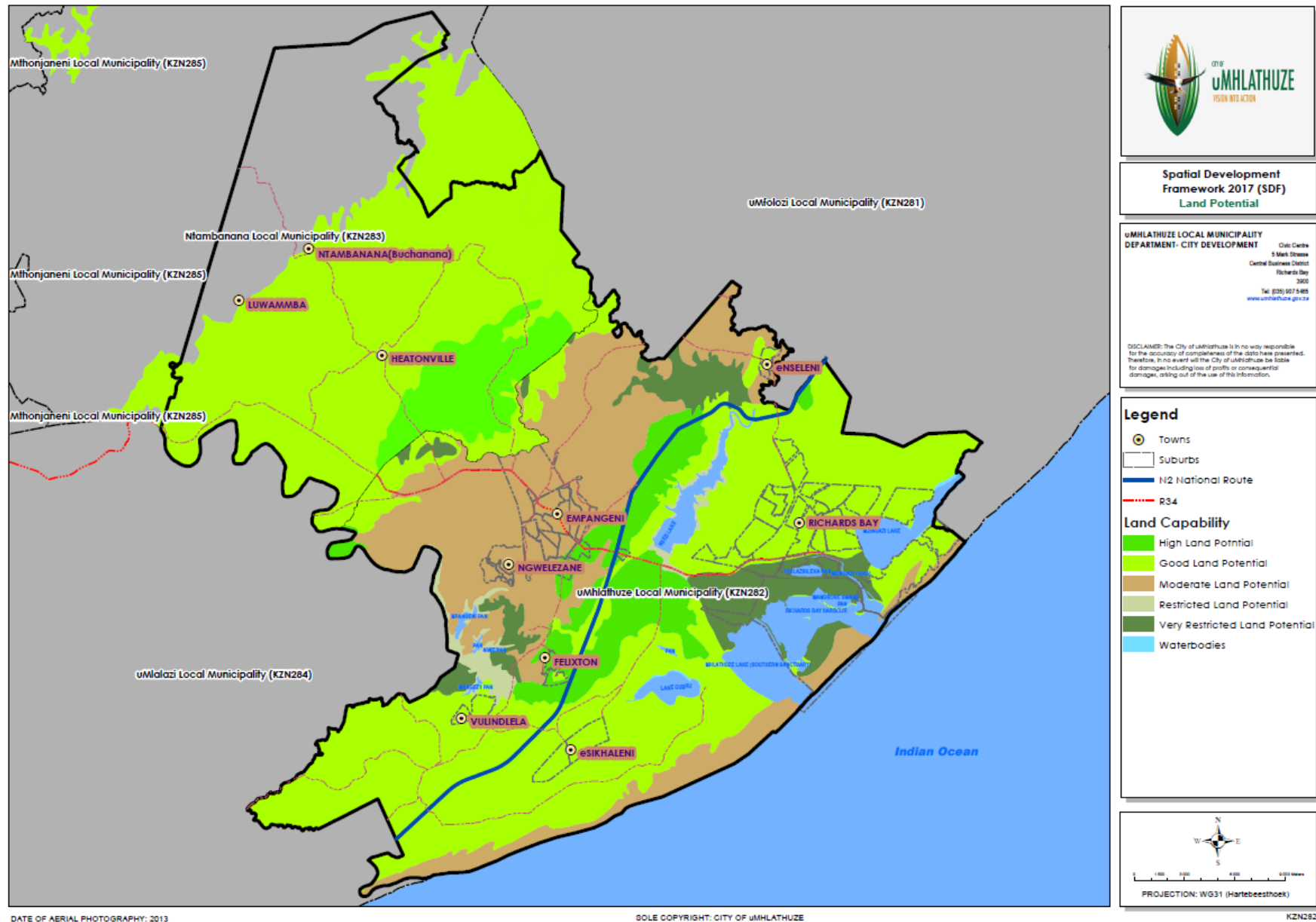
Vegetation Type	Red Data Species (Significance)	Conservation Target
Grasslands	124	100 % following a detailed survey. Conservation of a substantial portion of the remaining natural asset in the region is required if conservation objectives are to be pursued
Forests	90	
Nseleni River_Lake Nsezi System	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 33: Environmentally Sensitive Areas



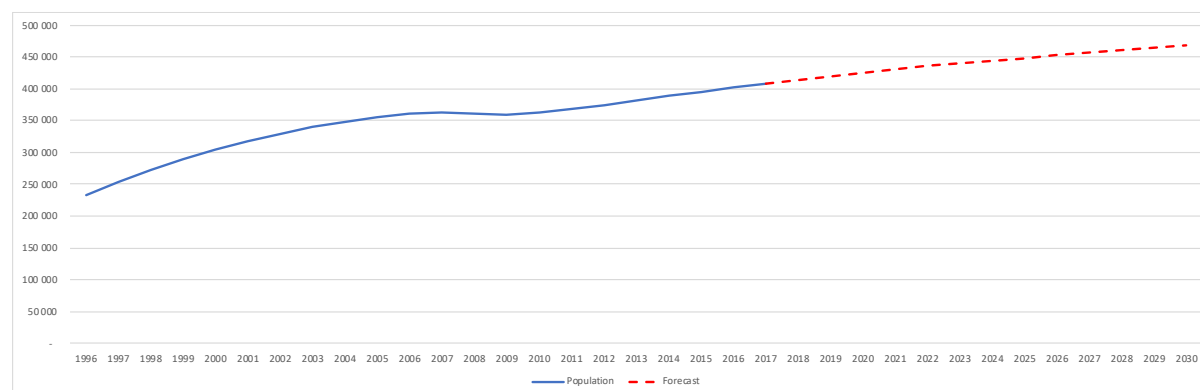
Map 34: Agricultural Land Potential



12.5 SOCIO-ECONOMIC INDICATORS

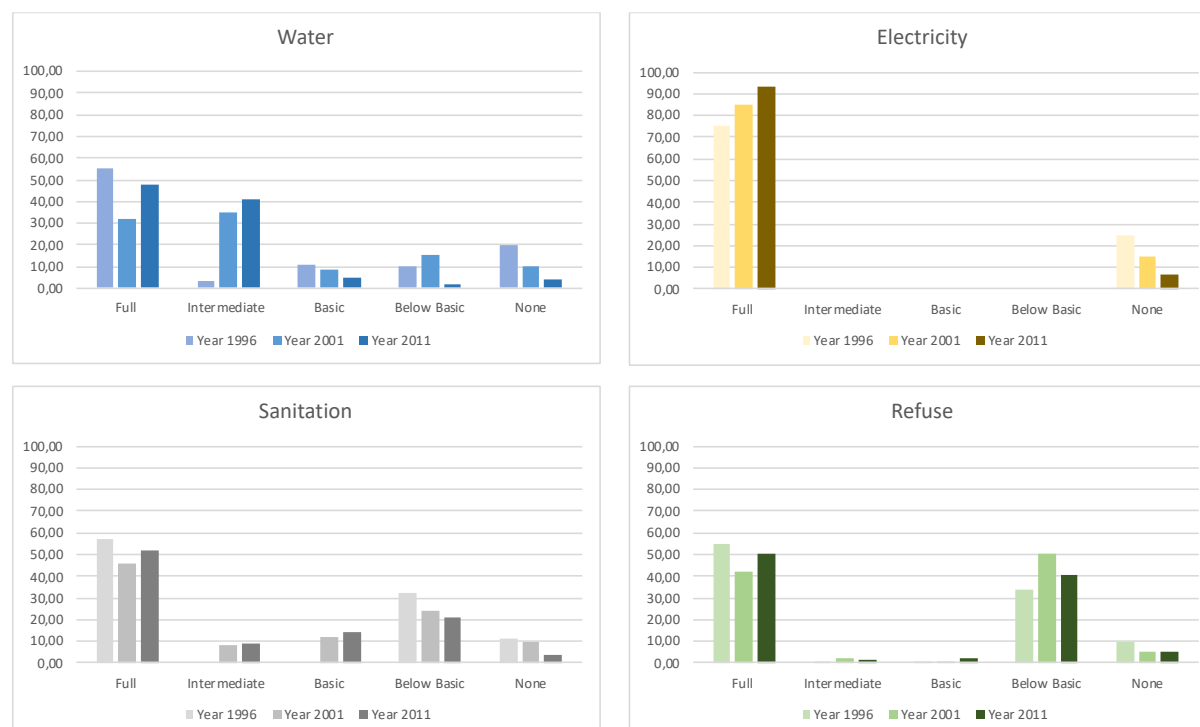
The following table provides an indication of the anticipated population growth forecast in the municipal area.

Figure 77: Population growth forecast



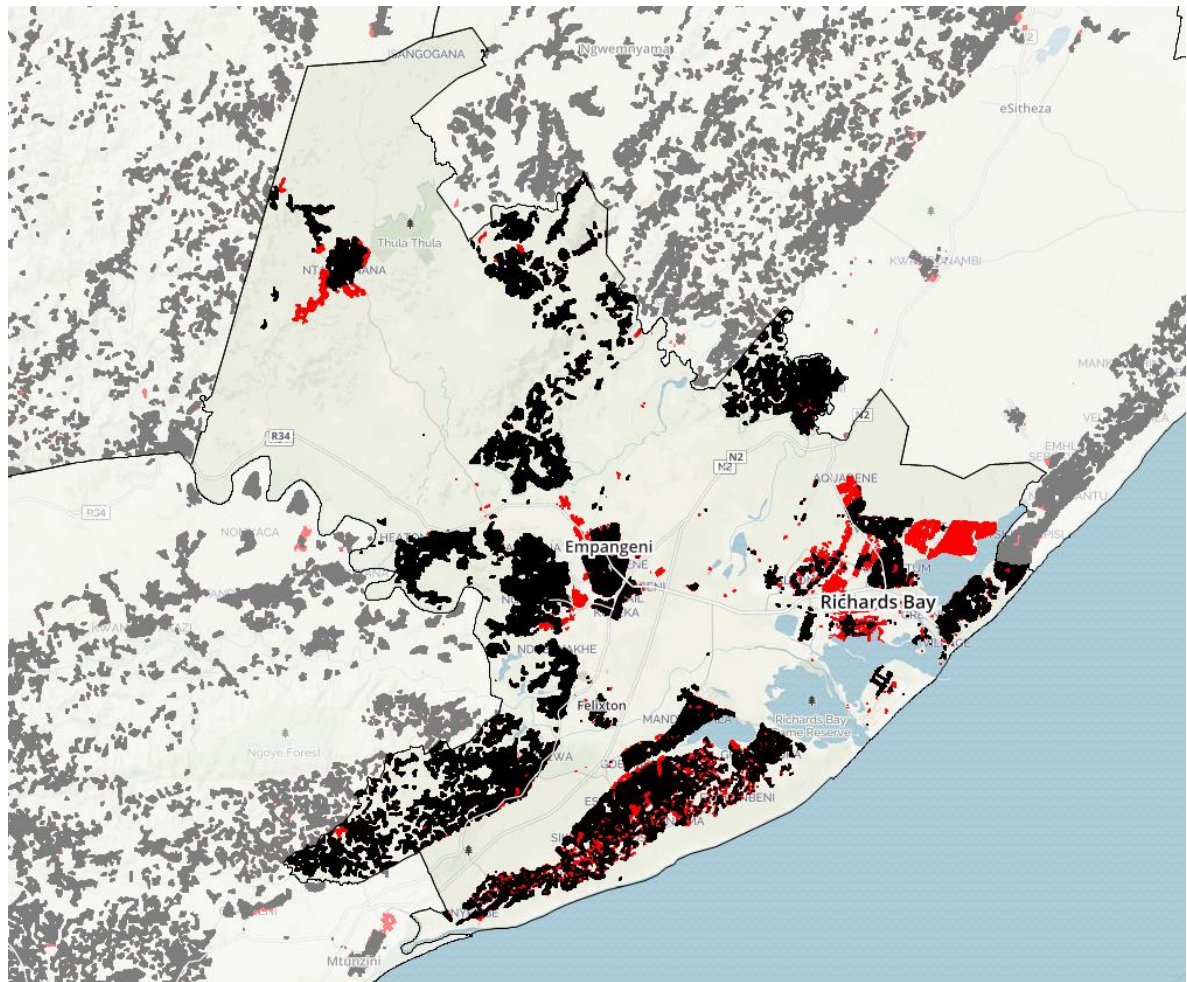
Access to services is indicated in the following four graphs, i.e. water, electricity, sanitation and refuse compared over the period 1996, 2001 and 2011.

Figure 78: Access to Services



The following inset provides an indication of the settlement footprint growth in uMhlathuze between 1990 and 2014.

FFigure 79: Settlement Footprint Growth 1990 to 2014



The following tables provide more information on the urban and rural population split as well as percentage change over time for these areas.

Table 96: Project Population Distribution

Timeline	Urban	Rural	Tribal	Other	
2016	43.3%	16.7%	37.9%	2.1%	100.00%
2021	44.2%	15.7%	38.7%	1.4%	100.00%
2026	45.2%	14.7%	39.4%	0.7%	100.00%
2030	46.0%	13.9%	40.0%	0.1%	100.00%

Table 97: Percentage Change over time

	1990	2014	% Change
Municipality			
Area (ha)	123 578	123 578	
Population	222 746	388 280	74.3%
Density (people/ha)	1.8	3.1	
Urban Footprint (ha)	19 125	19 809	3.6%
Urban Nodes			
Area (ha)	15 811	15 811	
% of total municipal area	12.8%	12.8%	
Population	78 745	167 223	112.4%
Density	5.0	10.6	
Urban Footprint (ha)	4 067	5 207	28.0%
Rural Nodes			
Area (ha)	13 674	13 674	
% of total municipal area	11.1%	11.1%	
Population	52 335	66 717	27.5%
Density	3.8	4.9	
Urban Footprint (ha)	5 415	4 980	-8.0%
Tribal Settlements			
Area (ha)	21 021	21 021	
% of total municipal area	17.0%	17.0%	
Population	90 093	145 070	61.0%
Density	4.3	6.9	
Urban Footprint (ha)	9 370	9 348	-0.2%

12.6 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

12.6.1 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.

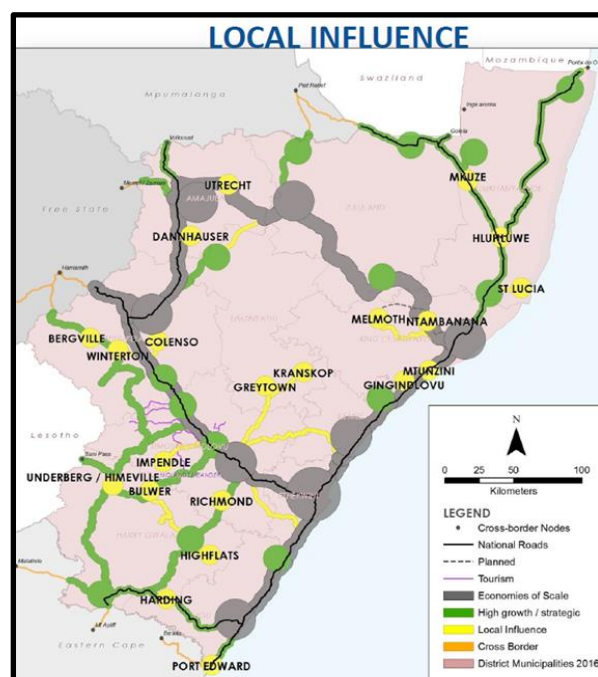
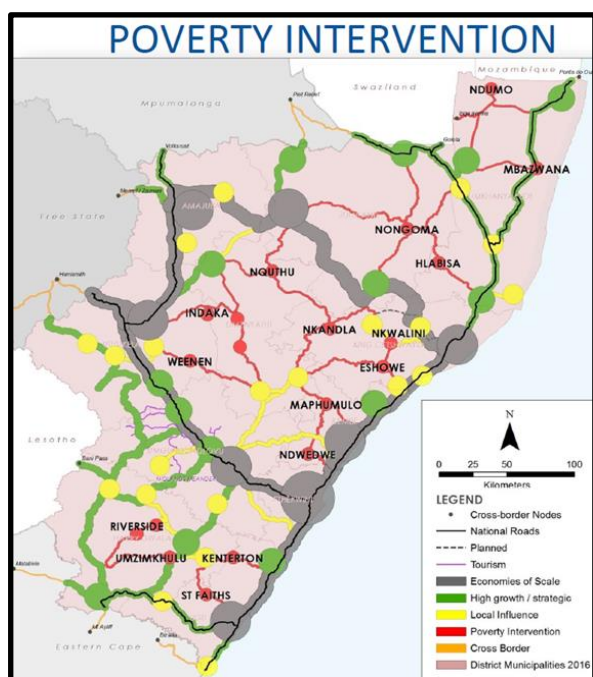
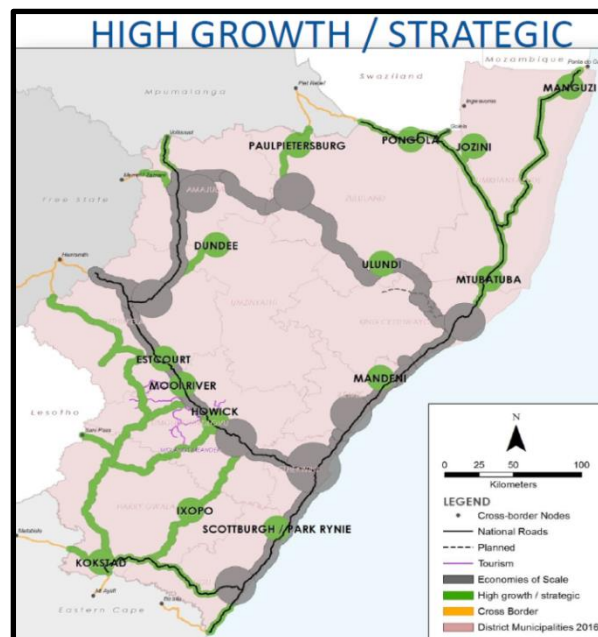
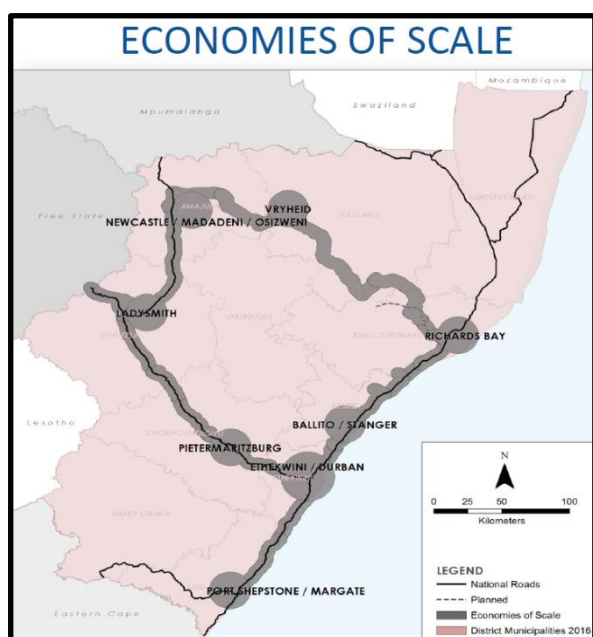
The PSEDs has been undertaken in line with the comparative advantage approach as summarized hereunder:

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.

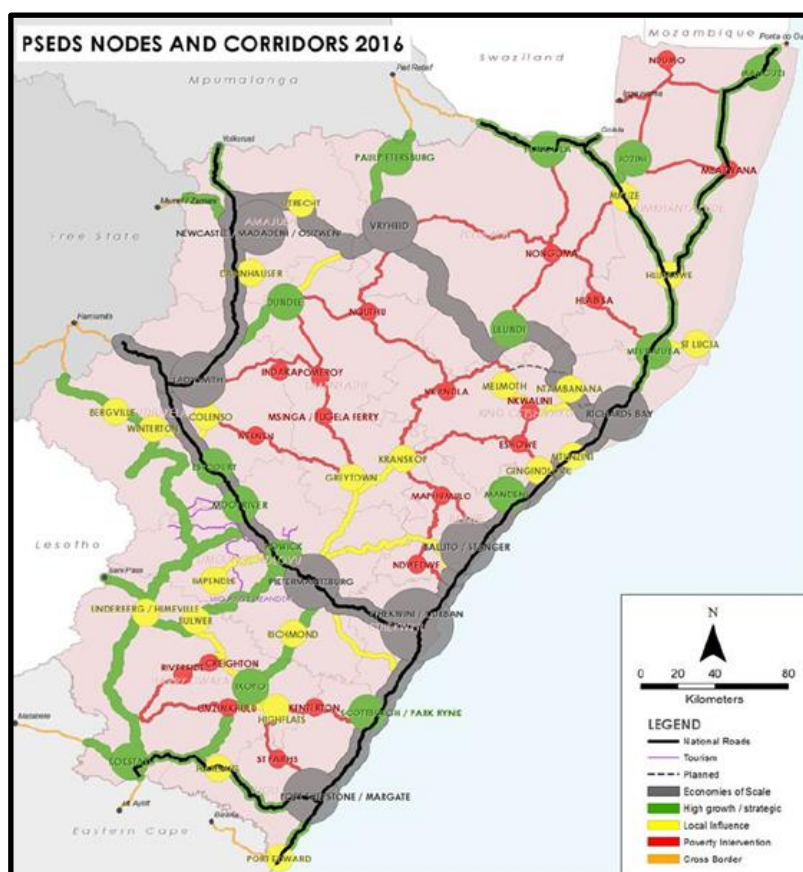
To this end, the following set of new criteria was applied for the identification of nodes:

- 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 centers 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 Ethekwini 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.	<ul style="list-style-type: none"> ○ Empangeni ○ 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.	<ul style="list-style-type: none"> ○ Esikhaleni ○ Ngwelezane ○ Vulindlela ○ Felixton
Tertiary A socio-economic node that offers sustainable mixed use development opportunities based on a human scale principle.	<ul style="list-style-type: none"> ○ Felixton ○ Nseleni ○ Buchanana
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.	<ul style="list-style-type: none"> ○ Port Durnford
Rural Nodes Socio-economic nodes that offer tailor made mixed use development opportunities closer to their surrounding communities.	<ul style="list-style-type: none"> ○ Hluma ○ Matshana ○ Mabuyela ○ 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.	<ul style="list-style-type: none"> ○ 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.



12.6.2 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 98: 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 99: 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 100: 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 ResidentialLand @ 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 ResidentialLand @ 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 ResidentialLand @ 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 ResidentialLand @ 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 ResidentialLand @ 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 101: 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 102: 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 103: Anticipated land usages in Expansion Areas

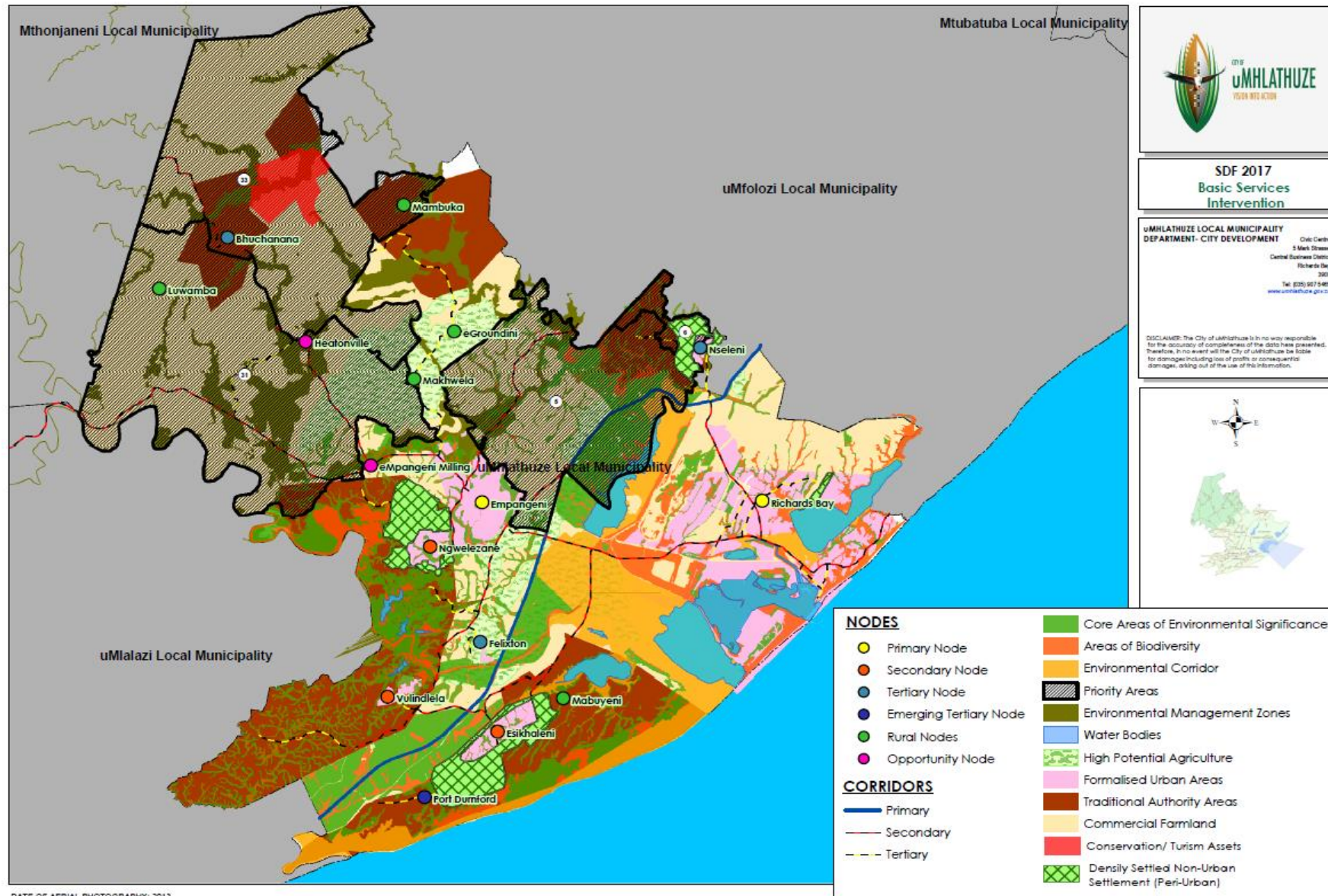
Zoning	Ha
Commercial	119.93
Industrial	1782.50
General Residential	121.57
Special Residential	1573.86
Intermediate Residential	16.43
Public/Private Open Spaces	568.43
Transportation Infrastructure	32.86
Undetermined	17.25
Social	563.50
Other Zonings	3418.46
Total	8214.30

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.

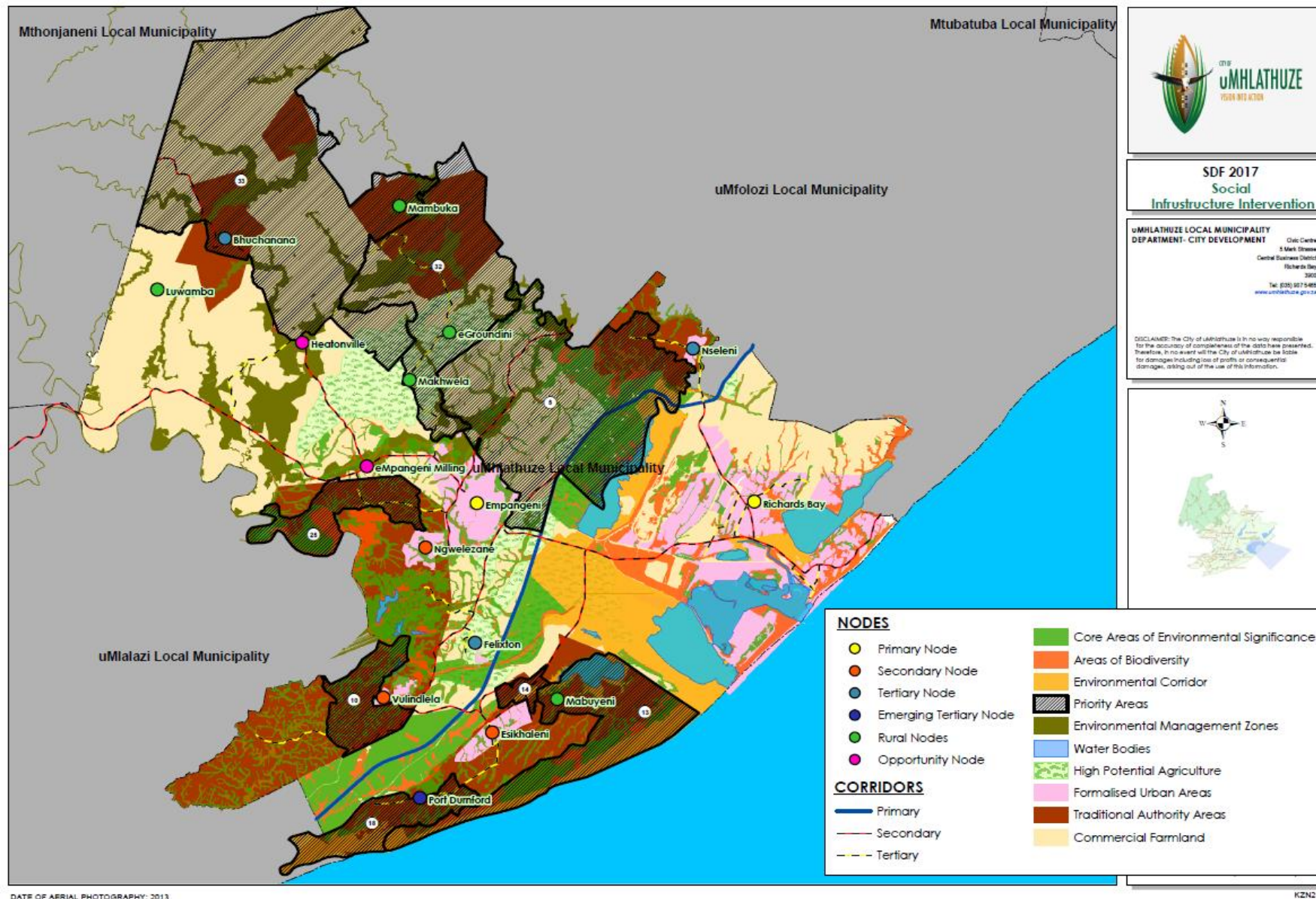
- Areas of Social Infrastructure Intervention
- Areas Basic Services Intervention
- Interventions at Settlements
- Areas of Economic Growth and Development

uMhlathuze Local Municipality: Draft IDP Review 2020/2021
Map 36: Areas Requiring Infrastructure Intervention

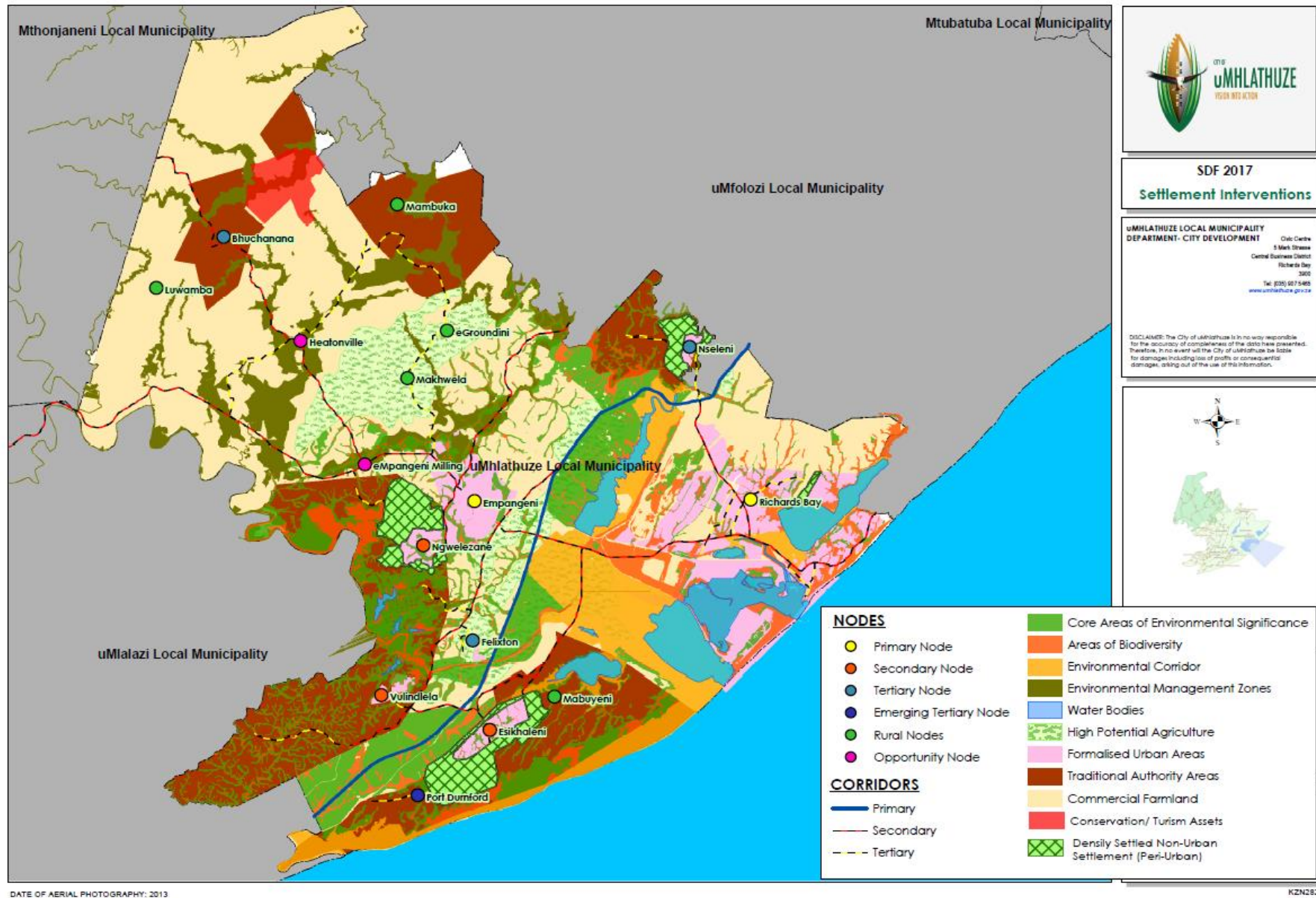


DATE OF AERIAL PHOTOGRAPHY: 2013

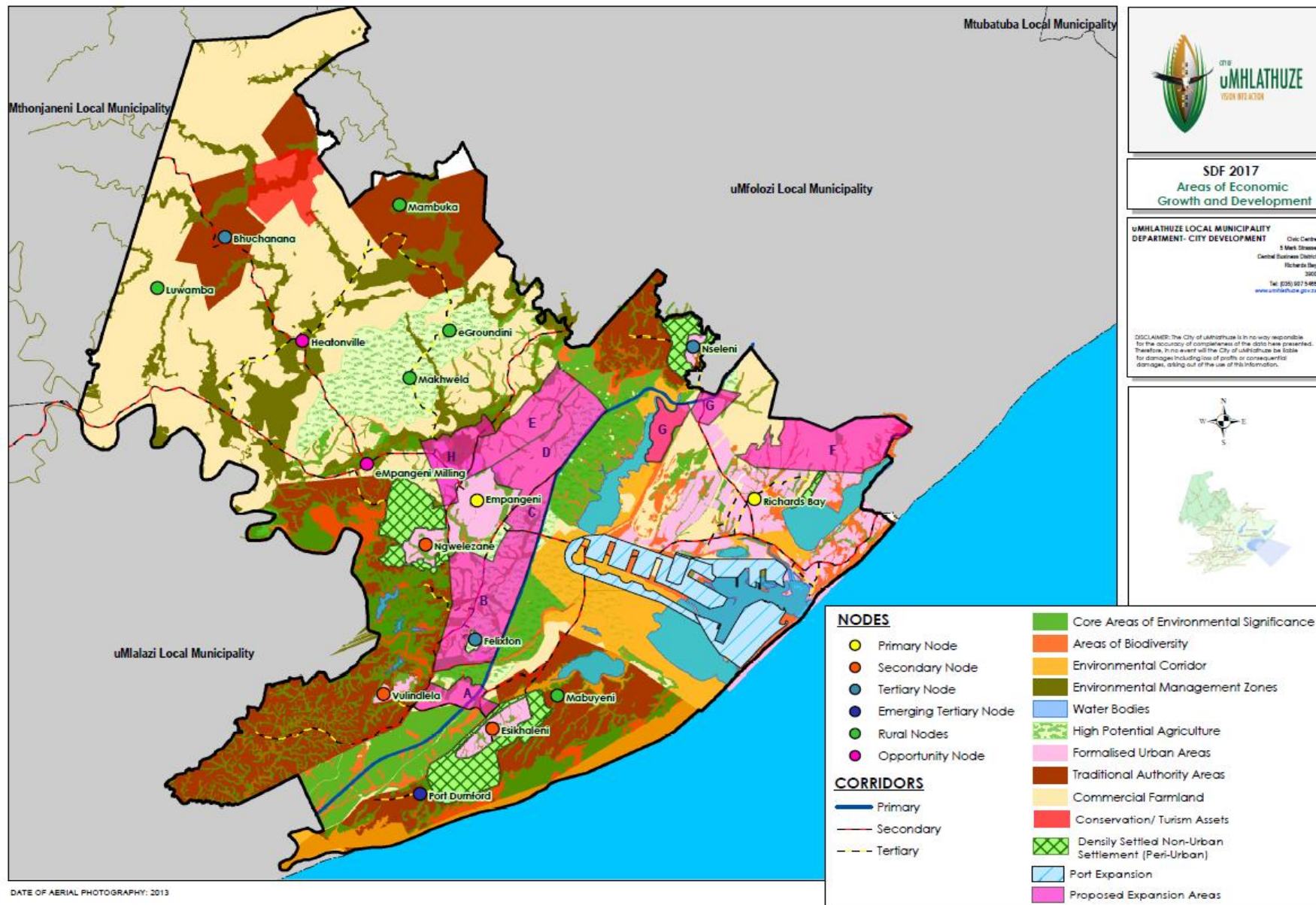
Map 37: Areas Requiring Services Intervention



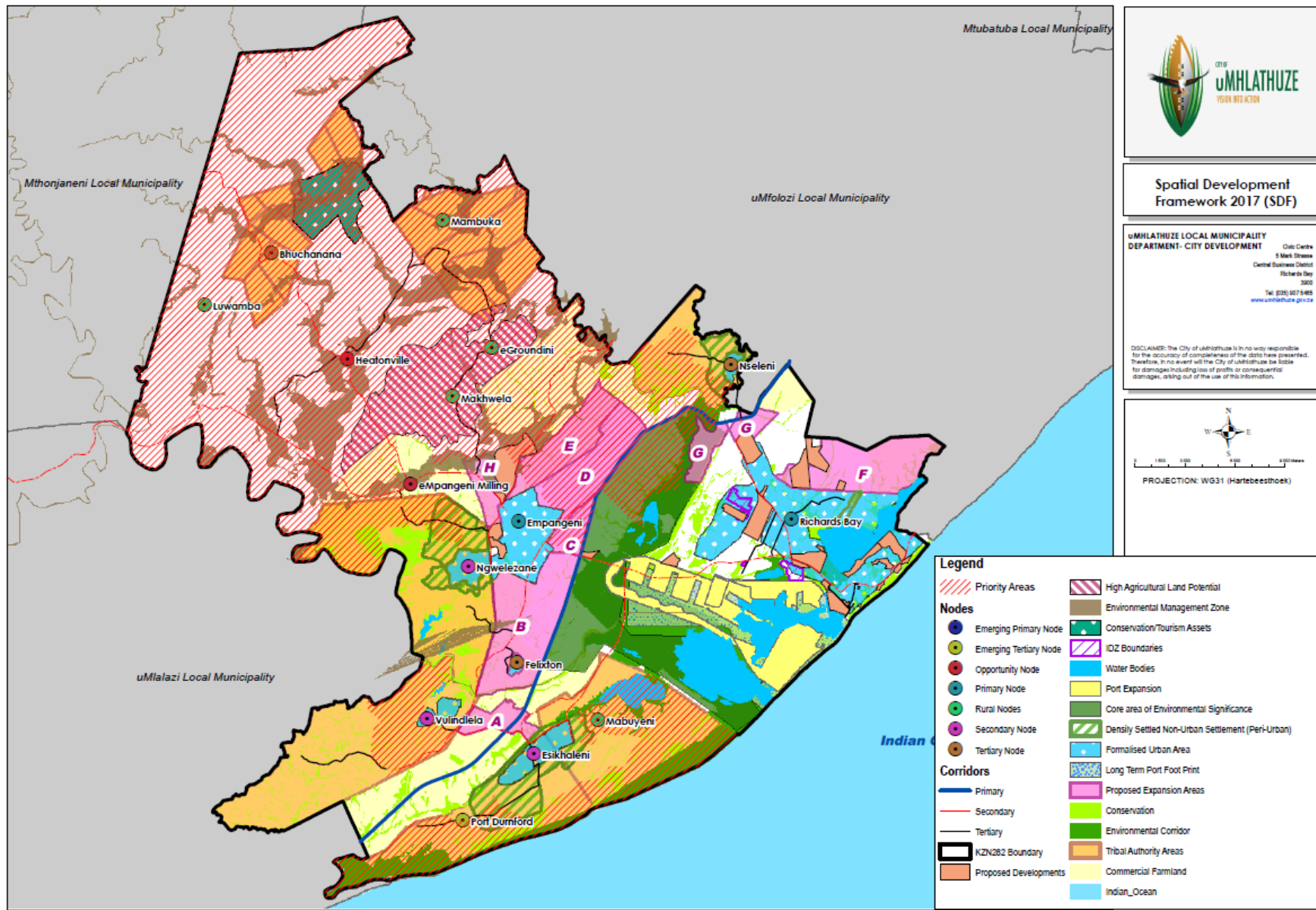
Map 38: Interventions at Settlements



uMhlathuze Local Municipality: Draft IDP Review 2020/2021
Map 39: Areas of Economic Growth and Development



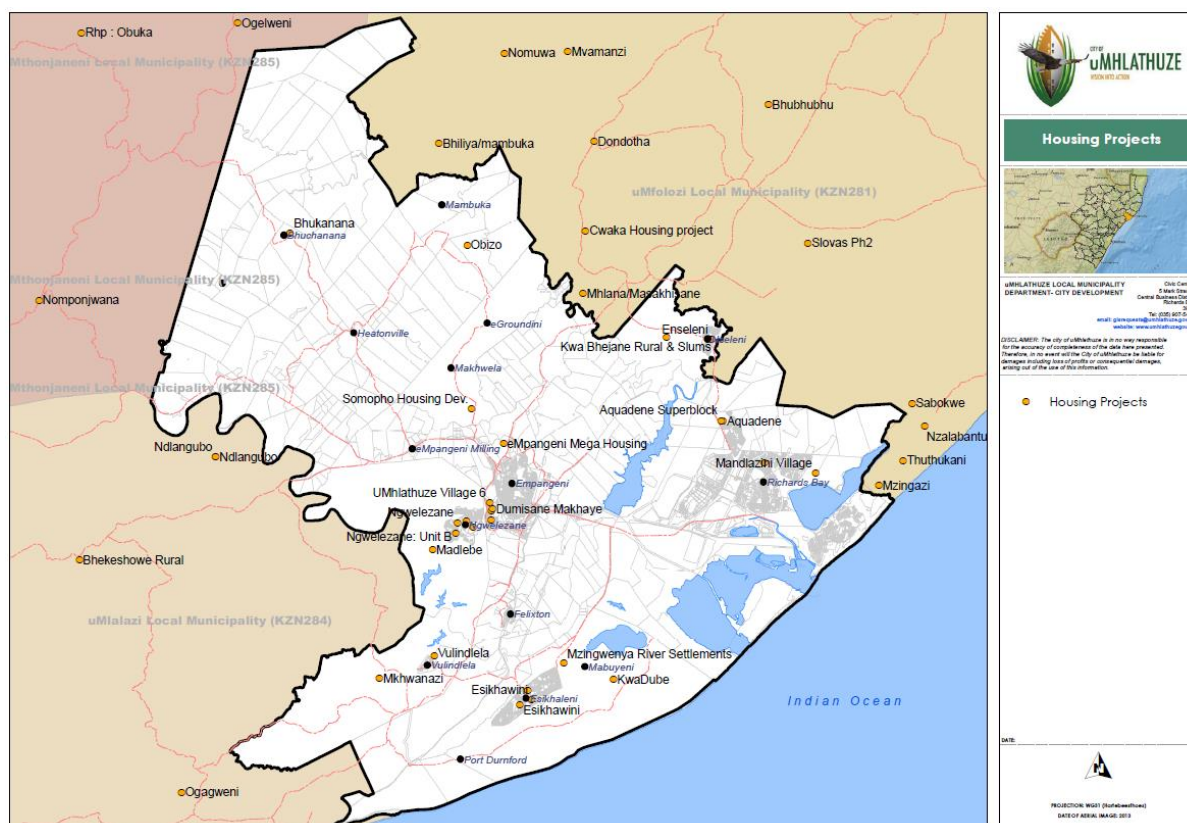
Map 40: Consolidated SDF



12.7 INTEGRATED HUMAN SETTLEMENTS

The following inset provides an indication of the locality of public (and private) human settlement interventions in the Municipality.

Map 41: 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.

12.7.1 PRIORITY HOUSING DEVELOPMENT AREAS

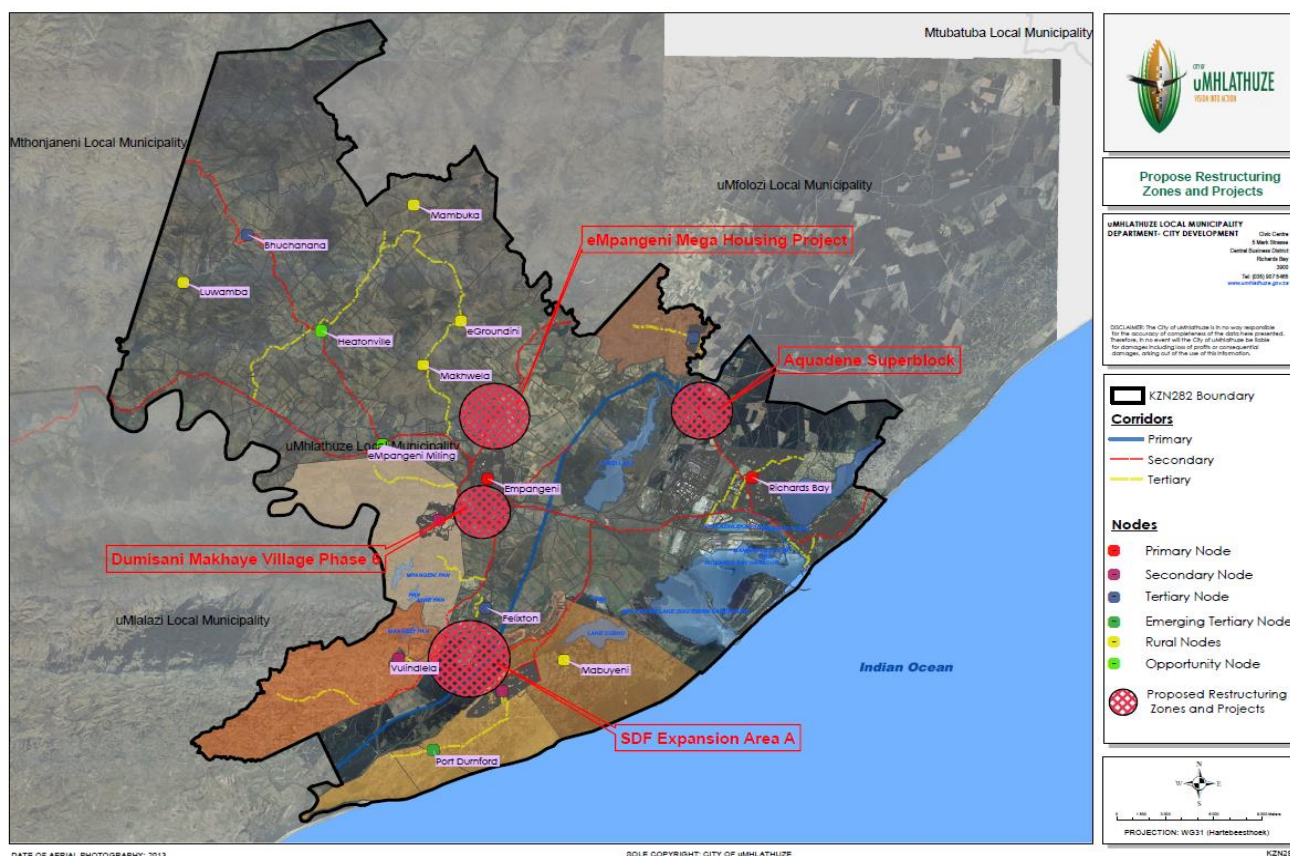
The uMhlathuze Municipality has identified three priority housing development areas (PHDAs) within its area of jurisdiction. The identification of these areas is the culmination of various studies and processes that have been undertaken over a number of years underpinning the notion of spatial transformation and restructuring of the current spatial form.

The uMhlathuze PHDAs are in the following areas:

- Empangeni
- Richards Bay
- Esikhaleni Vulindlela Corridor

The above areas are all restructuring zones within the Municipality as indicated hereunder:

Figure 80: uMhlathuze Restructuring Zones



More information relating to the rationale for identifying the above areas is provided herewith.

Empangeni:

The Empangeni PHDA includes the towns of Empangeni, Ngwelezane, the Dumisani Makhaya Village Human Settlement project as well as the Empangeni Mega Housing project.

Empangeni per se is a primary node in terms of the uMhlathuze Municipal SDF and it regarded as a major service and retail centre of uMhlathuze Municipality. It provides a centre of employment, industrial, residential, offices and commercial activity.

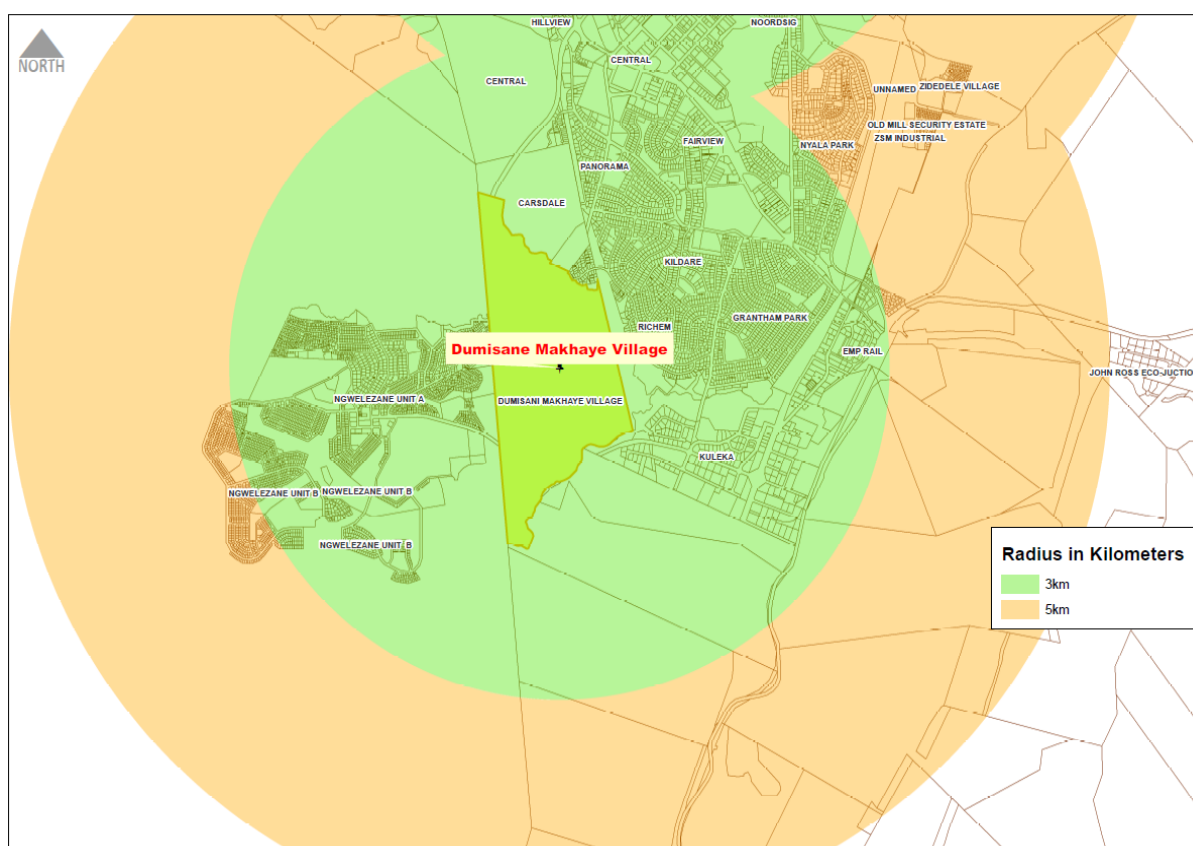
Empangeni has a regional role and functions as a major gateway to the economy through the nearby Richards Bay Harbour. It plays a dominant role in KZN, especially within the commercial, industrial and agricultural support sectors and acts in the regional economy as a service centre.

At present, there are two human settlements underway in the area, notably **Dumisani Makhaya Village Phase 6 and 8** as well as Empangeni Mega Housing. Both these projects are now integrated residential projects (IRDPs) that offer a suite of opportunities to various income cohorts. The Dumisani Makhaya Village was historically an RDP project but the scope has widened to include social housing and also CRUs and the following is noted:

RDP Houses (Phase 8)	: 130
FLISP	: 82
Social Housing/CRU	: 1270

The Dumisani Makhaya can be considered as an infill project in its own right. The following plan indicates the proximity of the Dumisani Makhaya Housing Project to the Empangeni CBD by way of distance radii of 3km and 5km respectively.

Figure 81: Radius around DMV Housing Project



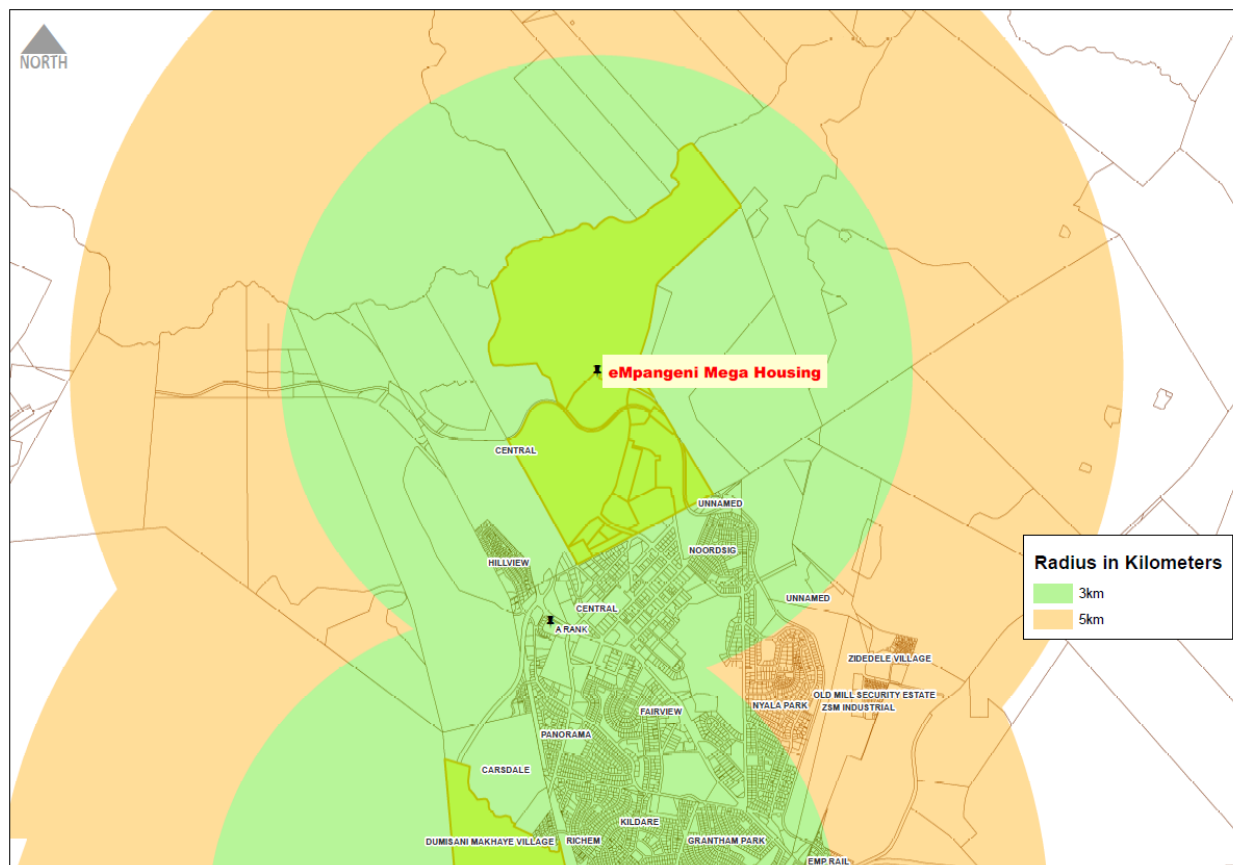
The **Empangeni Mega Housing** project has the following housing typologies:

- RDP & Finance Linked Individual Subsidy Programme: 2065
- Social Housing: 1200
- Bonded Houses: 5791
- Serviced Sites: 578
- Mixed Use Residential: 304
- Medium Density Residential Cluster: 83

In addition, there is a proposal also to cater for student accommodation.

The following plan indicates the proximity of the Empangeni Mega Housing Project to the Empangeni CBD by way of distance radii of 3km and 5km respectively.

Figure 82: Radius around Empangeni Mega Housing Project



In recent years, an Informal Settlement Upgrade and Relocation Plan was prepared for a portion of **Ngwelezane** in terms of the NUSP (National Upgrading and Support Programme). This plan is addressing the urgent need for informal settlement upgrade (in-situ) within an urban area that has historically served as a dormitory suburb but its role as an economic service centre is increasing given efforts by the Municipality to foster the Township Economy.

Ngwelezane offers a combination of mixed used development such as commercial, medical, educational, mixed density and mixed income (urban and urban peri-urban living) and small scale commercial facilities. The area is surrounded by dense peri-urban development which in turn emphasizes the importance of the area as a suburb but also as a service centre to the surrounding community. Ngwelezane is well located to offer student accommodation given its accessibility and proximity to the University of Zululand main campus.

Richards Bay:

The Richards Bay PHDA includes the towns of Richards Bay, its suburbs, as well as Mandlazini and Mzingazi Agri-Villages.

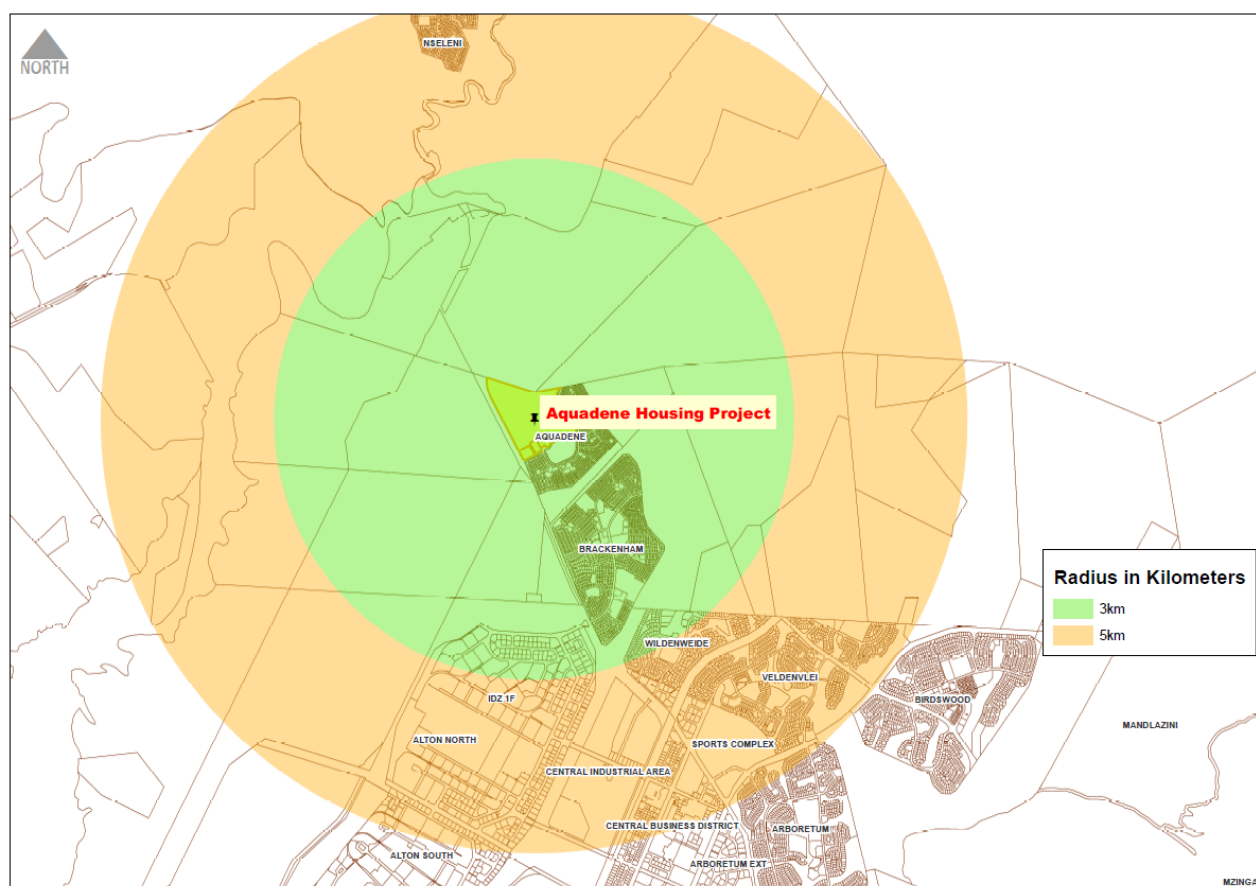
Richards Bay is a primary node in terms of the uMhlathuze Municipal SDF and is a prominent developing industrial centre of in South Africa that provides a centres of employment, industrial, residential, mining, offices, eco-tourism, nature reserve and commercial activity. The town is well positioned to take full advantage of the export of manufactured goods and raw materials by virtue of the Richards Bay Harbour. It is also regarded as a eco-tourism and nature reserve gateway and plays a dominant role in the provincial commercial and industrial sector.

At present, **Aquadene** is the main human settlement intervention in Richards Bay. The Aquadene project is also an IRDP. The projects provides for the following housing typologies:

RDP Houses	: 837
FLISP	: 130
Social houses/CRU	: 1579

The following plan indicates the proximity of the Aquadene Housing Project to the Empangeni CBD by way of distance radii of 3km and 5km respectively.

Figure 83: Radius around Aquadene Human Settlement Project



In recent years, an Informal Settlement Upgrade and Relocation Plan was prepared for both the **Mzingazi and Mandlazini Agri-Villages** in terms of the NUSP (National Upgrading and Support Programme). This plan is addressing the urgent need for informal settlement upgrade (in-situ) within these Agri-Villages that are located in close proximity to formal urban suburbs of Birdswood and Meerensee respectively. The said suburbs offer places of employment, commercial and social facilities and peri-urban development has also taken place along the periphery.

A further area that requires priority housing intervention is the area **between Mzingazi and Meerensee**. A project in this area would have a multi-purpose of being an infill project and a catalyst to integrate the adjoining communities. Furthermore, the suitable development of this area could provide in much needed social and recreation facilities that are lacking in the Mzingazi area specifically.

Apart from the above, the Richards Bay PHDA has a satellite campus of the University of Zululand as well as a uMfolozi TVET campus and the need for student accommodation is ever present.

Esikhaleni-Vulindlela Corridor:

The Esikhaleni Vulindlela PHDA includes the towns of Esikhaleni and Vulindlela as well as the corridor in between. This area is a priority expansion area of the municipality in terms of the SDF.

Esikhaleni has historically been a dormitory suburb but is in the process of involving into a dominant node. At present it is a secondary node in the municipal area and offers a combination of mixed used development such as commercial, educational, mixed density and mixed income urban living. It is also surrounded by dense peri-urban development creating the need for in-situ upgrade. Furthermore, Esikhaleni plays a dominant role in region especially within the commercial, administration, transportation and social services. It also plays a dominant role in region and provides a tertiary education facility to the region with the location of the uMfolozi TVET College – Esikhaleni campus on the periphery. The node has the potential to be considered as primary node in future.

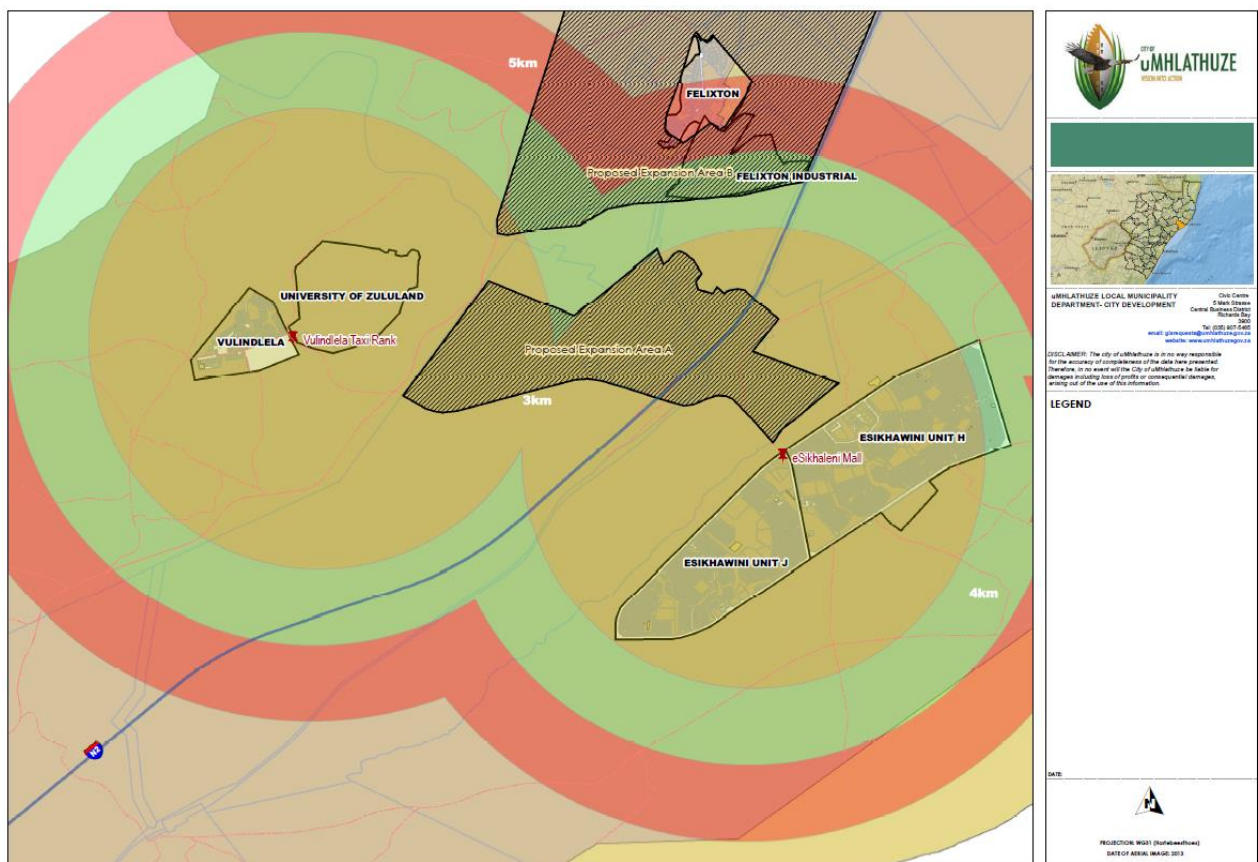
In recent years, the hostel upgrading programme has been completed in Esikhaleni and 20 blocks were successfully upgraded. The main focus is now on the **uMzingwenya** settlement where more than 4000 households live on the urban periphery and more than half within flood prone areas. The Municipality has also prioritized the uMzingwenya Slums Clearance project and foresee at least partial resettlement of the affected community into the Esikhaleni Vulindlela Corridor.

The town of **Vulindlela** was also investigated and an Informal Settlement Upgrade and Relocation Plan was prepared for a portion thereof prepared in terms of the NUSP (National Upgrading and Support Programme). This plan is addressing the urgent need for informal settlement upgrade (in-situ) within an urban area that has historically served as a dormitory suburb but its role as an economic service centre is also increasing.

More specifically, Vulindlela offers a combination of mixed used development such as educational, low –medium income residential (urban & peri-urban living), health facilities and small scale commercial facilities. It plays a dominant role in Region and provides a tertiary education facility to the region with the location of the University of Zululand main campus on the periphery. As a result, there is an increasing demand for student accommodation and to an extents, the already informally provided student accommodation has to formalized.

The following plan provides an indication of the radii around the Esikhaleni and Vulindlela nodes and how any development within these radii will provide integration and improved access to the provided urban facilities.

Figure 84: Radius around Vulindlela and Esikhaleni



12.8 STRATEGIC AND CATALYTIC PROJECTS

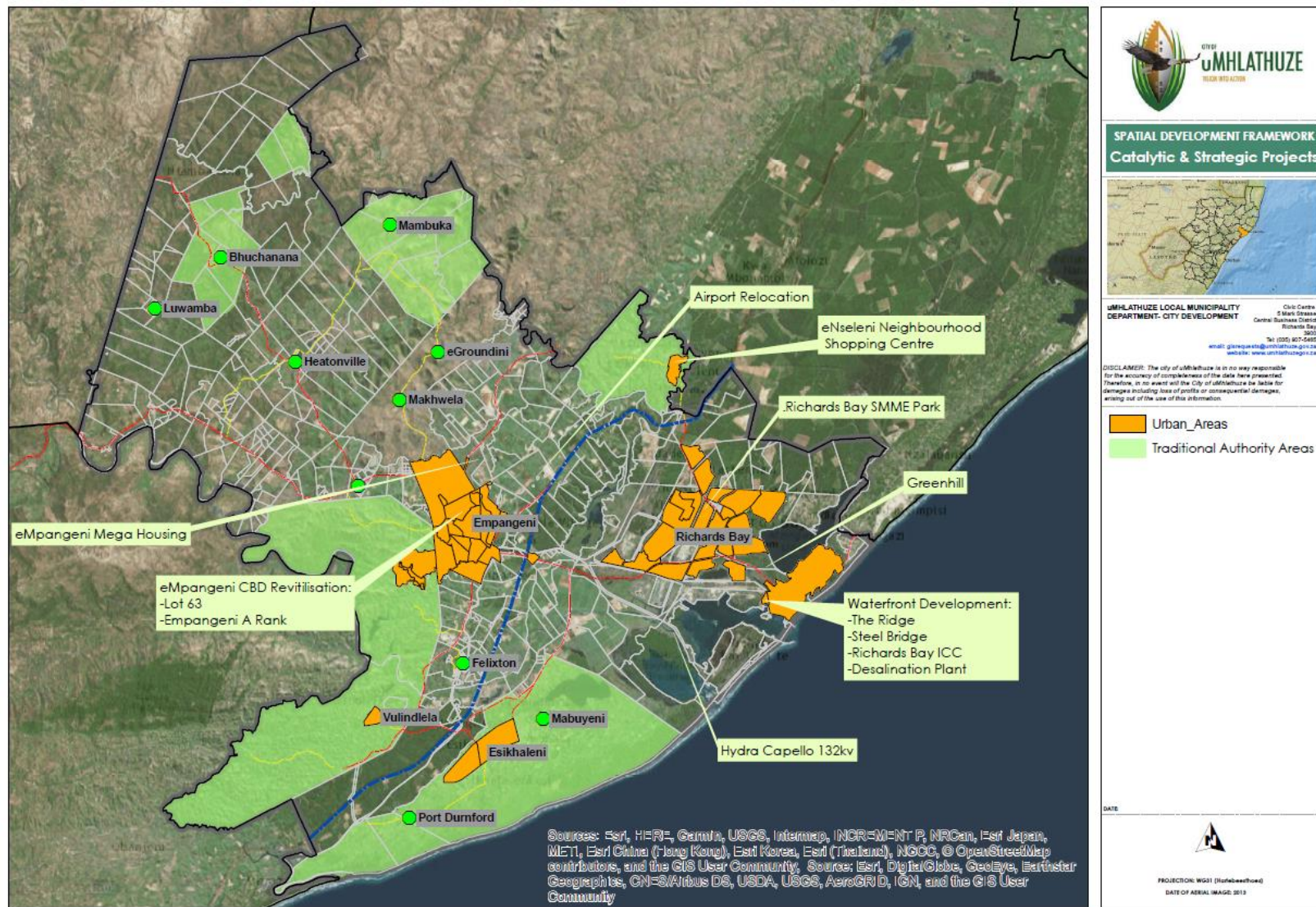
A catalytic project promotes cross-cutting sustainability outcomes that mirror goals and targets to promote the overall sustainability of a plan or area. The uMhlathuze Municipality is pursuing a number of catalytic projects/interventions as per the summary hereunder.

PROJECT NAME	STATUS
1. Airport Relocation	The strategic positioning of uMhlathuze has necessitated long term 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. The project has been registered as a PPP and full feasibility is to due to commence soon.
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	<p>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:</p> <ul style="list-style-type: none"> o Determine required statutory approvals (if any), including environmental and water use related and identify long lead items. o Undertaking a topographical survey and other specialist studies required to inform the processes identified. o Preparing preliminary designs to initiated the next phase of detail designs, execution, procurement and construction. <p>The next phase in the process is detailed design and implementation.</p>
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 and project is at an advanced stage of detail planning.

5. Waterfront Development	<p>The Municipality intends to develop the Waterfront Area that will deliver the following: A place for maritime industries, education and businesses, local and international port activities;</p> <ul style="list-style-type: none"> ○ A Public Waterfront: A place for local people and visitors; ○ 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. <p>The detail designs tender process is underway.</p>
6. Richards Bay SMME Park	SMME Park will cater for hairdressers, mechanics; car wash and SMME offices and has been constructed and being utilized by 20 mechanics.
7. Nseleni Neighbourhood Shopping Centre	The shopping centre is operational.
8. Empangeni CBD Revitalisation Plan	The Empangeni CBD Revitalisation Plan outlines the current status of the town. The project phases was finalised in July 2013. The plan outlined 25 key projects/interventions to be implemented by the municipality and external stakeholders. 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	Appointed a Transaction Advisor, to conduct a Feasibility Study for wastewater and associated by-products re-use for the City of uMhlathuze. Process underway.
11. Green Hill	Greenhill is situated on a Portion of the Remainder of Erf 5333, Greenhill, and is 22 758 m ² in extent. An EOI for the development of a mixed use development with a health care centre as an anchor 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 (CITP) 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.
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Map 42: Strategic and Catalytic Projects



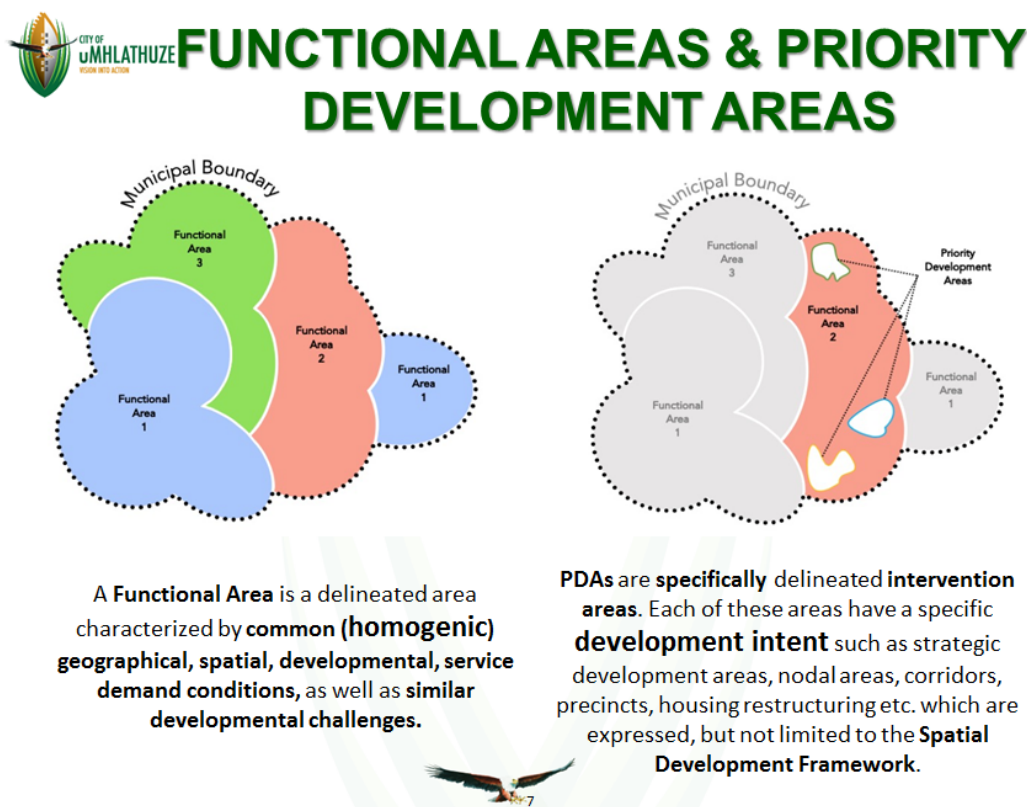
12.9 CAPITAL EXPENDITURE FRAMEWORK

The uMhlathuze Municipality has prepared its first **Capital Expenditure Framework** (CEF) is provided. A CEF is a core requirement for a SPLUMA (Spatial Planning and Land Use Management Act) compliant SDF and also is a requirement for the purpose of an Intermediate City Municipality to qualify for the Integrated Urban Development Grant (IUDG).

Amongst others, the CEF provides the Municipality with the following:

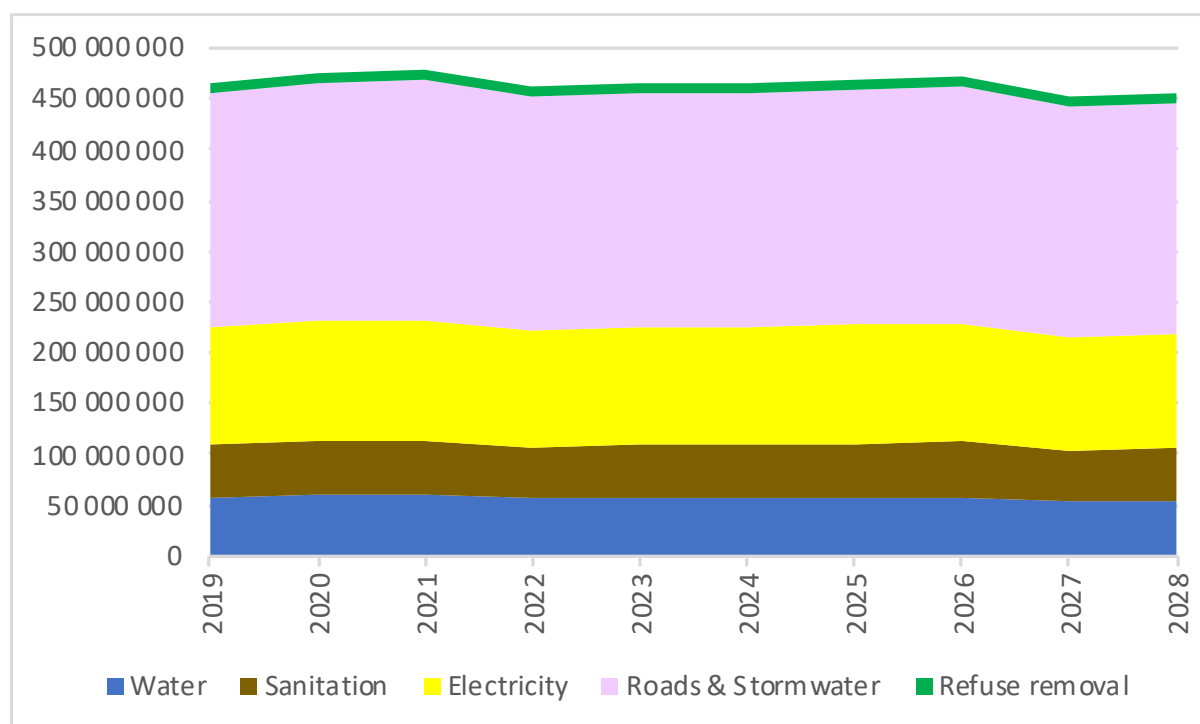
- A **10 year focus** of a municipality's capital requirements for infrastructure.
- It includes a **quantification** of infrastructure needs based on a **wall to wall analysis** of the municipal area which is **divided into Functional Areas**. In turn, **Priority Development Areas** are focus areas within these functional areas.
- It includes a **projection of household growth and demand for services** disaggregated into household demand **for the poor, for the non-poor**;
- It includes a growth **projection for land required** for both **residential** and **economic growth** that needs to be serviced; and
- Prioritization of projects.

One of the first steps in the process is the identification of Functional Areas and Priority Development Areas as per the inset hereunder.



A socio-economic analysis was undertaken of the municipal area in context of the identified Functional and Priority Development Areas with regard to population and households' numbers, growth rates, access to services etc. The results of this analysis informed the quantification of programme based demand. Based on the above explanation the following graph depicts the programme based demand in the municipal area.

Figure 85: Programme Based Demand



As a next step in the process the planned capital expenditure of the municipality was determined in the context of various sector plans and master plans that have been prepared and the results were also mapped and a distinction made between new infrastructure investment, renewal and upgrading.

The Long Terms Financial Plan (LTFP) that is in place for the Municipality informed the available funding envelope for the 10 year period. A prioritisation tool was applied and the outcomes also mapped spatially, per programme and per year.

More details pertaining to the CEF is contained in the SDF report to be read in conjunction with this.

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					
		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	GOOD GOVERNANCE AND PUBLIC PARTICIPATION		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	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
				Number of Ward community meetings	340							Dept. Corporate Serv	Minutes of Meeting	340	102	68	170	68	102	340	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
				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%
				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

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SECTION F: FINANCIAL PLAN

13. 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 2020/21 MTREF the submissions received from the Departments which were all project based could be broken down into the following categories:

Scenario	Capital (Own funding)		
	2020/21	2021/22	2022/23
	R 000	R 000	R 000
Initial Departmental Submissions	616 494	400 135	399 156
Departmental reductions	(128 517)	38 865	81 845
TABLED BUDGET	487 977	439 000	481 000

Scenario	Operating Budget		
	Revenue	Expenditure	Deficit
	R 000	R 000	R 000
First (excl tariff increases)	3 198 114	3 722 356	(524 242)
Second (excl tariff increases)	3 198 114	3 510 365	(312 251)
Third (excl tariff increases)	3 198 114	3 495 572	(297 457)
TABLED BUDGET	3 430 794	3 485 274	(54 480)

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 and as endorsed in the Cost Containment Regulations (**DMS 1348572**) issued on 07 June 2019. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

The **main challenges** experienced during the compilation of the 2020/21 MTREF can be summarised as follows:

- At the top of the list by far is the **lack of growth** in local economic activity and now exacerbated by the COVID-19 epidemic.
- As a comparison between Functions over all, 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 309 million deficit;
- The majority of domestic households in uMhlathuze are not levied 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 Revenue. This flaw in the current legislation is also applicable to those commercial and business activities taking place within the Ingonyama Trust area. There is a rapid increase in demand for services in these areas – roads, water, refuse, electricity, sanitation but no commensurate revenue;
- 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 as it cannot be resolved at a local level. This is a National Policy matter. As an interim measure National Treasury has been requested to increase Equitable Share to the equal extent that the Municipal Property Rates Act cannot be applied to the residents of the Ingonyama Trust land as the residents there hold no legal title to the land;
- 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 R27m – refer to Table 25 for details;
- Waste Water Management Service shows a deficit of R 43 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 surplus of R 29.7 million from a surplus of R 26.5 million on 2019/20 Adjusted Budget;
- Although Employee related costs as a percentage of total Expenditure amounts to 28.3% 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

28.3% 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 (8.3%) together with Employee related Costs. This figure amounts to 36.6% (28.3% +8.3%). Therefore, and un-researched, but professional estimate target for Council is to ensure that both Employees Related Costs plus Contracted Services, to not exceed 33.3%. This implies that the Administration is exceeding this target by 3.3% and needs to bring this down;

- Preparation of an 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 for the preparation of the 2021/22 MTREF in the 2020/21 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 2020/21 MTREF have been prepared manually using version 6.4 for the purposes of this report.

The following budget principles, guidelines and assumptions directly informed the compilation of the 2020/21 MTREF:

- No organic growth in the revenue base;
- Revenue cash flow assumes a 96 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 basket of municipal services tariffs collectively has been kept below 6%.
- 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; and
- Repairs and Maintenance provisions surpass the best practice parameters of 8% of PPE and are sitting at excess of 11% for the MTREF.

National Treasury's MFMA Circular No. 98 and 99 were used to guide the compilation of the 2020/21 MTREF.

Following the tabling of the MTREF, National Treasury will review and make comments on the Tabled budget. This assists the Municipality in ensuring quality when preparing the budget in terms of MFMA. As indicated in the MFMA Budget Circular no. 99, this review is scheduled for 18th May 2020.

National Treasury will normally, from a quality perspective, assess the budget against the following three criteria:

- Credibility;
- Relevance; and
- Sustainability.

The 2020/21 MTREF has been compiled with the above in mind to ensure that key observations by National Treasury during their previous reviews of Multi-year Budgets have been taken care of.

Furthermore, National Treasury will evaluate Council as an emerging metro and the following aspects were applied as a measurement tool:

- Financial health
- Service delivery
- Institutional
- Governance

Table 104: Consolidated Overview of the 2020/2021 MTREF

Description R thousands	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Tabled Budget 2020/21	Tabled Budget 2021/22	Tabled Budget 2022/23
Total Operating Revenue	3 198 114	3 430 794	3 636 785	3 877 900
Total Operating Expenditure	3 292 395	3 485 274	3 673 862	3 852 144
Surplus/ (Deficit) for the year	(94 280)	(54 480)	(37 077)	25 756
Total Capital Expenditure	622 906	671 834	593 789	654 376
TOTAL OPERATING & CAPITAL BUDGET	3 635 642	3 831 780	4 016 015	4 253 020

18.1 Budget Summary – annual budget tables

The following pages present the ten **main** budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council.

Table 105: Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands									
Financial Performance									
Property rates	397 694	442 661	477 138	520 380	510 227	510 227	540 840	572 209	608 108
Service charges	2 008 809	1 840 683	1 903 222	2 175 960	2 176 560	2 176 560	2 307 051	2 440 766	2 597 507
Investment revenue	60 875	76 056	27 999	58 000	58 000	58 000	63 000	65 000	67 000
Transfers recognised - operational	284 193	329 088	352 730	390 676	390 019	390 019	424 643	456 492	496 649
Other own revenue	152 643	232 172	166 456	63 753	63 309	63 309	95 260	102 318	108 636
Total Revenue (excluding capital transfers and contributions)	2 904 214	2 920 660	2 927 545	3 208 768	3 198 114	3 198 114	3 430 794	3 636 785	3 877 900
Employee costs	644 228	746 160	782 436	859 550	859 564	859 564	986 781	1 034 073	1 087 004
Remuneration of councillors	25 542	29 342	30 395	32 404	32 404	32 404	34 026	35 728	37 516
Depreciation & asset impairment	352 389	348 561	472 658	408 532	441 379	441 379	474 573	505 559	546 925
Finance charges	68 940	67 691	51 286	70 846	67 458	67 458	79 943	82 762	84 491
Materials and bulk purchases	1 270 670	1 032 319	1 082 912	1 218 059	1 213 453	1 213 453	1 282 856	1 347 526	1 413 101
Transfers and grants	9 319	11 517	15 782	12 087	13 755	13 755	13 778	14 329	15 007
Other expenditure	463 098	533 028	711 263	632 770	664 383	664 383	613 318	653 885	668 100
Total Expenditure	2 834 188	2 768 618	3 146 732	3 234 247	3 292 395	3 292 395	3 485 274	3 673 862	3 852 144
Surplus/(Deficit)	70 025	152 042	(219 187)	(25 479)	(94 280)	(94 280)	(54 480)	(37 077)	25 756
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	135 899	133 963	104 224	191 232	181 294	181 294	183 857	154 789	173 376
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	7 311	4 248	1 577	–	–	–	–	–	–
Surplus/(Deficit) for the year	213 235	290 254	(113 386)	165 753	87 014	87 014	129 377	117 712	199 132

Table 106: Budget Summary (continued)

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands									
<u>Capital expenditure & funds sources</u>									
Capital expenditure	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376
Transfers recognised - capital	143 210	138 212	105 800	191 232	181 294	181 294	183 857	154 789	173 376
Borrowing	204 961	9 969	265 391	–	50 608	50 608	157 000	143 000	154 000
Internally generated funds	159 738	352 341	145 489	406 301	391 004	391 004	330 977	296 000	327 000
Total sources of capital funds	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376
<u>Financial position</u>									
Total current assets	1 297 323	1 043 037	995 310	884 201	863 046	863 046	986 925	1 003 968	1 044 930
Total non current assets	5 389 214	6 379 251	6 410 820	5 999 134	6 612 937	6 612 937	6 810 198	6 898 428	7 005 878
Total current liabilities	852 781	712 303	600 123	580 268	559 111	559 111	554 319	584 412	629 895
Total non current liabilities	872 144	614 245	839 077	799 203	816 348	816 348	905 070	965 054	956 148
Community wealth/Equity	4 961 612	6 095 740	5 966 930	5 503 865	6 100 523	6 100 523	6 337 734	6 352 930	6 464 766
<u>Cash flows</u>									
Net cash from (used) operating	470 138	318 828	317 854	518 656	548 520	548 520	547 677	563 774	681 927
Net cash from (used) investing	(504 538)	(499 378)	(515 887)	(589 340)	(588 263)	(588 263)	(662 695)	(604 125)	(646 838)
Net cash from (used) financing	287 110	(74 144)	228 766	(84 326)	(83 105)	(83 105)	140 952	38 783	(24 093)
Cash/cash equivalents at the year end	715 116	460 422	491 155	370 841	341 349	341 349	367 282	365 715	376 711
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	715 116	460 422	461 155	370 841	341 349	341 349	367 282	365 715	376 711
Application of cash and investments	120 312	205 622	157 660	128 357	112 489	112 489	177 406	207 860	213 205
Balance - surplus (shortfall)	594 804	254 800	303 495	242 484	228 860	228 860	189 877	157 856	163 506

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands									
<u>Asset management</u>									
Asset register summary (WDV)	5 389 166	6 379 251	6 410 820	5 999 134	6 612 937	6 612 937	6 810 198	6 898 428	7 005 878
Depreciation	352 390	348 561	472 658	408 532	441 379	441 379	474 573	505 559	546 925
Renewal and Upgrading of Existing Assets	30 555	132 950	225 924	136 573	144 096	144 096	123 914	105 898	189 864
Repairs and Maintenance	379 822	417 124	442 889	682 598	677 307	677 307	740 665	777 131	803 425
<u>Free services</u>									
Cost of Free Basic Services provided	105 749	131 695	173 350	193 108	193 108	193 108	219 520	230 205	241 412
Revenue cost of free services provided	14 050	183 573	360 849	230 342	230 342	230 342	242 945	255 681	228 602
<u>Households below minimum service level</u>									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–
Energy:	0	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

- 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.

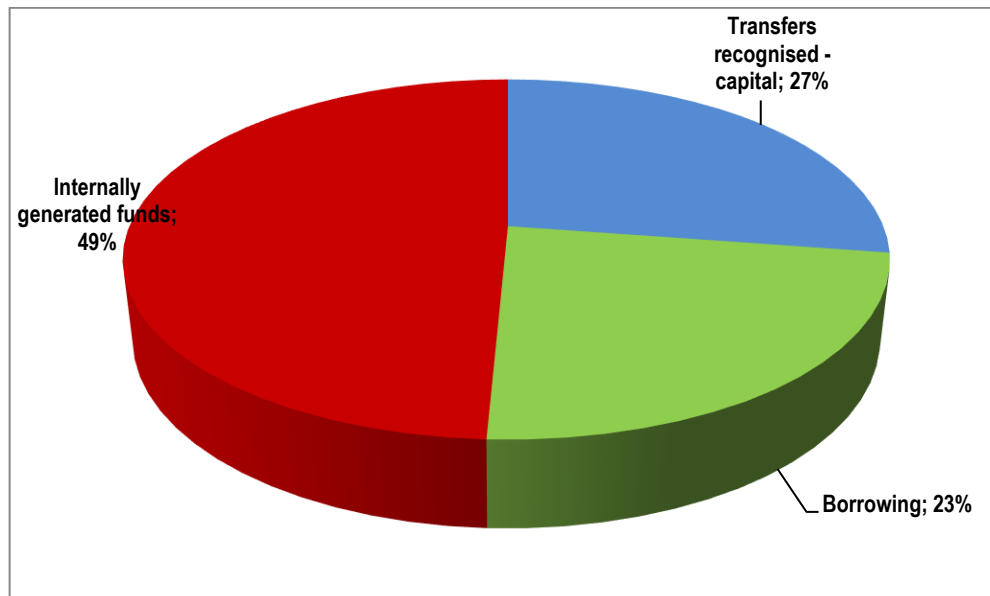
14. CAPITAL BUDGET SUMMARY

The following table below is a breakdown of the funding composition of the 2019/120 medium-term capital programme:

14.1.1 Table 107 : Medium-term outlook: capital revenue

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funded by:									
National Government	127 220	137 671	105 800	182 989	173 051	173 051	183 857	146 789	165 376
Provincial Government	10 365	541	–	8 243	8 243	8 243	–	8 000	8 000
District Municipality	5 625	–	–	–	–	–	–	–	–
Transfers recognised - capital	143 210	138 212	105 800	191 232	181 294	181 294	183 857	154 789	173 376
Borrowing	204 961	9 969	265 391	–	50 608	50 608	157 000	143 000	154 000
Internally generated funds	159 738	352 341	145 489	406 301	391 004	391 004	330 977	296 000	327 000
Total Capital Funding	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376

The above table is graphically represented as follows for the 2020/2021 financial year.



Capital grants and receipts equates to 27 per cent of the total funding source which represents R183.9 million for the 2020/21 financial year and decrease to R 165 million or 25 per cent by 2022/23.

14.1.2 Capital Projects

Note: Refer to Section 18. Of this document for funded projects

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 R406.3 million in 2019/20, R118,1 million in 2020/21 and R423.5 million in 2021/22

Table 108: Budgeted Capital Expenditure by vote, standard classification and funding.

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	12 650	9 935	350	33 000	35 595	35 595	3 000	-	-
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	12 433	24 454	11 770	-	5 391	5 391	-	-	-
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	25 165	9 794	15 733	27 943	29 786	29 786	-	11 560	2 571
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	9 682	14 707	35 596	21 820	21 666	21 666	9 911	17 414	23 240
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	49 093	27 887	54 111	6 633	12 708	12 708	-	-	-
Vote 7 - CORPORATE SERVICES - HUMAN	591	585	1 198	-	57	57	-	-	-
Vote 8 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	19 187	27 439	66 715	87 974	67 342	67 342	77 414	69 040	75 753
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	140 968	163 021	122 985	240 557	211 207	211 207	319 198	288 206	316 034
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	123 061	57 844	80 987	108 008	116 007	116 007	164 526	114 608	127 357
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	-	-	-	-	-	-	-	-	-
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	-	34	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	392 830	335 700	389 445	525 935	499 759	499 759	574 048	500 827	544 954

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Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote									
Single-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	798	9 254	118	–	6 360	6 360	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	2 030	2 017	2 604	4 100	4 100	4 100	4 724	3 780	3 619
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	383	495	275	272	421	421	305	297	326
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	791	3 440	4 122	8 842	12 951	12 951	27 847	23 606	33 596
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	4 129	8 689	4 864	3 261	13 376	13 376	16 630	4 223	464
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	2 542	45 291	11 963	4 498	17 759	17 759	6 023	5 876	6 438
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	23	24	31	40	1 556	1 556	258	252	276
Vote 8 - FINANCIAL SERVICES	182	578	558	217	249	249	254	248	272
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	80 769	84 030	67 517	36 469	36 522	36 522	35 704	47 941	59 780
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	22 979	9 747	33 741	10 500	24 303	24 303	3 500	3 500	3 500
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	–	621	1 028	3 400	5 550	5 550	2 400	3 100	1 000
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	454	565	87	–	–	–	90	88	96
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	68	327	–	–	–	51	50	55
Capital single-year expenditure sub-total	115 079	164 821	127 235	71 598	123 147	123 147	97 786	92 961	109 422
Total Capital Expenditure - Vote	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional									
Governance and administration	81 039	128 345	121 623	37 500	58 719	58 719	34 690	45 271	50 870
Executive and council	182	20	171	–	–	–	130	133	142
Finance and administration	80 857	128 325	121 452	37 500	58 719	58 719	34 560	45 139	50 728
Internal audit	–	–	–	–	–	–	–	–	–
Community and public safety	72 544	43 331	60 491	64 058	91 851	91 851	55 380	57 561	62 452
Community and social services	24 017	26 027	44 321	31 533	55 777	55 777	26 633	23 940	33 357
Sport and recreation	20 564	10 584	15 638	32 525	29 734	29 734	27 847	32 737	27 976
Public safety	17 433	6 926	531	–	–	–	900	884	1 119
Housing	9 576	(206)	–	–	6 340	6 340	–	–	–
Health	954	–	–	–	–	–	–	–	–
Economic and environmental services	126 626	97 197	93 770	144 408	157 172	157 172	169 926	117 708	128 357
Planning and development	3 531	19 313	1 067	33 000	35 615	35 615	3 000	–	–
Road transport	123 095	77 183	92 482	111 408	121 557	121 557	165 326	116 108	128 357
Environmental protection	–	701	222	–	–	–	1 600	1 600	–
Trading services	227 700	231 648	240 796	351 567	315 164	315 164	411 839	373 249	412 697
Energy sources	60 270	57 776	80 828	96 910	76 054	76 054	85 537	78 647	90 663
Water management	104 593	84 873	76 982	175 540	158 951	158 951	274 093	214 118	259 052
Waste water management	59 354	87 895	79 745	75 517	76 559	76 559	48 605	77 587	60 482
Waste management	3 484	1 103	3 242	3 600	3 600	3 600	3 604	2 896	2 500
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376
Funded by:									
National Government	127 220	137 671	105 800	182 989	173 051	173 051	183 857	146 789	165 376
Provincial Government	10 365	541	–	8 243	8 243	8 243	–	8 000	8 000
District Municipality	5 625	–	–	–	–	–	–	–	–
Transfers recognised - capital	143 210	138 212	105 800	191 232	181 294	181 294	183 857	154 789	173 376
Borrowing	204 961	9 969	265 391	–	50 608	50 608	157 000	143 000	154 000
Internally generated funds	159 738	352 341	145 489	406 301	391 004	391 004	330 977	296 000	327 000
Total Capital Funding	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

1. 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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2020/21 R574 million has been allocated of the total R671.8 million capital budget, which totals 85 per cent. This allocation decreases slightly to R 501 million in 2021/22 and increases to R 545 million in 2022/23.
3. Single-year capital expenditure has been appropriated at R 98 million for the 2020/21 financial year and reduces slightly over the MTREF to levels of R 93 million and increases to R 109 million respectively for the two outer years.
4. 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, borrowing and internally generated funds from current year surpluses. For 2020/21, capital transfers totals R 183.9 million (27 per cent) and decreases to R 154.8 million in the 2021/22 financial year (25 per cent). Borrowing has been provided at R 454 million over the MTREF with internally generated funding totaling R 331 million, R 296 million and R 327 million for each of the respective financial years of the MTREF.

Table 109: Budgeted Financial Position

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
ASSETS									
Current assets									
Cash	70 116	45 422	71 155	70 841	91 349	91 349	97 282	95 715	96 711
Call investment deposits	645 000	415 000	390 000	300 000	250 000	250 000	270 000	270 000	280 000
Consumer debtors	350 981	412 171	361 728	334 889	351 726	351 726	414 158	437 679	463 097
Other debtors	156 427	97 606	103 047	97 606	97 606	97 606	129 865	121 476	122 385
Current portion of long-term receivables	30	46	–	–	–	–	–	–	–
Inventory	74 768	72 792	69 381	80 865	72 364	72 364	75 620	79 099	82 737
Total current assets	1 297 323	1 043 037	995 310	884 201	863 046	863 046	986 925	1 003 968	1 044 930
Non current assets									
Long-term receivables	48	–	–	–	–	–	–	–	–
Investment property	124 379	87 333	86 799	123 195	87 290	87 290	86 751	86 200	85 631
Property, plant and equipment	5 230 609	6 225 646	6 205 475	5 746 904	6 385 757	6 385 757	6 584 928	6 675 137	6 784 656
Intangible	31 411	63 504	116 081	126 023	137 425	137 425	136 055	134 626	133 127
Other non-current assets	2 767	2 767	2 465	3 012	2 465	2 465	2 465	2 465	2 465
Total non current assets	5 389 214	6 379 251	6 410 820	5 999 134	6 612 937	6 612 937	6 810 198	6 898 428	7 005 878
TOTAL ASSETS	6 686 537	7 422 288	7 406 130	6 883 336	7 475 982	7 475 982	7 797 124	7 902 396	8 050 808
LIABILITIES									
Current liabilities									
Borrowing	155 996	145 259	87 793	84 692	60 394	60 394	100 080	105 719	121 057
Consumer deposits	67 947	82 040	65 556	86 306	68 375	68 375	71 452	74 739	78 176
Trade and other payables	614 938	469 828	430 256	392 973	415 388	415 388	366 899	387 192	412 976
Provisions	13 900	15 176	16 518	16 296	14 954	14 954	15 889	16 763	17 685
Total current liabilities	852 781	712 303	600 123	580 268	559 111	559 111	554 319	584 412	629 895
Non current liabilities									
Borrowing	539 613	394 166	614 841	528 708	592 112	592 112	657 641	690 786	651 355
Provisions	332 532	220 079	224 236	270 495	224 236	224 236	247 429	274 268	304 793
Total non current liabilities	872 144	614 245	839 077	799 203	816 348	816 348	905 070	965 054	956 148
TOTAL LIABILITIES	1 724 925	1 326 548	1 439 200	1 379 471	1 375 459	1 375 459	1 459 389	1 549 466	1 586 042
NET ASSETS	4 961 612	6 095 740	5 966 930	5 503 865	6 100 523	6 100 523	6 337 734	6 352 930	6 464 766
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4 958 862	5 902 354	5 966 930	5 385 726	5 990 265	5 990 265	6 041 734	6 025 930	6 122 724
Reserves	2 750	193 386	–	118 139	110 258	110 258	296 000	327 000	342 042
TOTAL COMMUNITY WEALTH/EQUITY	4 961 612	6 095 740	5 966 930	5 503 865	6 100 523	6 100 523	6 337 734	6 352 930	6 464 766

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 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 199 to 201 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.

14.2 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote

Table 110: 2020/2021 Medium-term capital budget per vote

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional									
Governance and administration	81 039	128 345	121 623	37 500	58 719	58 719	34 690	45 271	50 870
Executive and council	182	20	171	–	–	–	130	133	142
Finance and administration	80 857	128 325	121 452	37 500	58 719	58 719	34 560	45 139	50 728
Internal audit	–	–	–	–	–	–	–	–	–
Community and public safety	72 544	43 331	60 491	64 058	91 851	91 851	55 380	57 561	62 452
Community and social services	24 017	26 027	44 321	31 533	55 777	55 777	26 633	23 940	33 357
Sport and recreation	20 564	10 584	15 638	32 525	29 734	29 734	27 847	32 737	27 976
Public safety	17 433	6 926	531	–	–	–	900	884	1 119
Housing	9 576	(206)	–	–	6 340	6 340	–	–	–
Health	954	–	–	–	–	–	–	–	–
Economic and environmental services	126 626	97 197	93 770	144 408	157 172	157 172	169 926	117 708	128 357
Planning and development	3 531	19 313	1 067	33 000	35 615	35 615	3 000	–	–
Road transport	123 095	77 183	92 482	111 408	121 557	121 557	165 326	116 108	128 357
Environmental protection	–	701	222	–	–	–	1 600	1 600	–
Trading services	227 700	231 648	240 796	351 567	315 164	315 164	411 839	373 249	412 697
Energy sources	60 270	57 776	80 828	96 910	76 054	76 054	85 537	78 647	90 663
Water management	104 593	84 873	76 982	175 540	158 951	158 951	274 093	214 118	259 052
Waste water management	59 354	87 895	79 745	75 517	76 559	76 559	48 605	77 587	60 482
Waste management	3 484	1 103	3 242	3 600	3 600	3 600	3 604	2 896	2 500
Total Capital Expenditure - Functional	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376
Funded by:									
National Government	127 220	137 671	105 800	182 989	173 051	173 051	183 857	146 789	165 376
Provincial Government	10 365	541	–	8 243	8 243	8 243	–	8 000	8 000
District Municipality	5 625	–	–	–	–	–	–	–	–
Transfers recognised - capital	143 210	138 212	105 800	191 232	181 294	181 294	183 857	154 789	173 376
Borrowing	204 961	9 969	265 391	–	50 608	50 608	157 000	143 000	154 000
Internally generated funds	159 738	352 341	145 489	406 301	391 004	391 004	330 977	296 000	327 000
Total Capital Funding	507 909	500 521	516 680	597 533	622 906	622 906	671 834	593 789	654 376

For 2020/21 an amount of R581 million has been appropriated for the development of infrastructure which represents 87 per cent of the total capital budget. In the outer years this amount totals R491 million, 83 per cent and R 542 million, 83 per cent respectively for each of the financial years. Water infrastructure receives the highest allocation of R 274 million in 2020/21 which equates to 47 per cent followed by road transport infrastructure at 28 per cent, R161 million, electricity infrastructure at 14 per cent, R83 million and then waste water infrastructure at 8 per cent, R47 million.

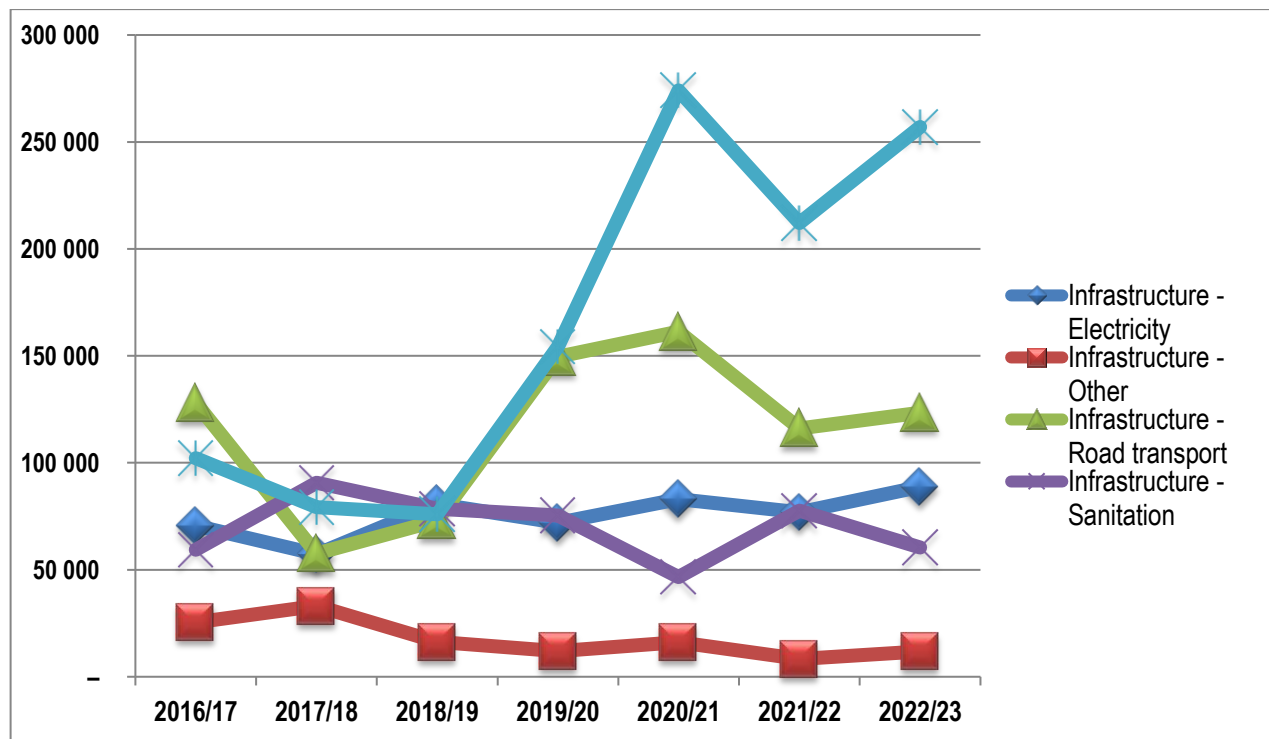
Total new assets represent 79 per cent or R 528 million of the total capital budget, asset renewal equates to 4 per cent or R 27 million and upgrade of existing assets 4 per cent or R 25 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 32 MBRR A9 (Asset Management) on pages 84 to 87. 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 178).

Furthermore, pages 182 to 189 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF

Figure 86: Capital Budget for Infrastructure Projects



15. OPERATIONAL BUDGET SUMMARY

15.1 Operating Revenue Framework

We are looking at a very sharp, unprecedented decline in trade, at an alarming speed due to the world wide spread of the CORONA virus. The disease has forced governments to implement nationwide lockdowns that have stalled factories, closed many restaurants and retail shops, and left consumers scrambling for necessities.

The pandemic has resulted in hike of demand for household goods which might result in a supply crisis should the virus spread not be contained. This renders the 2020/21 budget very difficult to forecast consumer patterns and demand especially on trading services like electricity and water.

While there are widespread expectations of such a global recession, the uncertainty is also high as it remains unknown how long it will take to contain the virus, and so how long the global economy will be negatively affected.

South African economy has also faced another negative blow when Moody's rating agency downgraded the country to a junk status. The weakening rand, deteriorating economy and the recent pandemic might take the country to its biggest recession since democracy.

Global economic shutdowns in the face of Covid-19 has caused turmoil, both already in financial markets ahead of the measures and on institution in economies as many large and small corporates face severe weakening of balance sheets, with the economic effect likely already in the region of the recession of the global financial crisis just over a decade ago. **(Source_ <https://www.investec.com>: Moody's downgrades SA amid Covid-19 crisis, 28 March 2020)**

Fiscal sustainability is of paramount for council to be able to deliver services to the public and also the local industries. The recent events requires that council apply business re-engineering in order to be able to respond to the global economic crisis.

The recent electricity supply load shedding has also negatively affected the expected volumes to be derived from the sale of electricity by council and during the adjustments budget, the electricity revenue stream was adjusted downwards. The proposed renewable energy programmes and the Independent Power Producers (IPP), might also further affect the revenue downwards in future.

Water service charges has also decreased in volume supplied due to drought and water conservations applied throughout the city by both industries and households.

The property market had a negative growth over the past year which has affected the revenue growth in property rates. The construction industry decreased by 5,9% and contributed -0,2 of a percentage point to GDP growth. Decreases were reported for residential and non-residential buildings and construction works. **(Source - <http://www.statssa.gov.za>).**

In support and to boost of the property market amid the slow development growth, the Finance Minister announced that threshold for transfer duties for properties costing less than a million will no longer be subjected to transfer duties. This will promote and encourage property sales and ultimately boost property rates.

Albeit, the constrained economy, there are some positives to the budget, where the city prepared new valuation roll effective from July 2020 which will see a rise in property rates. The current property values amount to R38.6 billion and have increased to R45.9 billion (18 per cent) with residential properties being valued the highest at R22.1 billion.

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 2020/21 MTREF (classified by main revenue source):

Table 111: Summary of revenue classified by main revenue source

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source									
Property rates	397 694	442 661	477 138	520 380	510 227	510 227	540 840	572 209	608 108
Service charges - electricity revenue	1 515 882	1 289 012	1 306 558	1 573 324	1 571 924	1 571 924	1 666 177	1 762 757	1 877 909
Service charges - water revenue	336 986	378 129	417 712	388 299	388 299	388 299	411 574	435 424	463 924
Service charges - sanitation revenue	82 058	75 447	93 910	101 068	105 568	105 568	111 886	118 360	124 742
Service charges - refuse revenue	73 883	98 095	85 042	113 268	110 768	110 768	117 414	124 224	130 933
Rental of facilities and equipment	8 301	6 793	7 416	10 802	10 642	10 642	11 164	11 699	12 261
Interest earned - external investments	60 875	76 056	27 999	58 000	58 000	58 000	63 000	65 000	67 000
Interest earned - outstanding debtors	45	103	130	109	109	109	114	120	125
Fines, penalties and forfeits	20 402	15 818	86 379	7 981	7 481	7 481	10 597	11 143	11 702
Licences and permits	3 701	3 756	3 773	3 407	3 407	3 407	3 407	3 570	3 742
Agency services	6 595	6 356	6 407	5 970	5 970	5 970	5 970	6 257	6 557
Transfers and subsidies	284 193	329 088	352 730	390 676	390 019	390 019	424 643	456 492	496 649
Other revenue	113 599	199 346	62 351	35 484	35 700	35 700	64 008	69 529	74 249
Total Revenue (excluding capital transfers and contributions)	2 904 214	2 920 660	2 927 545	3 208 768	3 198 114	3 198 114	3 430 794	3 636 785	3 877 900

Table 112 Percentage proportion in revenue by main revenue source

Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
Revenue By Source								
Property rates	510 227	16.0%	540 840	15.8%	572 209	15.7%	608 108	15.7%
Service charges - electricity revenue	1 571 924	49.2%	1 666 177	48.6%	1 762 757	48.5%	1 877 909	48.4%
Service charges - water revenue	388 299	12.1%	411 574	12.0%	435 424	12.0%	463 924	12.0%
Service charges - sanitation revenue	105 568	3.3%	111 886	3.3%	118 360	3.3%	124 742	3.2%
Service charges - refuse revenue	110 768	3.5%	117 414	3.4%	124 224	3.4%	130 933	3.4%
Rental of facilities and equipment	10 642	0.3%	11 164	0.3%	11 699	0.3%	12 261	0.3%
Interest earned - external investments	58 000	1.8%	63 000	1.8%	65 000	1.8%	67 000	1.7%
Interest earned - outstanding debtors	109	0.0%	114	0.0%	120	0.0%	125	0.0%
Fines, penalties and forfeits	7 481	0.2%	10 597	0.3%	11 143	0.3%	11 702	0.3%
Licences and permits	3 407	0.1%	3 407	0.1%	3 570	0.1%	3 742	0.1%
Agency services	5 970	0.2%	5 970	0.2%	6 257	0.2%	6 557	0.2%
Transfers and subsidies	390 019	12.2%	424 643	12.4%	456 492	12.6%	496 649	12.8%
Other revenue	35 700	1.1%	64 008	1.9%	69 529	1.9%	74 249	1.9%
Total Revenue (excluding capital transfers and contributions)	3 198 114	100%	3 430 794	100%	3 636 785	100%	3 877 900	100%
Total revenue from rates and service charges	2 686 786	84.0%	2 847 891	83.0%	3 012 974	82.8%	3 205 615	82.7%

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 12 per cent.

Rates and service charges revenue comprise of 83 per cent of total operating revenue mix. In 2019/20, revenue from rates and service charges totalled R2.7 billion and is projected to increase to R2.9 billion in 2020/21 and steadily increase to R3 billion and R3.2 billion in 2021/22 and 2022/23 respectively.

Electricity service charges are the largest contributor towards municipal revenue in terms of turnover amounting to an average of 49 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 637.6 million in the 2020/21 financial year.

The second largest revenue source in the City is Property rates at a constant 16 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, Relocation of Richards Bay Airport project, 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 trading service water is the third largest revenue, contributing 12 per cent towards the total revenue projected at R412 million in 2020/21. The severe drought in the country has resulted in lower patterns of consumptions by both the households and industries in the area. The challenge 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 R424.6 million in the 2020/21 financial year, steadily increases to R456.5 million in 2021/22 and to R496.6 million in 2022/23. Local Government Equitable Share will grow at an average annual rate of 8.4 per cent over the MTREF. 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 113 : Operating Transfers and Grant Receipts

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	275 248	314 327	339 463	377 106	377 044	377 044	411 846	443 307	482 868
Local Government Equitable Share	251 497	292 009	326 255	362 965	362 965	362 965	396 870	434 729	472 093
Finance Management	2 537	2 650	2 650	2 650	2 588	2 588	2 600	2 600	2 650
Municipal Systems Improvement	–	–	1 055	–	–	–	–	200	2 000
EPWP Incentive	5 055	4 143	5 189	4 492	4 492	4 492	4 278	–	–
Project Management Unit	3 344	5 437	2 014	6 999	6 999	6 999	8 098	5 778	6 125
Infrastructure Skills Development Grant	6 500	3 879	2 300	–	–	–	–	–	–
Municipal Demarcation Transition Grant	6 314	6 209	–	–	–	–	–	–	–
Provincial Government:	10 017	12 652	13 762	13 570	12 975	12 975	12 797	13 185	13 781
Museums	175	183	192	202	202	202	214	225	235
Provincialisation of Libraries	7 506	7 881	8 275	8 689	8 689	8 689	8 932	9 136	9 593
Libraries	1 432	1 504	1 576	2 283	1 688	1 688	2 445	2 618	2 747
Housing	904	1 316	3 447	2 396	2 396	2 396	1 206	1 206	1 206
Enhanced Extended Discount Benefit Scheme	–	16	60	–	–	–	–	–	–
Cleanest Town Awards	–	–	100	–	–	–	–	–	–
Hostels	–	152	112	–	–	–	–	–	–
Sport and Recreational	–	–	–	–	–	–	–	–	–
Career Exp - Dept of Public Works	–	800	–	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	800	–	–	–	–	–	–	–
District Municipality:	318	100	130	–	–	–	–	–	–
Beach Festival	–	–	–	–	–	–	–	–	–
Refuse Removal Grant	318	–	–	–	–	–	–	–	–
Beach Protection	–	–	130	–	–	–	–	–	–
Speakers Funeral	–	100	–	–	–	–	–	–	–
Other grant providers:	319	2 359	(495)	–	–	–	–	–	–
Umhlathuze Village Beneficiaries Contribution	26	24	2	–	–	–	–	–	–
Chieta Funding	199	534	46	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–
Other	–	240	–	–	–	–	–	–	–
State of the City - Various	–	740	–	–	–	–	–	–	–
Mayor Back to school - Various	–	78	170	–	–	–	–	–	–
LG Seta	–	742	(742)	–	–	–	–	–	–
Absa Bank - Building Ngema House	–	–	30	–	–	–	–	–	–
Total Operating Transfers and Grants	285 902	329 438	352 860	390 676	390 019	390 019	424 643	456 492	496 649

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 is rolled out to target those who cannot afford services who meet the requirements of an indigent consumer.

NERSA has approved 6.90 per cent increase for Eskom retail tariff charges. The tariff increase as approved might not cover the cost of bulk purchases per unit as Eskom operational costs are above inflation and the demanded increase of 18.9 per cent by Eskom was not approved. This means the accumulated costs will be effected in the forthcoming years where the consumer will feel the pinch.

Mhlathuze Water bulk tariffs have increase by an average of 10.25 per cent which is far beyond the inflation target of 4.9 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.

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

Property Rates

The property rates are levied in accordance with the Municipal Property Rates Act, 2004 (Act No.6 of 2004), (MPRA) and the Local Government Municipal Finance Management Act. Property rates are levied per individual property depending on the property value compared with the valuation of all rateable properties in the municipal area.

Rebates and concessions are granted to certain property categories based on usage or ownership as guided by the MPRA. Property values have increased substantially as the new valuation roll was concluded to take effect from July 2020. The property values increased to R45.9 billion from R38.6 billion as per the current General Valuation roll.

The following table reflects the new Valuations values summary

Categories	Current GV Sum of value	New GV Sum of value
	R	R

Agriculture	747 064 308	1 139 018 000
Business	6 055 257 092	9 375 516 000
Multi-Purpose	403 504 000	
Industrial	7 076 592 000	7 017 984 000
Municipal	370 734 601	802 005 000
PSI	90 924 150	145 919 000
Mining	35 942 000	29 850 000
Residential	18 469 116 010	22 126 575 000
State	2 854 894 000	2 722 270 000
Vacant land	2 580 162 000	2 400 112 000
PBO		97 133 000
Grand Total	38 684 190 161	45 856 382 000

The following table stipulates the Property Rates Policy exemptions and rebates summary:

Table 114 Property Rates Policy exemptions and rebates

Rates Category	Rebates, Exemptions and reductions
RES	R 15 000 Impermissible to all Developed Residential Properties
	R 115 000 Reduction to all Residential Properties with a value below R 400 000
	R 200 000 Reduction to Pensioners
	Places of Worship Exempted as part of Legislation
BUS	No rebates, exemptions or reductions
	Public Benefit Organisations – Regulated Ratio 1:0,25
	Non-profit organisations – 20% Rebate upon successful application
Agricultural	5% Rebate upon successful application
PBO's	Non-profit organisations – 20% Rebate upon successful application
PSI	30% reduction as per Legislation
Mining	No rebates, exemptions or reductions
Industrial	No rebates, exemptions or reductions
Vacant Land	No rebates, exemptions or reductions

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year. It should be noted the decrease in tariffs when compared with the current year as the property values have increased significantly

Table 115 : Comparison of proposed rates to levied for the 2020/21 financial year and the two outer years

Category	Current Tariff (1 July 2019)	Proposed tariff (from 1 July 2020)	2020/20 21	2021/20 22	Ratio to Reside ntial Tariff
	C	c	C	C	
Residential Properties - Private	0.0103	0.0093	0.0097	0.0102	1 : 1
Residential Properties - Municipal	0.0103	0.0093	0.0097	0.0102	1 : 1
Residential Properties - State	0.0103	0.0093	0.0097	0.0102	1 : 1
Business / Commercial - Private	0.0217	0.0196	0.0205	0.0215	1 : 2,1
Business / Commercial - Municipal	0.0217	0.0196	0.0205	0.0215	1 : 2,1
Business / Commercial - State	0.0217	0.0196	0.0205	0.0215	1 : 2,1
Agricultural Properties - Private	0.0026	0.0023	0.0024	0.0025	1 : 0,25
Agricultural Properties - Municipal	0.0026	0.0023	0.0024	0.0025	1 : 0,25
Agricultural Properties - State	0.0026	0.0023	0.0024	0.0025	1 : 0,25
Industrial Properties - Private	0.0227	0.0205	0.0215	0.0225	1:2,2
Industrial Properties - Municipal	0.0227	0.0205	0.0215	0.0225	1:2,2
Industrial Properties - State	0.0227	0.0205	0.0215	0.0225	1:2,2
Mining - Private	0.0226	0.0214	0.0224	0.0235	1:2,3
Mining - Municipal	0.0226	0.0214	0.0224	0.0235	1:2,3
Mining - State	0.0226	0.0214	0.0224	0.0235	1:2,3
Public Service Purposes (State Owned)	0.0114	0.0103	0.0108	0.0113	1:1,1
Vacant Land - Private	0.0217	0.0196	0.0205	0.0215	1: 2,1
Vacant Land - Municipal	0.0217	0.0196	0.0205	0.0215	1: 2,1
Vacant Land - State	0.0217	0.0196	0.0205	0.0215	1: 2,1
Public Service Infrastructure - Private	0.0026	0.0023	0.0024	0.0025	1:0,25
Public Service Infrastructure - Municipal	0.0026	0.0023	0.0024	0.0025	1:0,25
Public Service Infrastructure - State	0.0026	0.0023	0.0024	0.0025	1:0,25
Public Benefit Organisations	0.0026	0.0023	0.0024	0.0025	1:0,25
Municipal Properties	0.0103	0.0093	0.0097	0.0102	1 : 1

The two outer years are increased by 4.8%.

▪ Sale of Water and Impact of Tariff Increases

The resource scarcity on water due to drought that has hit the entire country is a challenge in the municipal revenue stream. It is therefore expected that due to changes in the consumption

patterns downwards by consumers, revenue budgeted to be generated will also be downsized over the MTREF. The resource scarcity in water has had a direct impact on escalated input cost far beyond the inflation forecast of 4.9 per cent **(Source - NT 2020/21 Budget Circular No. 94 – Annexure L2 – DMS 1398732).**

The traditional areas are the second challenge in terms of recovering the service provided in these arrears. The majority of the outstanding consumer debt is owed by the consumers from the traditional arrears for water consumed.

The City took a decision to find alternative ways in recovering the ever increasing debt in traditional areas and the concept of introducing an alternative way in billing these consumers for water consumption is being investigated and may lead towards a decision of replacing all conventional water meters into Pre-Paid water meters in the forthcoming financial years.

In line with the initiative to ensure that residents pay for water and as the revenue enhancement strategy, the city has applied a targeted approach where the 6 kilolitre is provided to consumers who only use not more than 6 kl over 30 days' period.

Indigent support policy was reviewed and approved in 2017 and the indigent support has been extended to consumers under the traditional authority which has assisted towards only billing consumers who can afford to pay for services. In 2018/19 R34 million was written off by council for indigent consumers under the traditional authority. This has assisted in ensuring that historic debt only reflects debtors who can afford to pay for services.

On average the cost of providing water is R64 per litre, and on average revenue charged to both business and households is R46 per litre. The city subsidises by R18 per litre on all units sold to the community. Water Service need to save approximately R86 million on its cost drivers to break even or through the economies of scope by expansion of the units sold.

In light of the current drought experienced in the city, water tariffs are punitive and the penalty tariffs are incorporated in the Inclining Block Tariff (IBT) structure. Due to the climatic conditions, the city will continue to institute water restrictions as guided by the department of Water Affairs.

The restrictions are as follows as per department of Water Affairs recommendation:

Category	Level one Restrictions	Level two Restrictions	Level three Restrictions	Level four Restrictions
Industries	5%	10%	15%	15%
Domestic Use	10%	20%	30%	60%
Agricultural Use	50%	60%	70%	90%

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 116 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2019/20	PROPOSED TARIFFS 2020/21	2021/2022	2022/2023
	Rand per kℓ	Rand per kℓ	Rand per kℓ	Rand per kℓ
RESIDENTIAL	Prices excluding VAT	Prices excluding VAT	Prices excluding VAT	Prices excluding VAT
0 - 0.2 kℓ per day (0 - 6 kℓ)	0	0	0	0
0 - 0.2 kℓ per day (0 - 6 kℓ)	5.1509	6,2841	6.5857	5.8973
0.2 - 0.5 kℓ per day (7 - 15 kℓ)	6.1810	7.5408	7.9028	7.0766
0.5 - 1.0 kℓ per day (16 - 30 kℓ)	14.4693	17.6525	18.4998	16.5659
1.0 - 2.0 kℓ per day (31 - 60 kℓ)	19.1741	23.3924	24.5152	21.9524
2 and above kℓ per day (60+ kℓ)	25.0088	30.5107	31.9752	28.6326
NON-RESIDENTIAL				
0,0 - 0,5 kℓ per day	11.3339	13.8274	14.4911	15.1867
0,5 - 1,0 kℓ per day	16.5275	20.1636	21.1314	22.1457
1,0 - 2,0 kℓ per day	19.5189	23.8131	24.9561	26.1540
above 2,0 kℓ per day	19.2803	23.5220	24.6511	25.8343

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 117 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount 2019/20 Payable R	Proposed amount 2020/21 payable R	Difference (Increase) R	Percentage change
20	289.39	353.05	63.66	22,00%
30	434.08	529.58	95.50	22,00%
40	766.96	935.70	168.73	22,00%
50	958.71	1 169.62	210.92	22,00%
80	2 000.70	2 440.86	440.15	22,00%

100	2 500.88	3 051.07	550.19	22,00%
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▪ Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2020/21 have an increase of 8.4 per cent effective from the 1st of July 2020.

Registered indigents will again be granted 50 kWh per month.

In addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month;

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 118 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount 2019/20 payable R	Proposed amount 2020/21 payable R	Difference (Increase) R	Percentage change
100	126,24	132,15	5,91	4,68%
250	315,60	330,38	14,78	4,68%
500	891,50	931,45	39,95	4,48%
750	1 397,25	1 459,65	62,40	4,47%
1 000	1 863,00	1 946,20	83,20	4,47%
2 000	4 242,00	4 429,00	187,00	4,41%

The municipality implements the inclining block tariff and this stepped tariff structure has a higher tariff as customer consumption increases. The aim is to subsidise the lower consumption users (mostly the poor) and to use the benchmark as provided by NERSA.

The City has been implementing this inclining block tariff for the past three years and it causes an increase in the volumes of sales to be experienced during the first days of the month when the tariffs are in their first scale for prepaid customers. The municipality has opened third party channels to ensure convenience to those customers who wish to not be inconvenienced by long queues during these peak times.

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2020/21 have an increase of 6.90 per cent effective from the 1st of July 2020. In analysing the affordability for domestic use, the tariffs were increased by an average of 4.48 per cent and 6.9 per cent for business.

The recent electricity supply load shedding has negatively affected the expected volumes to be derived from the sale of electricity by council and thus, electricity revenue stream was adjusted downwards during the adjustments budget for 2019/20

The proposed renewable energy programmes and the Independent Power Producers (IPP) by the cabinet, might also further affect the revenue downwards in future as it is uncertain on how such initiatives will benefit or protect electricity revenue for municipalities.

As proposed Eskom might be un-bundled into three divisions, being Electricity Generation, Transmission and Distribution. Plans have not highlighted or covered how these unbundling of Eskom will assist in curbing the high bulk purchasing costs incurred by municipalities on distribution.

▪ Sanitation and Impact of Tariff Increases

A tariff increase of 5.6 per cent for sanitation from 1 July 2020 is proposed. This is based on the input cost assumptions related to water. Properties below the market value of R130 000 are not charged for sewerage discharged.

The following table compares the current and proposed tariffs:

Table 119: Comparison between current sanitation charges and increases

Tariff Code	Detail	2019/20		2021/22		2021/22		2022/23		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	
SN	Rebate = 100%	(9,27)	(10,66)	(9,83)	(11,30)	(10,30)	(11,84)	(10,79)	(12,41)	6,00
	Valuation of Residential property value < R 130 000									
SO	Rebate = 25%	(2,32)	(2,67)	(2,21)	(2,54)	(2,32)	(2,67)	(2,43)	(2,79)	5,00
	Valuation of Residential property value R 130 001 to R 170 000									
IA	Rebate = 25%	9,27	10,66	9,83	11,30	10,30	11,84	10,79	12,41	6,00

	Valuation of Residential property value R 170 001 and above per kℓ as per bylaw									
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The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 120 Comparison between current sanitation charges and increases, single dwelling- houses

Monthly sanitation consumption	Current amount 2019/20 Payable	Proposed amount 2020/21 payable	Difference (5% increase)
kℓ	R	R	R
20	185.40	196.52	11.12

Refer to the comprehensive Tariff of Charges contained on **Annexure C (DMS 1324415)** for residential, business and undeveloped sites tariffs

▪ Waste Removal and Impact of Tariff Increases

Solid waste removal is operating marginally below break-even and is currently being subsidised by the Equitable Share Grant over the MTREF. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The city uses the property valuation sliding scales to charge Waste Removal for households. Properties in the city's valuation roll are a total of 28 960, majority (49.8 per cent) of which is within R200 000 to R600 000 property values.

The city operates business waste removal based on the number of times (demand based) the service is required by the business. The city has approximately 4600 businesses that are serviced by council and in 2020/21 financial year, this service will be expanded.

The waste removal is proposed to increase by 6 per cent effective from 1 July 2020 which is a decrease from the previous year 12 per cent increase as council was aligning cost drivers to the tariffs. The following table compares current and proposed amounts payable from 1 July 2020:

Table 121 Comparison between current waste removal fees and increases

Tariff Code	Detail	2019/20	2020/21	2021/22	2022/23	%
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		Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	
RK	Rebate = 100%	144,80	166,52	153,49	176,51	160,86	184,99	168,58	193,87	0%
	Refuse valuation sliding scale, Residential property value < R 120 000	100% = 0,00	100% = 0,00	100% = 0,00	100% = 0,00	100% = 0,00	100% = 0,00	100% = 0,00	100% = 0,00	
RL	Rebate = 25%	144,80	166,52	153,49	176,51	160,86	184,99	168,58	193,87	6%
	Refuse valuation sliding scale Residential property value R 120 001 to R 170 000 for	25% = 108,6	25% = 124,89	25% = 115,12	25% = 132,39	25% = 120,65	25% = 138,74	25% = 126,44	25% = 145,40	
IA	Refuse valuation sliding scale Residential property value R 170 001 – R 400 000	144,80	166,52	153,49	176,51	160,86	184,99	168,58	193,87	6%
IA	Refuse valuation sliding scale Residential property value R 400 001 – R 600 000	146,74	168,75	155,54	178,87	163,01	187,46	170,83	196,45	6%
IA	Refuse valuation sliding scale Residential property value R 600 001 – R 800 000	148,69	170,99	157,61	181,25	165,18	189,96	173,11	199,08	6%
IA	Refuse valuation sliding scale Residential property value R 800 001 – R 1 000 000	149,35	171,75	158,31	182,06	165,91	190,80	173,87	199,95	6%
IA	Refuse valuation sliding scale Residential property value R 1 000 001 – R 1 500 000	150,00	172,5	159,00	182,85	166,63	191,62	174,63	200,82	6%
IA	Refuse valuation sliding scale Residential property value R 1 500 001 and above	151,96	174,75	161,08	185,24	168,81	194,13	176,91	203,45	6%
RM	Residential – Basic Tariff	144,80	166,52	153,49	176,51	160,86	184,99	168,58	193,87	6%

Waste removal fees increased by average of 6 per cent in 2020/2021 then 4.8 per cent in 2021/2022 and 2022/2023 respectively.

▪ **Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a medium and an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 7 per cent including indigent households, excluding electricity tariffs.

Middle income household range is defined as:

- property value of R700 000;
- 1 000 kWh electricity; and
- 30kl water.

Affordable household range is defined as:

- property value of R500 000;
- 500 kWh electricity; and
- 25kl water

Indigent household is defined as:

- property value of R 300 000;
- 350 kWh electricity; and
- 20kl water (50 kWh electricity and 6 kl water free).

Table 122 MBRR SA14 – Household bills

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	473.79	521.17	555.82	587.96	587.96	587.96	(9.7%)	530.88	556.36	583.06
Electricity: Consumption	1 366.66	1 391.85	1 470.10	1 619.20	1 619.20	1 619.20	4.5%	1 692.60	1 773.84	1 858.98
Water: Basic levy	18.60	20.27	22.70	23.21	23.21	23.21	6.0%	24.60	25.78	27.02
Water: Consumption	232.40	253.31	283.71	375.80	375.80	375.80	6.0%	398.12	417.23	437.25
Sanitation	154.40	165.20	176.76	185.40	185.40	185.40	6.0%	196.60	206.04	215.93
Refuse removal	112.87	120.77	130.43	148.69	148.69	148.69	6.0%	157.61	165.18	173.10
sub-total	2 358.72	2 472.57	2 639.52	2 940.26	2 940.26	2 940.26	2.0%	3 000.41	3 144.42	3 295.35
VAT on Services	263.89	273.20	312.56	342.01	342.01	352.81	–	370.43	388.21	406.84
Total large household bill:	2 622.61	2 745.77	2 952.08	3 282.27	3 282.27	3 293.07	2.7%	3 370.84	3 532.63	3 702.19
% increase/decrease		4.7%	7.5%	11.2%	–	0.3%		2.4%	4.8%	4.8%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	335.46	369.00	393.54	416.29	416.29	416.29	(9.7%)	375.88	393.92	412.83
Electricity: Consumption	739.10	752.65	793.70	874.00	874.00	874.00	4.6%	914.12	957.99	1 003.98
Water: Basic levy	18.60	20.27	22.70	23.21	23.21	23.21	6.0%	24.60	25.78	27.02
Water: Consumption	177.01	192.95	216.10	286.08	286.08	286.08	6.0%	303.24	317.80	333.05
Sanitation	154.40	165.20	176.76	185.40	185.40	185.40	6.0%	196.60	206.04	215.93
Refuse removal	112.37	120.24	129.86	146.74	146.74	146.74	6.0%	155.54	163.01	170.83
sub-total	1 536.94	1 620.31	1 732.66	1 931.72	1 931.72	1 931.72	2.0%	1 969.98	2 064.53	2 163.63
VAT on Services	168.21	175.18	200.87	227.31	227.31	227.31	–	239.11	250.59	262.62
Total small household bill:	1 705.15	1 795.49	1 933.53	2 159.03	2 159.03	2 159.03	2.3%	2 209.09	2 315.12	2 426.25
% increase/decrease		5.3%	7.7%	11.7%	–	–		2.3%	4.8%	4.8%
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates	131.42	144.56	145.50	145.92	145.92	145.92	(9.7%)	131.75	138.07	144.70
Electricity: Consumption	10.72	10.91	11.47	12.62	12.62	12.62	4.7%	13.22	13.85	14.51
Water: Basic levy	18.60	20.27	22.70	23.21	23.21	23.21	6.0%	24.60	25.78	27.02
Water: Consumption	97.97	106.79	119.60	158.33	158.33	158.33	6.0%	167.83	175.89	184.33
Sanitation	154.40	165.20	176.76	185.40	185.40	185.40	6.0%	196.60	206.04	215.93
Refuse removal	111.88	119.71	129.29	144.80	144.80	144.80	6.0%	153.49	160.86	168.58
sub-total	524.99	567.44	605.32	670.28	670.28	670.28	2.6%	687.49	720.49	755.07
VAT on Services	55.10	59.20	68.97	78.65	78.65	78.65	–	83.36	87.36	91.56
Total small household bill:	580.09	626.64	674.29	748.94	748.94	748.94	2.9%	770.85	807.85	846.62
% increase/decrease		8.0%	7.6%	11.1%	–	–		2.9%	4.8%	4.8%

20.2 Operating Expenditure Framework

The City's expenditure framework for the 2020/21 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 5 per cent, expenditure allocations in excess of the 2019/20 Adjustments budget are very limited;
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions surpass the best practice parameters of 8 per cent of PPE. All provisions for MTREF are sitting in excess of 11%.
- 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 plans no budget". If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2020/21 MTREF (classified per main type of operating expenditure):

Table 123 Summary of operating expenditure by standard classification item

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type									
Employee related costs	644 228	746 160	782 436	859 550	859 564	859 564	986 781	1 034 073	1 087 004
Remuneration of councillors	25 542	29 342	30 395	32 404	32 404	32 404	34 026	35 728	37 516
Debt impairment	8 891	27 154	163 733	31 454	31 454	31 454	35 000	36 750	38 587
Depreciation & asset impairment	352 389	348 561	472 658	408 532	441 379	441 379	474 573	505 559	546 925
Finance charges	68 940	67 691	51 286	70 846	67 458	67 458	79 943	82 762	84 491
Bulk purchases	1 173 350	927 274	973 182	1 096 949	1 093 949	1 093 949	1 139 016	1 196 920	1 267 357
Other materials	97 320	105 046	109 730	121 110	119 504	119 504	143 840	150 606	145 744
Contracted services	303 088	339 556	369 218	323 135	363 432	363 432	289 827	300 388	307 803
Transfers and subsidies	9 319	11 517	15 782	12 087	13 755	13 755	13 778	14 329	15 007
Other expenditure	149 823	164 869	166 623	278 181	269 497	269 497	288 491	316 747	321 709
Losses	1 296	1 449	11 689	-	-	-	-	-	-
Total Expenditure	2 834 188	2 768 618	3 146 732	3 234 247	3 292 395	3 292 395	3 485 274	3 673 862	3 852 144

The budgeted allocation for **employee related costs** for the 2020/21 financial year totals R 986,8 million, which equals 28 per cent of the total operating expenditure.

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. In terms of the agreement, the year one increase as been calculated as an across the board increase of 6.25 per cent.

For budget purposes a 6.25 per cent increase has been utilised. An annual increase of 5 and 5 per cent has been included in the two outer years of the MTREF.

It is important to note that the Section 78 process for the insourcing of employees responsible for the operations and maintenance of Council's Water and Waste Water Treatment Works resulted in additional employee related costs of R 35 million in the 2020/21 financial year.

▪ **Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2020/21 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 124: Operational repairs and maintenance

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and Maintenance by Expenditure Item									
Employee related costs	208 536	209 087	231 581	494 275	494 275	494 275	525 167	551 426	576 914
Other materials	50 483	73 130	74 844	84 738	83 822	83 822	92 378	96 805	93 002
Contracted Services	120 804	134 906	136 464	103 585	99 211	99 211	123 119	128 900	133 508
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497

During the compilation of the 2020/21 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 10 per cent in the 2020/21 financial year, from R 620 million to R 682.6 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **21.3; 21.3 and 20.9 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **11.2; 11.6 and 11.8 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 125: Repairs and maintenance per asset class

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
Infrastructure	247 665	302 041	318 005	486 649	481 050	481 050	520 369	545 966	564 304
Roads Infrastructure	75 976	69 391	87 406	98 921	110 976	110 976	117 534	123 348	126 370
Electrical Infrastructure	53 744	65 780	70 774	170 117	154 117	154 117	165 339	173 517	179 488
Water Supply Infrastructure	81 723	92 452	–	109 014	109 014	109 014	121 858	127 800	132 615
Sanitation Infrastructure	34 816	29 989	159 825	63 219	61 719	61 719	70 423	73 876	76 489
Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Rail Infrastructure	1 385	853	–	1 211	1 211	1 211	1 270	1 331	1 385
Coastal Infrastructure	–	–	–	1 030	1 030	1 030	1 082	1 133	1 179
Information and Communication Infrastructure	21	3 369	–	3 208	4 053	4 053	–	–	–
Community Assets	59 882	73 421	68 308	112 239	94 276	94 276	100 095	105 075	109 393
Heritage assets	–	103	–	113	113	113	120	126	131
Other assets	25 097	250	9 387	5 355	22 952	22 952	24 314	25 520	26 573
Computer Equipment	–	–	–	1 010	142	142	10 374	10 872	10 851
Furniture and Office Equipment	–	527	–	27	27	27	28	29	30
Machinery and Equipment	17 225	1 308	4 664	21 413	23 054	23 054	26 399	27 664	28 628
Transport Assets	29 954	39 474	42 525	55 793	55 693	55 693	58 967	61 880	63 515
Total Repairs and Maintenance Expenditure	379 822	417 124	442 889	682 598	677 307	677 307	740 665	777 131	803 425
R&M as a % of PPE	7.3%	6.7%	7.1%	11.9%	10.6%	10.6%	11.2%	11.6%	11.8%
R&M as % Operating Expenditure	13.4%	15.1%	14.1%	21.1%	20.6%	20.6%	21.3%	21.2%	20.9%

For the 2020/21 financial year, 70.5 per cent or R 520 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 22.3 per cent (R 165 million) followed by water infrastructure at 16.5 per cent (R 121.9 million), road transport infrastructure at 15.9 per cent (R 117.5 million) and sanitation at 9.5 per cent (R70 million). Community assets has been allocated R 100 million of total repairs and maintenance equating to 13.5 per cent. Transport assets has been allocated R 59 million (8 per cent).

16. SUMMARY OF BUDGET POLICIES

16.1 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

16.1.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was last reviewed and 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.

The policy in its current format is effective and assists in maintaining a healthy debtor's collection rate.

The 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 per cent on current billing.

16.1.2 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 2020/2021 financial year.

16.1.3 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 2020/2021 financial year.

16.1.4 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.

16.1.5 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.

No amendments are proposed for this policy in the 2020/2021 financial year.

16.1.6 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 2020/2021 financial year.

16.1.7 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.

16.2 Overview of budget assumptions

16.2.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by 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 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.

16.2.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2020/2021 MTREF:

- National Government macro-economic targets as per MFMA circular 98 and 99;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 28.8 per cent of total operating expenditure in the 2020/21 MTREF.

16.2.3 Interest rates for borrowing and investment of funds

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 2020/2021 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

16.2.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (96 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections

will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

16.2.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

16.2.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. In terms of the agreement, the year one increase has been calculated as an across the board increase of 6.25 per cent. For budget purposes a 6.25 per cent increase has been **utilised**.

16.2.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. See relevant section in the Integrated Development Plan.

16.2.8 Ability of the municipality to spend and deliver on the programmes

The slow spend on the 2019/20 Adjusted Capital Budget was of serious concern to Administration, however procurement plan will be prepared to expedite the implementation of the procurement process for the 2020/21 MTREF. Despite a monthly monitoring of the procurement plan being undertaken through the Capital Spend Project Team, spending in the 2019/20 financial year still remains a challenge. Executive Management Committee (EMCO) is investigating mechanisms to try to resolve numerous internal and external factors hindering performance here.

17. 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 2020/2021 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 2019/2020
- 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 2020/2021 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 2020/2021 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.

The 2020/21 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 126: Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
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	6 988	13 307	1 452	35 254	200	200	1 667	1 878	2 041
1.1 Democratic, Responsible, Transparent, Objective And Equitable Municipal Governance	To maintain an organizational performance management system as a tool to monitor progress of service	1.1.2	16	—	33	—	—	—	44	51	55
1.1 Democratic, Responsible, Transparent, Objective And Equitable Municipal Governance	Ensure Institutionalisation of Batho Pele Culture	1.1.3	—	—	—	—	—	—	—	—	—
1.1 Democratic, Responsible, Transparent, Objective And Equitable Municipal Governance	To promote a municipal governance system that enhances and embraces the system of participatory	1.1.4	2 560	1 425	516	373	435	435	800	874	939
1.1 Democratic, Responsible, Transparent, Objective And Equitable Municipal Governance	To promote Access to Information and Accountability	1.1.5	111	3 743	2 639	2 587	2 588	2 588	2 644	2 776	2 912
1.1 Democratic, Responsible, Transparent, Objective And Equitable Municipal Governance	To bring the organisation to an enabled risk maturity level	1.1.6	11	140	28	—	—	—	38	44	48
1.1 Democratic, Responsible, Transparent, Objective And Equitable Municipal Governance	Ensure reliability and maintain independence of internal audit activity	1.1.7	6	75	30	—	—	—	40	46	50
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	2 455 085	2 414 566	2 364 729	2 749 617	2 715 200	2 715 200	2 932 732	3 073 566	3 289 297
2.1 Efficient and integrated infrastructure and services	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	—	4 019	5 433	4 034	4 034	4 034	3 311	3 446	3 573
2.1 Efficient and integrated infrastructure and services	To ensure effective Fleet Management	2.1.3	655	2 822	2 194	1 897	2 212	2 212	2 908	3 126	3 334
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1	—	—	—	—	—	—	—	—	—
3.1 Viable Economic Growth And Development	Enhanced sectoral development through trade investment and business retention)	3.1.2	4 525	22 823	—	—	—	—	—	—	—
3.1 Viable Economic Growth And Development	To create enabling environment for the informal economy	3.1.3	—	186	7 263	1 329	43 240	43 240	16 028	11 086	11 766
3.1 Viable Economic Growth And Development	Clear City identity	3.1.4	14	—	37	—	4 492	4 492	50	57	62
3.1 Viable Economic Growth And Development	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	—	—	7 489	—	—	—	4 278	—	—
3.1 Viable Economic Growth And Development	Promote SMME and Entrepreneurial development	3.1.6	—	—	—	—	—	—	—	—	—
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	15 446	15 415	—	1 240	—	—	—	—	—
3.2 Public Safety and Security	To ensure Provision of fire and rescue services	3.2.2	1 436	8 379	78 281	1 033	1 243	1 243	6 245	6 713	7 128
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	30	382	2 059	10	840	840	2 601	2 880	3 104
3.3 Safe and Healthy Living Environment	To ensure air quality management	3.3.2	617	1 093	73	490	11	11	111	126	137
3.3 Safe and Healthy Living Environment	Cater for alternate future burial option	3.3.3	23 714	—	566	—	492	492	657	702	743
3.4 Social Cohesion	To promote social cohesion	3.4.1	—	—	23 018	—	25 627	25 627	21 513	30 628	31 875

Table 127: Reconciliation between the IDP strategic objectives and budgeted revenue (continued)

uMhlathuze Local Municipality: Draft IDP Review 2020/2021

Strategic Objective	Goal	Goal Code	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation			1 351	3 649	2 406	14	17	17	790	898	979
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	–	–	–	–	–	–	–	–	–
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	531 608	554 231	532 858	588 051	578 062	578 062	616 321	650 618	691 021
5.1 Sound Financial And Supply Chain Management	Sustainable Financial and supply chain Management	5.2.1	1 813	5 521	1 919	1 180	681	681	1 443	1 578	1 689
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	16	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	1 409	6 938	–	12 890	–	–	–	–	–
6.2 Immovable Property Management	Effective Management of Council owned Immovable properties.	6.2.2	12	154	296	–	37	37	391	441	480
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	–	26	–	–	–	36	40	44
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			3 047 423	3 058 872	3 033 345	3 400 000	3 379 408	3 379 408	3 614 651	3 791 573	4 051 276

Table 128: Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
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	19 846	130 905	147 529	33 488	43 749	43 749	35 895	37 789	39 321
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	21 838	–	2 201	–	3 955	3 955	10 252	10 808	11 282
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	27 807	51 346	59 192	8 569	26 488	26 488	8 037	8 385	8 701
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To promote Access to Information and Accountability	1.1.5	2 834	8 782	3 927	7 836	7 368	7 368	7 925	7 992	8 224
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To bring the organisation to an enabled risk maturity level	1.1.6	20 282	908	1 201	2 058	1 980	1 980	2 499	2 679	2 750
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	Ensure reliability and maintain independence of internal audit activity	1.1.7	(771)	11 810	10 463	47	147	147	51	54	56
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	2 320 798	2 164 338	2 209 683	2 847 888	2 655 114	2 655 114	2 843 491	3 005 984	3 158 300
2.1 Efficient and integrated infrastructure and services	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	–	12 686	22 516	19 523	23 995	23 995	30 725	31 730	32 694
2.1 Efficient and integrated infrastructure and services	To ensure effective Fleet Management	2.1.3	61 283	59 953	67 970	(4 448)	(1 351)	(1 351)	(1 593)	(4 659)	(3 069)
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1	45 664	–	–	–	–	–	–	–	–
3.1 Viable Economic Growth And Development	Enhanced sectoral development through trade investment and business retention)	3.1.2	–	58 669	57 939	76 719	75 552	75 552	72 436	76 177	78 683
3.1 Viable Economic Growth And Development	To create enabling environment for the informal economy	3.1.3	–	4 585	3 837	6 237	6 643	6 643	6 867	7 258	7 428
3.1 Viable Economic Growth And Development	Clear City identity	3.1.4	6 028	–	7 492	–	–	–	–	–	–
3.1 Viable Economic Growth And Development	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	–	–	–	–	–	–	–	–	–
3.1 Viable Economic Growth And Development	Promote SMME and Entrepreneurial development	3.1.6	–	–	–	–	–	–	–	–	–
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	44 725	38 185	48 488	73 467	72 353	72 353	78 031	82 148	85 349
3.2 Public Safety and Security	To ensure Provision of fire and rescue services	3.2.2	52 603	46 400	53 844	80 328	79 336	79 336	85 759	90 143	93 483
3.3 Safe and Healthy Living Environment	Efficient and effective waste management services	3.3.1	–	–	–	11 760	–	–	–	–	–
3.3 Safe and Healthy Living Environment	To ensure air quality management	3.3.2	7 214	6 020	8 178	–	11 865	11 865	10 776	11 296	11 733
3.3 Safe and Healthy Living Environment	Cater for alternate future burial option	3.3.3	8 880	9 097	9 302	14 264	14 505	14 505	17 592	18 419	19 111
3.4 Social Cohesion	To promote social cohesion	3.4.1	168 910	–	156 102	–	213 556	213 556	230 049	242 826	252 496

Table 129: Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
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	3 783	26 874	29 830	7 150	9 471	9 471	7 027	7 389	7 636
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	15 214	97 846	211 874	19 790	15 995	15 995	25 326	26 999	27 426
5.1 Sound Financial And Supply Chain Management	Sustainable Financial and supply chain Management	5.2.1	562	16 616	20 519	3 261	2 380	2 380	3 559	3 807	3 894
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	3 289	–	–	–	–	–	–	–	–
6.2 Immoveable Property Management	Effective Management of Council owned Immoveable properties.	6.2.2	1 698	22 137	13 229	23 839	26 728	26 728	7 964	3 897	3 785
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	1 701	1 460	1 415	2 471	2 566	2 566	2 607	2 742	2 863
Total Expenditure			2 834 188	2 768 618	3 146 732	3 234 247	3 292 395	3 292 395	3 485 274	3 673 862	3 852 144

18. FUNDED PROJECTS

18.1 List of Major Municipal Capital Projects for 2020/2021

Project Description	Budget Allocation
Tuzi Gazi Steel Bridge	R7.5 m
ESikhaleni Intersection	R3.2 m
ENSeleni Bulk Water	R6.5 m
ESikhaleni SMME Retail Park	R3m
eMpangeni Business Hub	R2.8 m
Rural Sanitation Projects	R21.9 million
Aquadene Bulk Services(Roads and Storm Water)	R28 million
Electrification Empangeni Mega Housing	R48 million
Kwa-Dlangezwa Swimming Pool	R27.8 million
Ntambanana Water Project	R146.5 million
Mandlazini Roads Projects	R13.1 million
Rural Roads Maintenance	R9.5 million
Mkhwanazi North Water Project	R27.5 million
Design and Construction of Central Industrial Link Road	R50 million
Mandlazini Sanitation Project	R10 million
Empembeni Bulk Water Supply	R40 million
Water and Sanitation Project Dumisani Makhaye Village and Aquadene	R14 million

18.2 PROJECTS BY SECTOR DEPARTMENT /FUNDING AGENTS for 2019/20220/2021

Funding Agent	Project	Funding	IDP Goal	PGDP/DGP.NDP
Eskom	Port Durnford Ext. 200 households connections	R5 040 686,1	Integrated Infrastructure and efficient services	Strategic Infrastructure
Tronox	Somopho Industrial Park – Somopho	budget was not specified by the department	Integrated Infrastructure and efficient services	Strategic Infrastructure
	Izenzo 3 Classroom And Admin. Block – Kwamadlebe			
	Gubhethuka Hall, Admin, Roof Replacement – Kwadube			
	DUBE HOUSING (10 Houses) – KWADUBE			
	Computer Lab – Kwamkhwazani			
Department of Transport	Betterment & Regravelling warm Ward 5- Mathunzi	R1 750 000	Integrated Infrastructure and efficient services	Strategic Infrastructure
	Ward 25 mevamhlophe	R1 100 000		
	Ward 11- Kwadlangezwa	R1 600 000		
	Ward 10- Khnagisa	R1 200 000		
	Ward 11-Mission	R1 900 000		
Department of Agriculture and Rural Development	Qalakancane Garden	R65 000	Integrated Infrastructure and efficient services	Strategic Infrastructure
	Inkabinejoka project	R167 000		
	Luwamba Garden	R145 000		
	KAT Garden	R190 000		
	Gwala garden	R190 000		
	Sibiyangenkomo Coop	R90 000		
	Biyela Garden	R165 000		
	Ngaqophamlando garden	R66 000		
	Siyazama garden	R66 000		
	Mpilonhle garden	R66 000		
	Ubunye Garden	R 95 000		
	Siyanyakaza	R95 000		

	Mancence Dam	R350 000		
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18.3 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

18.4 Private Investment Projects

18.4.1 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 contractors 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

18.4.2 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.

18.4.3 SAPPI Housing Development

Sappi Manufacturing/MDC is proposing to establish an integrated residential township to the north of Birdwood. 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.

18.4.4 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.

18.4.5 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.

18.4.6 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.

18.4.7 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.

18.4.8 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.

19. REPORT OF THE AUDITOR GENERAL

19.1.1 AG Opinion and Management Plan

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/018
uMhlathuze Municipality	Clean Audit with emphasis of matter	Clean Audit emphasis of matter	Clean Audit emphasis of matter	Clean Audit emphasis of matter	Clean Audit emphasis of matter	Unqualified Audit Opinion with a matter

19.2 Summary of Auditor General's Report on 2017/2018 Financial Statements

The Auditor general has expressed a Clean Audit opinion with emphasis on matters relating to:

Opinion

1. I have audited the financial statements of the City of UMhlathuze set out on pagesto.... which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statement, including a summary of significance accounting policies.
2. In my opinion the financial statements present fairly, in all material respects, the financial position of the City of uMhlathuze as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003(Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora)

19.3 Management Responses to Auditor General's Report

Management comments and corrective action to be instituted on the matters raised in the report of the Auditor General to the Council on the Financial Statements of the City of uMhlathuze for the year ended 30 June 2018 in terms of Section 121(3)(g) of the Municipal Finance Management Act, no 56 of 2003.

The unqualified audit report contains the following emphasis of matter for which management comments are provided:

Restatement of corresponding figures

The matter is noted by management and no corrective action is required as restatements are permissible in terms of GRAP standards.

Outstanding investigation

The municipality is still awaiting the report from the Department of Co-operative Governance and Traditional Affairs.

Procurement and contract management

The Municipality is still of the view that the legislation framework with regards to local content as envisaged in the Preferential Procurement Regulations of 2011 during the 2017/2018 financial year

was followed. The Municipality will engage with the office of the Chief Procurement Officer and the Office of the Accountant-General on the matter.

NB: Audit Improvement Plan with full details of the matters and finding is attached as annexure "AB"

SECTION G: ANNUAL OPERATIONAL PLAN –SDBIP

SDBIP FOR 2020/2021 IS AN ANNEXURE TO THE IDP

SECTION H: ORGANISATIONAL AND INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

20. ANNUAL PERFORMANCE REPORT

20.1 ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

20.1.1 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.***

20.1.2 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.

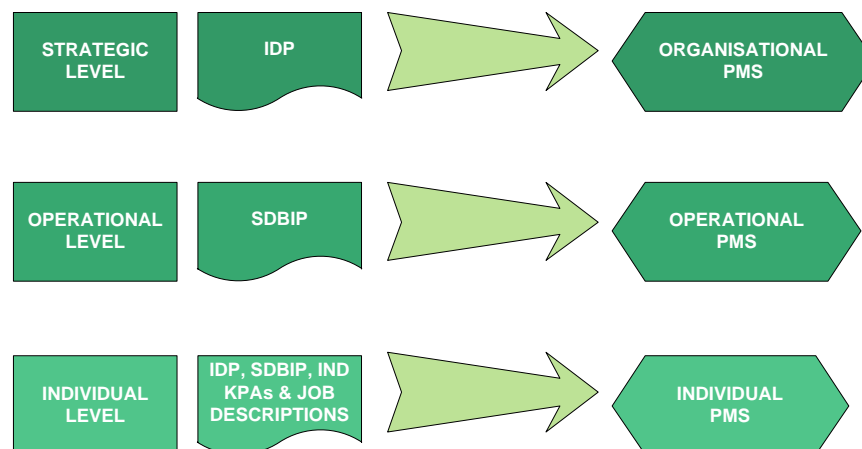
The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg 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).

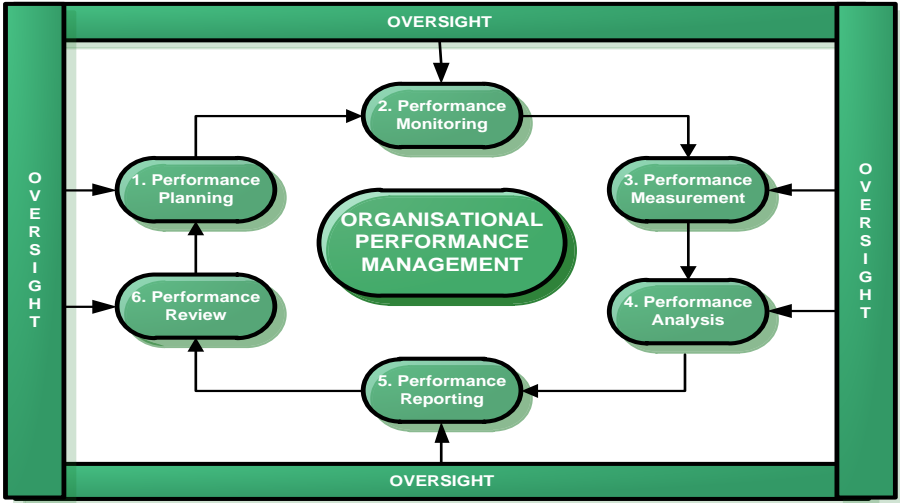
The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

20.1.3 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:

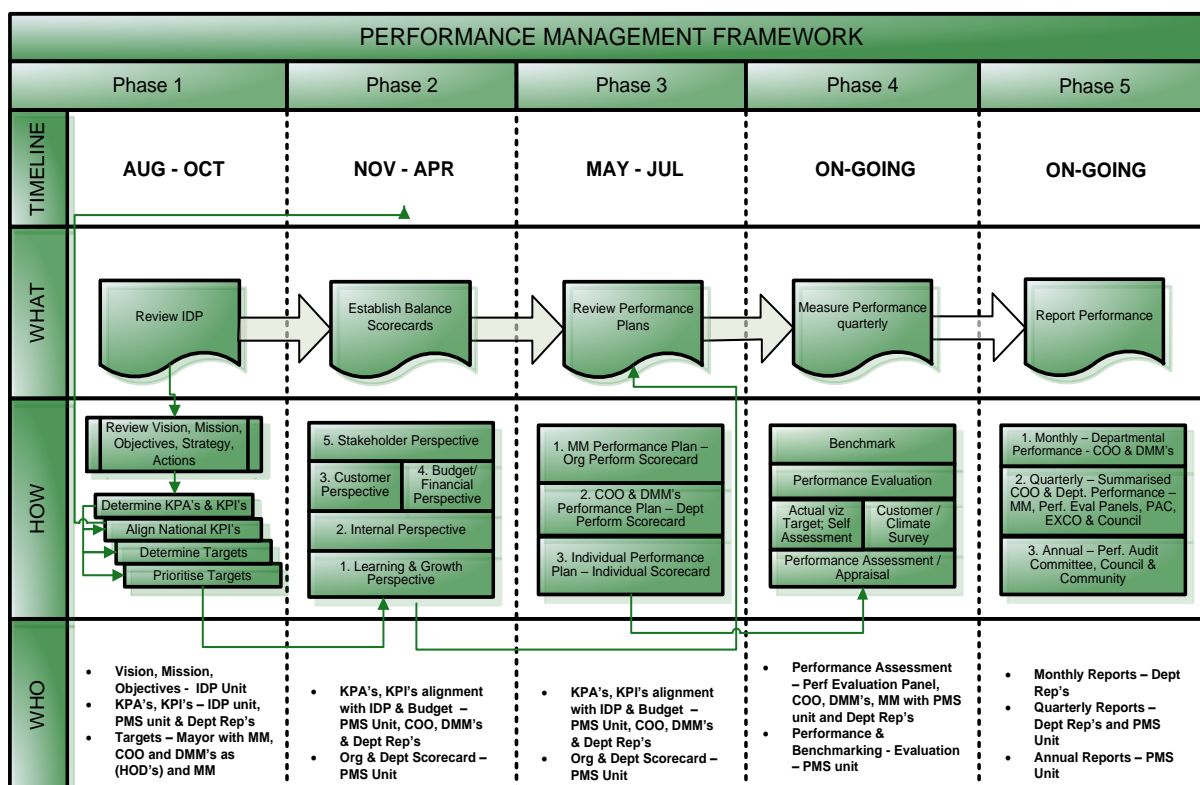


Figure 87: uMhlathuze Performance Management Framework diagram

20.1.4 Performance Audit Committee

The Performance Audit Committee established in 2003 in terms of of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time. The appointment of Performance Audit Committee for the period 1 February 2019 to 30 June 2022 was adopted by Council on the 28 February 2019, Council Resolution 13065 (Item on RPT 165088).

- Dr M J Ndlovu – Chairperson (external member);
- Mr R M J Baloyi (external member);
- Cllr K D Sibiya (Deputy Mayor) or;
- Cllr R M Zikhali

The Performance Audit Committee is meeting on a quarterly basis for each financial year to consider the reported quarterly performance achievements reported on the OPMS Scorecard (Top Layer of the Service Delivery Budget Implementation Plan) as well as the Non-Financial Performance Achievements reported in terms of the Departmental Service Delivery Budget Implementation Plans (Component 3)

20.1.5 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 KD Sibiya	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 KD Sibiya	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.

20.1.6 Auditing of Performance Information

The 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 Councillor 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 Councillors to serve on the Performance Audit Committee to enable Councillors 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 measureable 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 Unit within the office of the Municipal Manager coordinates and manages the Internal Audit function within the municipality.

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:

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	<ul style="list-style-type: none">• Consistency in reporting;• Measurability and reliability;

Audit Project	Focus Area
	<ul style="list-style-type: none"> • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.
Review of Performance Information - Quarter 2	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 4 (Annual Performance Report)	<ul style="list-style-type: none"> • 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.

20.1.7 Customer Satisfaction

Council has appointed Siloam People Development Agency to conduct the 2017 Customer Satisfaction Survey. The comprehensive analysis feedback report is available in the GroupWise document management system on DMS 1214687 as well as on Council's official website (www.umhlathuze.gov.za) under the "Performance Management" link. Provision was made on the 2018/19 Adjusted Budget for a Customer Satisfaction Survey..

20.1.8 Annual Organisational Performance Information

The annual Organisational Performance Targets are compiled in a table format (as prescribed by KZN CoGTA) and reported on a quarterly basis to track performance. The Organisational Performance report is presented to the Auditor General for auditing together with the Annual Financial Statements by 31 August of each year.

The Organisational Performance Scorecard (Tables) once finalized and approved is 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.

The number of households served with basic services as reflected in the table also includes the performance of external service providers delivering basic services to the community as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000). Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through

purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze Municipality in the municipal licensed area, through purchasing electricity from ESKOM. Also other Basic Services delivered by uMhlathuze Municipality include, solid waste removal (refuse collection) and sanitation. The uMhlathuze municipality is fortunate not to become reliant on external service providers, i.e. water, sanitation, solid waste removal services delivered by the district municipality like most other local municipalities do.

The Organisational Performance Scorecard for 2019/2020 (following table) will be finalized in July 2019, once the actual achievements for the completed 2018/2019 financial year has been reported, which is forming the baseline for the following term of the Integrated Development Plan.

21. DRAFT ORGANIZATIONAL PERFORMANCE SCORECARD (2019/2020)

UMHLATHUZE ORGANISATIONAL PERFORMANCE SCORECARD 2019/2020 (TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN)														
IDP Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Actual 2017/2018 Baseline	Backlog	Annual Target 2018/2019	Amended Annual Target 2018/2019 (mid-year)	2018/2019				2019/2020
										1/2 Yearly		Q3 & Q4		Annual Target
										Target	Actual	Amended Target Q3	Amended Target Q4	
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 meetings in Q1 and Q2) and (budget meetings in Q3 and Q4)	11	N/A	10	10	6	6	1	4	TBA
1.1.4.1				Facilitate the Functionality of Ward Committees through continuous capacitation	Number of Ward Committee Management meetings held	389	N/A	374	333	204	197	68	68	TBA
1.1.4.1					Number of community meetings (per ward)	274	N/A	136	231	68	163	34	34	TBA
1.1.4.2				Development of a Credible Integrated Development plan within prescribed legislative guidelines	Date of IDP approval	2018/05/29	N/A	2019/05/31	2019/05/31	No target	IDP review on track	Draft by 2019/03/31	2019/05/31	TBA
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	94,83%	5,17%	95,73%	95,73%	95,28%	95,23%	95,41%	95,73%	TBA
2.1.1.1					Total number of Households with access to potable water	104787	7716	105787	105787	105287	105235	105435	105787	TBA
2.1.1.1					Number of Households with house water connection	47511	N/A	47511	47511	47511	47511	47511	47511	TBA
2.1.1.1					Number of Households with yard water connection	56276	7716	56276	56276	55776	55724	55924	56276	TBA
2.1.1.1					Number of Households within <200m RDP water connection	7716	N/A	6716	6716	7216	7268	7068	6716	TBA
2.1.1.1					Number of Water connections upgraded to households (upgrade service to yard connections)	907	N/A	1000	1000	500	448	200	352	TBA
2.1.1.1					Number of Households with access to free water service	11644	N/A	11644	11644	11 644	11488	11 644	11 644	TBA
2.1.1.1					Ensure 100% restoration of water supply for both Planned and Unplanned reticulation within 8hrs (Average)	100%	0,00%	100%	100%	100%	100%	100%	100%	TBA
2.1.1.1					Ensure the reduction of water losses (cumulative)	22%	N/A	20%	22%	22%	22%	22%	22%	TBA
2.1.1.1					Ensure that the quality of drinking water comply with the South African national standards at latest SANS 241 (between 95% and 99%)	100%	N/A	99%	99%	99,0%	99,5%	99%	99%	TBA
2.1.1.3				Eradicate Sanitation services backlogs through provision of basic sanitation services	% Households with access to sanitation	78,82%	21,18%	81,09%	81,09%	79,68%	80,04%	80,49%	81,09%	TBA
2.1.1.3					Number of Household with access to Sanitation	87103	23400	89603	89603	88053	88444	88944	89603	TBA
2.1.1.3					Number of new VIP toilets provided to households	3711	N/A	2500	2500	950	1341	500	659	TBA
2.1.1.3					Number of Households with access to free sanitation (VIP's) service & Indigent	52514	N/A	51895	61246	50345	60087	60587	61246	TBA
2.1.1.3					Wastewater Quality compliance of ≥90% as per Green Drop standard	87%	N/A	90%	90%	90%	94,3%	90%	90%	TBA

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2.1.1.2	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 electricity supply backlogs through provision of basic electricity supply services	Number of Households with access to Electricity (Municipal Licenced Area)	35316	N/A	35396	35443	35356	35383	35413	35443	TBA
2.1.1.2					Number of new households provided with new Electricity connections (Municipal supply)	135	N/A	80	127	40	67	30	30	TBA
2.1.1.2					Ensure execution of maintenance of electrical distribution network as per maintenance plan and approved budget.	87,2%	12,78%	90%	90%	90%	98,66%	90%	90%	TBA
2.1.1.2					Ensure that non-technical electricity losses are kept within 8%.	6,8%	N/A	8%	8%	8%	3%	8%	8%	TBA
2.1.1.2					Ensure that 90% of general street lighting faults are restored within 72 hours (excluding cable faults or stolen equipment)	87,5%	N/A	90%	90%	90%	90%	90%	90%	TBA
2.1.1.2					Number of Households with access to free Electricity (Municipal Area)	473	N/A	473	492	473	492	492	492	TBA
2.1.1.4	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	Provide a weekly domestic solid waste removal service to the community	% Households with access to waste disposal	67,74%	32,26%	69,55%	69,55%	68,85%	68,93%	69,20%	69,55%	TBA
2.1.1.4					Number of Households with access to waste disposal	74856	35647	76856	76856	75856	76170	76470	76856	TBA
2.1.1.4					Number of new Households with access to waste disposal	1500	N/A	2000	2000	1000	1314	300	386	TBA
2.1.1.4					Number of Household with access to free waste removal	31578	N/A	33578	33573	32578	32887	33187	33573	TBA
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 (graveling)	83,82	N/A	26	59,59	13	51,59	4,0	4,00	TBA
2.1.1.5					Kilometres of rural gravel roads maintained (grading)	390,162	N/A	600	312	300	112	100	100	TBA
2.1.1.5					Kilometres of tarred roads established	1,761	N/A	3	1,88	1,5	0,577	0,0	1,30	TBA
2.1.1.5					Kilometres of tarred roads rehabilitated	20,91	N/A	8	18,60	8	18,60	0	0	TBA
2.1.1.5					m² of repairs to potholes and patching on urban tarred roads	21992,3	N/A	10800	15300	5400	9895	2705	2700	TBA
2.1.1.6					Kilometres of Stormwater open drains maintained	118,052	N/A	92	138	46	138	0	0	TBA
2.1.1.6					Number of manholes maintained (Incl kerb inlets)	1915	N/A	3076	3076	1538	847	1114	1115	TBA
2.1.1.5					100% Maintenance on municipal owned railway sidings resulting from monthly inspections	100%	N/A	100%	100%	100%	100%	100%	100%	TBA
2.1.1.7				Strive to improve reliability and service life of Municipal Infrastructure, facilities and assets	Ensure implementation of approved Asset Management Plan (Cumulative) Phase 2 (Water, Roads and Electricity)	40%	60%	80%	100%	40%	39%	100%	100%	TBA
2.1.1.7					Ensure planned maintenance implemented on Building and Structure as per Maintenance Plan and Budget allocation	100%	N/A	100%	100%	100%	0%	100%	100%	TBA
2.1.3.1			To ensure effective Fleet Management	Review and implement Fleet Management Plan	Replacement of Vehicles and Plant, Procurement of new plant in terms of Capital Budget	82%	12%	100%	100%	20%	13%	60%	100%	TBA
2.1.3.1					Ensure 95% fleet availability (This includes minor accident damage that can be dealt with by Workshops, but excludes major accident repairs)(average)	93%	7%	95%	95%	95%	90%	95%	95%	TBA

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3.4.1.2	Actions supportive of the human settlement outcome	Local Economic Development	To promote social cohesion	Development of community facilities	Number of sport field upgraded/constructed	10	N/A	5	5	4	0	0	5	TBA
3.4.1.2					Number of community halls/museum/library upgraded	2	N/A	3	3	0	0	0	3	TBA
3.4.1.1					Development of sports and recreation programmes	12	N/A	4	5	2	5	0	0	TBA
6.1.1.3	Actions supportive of the human settlement outcome	Cross Cutting	To plan and manage existing and future development	To review and implementation of human settlements sector plan	Number of Post 1994 Housing stock transferred (400)	158	389	389	60	189	0	30	30	TBA
3.1.5.3		Local Economic Development	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	7	N/A	4	5	2	5	0	0	TBA
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)	New	N/A	478	478	240	231	123	124	TBA
3.1.5.1					Number of jobs created (EPWP) through the municipality's LED Initiatives/Projects (Cumulative quarterly)	1695	N/A	1228	1228	500	982	123	123	TBA
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 (Number of new appointments)	768	N/A	768 + 18	20 new females	773 + 9	16 appointments Total = 763	763+2	765+2	TBA
4.1.1.2					Number of Youth employed by the municipality (Number of new appointments)	552	N/A	552 + 38	38 new youth	552 + 19	30 appointments Total = 555	555 + 4	559 + 44	TBA
4.1.1.2					Number of people with Disability employed by the municipality (Target additional to baseline)	21	N/A	21 + 4	4 new people with disability	23	21	2	2	TBA
4.1.1.4				Improve Citizens Skills levels and education	Workplace Skills training programs conducted	173	N/A	120	120	60	84	18	18	TBA
4.1.1.4					% Budget Spent on Workplace Skills Plan (cumulative)	95,48%	N/A	95%	95%	50%	52,21%	75%	95%	TBA
4.1.1.4					% Operating Budget spent on implementing Workplace Skills Plan	0,82%	N/A	0,80%	0,80%	0,01	0,81%	0,80%	0,80%	TBA
1.1.2				Compliance with Employment Equity Act	Number of S57 Performance Agreements signed (cumulative)	8	N/A	8	8	8	8	8	8	TBA
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)	2,4 59 695 / 191 763 = 12.83	N/A	2,698 236 / 224 028 = 12.04	2,635 445 600 / 211 057 100 = 12.49	1,349 118 / 224 028 = 6.02	1350 729 / 224028 = 6.03	2,976 584 199 / 211 057 100 = 9.37	2,635 445 600 / 211 057 100 = 12.49	TBA
5.1.1.4				Outstanding service debtors to revenue	Outstanding service debtors / revenue actually received for services	393 220 937 / 2279023489 = 0.17	N/A	398 452 364 / 2 468 949 600 = 0.16	415 034 400 / 2 513 909 400 = 0.17	398 452 364 / 1 234 474 800 = 0.323	420 034 827 / 1 234 474 800 = 0.34	415 034 400 / 628 477 350 = 0.66	415 034 400 / 628 477 350 = 0.66	TBA
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)]	446 217 / 206 251 = 2.16	N/A	638 788 / 217 827 = 2.93	525 850 793 / 220 293 150 = 2.39	906 515 / 217 827 = 4.16	344 881 / 218 827 = 1.54	402 684 660 / 220 293 150 = 1.83	525 850 793 / 220 293 150 = 2.39	TBA
5.2.1.6			Sustainable Financial and supply chain Management	Percentage Capital Budget spent on Capital project i.t.o. IDP	Capital Budget amount spent on Capital Projects / Total Capital Budget x 100 = Percentage spent YTD	468 600 846 / 570 504 800 = 82.14%	N/A	498 902 760 / 525 160 800 = 95%	557 011 980 / 586 328 400 = 95%	183 806 280 / 525 160 800 = 35%	201 185 561 / 577 550 500 = 35%	283 164 200 / 586 328 400 = 50%	557 011 980 / 586 328 400 = 95%	TBA

SECTION I: STATUS OF SECTOR PLANS & ANNEXURES

21.1 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	Service Providers appointed to develop a new Disaster Management Plan
2.	Water Service Delivery Plan	Yes	Yes	29 May 2019	MAY 2020
	Energy Sector Plan	Yes	Yes	30 May 2009 DMS637608	2020
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	May 2019	Annually
8.	Air Quality Management Plan	Yes (Draft)	No		
9.	Spatial Development Framework	Yes	Yes	31 May 2017 (Five Years)	Annually
10.	Land Use Scheme	Yes	Yes		
11.	Electricity Network Plan	Yes (2016)	No		
12.	Integrated Waste Management Plan	Yes	Yes	May 2019	2020

- 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.

21.2 IDP ANNEXURES

Annexure	Document Description	Hard Copy	Electronic
"A"	Disaster Management Framework and Disaster Management Plan	Yes	Yes

“B”	Spatial Development Framework 2020/2021	Yes	Yes
‘B1’	Service Delivery and Budget Implementation Plan	Yes	YES
“C”	LED Plan [Road Map] 2016		Yes
“D”	Draft Water Service Delivery Plan 2018		Yes
“F”	Electricity Master Plan		Yes
“G”	Integrated Waste Management Plan		Yes
“H”	Informal Economy Policy		Yes
“I”	Indigent Policy		Yes
“J”	Integrated Human Settlement Plan 2020/2021		Yes
“K”	Roads Maintenance Plan		Yes
“L”	Water and Sanitation Maintenance Plan		Yes
“M”	Full Municipal Organogram		Yes
‘N’	Public Participation Report 2020/2021		Yes
“O”	Ward Based Plans	Saved on separate disc	
“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
“Y”	Indigent Register		Yes
“Z”	Investment Register		Yes
“AA”	Batho Pele Service Delivery Plan		Yes
“AB”	Audit Improvement Plan		Yes
“AC”	Capital Expenditure Framework		Yes
“AD”	Employment Equity Plan		Yes
AE	ICT Policy		Yes
AF	Batho Pele Budget – MTREF 2020-2021		Yes
AG	Service Commitment Charter		Yes
AH	Integrated Public Safety Plan		Yes