



**Final IDP REVIEW**

**2020/2021**

**3<sup>rd</sup> Review of the 2017/2022 IDP**

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

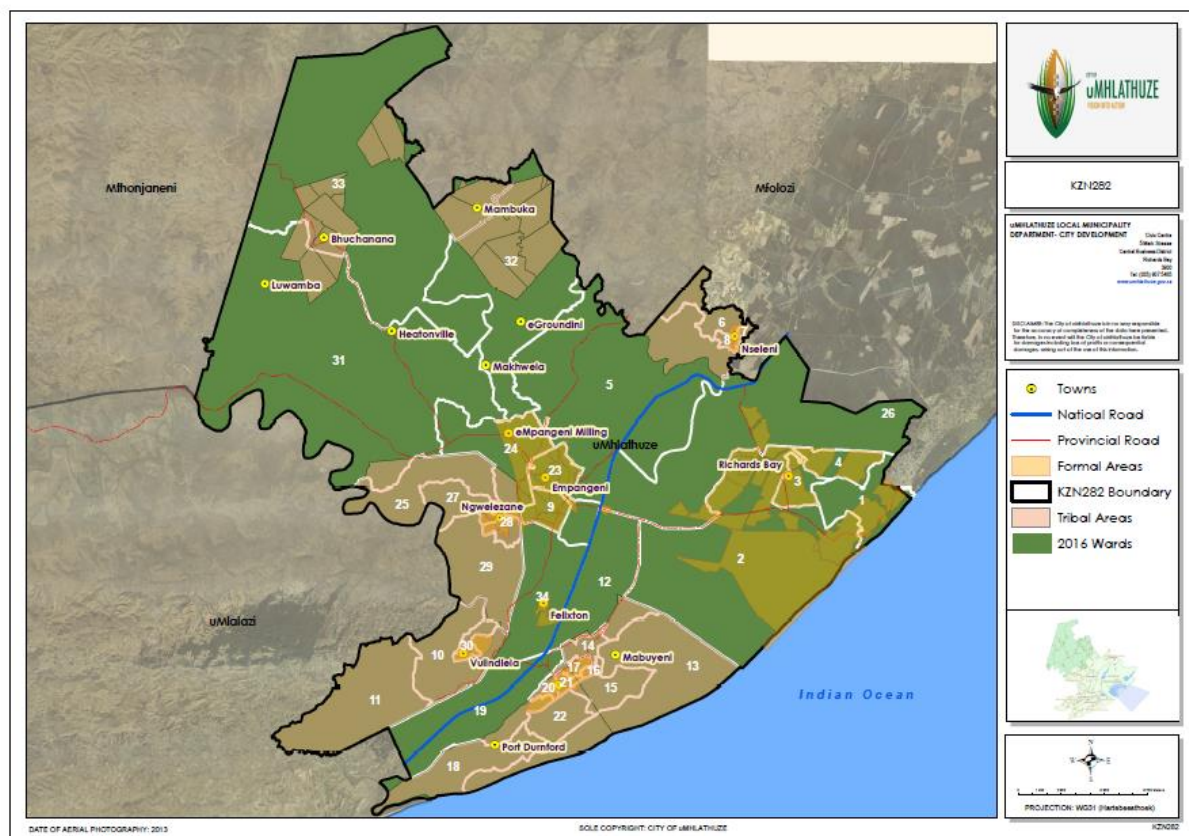
LUMF	Land Use Management Framework
LUMS	Land Use Management System
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium-Term Revenue and Expenditure Framework
MTSF	Medium-Term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

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

## SECTION A: EXECUTIVE SUMMARY

### 1. Who are we?

**Map 1: uMhlathuze Locality Map**



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

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

There are a number of natural and man-made phenomena that have shaped and continue to shape the uMhlathuze Municipality. The area is inundated with a system

of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze, Nsezi and Ntambanana.

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

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

## 2. How was this plan developed?

The Final 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
<b>Municipal Transformation and Institutional Arrangements</b>	
Develop Human Resource Plan	The Human Resource Plan has been developed awaiting council's workshop prior to the actual approval.
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>
<b>Local Economic Development</b>	
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	The Informal Trading Policy is currently under review. As at February 2020, A Public

	<p>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 by Council.</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.
<b>Basic Service Delivery</b>	
<b>MEC Comment</b>	<b>Intervention/ Improvement</b>
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 (due to COVID19 and lockdown, the process of finalizing this plan was affected)
<b>Financial Viability and Management</b>	
<b>MEC Comment</b>	<b>Intervention/ Improvement</b>
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 <b>MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS</b> section of the IDP Review 2020/2021
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>	
Include Intergovernmental Relations indicator in the performance agreements of senior managers (recommendation)	Recommendation to be considered by the Executive Management Committee
<b>CROSS CUTTING KPA</b>	
<b>MEC Comment</b>	<b>Intervention/ Improvement</b>
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	The Final Disaster Management Plan adopted by Council in May 2020 is an annexure to the 2020/2021 Final IDP Review.

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.

**Table 1: IDP and Budget Public Participation Meetings**1<sup>st</sup> 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 6. Community Halls 7. Bursaries 8. Skips	1. Housing 2. Roads 3. Water 4. Electricity 5. Skips 6. Sanitation 7. Bursaries 8. Community Hall	1. Housing 2. Jobs 3. Sports Facilities 4. Market Stalls and business support 5. Floods at Mzingwe nya Park 6. Bus Shelters	1. Skips 2. High mast lights 3. Roads 4. Water 5. Pedestrian bridges 6. Housing 7. Bursaries	1. Roads 2. Housing 3. Electricity 4. Bus shelters 5. Agricultural support 6. Pedestrian bridge 7. New and Maintenance of	1. Roads 2. Electricity 3. Skips 4. Water 5. Housing 6. Bus shelters 7. Market stalls



		7. Jobs/Skills development		Sports Ground	
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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

### **Second Round Budget Roadshows**

Due to the lockdown regulations, the City could not host the IDP Roadshows in a normal way, where there are community gatherings. However innovative approaches were employed by the City to keep its citizens up to date with the Draft Budget and IDP, the following mechanisms were used:

- **Mayoral Budget Speech on Local Radio Stations, and SABC Radio Station**
- **Print Media**
- **Social Network Platforms**
- **Municipal Website**

### 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.
<b>National KPA: Cross Cutting</b>		
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.
<b>National KPA: Financial Viability and Management</b>		
<b>Nr.</b>	<b>Key Challenge</b>	<b>Description</b>
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

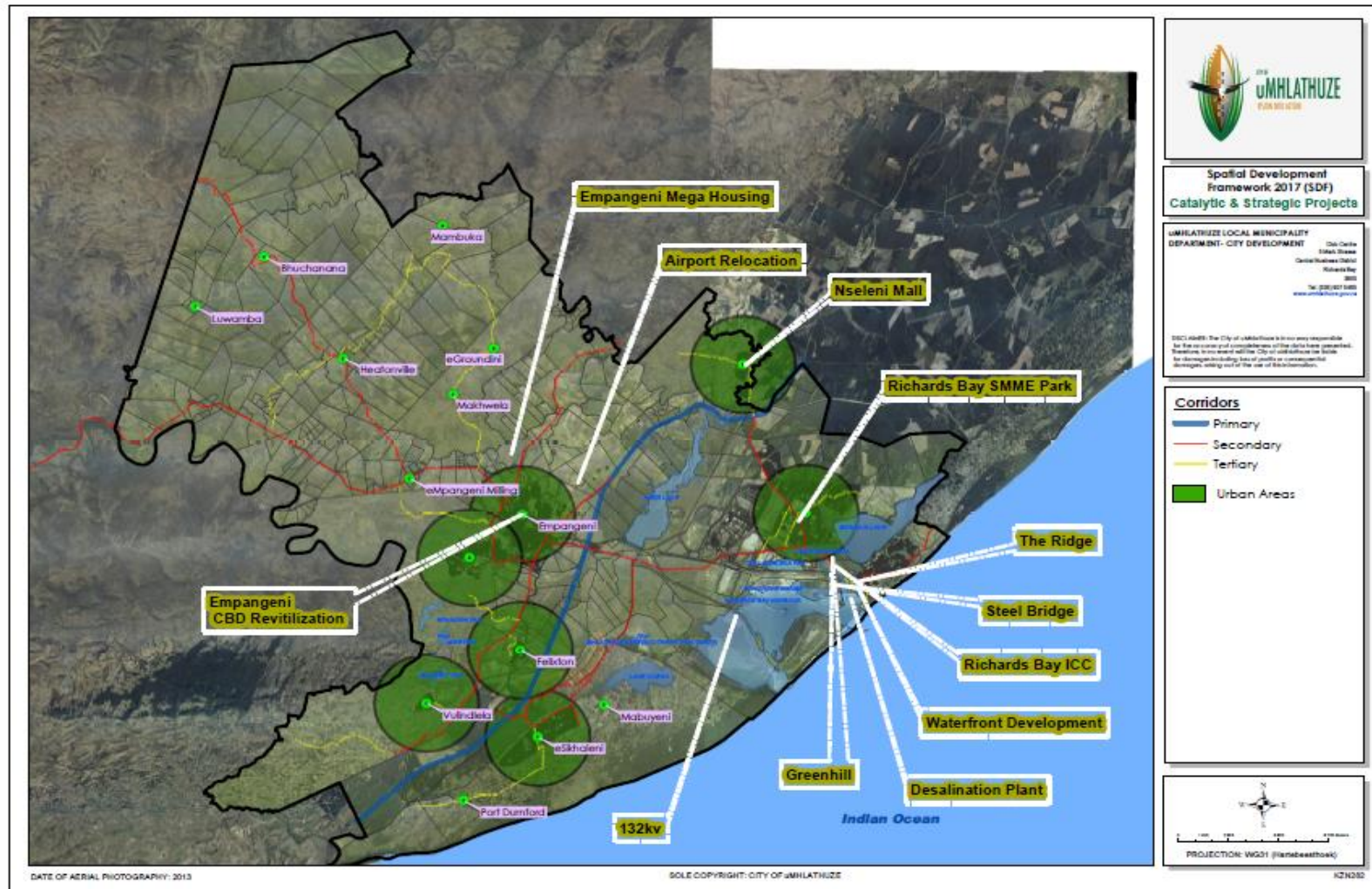
NATIONAL KPA	UMhlathuze Development Goals
Good Governance and Public Participation	<b>Goal 1</b> Democratic, Responsible, Transparent , Objective and Equitable Municipal Governance
Basic Services and Infrastructure Provision	<b>Goal 2</b> Integrated infrastructure and efficient services
Local Economic and Social Development	<b>Goal 3</b> Viable Economic Growth and Development
	<b>Goal 4</b> Public Safety and Security
	<b>Goal 5</b> Safe and Healthy Living Environment
	<b>Goal 6</b> Social Cohesion
Municipal Institutional Development and Transformation	<b>Goal 7</b> A municipality that is resourced and committed to attaining the vision and mission of the organisation
Municipal Financial Viability and Management	<b>Goal 8</b> Sound Financial and Supply Chain Management
Cross Cutting	<b>Goal 9</b> Integrated Urban and Rural Development
	<b>Goal 10</b> 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.



## Map 2: Interventions in the Municipal Nodes



## 6. How will our progress be measured?

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

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

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

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

<b>HIGH LEVEL SUMMARY - ORGANISATIONAL PERFORMANCE ON TOP LAYER SERVICE DELIVERY TARGETS (uMhlathuze municipality)</b>						
<b>Description &amp; Year</b>	<b>KPA 1 - Good Governance</b>	<b>KPA 2 - Basic Service Delivery</b>	<b>KPA 3 - Local Economic Development</b>	<b>KPA 4 - Municipal Transformation</b>	<b>KPA 5 - Financial Viability</b>	<b>Total Annual Target</b>
<b>2012/2013</b>						
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%
<b>2013/2014</b>						
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%
<b>2014/2015</b>						



<b>HIGH LEVEL SUMMARY - ORGANISATIONAL PERFORMANCE ON TOP LAYER SERVICE DELIVERY TARGETS (uMhlathuze municipality)</b>						
<b>Description &amp; Year</b>	<b>KPA 1 - Good Governance</b>	<b>KPA 2 - Basic Service Delivery</b>	<b>KPA 3 - Local Economic Development</b>	<b>KPA 4 - Municipal Transformation</b>	<b>KPA 5 - Financial Viability</b>	<b>Total Annual Target</b>
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%
<b>2015/2016</b>						
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%
<b>2016/2017</b>						
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%
<b>2017/2018</b>						
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%
<b>2018/2019</b>						
<b>OPMS Target set</b>	<b>4</b>	<b>37</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>58</b>
<b>Target achieved</b>	<b>4</b>	<b>31</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>49</b>
<b>% Target achieved</b>	<b>100,0%</b>	<b>83,8%</b>	<b>100,0%</b>	<b>85,7%</b>	<b>50,0%</b>	<b>84,5%</b>

On the targets not achieved, the organisation set up corrective measures which its implementation is closely monitored by internal auditor. **Audit Action Plan** attached as an annexure to the IDP.

## SECTION B1: PLANNING AND DEVELOPMENT PRINCIPLES

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### 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**

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### **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.

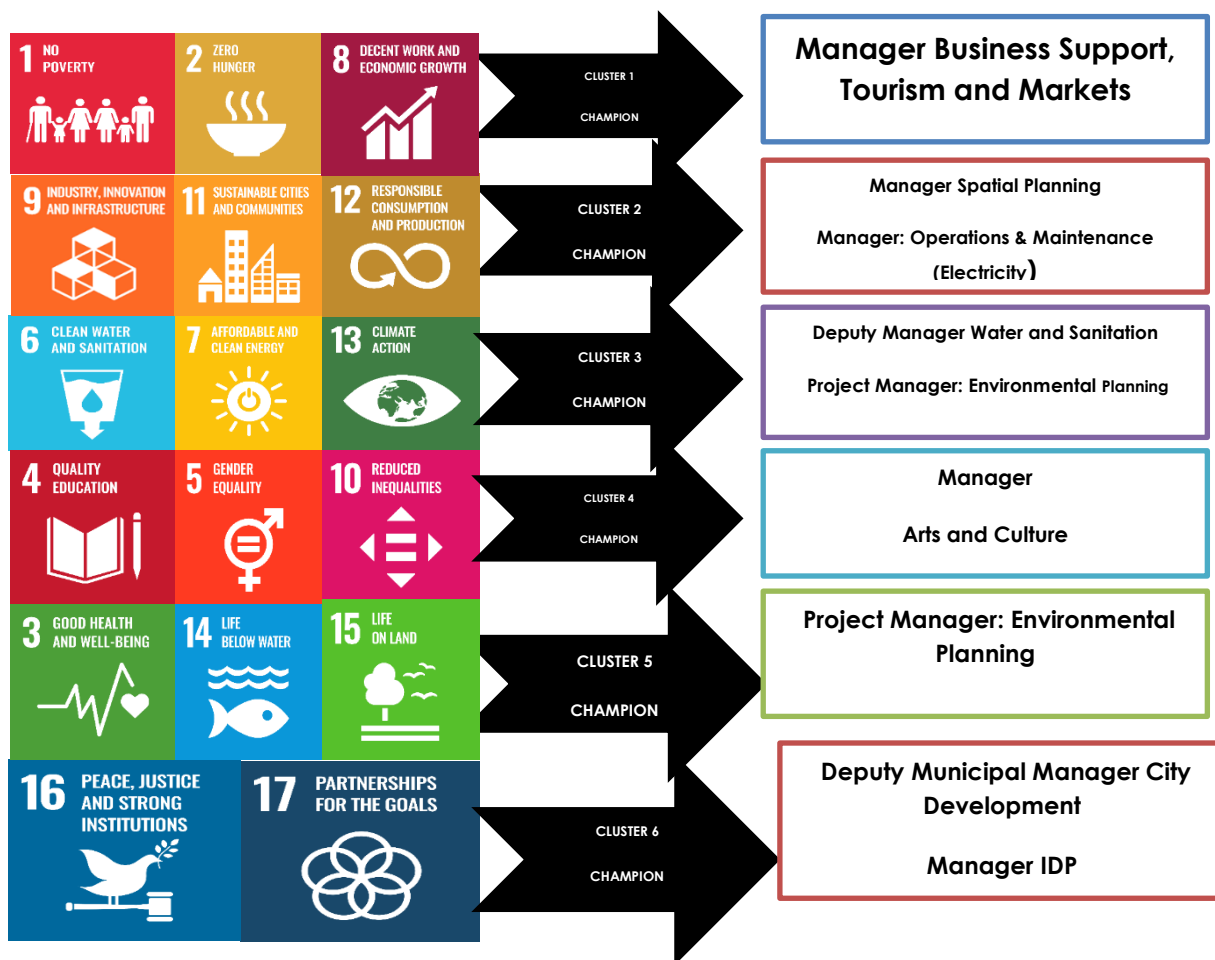
#### **Institutionalization of Sustainable Development Goals**

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:








## Municipal Response and Vision on SDGs


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

SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
 <p><b>1 NO POVERTY</b></p>	Creating a concessive environment for investors, this in turn will lead to the creation of employment opportunities for local communities.	By 2030, we should have created an environment that is conclusive for employment and efficient livelihoods.
 <p><b>2 ZERO HUNGER</b></p>	Within the broader economic development imperative: by using agriculture to include communities in the economy can result in an agriculture support plan.	The municipality should ensure that local communities have an opportunity to participate in the municipality's economy through the agricultural industry.
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	Co-ordinate with the Department of Health and various stakeholders. The Operation Sukuma Sakhe, provides access to housing and healthcare. Promoting healthier lifestyles through sport and recreational facilities. Promoting good nutrition through urban gardening.	By 2035, HIV/AIDS and lifestyle diseases (i.e. heart disease, obesity and diabetes) statistics should be reduced by 50%.
 <p><b>4 QUALITY EDUCATION</b></p>	Local Economic Development (LED) will result in achieving achieve social and economic development. Forming partnerships with educational, training institutions and industries to create living labs of learning.	A city attracting citizens for quality educational institutions promoting inclusive and equitable learning opportunities for all through partnerships with institutions and industries.



SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
	Local government should be restricted to a facilitation role.	
<b>5 GENDER EQUALITY</b> 	Empowerment through: Education and skills development Employment SCM processes Leadership Mentorship	Attaining gender equality by promoting that women and girls have the same opportunities.
<b>6 CLEAN WATER AND SANITATION</b> 	Conserve water resources such as lakes and rivers Provide basic sanitation (i.e. VIP toilets).	By 2030, all households should have access to basic services such as potable water and sanitation.
<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	Building sustainable energy generation infrastructure: Solar energy Gas to power energy Waste to energy Wind energy  Public participation exercises are required for community's investment.	By reducing the dependency on coal for electricity generation by 30%.
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	Promote and incentivise investments.	To promote and incentivise investments.
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	By upgrading the municipality's infrastructure as the agenda for smart cities.	By 2030, increase/expand municipal areas (inclusive of marginalised) with contemporary and innovative infrastructure.

SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
<b>10 REDUCED INEQUALITIES</b> 	Identify community members in need of employment opportunities to alleviate poverty and increase skills development training programs (Operation Sukuma Sakhe).	Reduce inequality within the municipality
<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	Planning integrated human settlements Incorporate functional recreational spaces within human settlements Create catalytic economic activities outside of core urban areas.	Ensure integrated and inclusive planning for human settlements
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	Reduce consumption of non-renewable resources through introduction of waste usage (By Product)	Moving away from using of non-renewable resources Minimization of waste to by product (feedstock)
<b>13 CLIMATE ACTION</b> 	Reduce emissions by enforcing the By-law to industries and introduce against idling stationary vehicles. Recycling program: Every household and Municipal building should have bins for recyclable and non-recyclable waste bins Recycle water	Reduce greenhouse gases while adapting to climate change
<b>14 LIFE BELOW WATER</b> 	To sustainably deliver services to communities. Master drainage plan Regulate urban renewal Efficient management by Environmental Department Partnerships with TNPA/ Municipalities/ Environmental Awareness Involvement in a operation Phakisa	To conserve the marine life by sustainably using resources provided by the ocean. Effective partnerships, awareness campaigns and enforcing Bylaws.
	Identify conservation areas in the Spatial Development Framework (SDF).	No net loss of sensitive ecosystems (to be declined).

SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
 <p>15 LIFE ON LAND</p>	<p>Partnerships with environmental authorities, civil society and businesses.</p> <p>Promote tourism opportunities with natural assets.</p>	

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"> <li>• Operation Sukuma Sakhe (War Rooms)</li> <li>• Short term work opportunities (EPWP,CWP, Green deeds)</li> <li>•</li> </ul>
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"> <li>• King Cetshwayo District Fresh Produce Market</li> <li>• Strategic Support to small scale farmers</li> <li>• Agricultural support linked to RASET (Radical Agrarian Social-Economic Transformation</li> </ul>
3.	Ensure Healthy Lifestyles and promote well-being for all at all ages.	Safe and Healthy living environment	<ul style="list-style-type: none"> <li>• Partnership with Private Sector/ Public entities – Phelo Phepha</li> <li>• Healthy lifestyles campaigns, such as walks, aerobics, outdoor gyms</li> <li>• Health screening of communities in partnership with the Department of Health</li> <li>• Established and Functional HIV/AIDS Council</li> <li>• providing support to community health care workers</li> <li>• Promotion of Senior Citizens sporting activities</li> <li>• Establishment of eSikhaleni fitness centre</li> </ul>

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"> <li>• Skills development initiatives</li> <li>• Career Expo for the community</li> <li>• Mayoral Back to School fund</li> <li>• Mayoral Bursary Fund</li> <li>• Mayoral Programme supporting destitute learners with full school uniform in partnership with Private Sector</li> <li>• Strategic partnership with the Institutions of higher learning (signed MOU's )</li> <li>• Youth economic emancipation programme (YEEP)</li> </ul>
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"> <li>• Established and Functional Women's Forum</li> <li>• People With Disabilities Forum</li> <li>• Campaigns in support LGBTI</li> <li>• Preferential Procurement Set aside for Women (40%), Youth (40%) and PWD's (20%)</li> <li>• Internship prioritizing young girls</li> <li>• Targeted skills development programs</li> </ul>
6.	Ensure availability and sustainable management of water and sanitation for all.	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> <li>• Water Demand Management</li> <li>• Waste water re-use initiatives</li> <li>• Sea Water Desalination</li> <li>• Water conservation</li> <li>• Long term infrastructure investment plan</li> </ul>

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
			<ul style="list-style-type: none"> <li>Roll out of RDP Standard sanitation projects (VIP) targeting rural areas</li> </ul>
7.	Ensure access to affordable, reliable and modern energy for all.		<ul style="list-style-type: none"> <li>Energy Master Plan</li> <li>Target reduction of 30% of coal powered stations by 2030</li> <li>2000MW Gas to Power</li> <li>Renewable Energy Efficiency initiatives</li> <li>Waste to Energy Project</li> <li>Energy infrastructure upgrade</li> </ul>
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"> <li>Investment in strategic economic infrastructure</li> <li>Implementation of catalytic projects "game changers"</li> <li>One stop shop for youth development</li> <li>Richards Bay Industrial Zone</li> <li>Investment in SMME Business support centers and incubation</li> <li>Roll out support infrastructure for SMME (Market Stalls, Trading facilities)</li> <li>Preferential Procurement Policy</li> <li>Supplier development</li> </ul>
9.	Build resilient infrastructure promote inclusive and sustainable industrialization and foster innovation.	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> <li>Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project)</li> </ul>

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
			<ul style="list-style-type: none"> <li>Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno Hub)</li> <li>Industrialisation through special economic zones (RIBDZ) and Port Expansion</li> </ul>
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"> <li>Strategic Implementation of Spatial Development Framework to foster spatial equity (restructuring zones)</li> <li>City of uMhlathuze Strategic Roadmap for Economic Development, Transformation and Job Creation</li> </ul>
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"> <li>Spatial Development Framework</li> <li>Public Safety Strategy</li> <li>Integrated Human Settlement Plan</li> <li>Integrated Waste Management Plan (Waste Reuse, Reduce and Recycle)</li> <li>Climate Change Action Plan</li> </ul>
12.	Ensure sustainable consumption and production patterns.	Safe and Healthy living environment	<ul style="list-style-type: none"> <li>Urban Air Quality Management</li> <li>Agricultural Support Plan</li> </ul>
13.	Take urgent action to combat climate change and its impacts.		<ul style="list-style-type: none"> <li>Climate Change Action Plan</li> <li>International Partnerships and collaborations (ICELI)</li> </ul>

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"> <li>• Adaptation and Mitigation Programme</li> <li>• Accelerating low emission development</li> <li>• Responding with adaption initiatives</li> <li>• Urban Air Quality Management</li> <li>• Signed Global Compact of Mayors</li> <li>• Gas to Power Project</li> <li>• Waste Water Reuse</li> </ul>
14.	Conserve sustainably use of oceans, seas and marine resources for sustainable development.		<ul style="list-style-type: none"> <li>• Estuary Management Plan</li> <li>• Green and Blue Drop</li> <li>• Coastal Management</li> <li>• </li> </ul>
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"> <li>• Environmental Services Management Plan</li> <li>• UMhlathuze Open Space Management System (UOSPM)</li> <li>• Environmental Management Framework</li> </ul>
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"> <li>• City of uMhlathuze Public Safety Strategy</li> <li>• Community Policing Forums</li> <li>• OSS War Rooms</li> </ul>



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"> <li>• Concluded international Relations and twinning arrangement with strategic cities</li> <li>• Membership of international organisations</li> <li>• Trade missions</li> <li>• Host international delegations and diplomats</li> <li>• Global protocol</li> </ul>

## 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.	<b>Mitigation: reducing emissions</b>	<ul style="list-style-type: none"> <li>• A long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels;</li> <li>• To aim to limit the increase to 1.5°C, since this would significantly reduce risks and the impacts of climate change;</li> <li>• On the need for global emissions to peak as soon as possible, recognising that this will take longer for developing countries;</li> <li>• To undertake rapid reductions thereafter in accordance with the best available science.</li> </ul>
2.	<b>Transparency and global stock take</b>	<ul style="list-style-type: none"> <li>• Come together every 5 years to set more ambitious targets as required by science;</li> <li>• Report to each other and the public on how well they are doing to implement their targets;</li> <li>• Track progress towards the long-term goal through a robust transparency and accountability system.</li> </ul>
3.	<b>Adaptation</b>	<ul style="list-style-type: none"> <li>• Strengthen societies' ability to deal with the impacts of climate change;</li> <li>• Provide continued and enhanced international support for adaptation to developing countries.</li> </ul>
4.	<b>Loss and damage</b>	<ul style="list-style-type: none"> <li>• Recognises the importance of averting, minimising and addressing loss and damage associated with the adverse effects of climate change;</li> <li>• 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.</li> </ul>
5.	<b>Support</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Other countries are encouraged to provide or continue to provide such support voluntarily.</li> <li>• 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.</li> </ul>

### 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.	<b>Provide basic services for all citizens</b>	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.	<b>Ensure that all citizens have access to equal opportunities and face no discrimination</b>	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.	<b>Promote measures that support cleaner cities</b>	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.	<b>Strengthen resilience in cities to reduce the risk and the impact of disasters</b>	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.	<b>Take action to address climate change by reducing their greenhouse gas emissions</b>	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.	<b>Fully respect the rights of refugees, migrants and internally displaced persons</b>	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
	<b>regardless of their migration status</b>	
7.	<b>Improve connectivity and support innovative and green initiatives</b>	This includes establishing partnerships with businesses and civil society to find sustainable solutions to urban challenges
8.	<b>Promote safe, accessible and green public spaces</b>	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	<b>Responsive, accountable, effective and efficient local government system</b>	<b>Democratic, responsible, transparent, objective and equitable municipal governance</b>
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 <sup>th</sup> 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"> <li>• Roll out of the Agricultural Development Plan</li> <li>• King Cetshwayo District Fresh Produce Market</li> <li>• Strategic Support to small scale farmers</li> <li>• investment in strategic economic infrastructure</li> <li>• Implementation of catalytic projects "game changers"</li> <li>• One stop shop for youth development</li> <li>• Richards Bay Industrial Zone</li> <li>• Investment in SMME Business support centers and incubation</li> <li>• Roll out support infrastructure for SMME (Market Stalls, Trading facilities)</li> <li>• Preferential Procurement Policy</li> <li>• Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project)</li> <li>• Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub)</li> <li>• Industrialisation through special economic zones (RIBDZ) and Port Expansion</li> </ul>

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"> <li>• Skills development initiatives</li> <li>• Career Expo for the community</li> <li>• Mayoral Back to School fund</li> <li>• Mayoral Bursary Fund</li> <li>• Mayoral Programme supporting destitute learners with full school uniform in partnership with Private Sector</li> <li>• Strategic partnership with the Institutions of higher learning (signed MOU's )</li> <li>• Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub)</li> </ul>
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"> <li>• Operation Sukuma Sakhe (War Rooms)</li> <li>• Partnership with Private Sector/ Public entities – Phelo Phepha</li> <li>• Healthy lifestyles campaigns, such as walks, aerobics, outdoor gyms</li> <li>• Health screening of communities in partnership with the Department of Health</li> <li>• Established and Functional HIV/AIDS Council</li> <li>• providing support to community health care workers</li> <li>• Promotion of Senior Citizens sporting activities</li> <li>• Established and Functional Women's Forum</li> <li>• People With Disabilities Forum</li> <li>• Campaigns in support LGBTI</li> </ul>



					<ul style="list-style-type: none"> <li>• Preferential Procurement Set aside for Women (40%), Youth (40%) and PWD's (20%)</li> <li>• Internship prioritizing young girls</li> <li>• Targeted skills development programs</li> <li>• City of uMhlathuze Crime Prevention Strategy</li> <li>• Community Policing Forums</li> <li>• OSS War Rooms</li> </ul>
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"> <li>• Water Demand Management</li> <li>• Water re-use initiatives</li> <li>• Sea Water Desalination</li> <li>• Water conservation</li> <li>• Long term infrastructure investment plan</li> <li>• Roll out of RDP Standard sanitation projects (VIP) targeting rural areas</li> <li>• Energy Master Plan</li> <li>• Target reduction of 30% of coal powered stations by 2030</li> <li>• 2000MW Gas to Power</li> <li>• Renewable Energy Efficiency initiatives</li> <li>• Waste to Energy Project</li> </ul>

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"> <li>• Climate Change Adaptation and Mitigation Programme</li> <li>• Accelerating low emission development</li> <li>• Responding with adaption initiatives</li> <li>• Urban Air Quality Management</li> <li>• Signed Global Compact of Mayors</li> <li>• Gas to Power Project</li> <li>• Water Reuse Project</li> <li>• Estuary Management Plan</li> <li>• Green Drop</li> <li>• Environmental Services Management Plan</li> <li>• UMhlathuze Open Space Management System (UOSPM)</li> <li>• Environmental Management Framework</li> </ul>
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"> <li>• Concluded international Relations and twinning arrangement with strategic cities</li> <li>• Membership of international organisations</li> <li>• Trade missions</li> <li>• Host international delegations and diplomats</li> </ul>

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"> <li>• Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project)</li> <li>• Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub)</li> <li>• Strategic Implementation of Spatial Development Framework to foster spatial equity (restructuring zones)</li> <li>• City of uMhlathuze Strategic Roadmap for Economic Development, Transformation and Job Creation</li> </ul>
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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:<b>SIP 1</b></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><b>SIP 8</b></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**

<b>STRATEGIC INITIATIVE: IMPROVEMENT OF BASIC SERVICES</b>	
<p><b>Programme 1:</b> <b>Basic Services Monitoring and Tracking Programme (Service Delivery Nerve Centre)</b></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><b>Programme 2:</b></p>	<p>The programme aims to advance spatial transformation goals (equity and access) and</p>

<b>Spatial Transformation and Land Banking</b>	strategically forecast long term development goals in order to secure land provision for industrial growth and social purposes.
<b>ADVANCING INCLUSIVE ECONOMIC DEVELOPMENT AND PRIVATE SECTOR INVESTMENT</b>	
<b>Programme 3: Investment Coordination, Monitoring and Alignment</b>	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.
<b>Programme 4: Investment Promotion Initiative</b>	To position the City as an investment and tourism destination of choice to local and international audiences
<b>Programme 5: Logistics and Port-Based Initiatives</b>	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.

<b>Programme 6: Agricultural Development Initiative</b>	The programme aims to promote and unlock agricultural sector as a feasible and sustainable contributor to economic development of the city.
<b>Programme 7: City of uMhlathuze Knowledge Hub</b>	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
<b>Programme 8: Investment and Development Funding</b>	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**

<b>Programme 9: Strategic Learning and Growth Initiative</b>	<p>The purpose of the initiative is to:</p> <ul style="list-style-type: none"> <li>○ create interfaces between industry and educational institutions in order to determine skills supply and demand balances</li> <li>○ reconcile learning content priorities between educational institutions and industry to engineer relevance and connectedness</li> <li>○ forecast new skill requirements and facilitating expedited acquisition of such skills through defined partnership agreements and other means</li> </ul>
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	<ul style="list-style-type: none"> <li>o mobilise and connect the youth of the city with industry and to drive learning, innovation and solutions in line with gainful opportunities</li> </ul>
<b>Programme 10: uMhlathuze City Sports and Arts Initiative</b>	To advance the brand stature, social balance and cohesion of the city through coordinated sports, arts and recreation strategic initiatives
<b>Programme 11: Safety and Security Mobilisation Programme</b>	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.
<b>Programme 12: Social Regeneration and Engagement Intervention</b>	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.

<b>CREATE ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT</b>	
<b>Programme 13: Climate Change Intervention Programme</b>	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
<b>CROSS CUTTING INITIATIVES</b>	
<b>Programme 14: Integrated and Strategic Infrastructure Investment</b>	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).
<b>Programme 15: Socio-Economic Transformation Programme</b>	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 MEDIUM TERM STRATEGIC FRAMEWORK (2019 – 2024)

The 2019-2024 Medium Term Strategic Framework (MTSF) is the second 5-year implementation plan for the NDP. The MTSF sets out the package of interventions and programmes that will advance the seven priorities adopted by government as illustrated hereunder.

**Figure 1: MTSF Priorities (2019-2024)**



The MTSF focusses on the triple challenges of poverty, inequality and unemployment and is based on the following pillars:

- Strong Inclusive Economy
- Capable Developmental State
- Capable South Africans

Women, People with Disability and the Youth are cross cutting focus areas. The following table details the alignment of some initiatives of the Municipality in relation to the MTSF priorities:

**Figure 2: Alignment of uMhlathuze Initiatives with MTSF Priorities**

<p><b>1. Capable, Ethical, Developmental State</b></p>	<ul style="list-style-type: none"> <li>o Internalization of SDGs</li> <li>o Land Use Management Challenges in Rural areas</li> <li>o Effective JMPT</li> <li>o Alignment with SOE by way of an Memorandum of Understanding</li> <li>o Hierarchy of Plans in place</li> <li>o Council Codes of Ethics</li> <li>o Consultation approach</li> <li>o Improved Business Processes (SAP)</li> <li>o Youth Desk</li> <li>o Women's Forum</li> </ul>
<p><b>2. Economic Transformation &amp; Job Creation</b></p>	<ul style="list-style-type: none"> <li>o Ease of Doing Business</li> <li>o Green Economy: Materials Recovery &amp; Waste Management</li> <li>o Comprehensive Integrated Transport Plan</li> <li>o Securing Water Supply</li> <li>o Energy Sector Plan &amp; Alternatives</li> <li>o Biodiversity Economic Opportunities</li> <li>o Agricultural Support Plan</li> <li>o Informal Economy Support</li> <li>o Ongoing business (including SMME) support</li> </ul>
<p><b>3. Education, Skills &amp; Health</b></p>	<ul style="list-style-type: none"> <li>o Public Wi-Fi</li> <li>o Proposed Maritime TVET (Operation Phakisa)</li> <li>o Target areas of known educational backlogs</li> <li>o Operation Sukuma Sakhe War Rooms to assist with Community Health</li> <li>o Completion of ECD (Early Childhood Development) Centres</li> </ul>
<p><b>4. Consolidating the Social Wage Reliance &amp; Quality Basic Services</b></p>	<ul style="list-style-type: none"> <li>o Batho Pele Committee</li> <li>o Target Areas of Poverty as per socio-economic indicators</li> <li>o Target assistance to known Child Head Households and Indigents (OSS)</li> <li>o Support for EPWP</li> <li>o Pursue Food Security (Agricultural Support Plan)</li> <li>o Food Bank</li> <li>o Water, Sanitation, Electricity &amp; Waste Removal</li> </ul>
<p><b>5. Spatial Integration, Human Settlement &amp; Local Government</b></p>	<ul style="list-style-type: none"> <li>o Settlement patterns, Nodes &amp; Corridors</li> <li>o Spatial Transformation Agenda</li> <li>o Priority Housing Development Areas (PHDAs) process</li> <li>o Green House Gas Inventory</li> <li>o Green Building Guideline</li> <li>o Rural Planning &amp; Agrarian Support</li> <li>o Infrastructure Sector Plans</li> <li>o Water Re-use PPP</li> <li>o Public Transport Planning &amp; Investment</li> <li>o Land Reform Task Team</li> </ul>



<p>6. Social Cohesion &amp; Safer Communities</p>	<ul style="list-style-type: none"> <li>○ Disaster Management Plan (Level 2)</li> <li>○ Arts &amp; Culture Events</li> <li>○ Functionality of OSS &amp; War Rooms</li> <li>○ Grant-in-Aid</li> <li>○ Special Programmes</li> </ul>
<p>7. A Better Africa &amp; World</p>	<ul style="list-style-type: none"> <li>○ National &amp; International Collaboration &amp; Coordination</li> <li>○ Partnerships (UWASP, ICLEI, GiZ etc.)</li> <li>○ Disaster Management Services</li> <li>○ Climate Action</li> </ul>

### 6.13 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 in progress.

### **6.14 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

## 6.15 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 State of the Province Address (SOPA) 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. 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 following table provides a summary of the alignment between key elements of the SOPA and SOAN, their relationship with the MTSF priorities as well as the practical application thereof in the uMhlathuze context

MTSF PRIORITIES (2019-2024)	STATE OF THE NATION ADDRESS KEY POINTS	STATE OF THE PROVINCE ADDRESS KEY POINTS	PRACTICAL APPLICATION (examples)
<b>1. Capable, Ethical, Developmental State</b>	<ul style="list-style-type: none"> <li>Extend District Development Model</li> </ul>	<ul style="list-style-type: none"> <li>Digital economy</li> <li>Information communication technology and 4IR</li> <li>Operation Clean Audit</li> <li>Implementation of the District Development Model</li> </ul>	<ul style="list-style-type: none"> <li>Internalization of SDGs</li> <li>Land Use Management Challenges in Rural areas</li> <li>Effective JMPT</li> <li>Alignment with SOE by way of an Memorandum of Understanding</li> <li>Hierarchy of Plans in place</li> <li>Council Codes of Ethics</li> <li>Consultation approach</li> <li>Improved Business Processes (SAP)</li> <li>Youth Desk</li> <li>Women's Forum</li> </ul>
<b>2. Economic Transformation &amp; Job Creation</b>	<ul style="list-style-type: none"> <li>Funds to reduce youth unemployment</li> <li>Tapping into the international market</li> </ul>	<ul style="list-style-type: none"> <li>Investment Attraction</li> <li>Economic Infrastructure</li> <li>Digital economy</li> <li>Enterprise development</li> </ul>	<ul style="list-style-type: none"> <li>Ease of Doing Business</li> <li>Green Economy: Materials Recovery &amp; Waste Management</li> </ul>

MTSF PRIORITIES (2019-2024)	STATE OF THE NATION ADDRESS KEY POINTS	STATE OF THE PROVINCE ADDRESS KEY POINTS	PRACTICAL APPLICATION (examples)
	<ul style="list-style-type: none"> <li>State of intensify SOE repurposing for growth, development</li> <li>Government to regulate commercial use of hemp products</li> <li>Major economic reforms set to change SA's fortunes</li> <li>Measures to improve energy generation</li> </ul>	<ul style="list-style-type: none"> <li>Youth empowerment and job creation</li> <li>Operation Vula fund</li> <li>Private-Public Partnerships</li> <li>Tourism Development</li> <li>Environmental sustainability</li> <li>Cannabis the green rush</li> <li>Transport infrastructure delivery</li> <li>Transport &amp; job creation</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive Integrated Transport Plan</li> <li>Securing Water Supply</li> <li>Energy Sector Plan &amp; Alternatives</li> <li>Biodiversity Economic Opportunities</li> <li>Agricultural Support Plan</li> <li>Informal Economy Support</li> <li>Ongoing business (including SMME) support</li> </ul>
<b>3. Education, Skills &amp; Health</b>	<ul style="list-style-type: none"> <li>Coding, Robotics in Grade R to 3</li> <li>Building 9 TVET Colleges</li> <li>New University</li> <li>Student Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Digital economy</li> <li>Youth empowerment and job creation</li> <li>Private-Public Partnerships</li> <li>Youth empowerment – Sukuma 100 000</li> <li>Bridges and enabling access to education</li> <li>Performance of Basic Education</li> <li>Information communication technology and 4IR</li> <li>Improve health system</li> </ul>	<ul style="list-style-type: none"> <li>Public Wi-Fi</li> <li>Proposed Maritime TVET (Operation Phakisa)</li> <li>Target areas of known educational backlogs</li> <li>Operation Sukuma Sakhe War Rooms to assist with Community Health</li> <li>Completion of ECD (Early Childhood Development) Centres</li> </ul>
<b>4. Consolidating the Social Wage Reliance &amp; Quality Basic Services</b>	<ul style="list-style-type: none"> <li>State to intensify SOE repurposing for growth, development</li> </ul>		<ul style="list-style-type: none"> <li>Batho Pele Committee</li> <li>Target Areas of Poverty as per socio-economic indicators</li> <li>Target assistance to known Child Head Households and Indigents (OSS)</li> <li>Support for EPWP</li> <li>Pursue Food Security (Agricultural Support Plan)</li> <li>Food Bank</li> <li>Water, Sanitation, Electricity &amp; Waste Removal</li> </ul>
<b>5. Spatial Integration, Human Settlement &amp; Local Government</b>	<ul style="list-style-type: none"> <li>Extend District Development Model</li> </ul>	<ul style="list-style-type: none"> <li>Environmental sustainability</li> <li>Multi-planting season programme</li> </ul>	<ul style="list-style-type: none"> <li>Settlement patterns, Nodes &amp; Corridors</li> </ul>

MTSF PRIORITIES (2019-2024)	STATE OF THE NATION ADDRESS KEY POINTS	STATE OF THE PROVINCE ADDRESS KEY POINTS	PRACTICAL APPLICATION (examples)
		<ul style="list-style-type: none"> <li>Production of seeds, seedlings and fruit trees</li> <li>Transport infrastructure delivery</li> <li>Transport infrastructure delivery</li> </ul>	<ul style="list-style-type: none"> <li>Spatial Transformation Agenda</li> <li>Priority Housing Development Areas (PHDAs) process</li> <li>Green House Gas Inventory</li> <li>Green Building Guideline</li> <li>Rural Planning &amp; Agrarian Support</li> <li>Infrastructure Sector Plans</li> <li>Water Re-use PPP</li> <li>Public Transport Planning &amp; Investment</li> <li>Land Reform Task Team</li> </ul>
<b>6. Social Cohesion &amp; Safer Communities</b>	<ul style="list-style-type: none"> <li>Domestic Violence Amendment Act to better protect GBV victims</li> <li>New crime detection University</li> </ul>	<ul style="list-style-type: none"> <li>School safety interventions</li> <li>Fighting Crime</li> <li>Social Cohesion</li> </ul>	<ul style="list-style-type: none"> <li>Disaster Management Plan (Level 2)</li> <li>Arts &amp; Culture Events</li> <li>Functionality of OSS &amp; War Rooms</li> <li>Grant-in-Aid Special Programmes</li> </ul>
<b>7. A Better Africa &amp; World</b>		<ul style="list-style-type: none"> <li>Digital economy</li> <li>Environmental sustainability</li> </ul>	<ul style="list-style-type: none"> <li>National &amp; International Collaboration &amp; Coordination</li> <li>Partnerships (UWASP, ICLEI, GiZ etc.)</li> <li>Disaster Management Services</li> <li>Climate Action</li> </ul>

## SECTION C: SITUATIONAL ANALYSIS

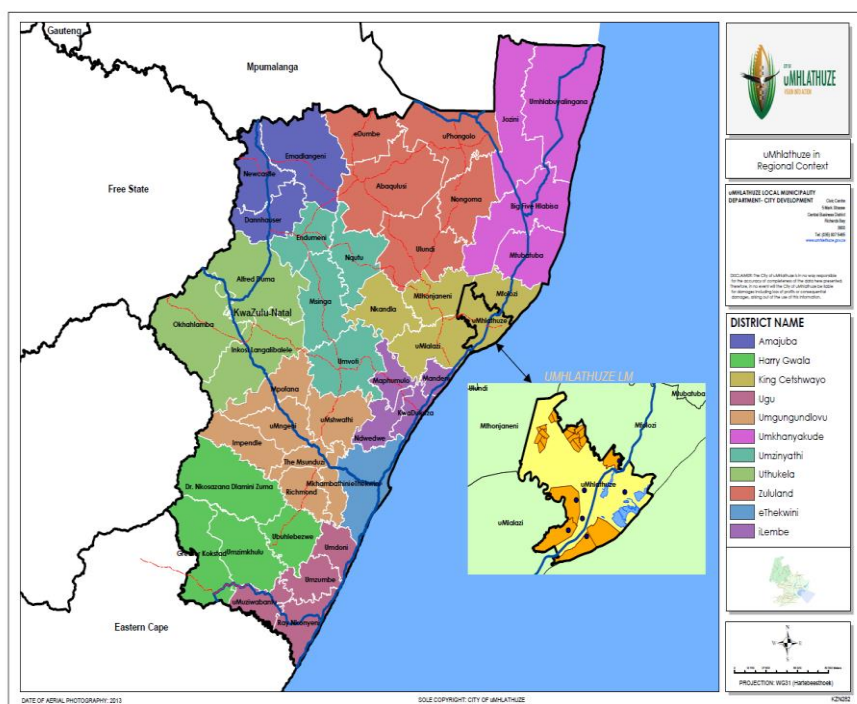
### 7. Spatial Analysis

#### 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**

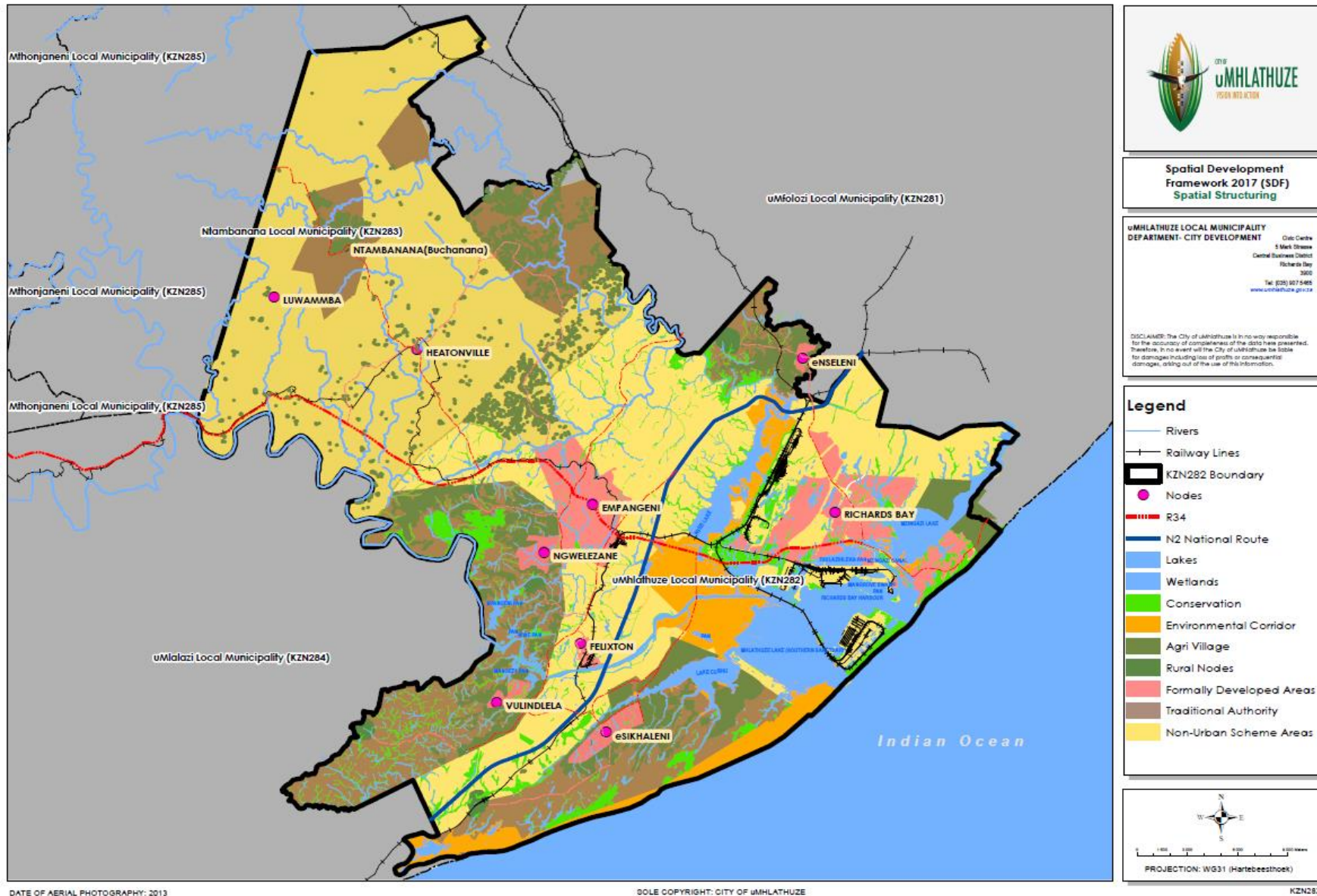
The uMhlathuze Municipality was established on 5 December 2000 after the demarcation process and the local government elections of that date. As such it encompasses the towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton as well as the Traditional Authority areas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

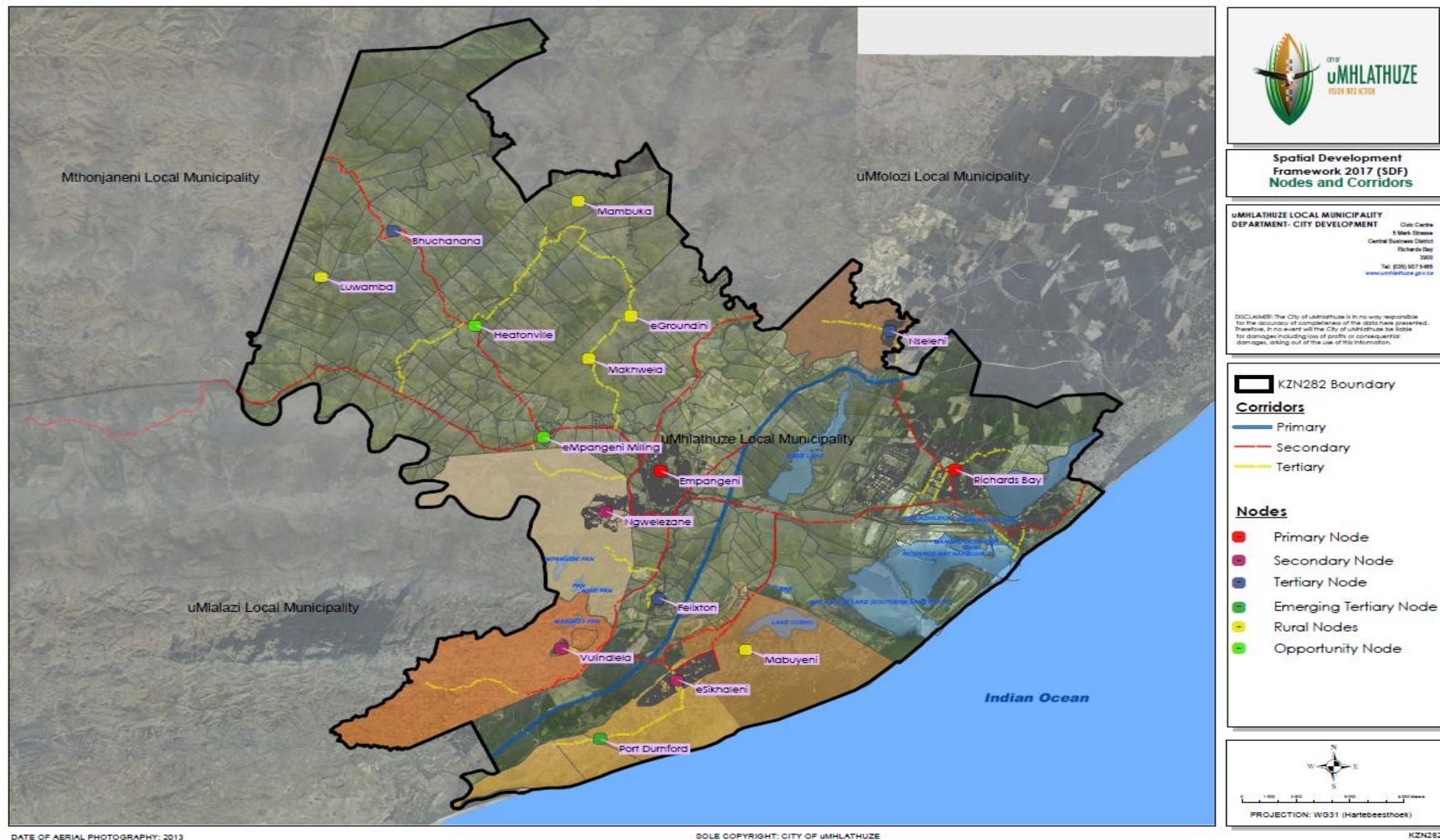
There are a number of natural and man-made phenomena that have shaped and continue to shape the uMhlathuze Municipality. The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze and Nsezi. The main 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: Final IDP Review Amended (Updated Top Layer SDBIP) 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

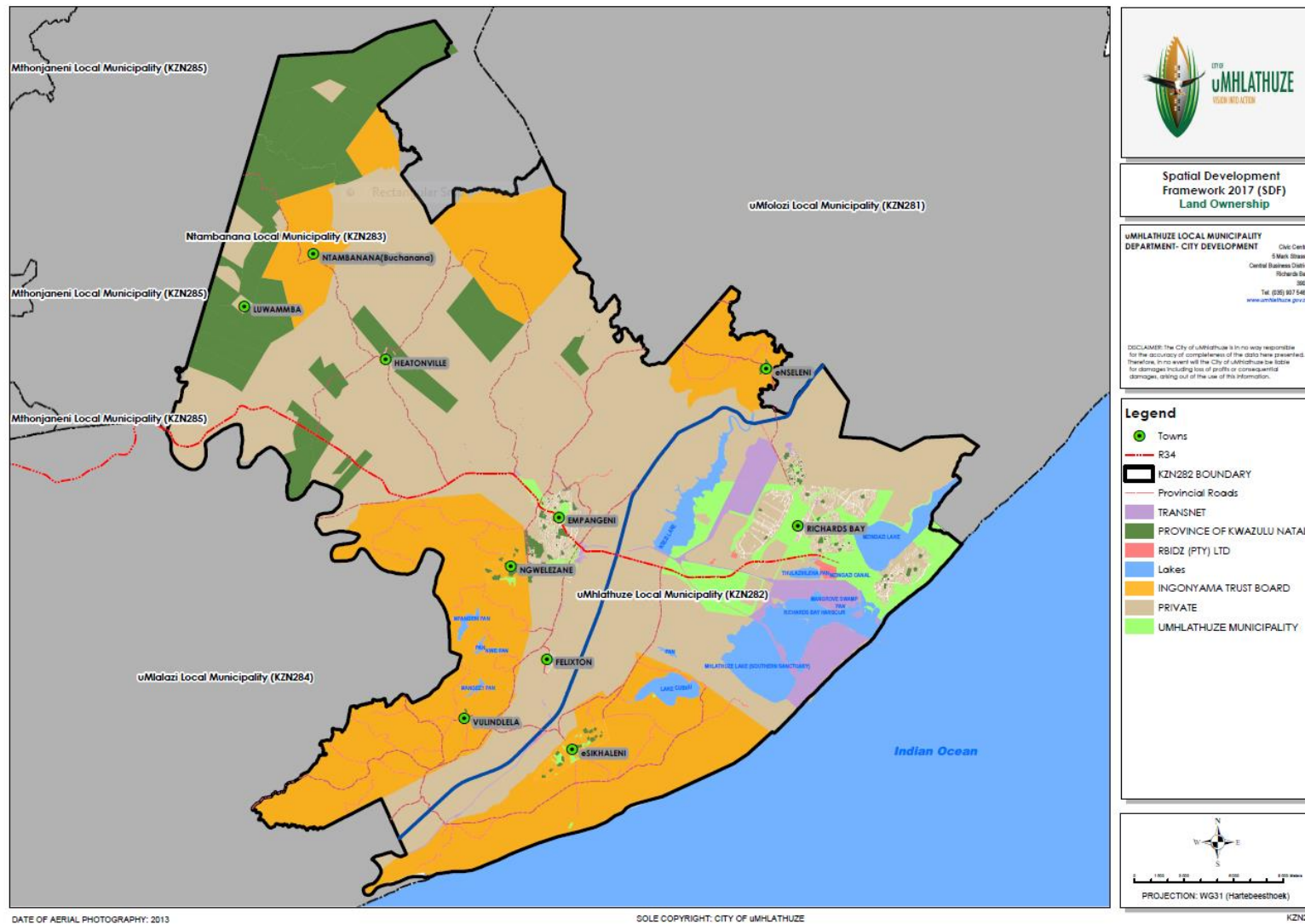
The following table provides a breakdown of the land ownership in terms of hectares

**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
<b>Total</b>	<b>123325</b>

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

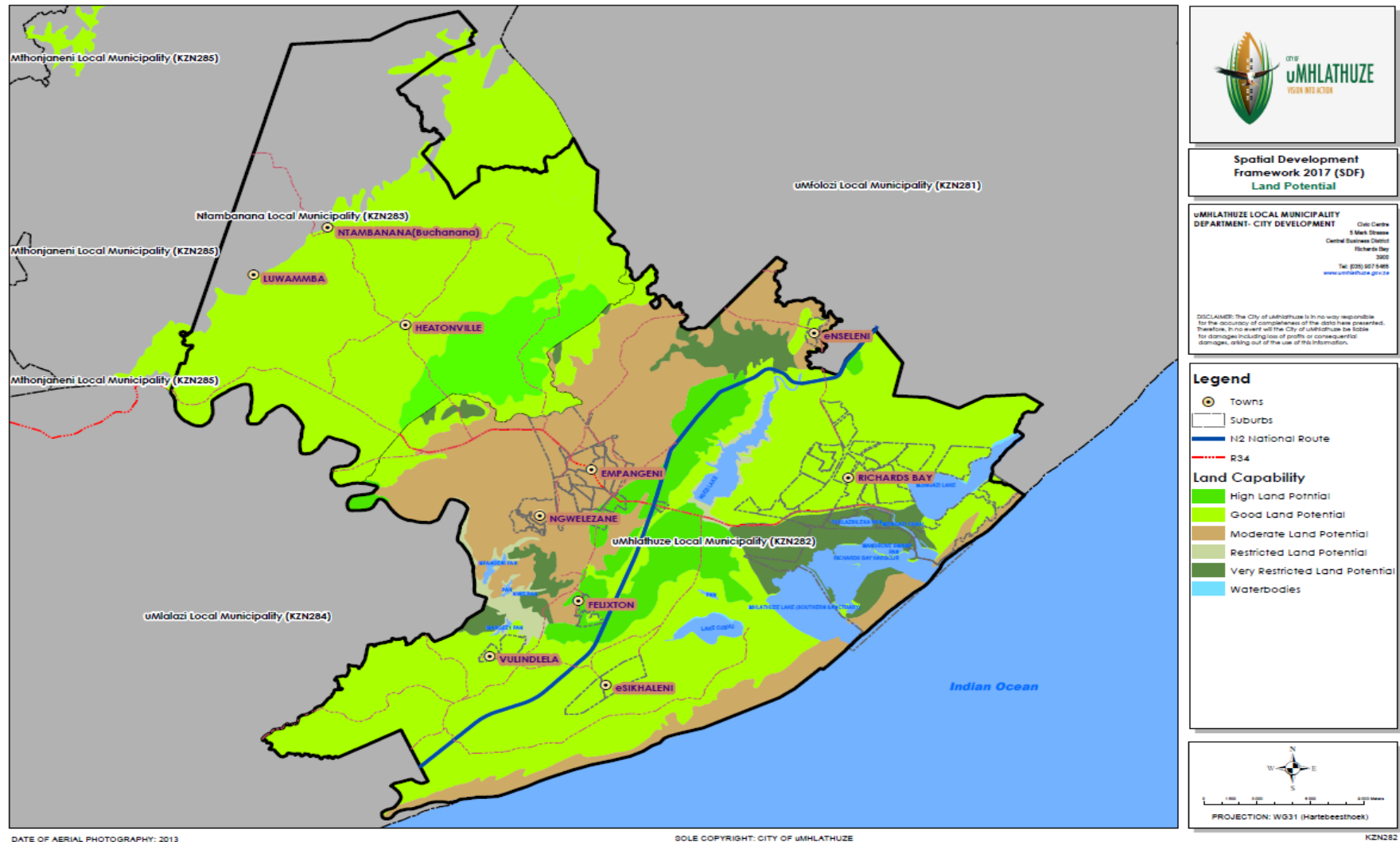
Updates in respect of the above are sought by the Municipality on a regular basis.

### 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.

## 7.7 Land Capability

### Map 7: Land Capability



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

**Table 6: Land Capability Breakdown**

	<b>Size(hectares)</b>	<b>Percentage(%)</b>
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%
<b>Total</b>	<b>79334ha</b>	<b>100%</b>

## **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 Birdwood. 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

<b>LANDSCAPE FACTORS: LAND USE</b>	
	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

<b>LANDSCAPE FACTORS: LAND USE</b>	
	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.
<b>LANDSCAPE FACTORS: SOCIAL</b>	
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**

<b>Tools/Programmes for Measuring Environmental Performance</b>	<b>Status</b>	<b>Responsible Department/Section</b>
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.

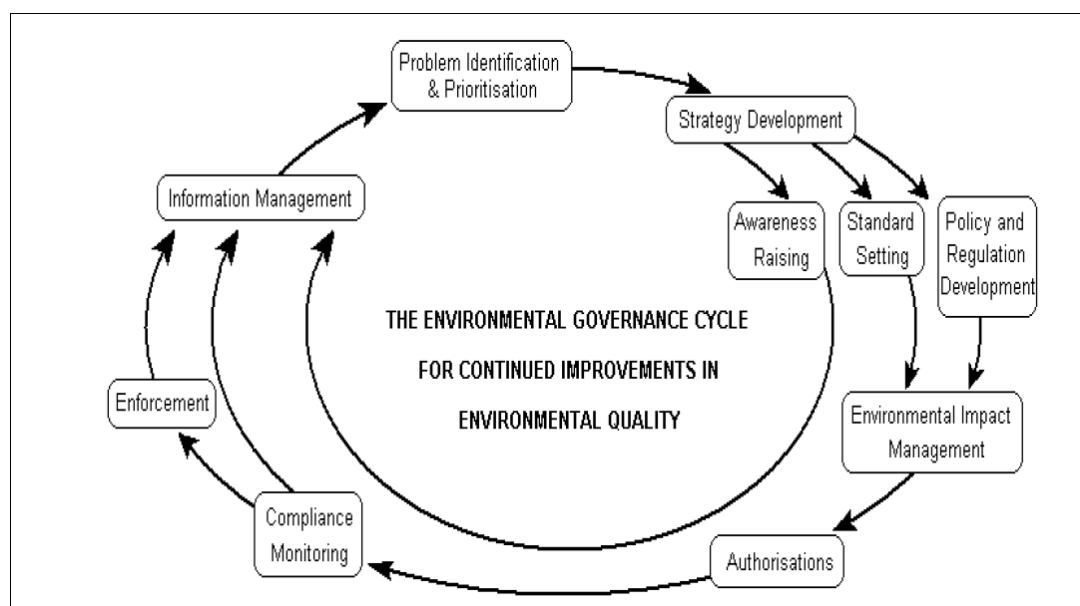
The Department Agriculture and Environmental Affairs in Kwa-Zulu Natal (DAEA) in partnership with the City of uMhlathuze in 2011, appointed Gondwana Environmental Solutions to conduct a study to describe the range of ambient exposures of criteria pollutants through ambient monitoring systems. This study 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 3: Environmental Governance Cycle for Continued improvements in Environmental Quality**



### Awareness Raising

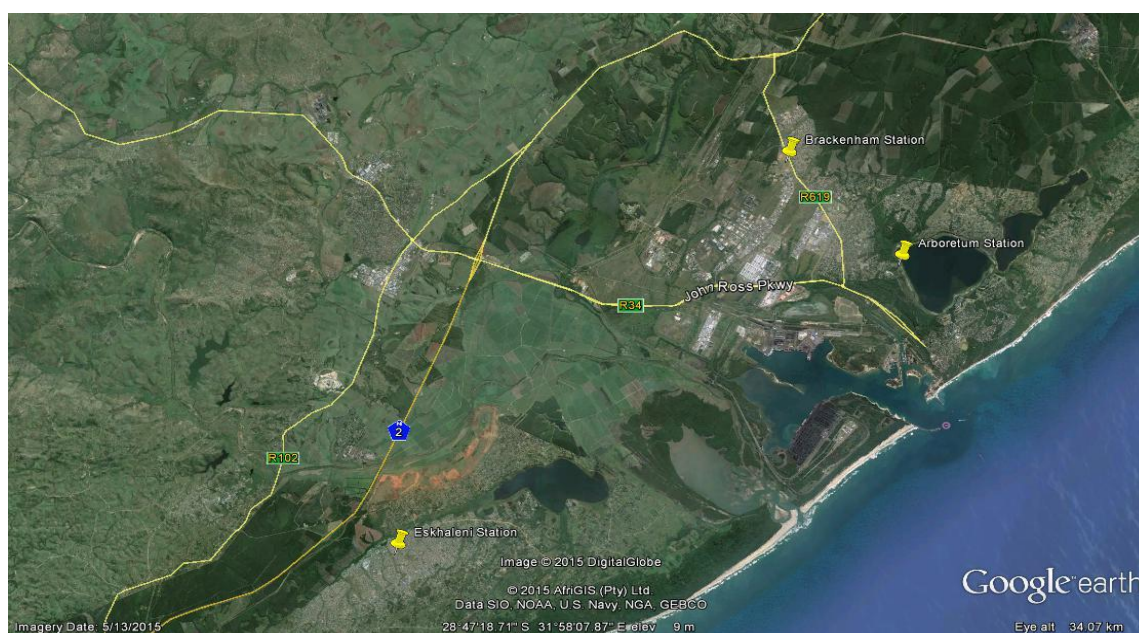
This is one of the strategies identified in the air quality governance cycle of the 2012 National Framework for Air Quality Management in the Republic of South Africa. The main purpose of awareness-raising is to bring about positive changes towards air quality. Sharing of knowledge, experiences and access 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 ( $\text{SO}_2$ ), nitrogen dioxide ( $\text{NO}_2$ ), particulate matter with an aerodynamic diameter less than 10 microns ( $\text{PM}_{10}$ ), particulate matter less than 2.5 microns ( $\text{PM}_{2.5}$ ) and ozone ( $\text{O}_3$ ). 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	$\text{SO}_2$	$\text{NO}_x$	$\text{PM}_{10}$	$\text{PM}_{2.5}$	$\text{O}_3$
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	

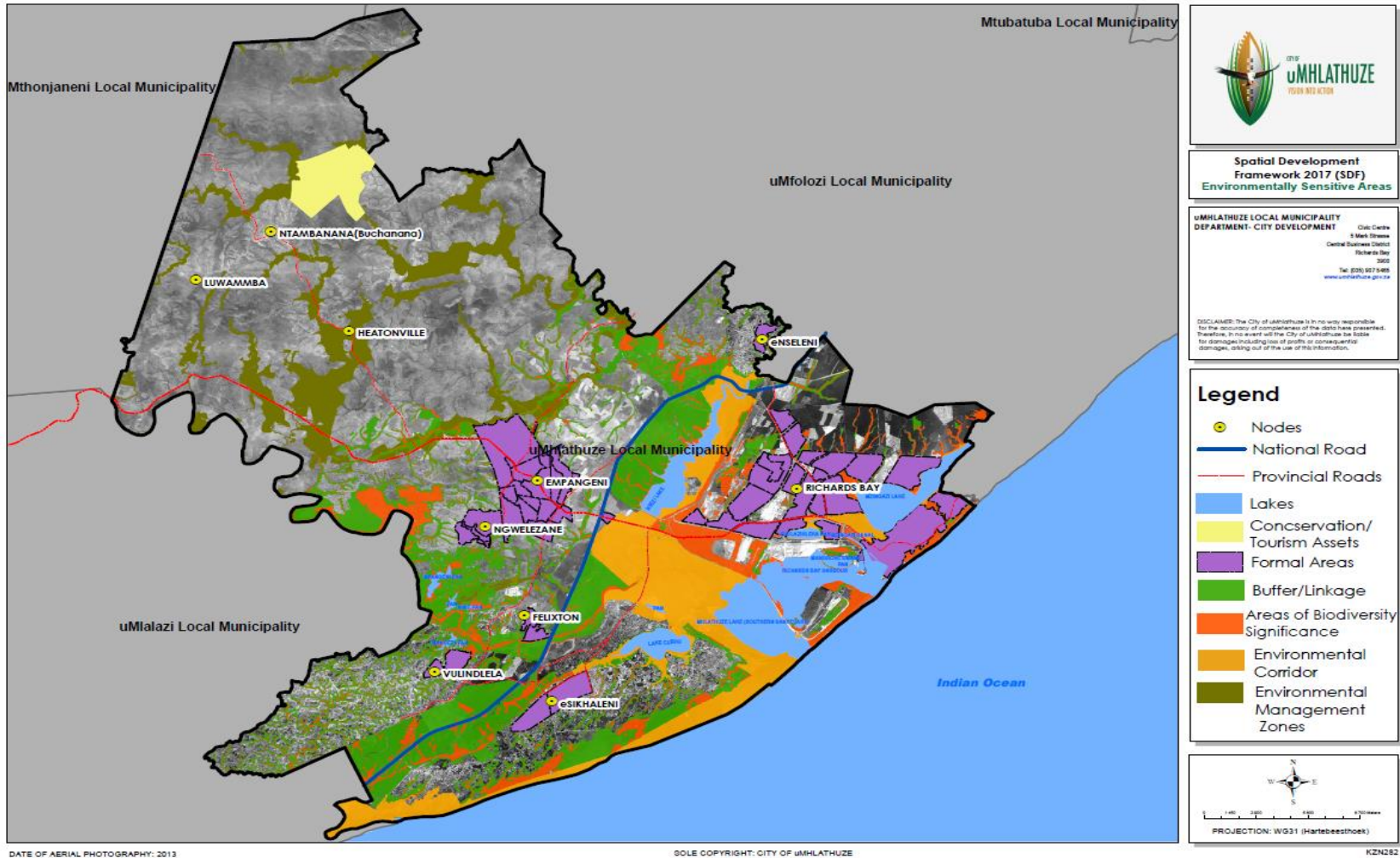
Mhlathuze River System	11	conservation objectives are to be pursued
Swamp Forests	9	

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**



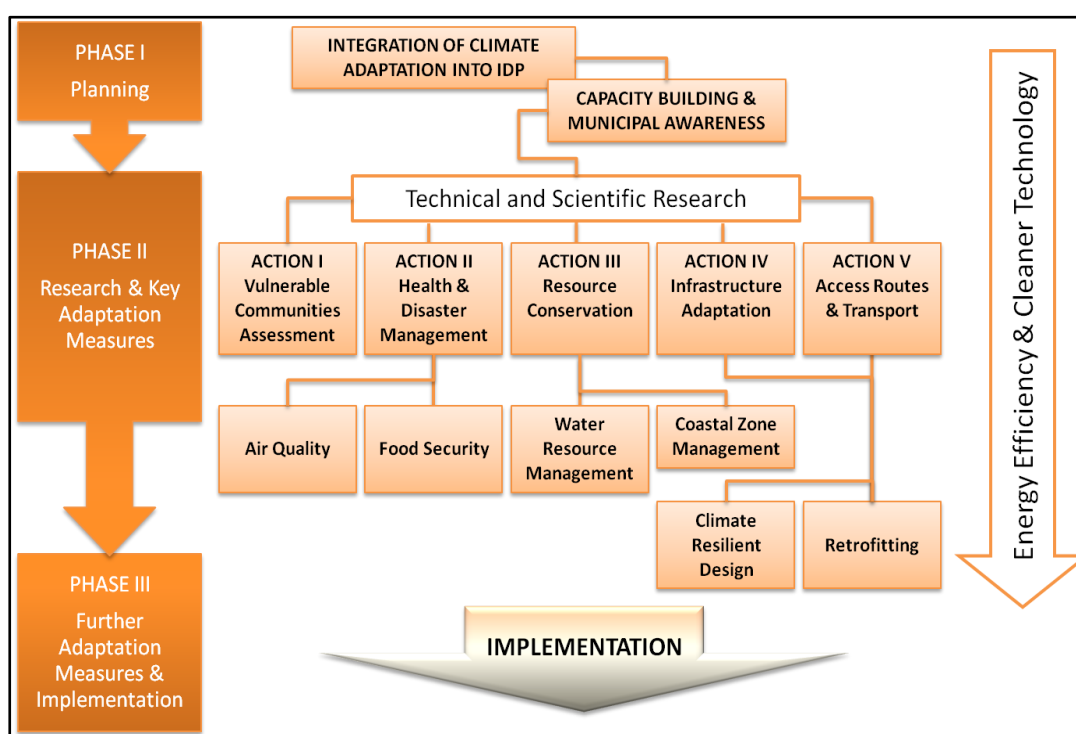


### 7.9.15 Response to Climate Change

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 4: 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"> <li>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.</li> <li>Good road accessibility</li> <li>The municipality borders a coastline that spans approximately 45 kilometres</li> <li>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.</li> <li>High level of species diversity.</li> <li>The beaches are significant tourism assets for the municipality.</li> <li>Alien Invasive and Greening Strategy in place.</li> <li>Spatial Development Framework has been developed and is in place.</li> <li>Climate change Strategy in place.</li> </ul>	<ul style="list-style-type: none"> <li>Funding challenges to implement Alien Invasive and Greening Strategy.</li> <li>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.</li> <li>Gaps in availability of data on the local heritage.</li> <li>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.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>There is one airport and a couple of land strips in the municipal area.</li> <li>Economic node to the North-Eastern parts of the Province</li> <li>The R34 Provincial Main Road passes through Empangeni towards Melmoth.</li> <li>There are two primary nodes in the municipal area i.e. Richards Bay and Felixton. ESikhaleni is an emerging primary node.</li> <li>Coastal Dunes contain heavy minerals that are sought after for mining.</li> </ul>	<ul style="list-style-type: none"> <li>Distance from major economic node in the province</li> <li>The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time.</li> <li>An increasing trend in the frequency of cyclonic activity has been observed.</li> <li>Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise.</li> <li>Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions.</li> <li>The area is characterized by a complex hydrology and climate change would therefore have an impact on water resources in the area.</li> </ul>

## 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
<b>1</b>	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
<b>2</b>	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
<b>3</b>	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**

<b>Main Category (CITY RISK RATING)</b>	<b>RISK (City)</b>
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

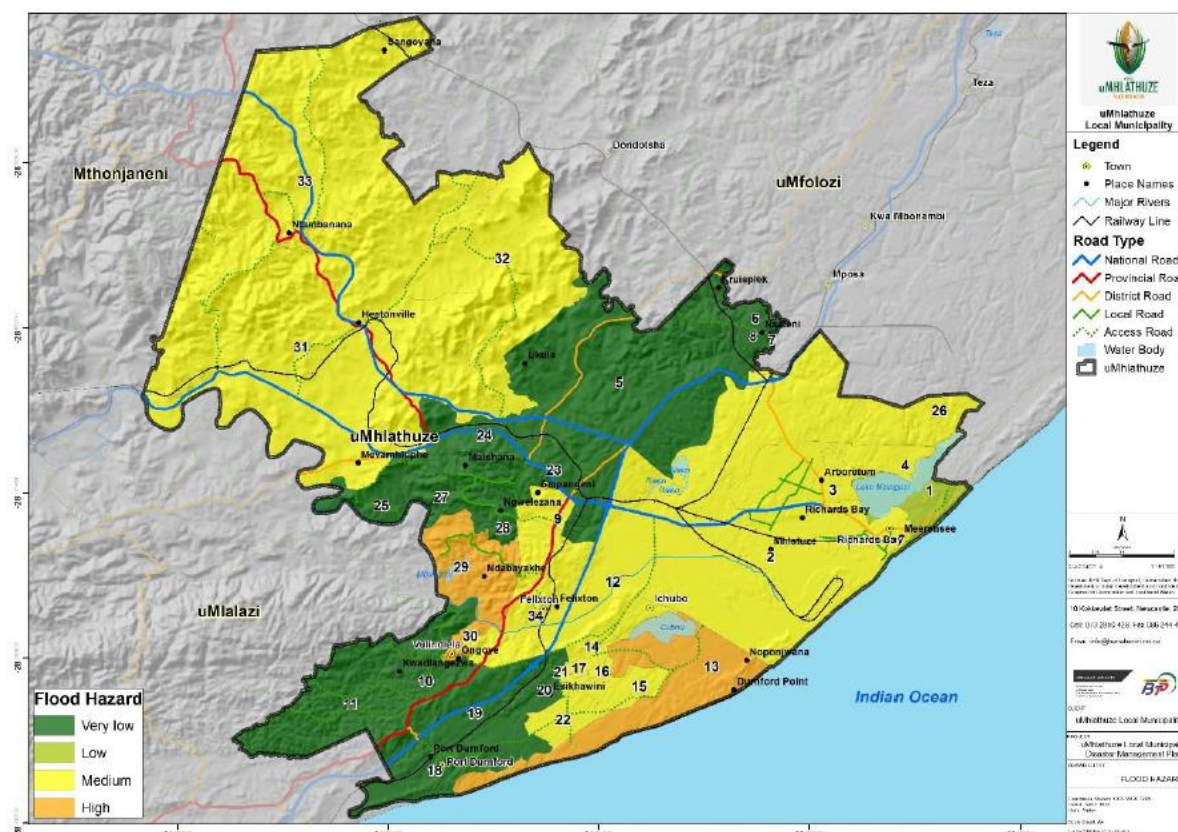
The following series of mapping spatially depicts an analysis of veld fire hazard, structural fire, flood hazard, lightning and drought hazards.



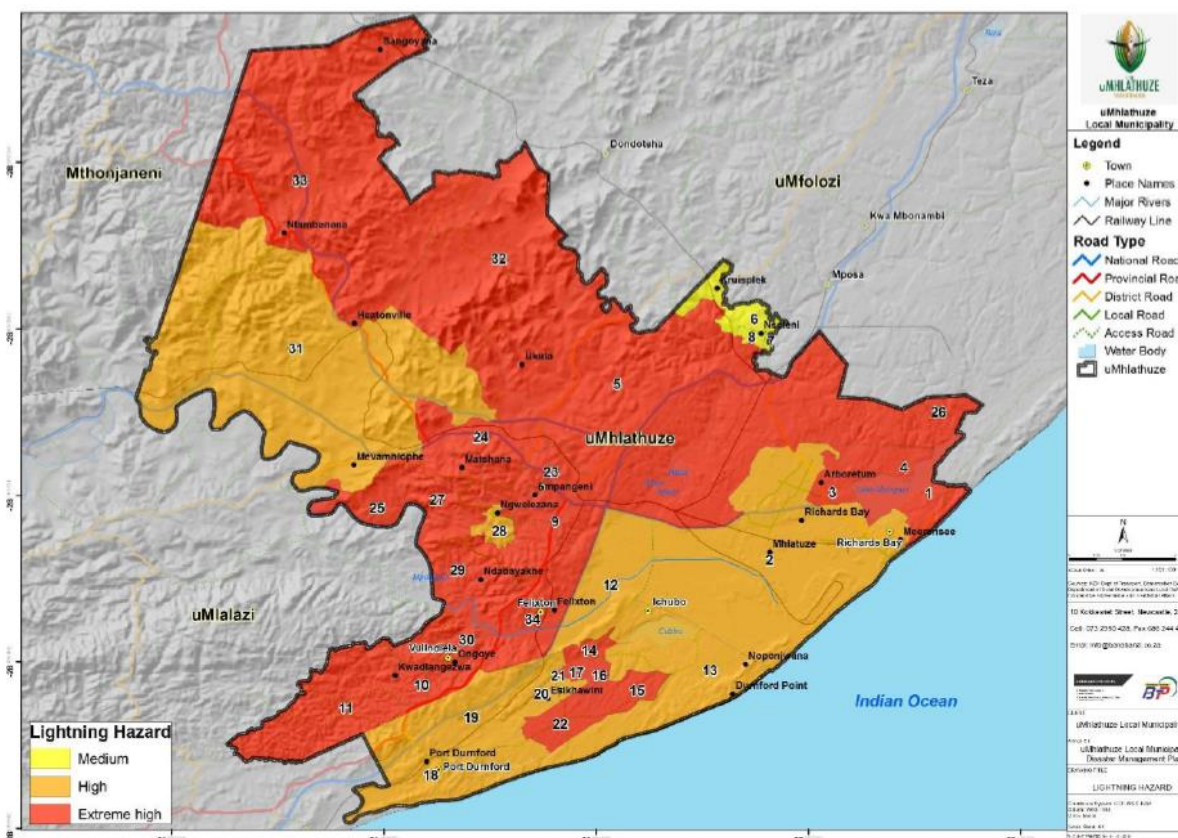




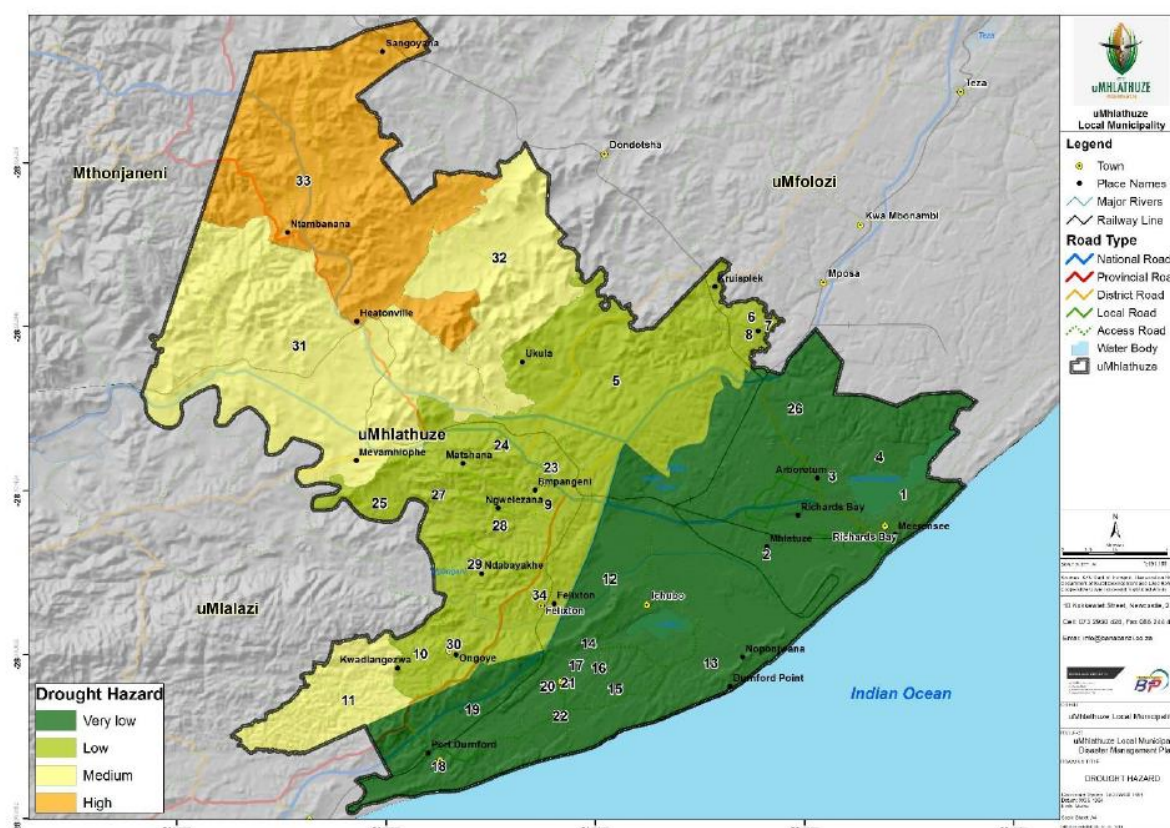
**Map 12: Flood Hazard Assessment**



**Map 13: Lightning 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

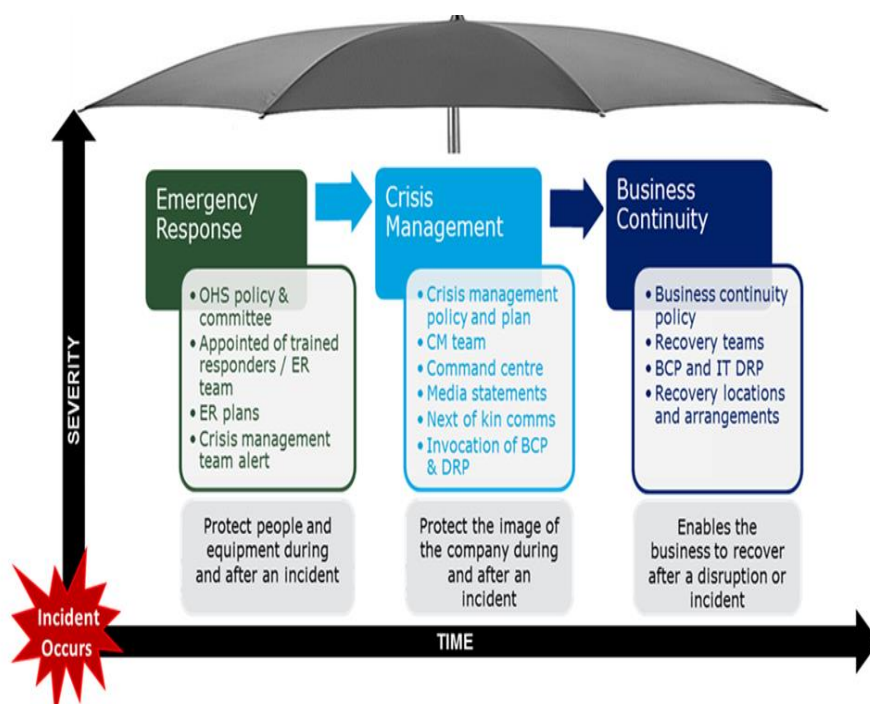
In the event of a material disruption to its critical activities, the City of uMhlathuze is committed to ensuring the continuity of the Municipality by:

- 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 5: BCM Overview**



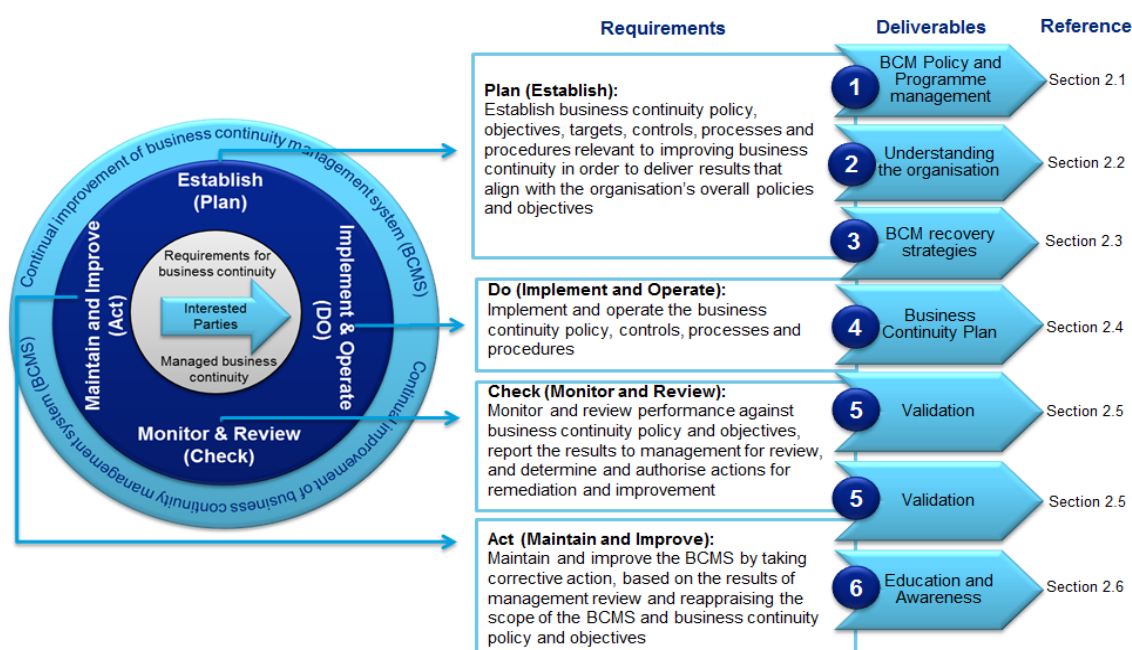
The objectives of uMhlathuze's BCM programme are to:

- Protect the Municipality, including its staff and stakeholders, by minimising the impact of a material disruption to critical activities, ensuring continuation of service delivery to the community
- Understand and communicate the recovery needs of the Municipality and ensure an appropriate recovery capability is provided
- Recover the Municipality in a planned and controlled manner, meeting the requirements of the municipality and complying with applicable laws, contracts, regulations etc.
- Ensure that Business Continuity is an essential part of municipal planning and development
- Maintain staff, customer and stakeholder contact and confidence.

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

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

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



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

### 7.12.1 Disaster Management: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>○ Disaster Management Framework in place</li> <li>○ Draft Disaster Management Plan in place</li> <li>○ Disaster Management Bylaws aimed give effect to the provisions of Council's Disaster Management Framework.</li> <li>○ Disaster Management Advisory Forum in place</li> </ul>	<ul style="list-style-type: none"> <li>○ Efficient provision of disaster management services reliant on ongoing cooperation between all role players in the disaster management area</li> <li>○ lack of resources such as appointment of support of staff and equipment</li> <li>○ Lack of capacity to adequately handle all kinds disaster related incidents</li> <li>○ Poor coordination between departments to respond to disaster situations</li> <li>○ Inadequate communication platforms for disaster alerts and responses</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>○ Existing disaster management center located at the Fire Station</li> <li>○ Potential growth in terms of expanding and economical</li> <li>○ Collaboration with the private sector and government departments</li> <li>○ Training and activation of community based disaster management volunteers</li> <li>○ Improving human settlement planning in collaboration with traditional institutions</li> <li>○ Fully functional disaster management center</li> <li>○ Institutionalization of business continuity –disaster recovery plan</li> </ul>	<ul style="list-style-type: none"> <li>○ The location of the municipality on the coastline and its proximity to shipping routes present numerous natural marine and coastal threats.</li> <li>○ 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.</li> <li>○ The settlement of communities in disaster high risk areas</li> <li>○ Draught and inclement weather</li> </ul>

## 8. DEMOGRAPHIC CHARACTERISTICS

### 8.1 Demographic Indicators

#### 8.1.1 Population and Household Numbers

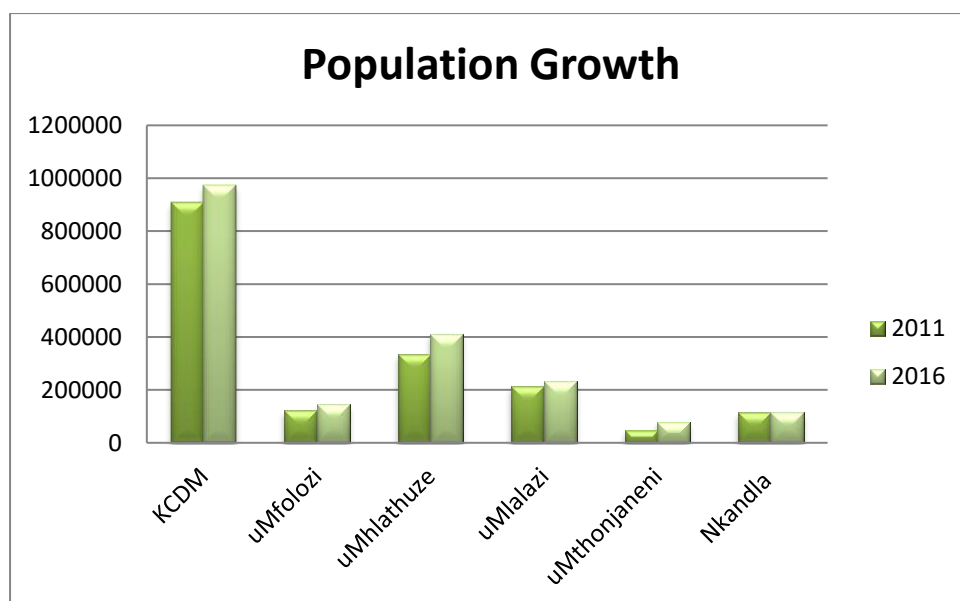
UMhlathuze Municipalities is located in King Cetshwayo District. The population increase in King Cetshwayo District, broken down per municipality is indicated in the table and explanatory figure herewith.

**Table 18: Population Numbers**

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

Source: Statistics SA, Census 2011 and Community Survey 2016

**Figure 7: Population Growth**



Source: Statistics SA, Census 2011 and Community Survey 2016

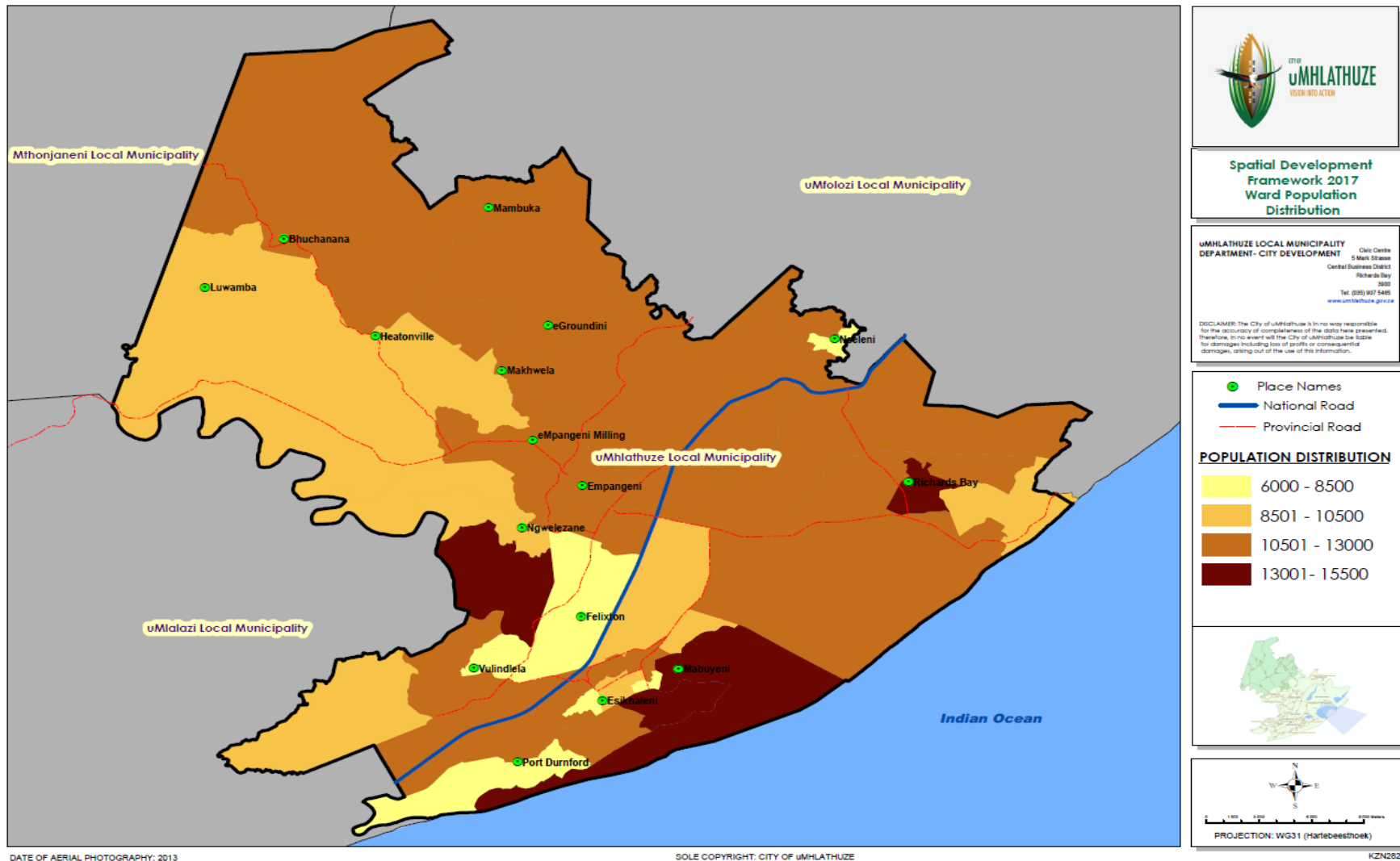
the 2016 Community Survey indicates that the population of uMhlathuze Municipality has increased by just over 22% between 2011 and 2016. This increase is indicated in relation to the King Cetshwayo District Family of Municipalities, as per table 9 and Figure 4.

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**

	<b>2 016</b>	<b>2 017</b>	<b>2 018</b>	<b>2 019</b>	<b>2 020</b>	<b>2 021</b>	<b>2 022</b>	<b>2 023</b>	<b>2 024</b>	<b>2 025</b>	<b>2 026</b>	<b>2 027</b>	<b>2 028</b>	<b>2 029</b>	<b>2 030</b>
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
<b>Households</b>	<b>103 915</b>	<b>105 474</b>	<b>107 056</b>	<b>108 662</b>	<b>110 292</b>	<b>111 946</b>	<b>113 625</b>	<b>115 330</b>	<b>117 060</b>	<b>118 816</b>	<b>120 598</b>	<b>122 407</b>	<b>124 243</b>	<b>126 107</b>	<b>127 998</b>
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
<b>Households</b>	<b>103 915</b>	<b>105 993</b>	<b>108 113</b>	<b>110 276</b>	<b>112 481</b>	<b>114 731</b>	<b>117 025</b>	<b>119 366</b>	<b>121 753</b>	<b>124 188</b>	<b>126 672</b>	<b>129 205</b>	<b>131 790</b>	<b>134 425</b>	<b>137 114</b>
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
<b>Households</b>	<b>103 915</b>	<b>107 033</b>	<b>110 244</b>	<b>113 551</b>	<b>116 957</b>	<b>120 466</b>	<b>124 080</b>	<b>127 803</b>	<b>131 637</b>	<b>135 586</b>	<b>139 653</b>	<b>143 843</b>	<b>148 158</b>	<b>152 603</b>	<b>157 181</b>
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
<b>Households</b>	<b>103 915</b>	<b>108 072</b>	<b>112 395</b>	<b>116 890</b>	<b>121 566</b>	<b>126 429</b>	<b>131 486</b>	<b>136 745</b>	<b>142 215</b>	<b>147 904</b>	<b>153 820</b>	<b>159 973</b>	<b>166 372</b>	<b>173 026</b>	<b>179 947</b>
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
<b>Households</b>	<b>103 915</b>	<b>109 111</b>	<b>114 566</b>	<b>120 295</b>	<b>126 310</b>	<b>132 625</b>	<b>139 256</b>	<b>146 219</b>	<b>153 530</b>	<b>161 207</b>	<b>169 267</b>	<b>177 730</b>	<b>186 617</b>	<b>195 948</b>	<b>205 745</b>

From the above, the following is highlighted:

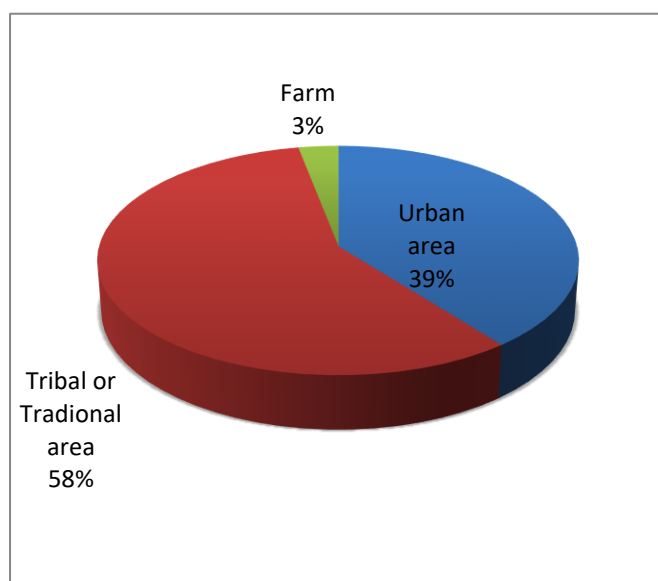
- At a steady population increase of 1,5% per annum, the municipal population will surpass 500 000 people by 2030.
- The municipality will reach a population of 500 000 before 2021 if a population growth rate of 5% takes place over the next few years.
- At such a 5% per annum population growth rate the 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
	<b>364464</b>	<b>92315</b>	<b>3.95</b>

**Source: Statistics SA (Census 2011)**

**Figure 8: 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
<b>TOTAL</b>	<b>177175</b>	<b>187287</b>	<b>364462</b>

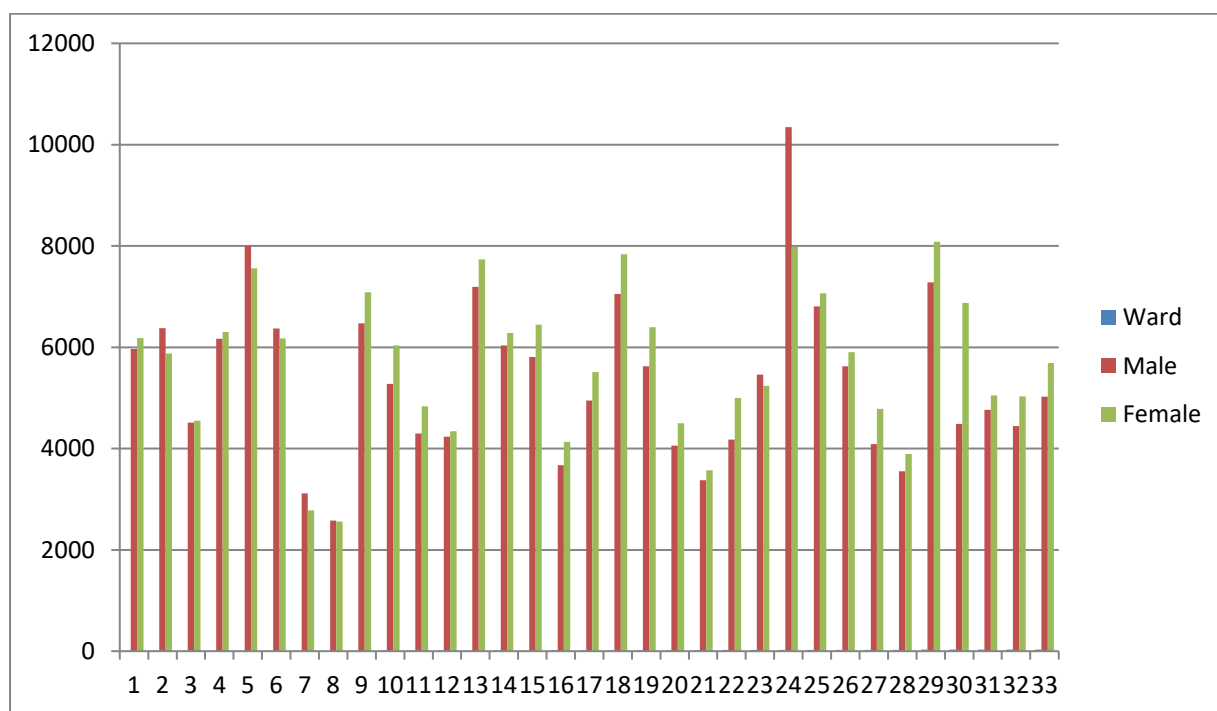
The municipal wards that have the highest population numbers are wards 5, 13, 18, 24, 25 and 29.

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.

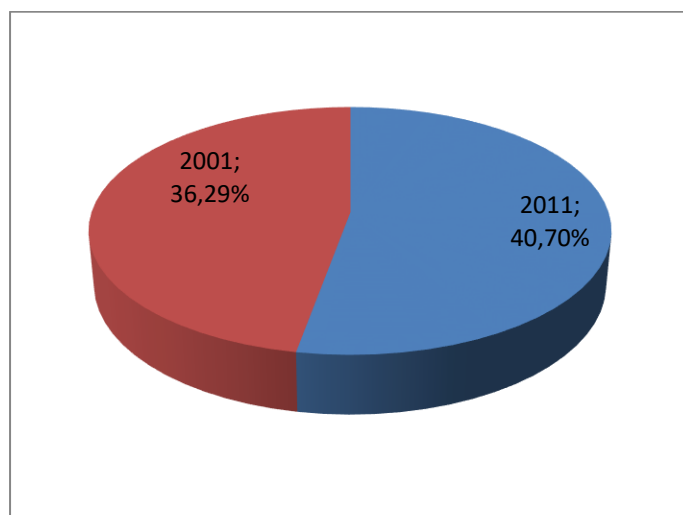
As this affects the municipal planning, the City is in engagements with the Statistics SA to assist with a methodology for conducting own survey and a validation criteria of outcomes. **Source: Statistics SA, (Census 2011)**

**Figure 9: Gender Breakdown per Ward**



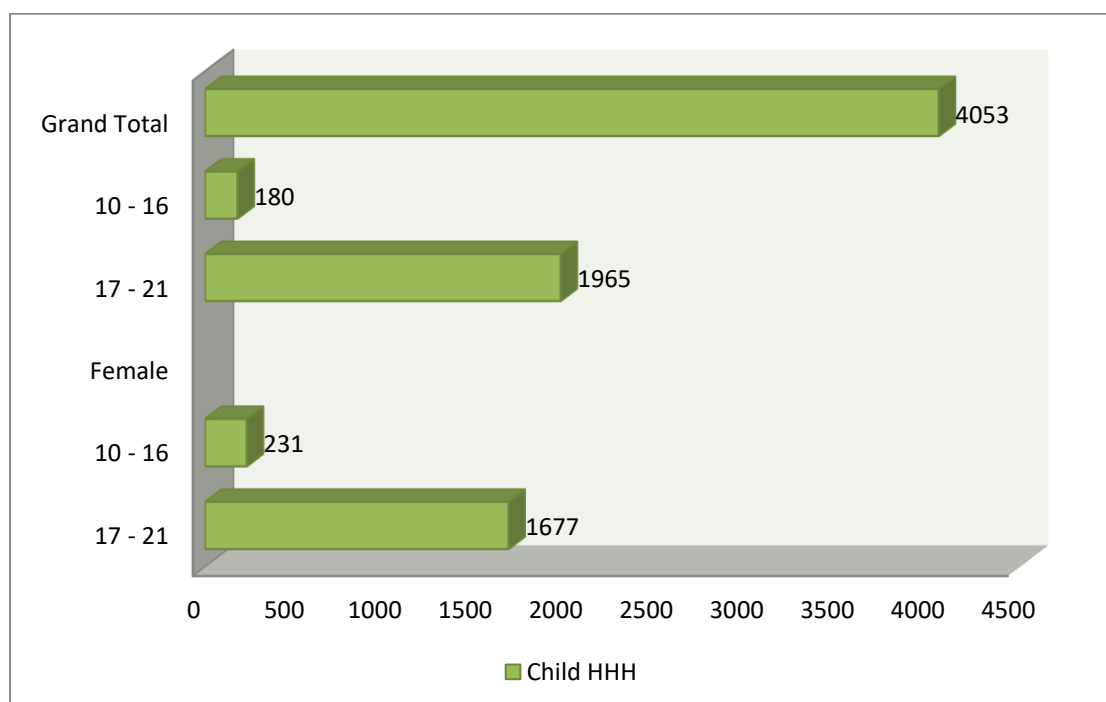
Source: Statistics SA, (Census 2011)

**Figure 10: 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 11: 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)<sup>1</sup>, Smart (2003)<sup>2</sup>, and UNICEF (2003)<sup>3</sup>, 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

<sup>1</sup> Jacobs, M. 2005. *South African Child Gauge*. Children's Institute.

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

<sup>3</sup> UNICEF. 2003. *Working with Children in Unstable Situations*. UNICEF.

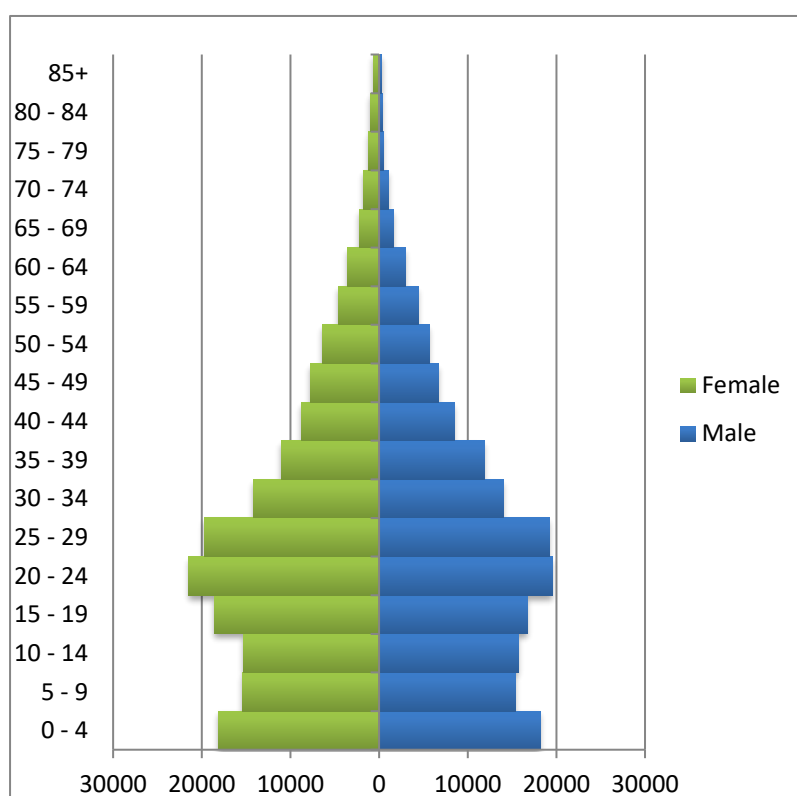
increase at both the district and local municipality level between 2001 and 2011. The latter could be indicative of increased perceptions of employment opportunities in the uMhlathuze area resulting in an in-migration into the area. An increase in the older age cohort (65+) is also observed between 2001 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
<b>DC28: Uthungulu</b>	885965	907519	38.3	34.8	57.3	60.7	4.4	4.5
<b>KZN282: uMhlathuze</b>	289190	334459	33.0	29.3	64.2	67.5	2.8	3.2

Source: Statistics SA, (Census 2011)

**Figure 12: 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

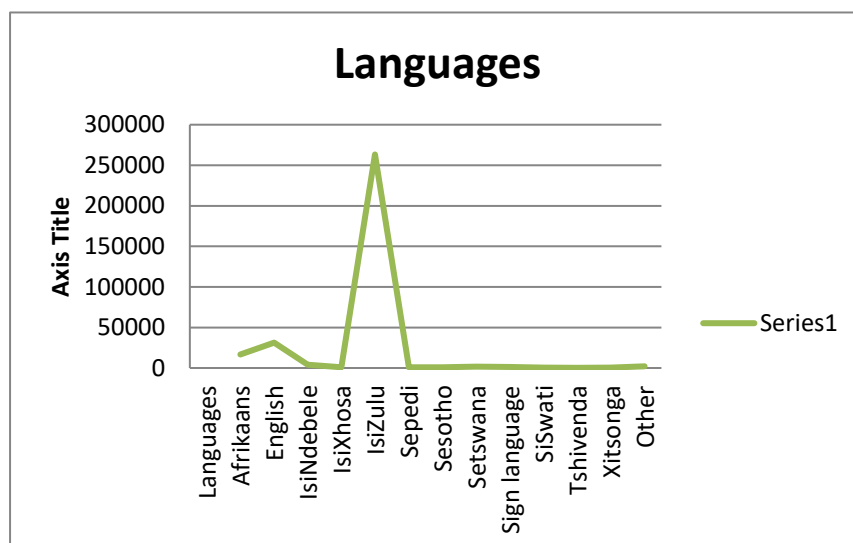
Education levels are provided for the 2001 and 2011 census years. Comparisons are made with the levels in the country, the uThungulu District as well as the local municipalities in the uThungulu district. The following table provides a summary of the situation while more explanatory figures are provided 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 13: Language for Persons Weighted in uMhlathuze**

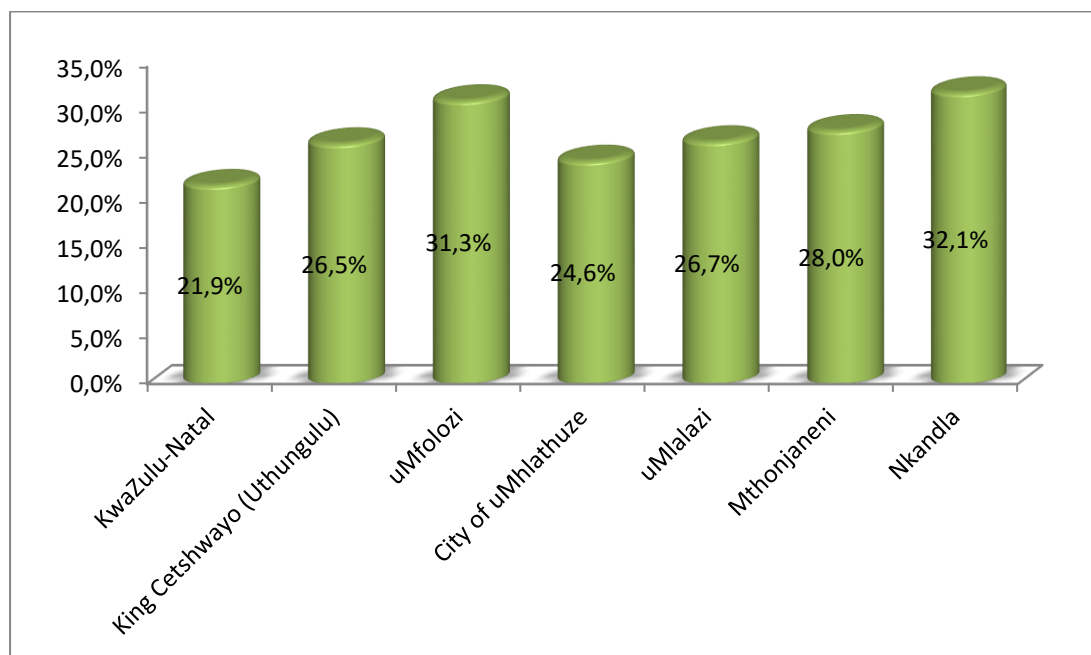
Source: Statistics SA, Census 2011

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.

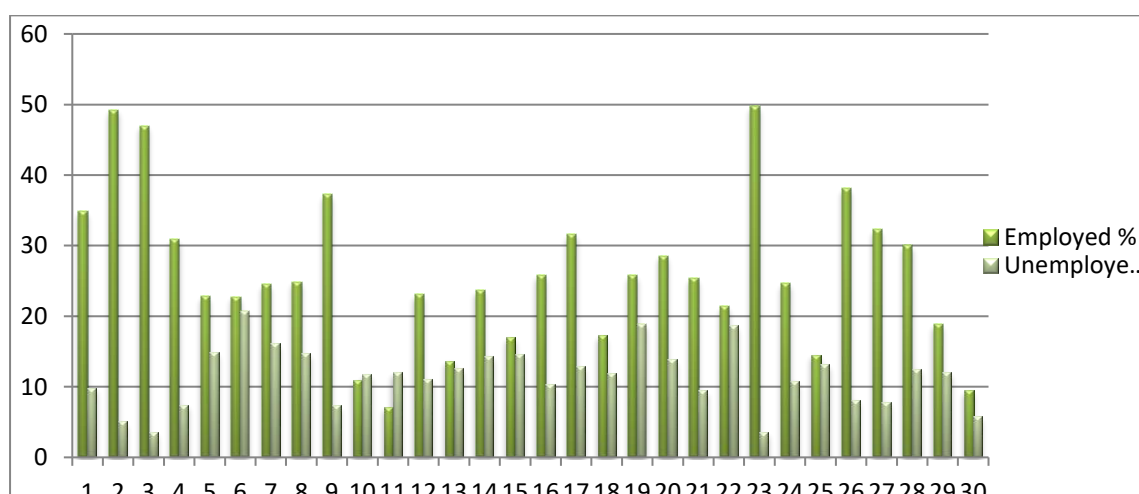
### 8.1.6 Employment

**Figure 14: Total Employment within KwaZulu Natal**



**Source: Global Insights 2017**

**Figure 15: Percentage Employment per Ward**



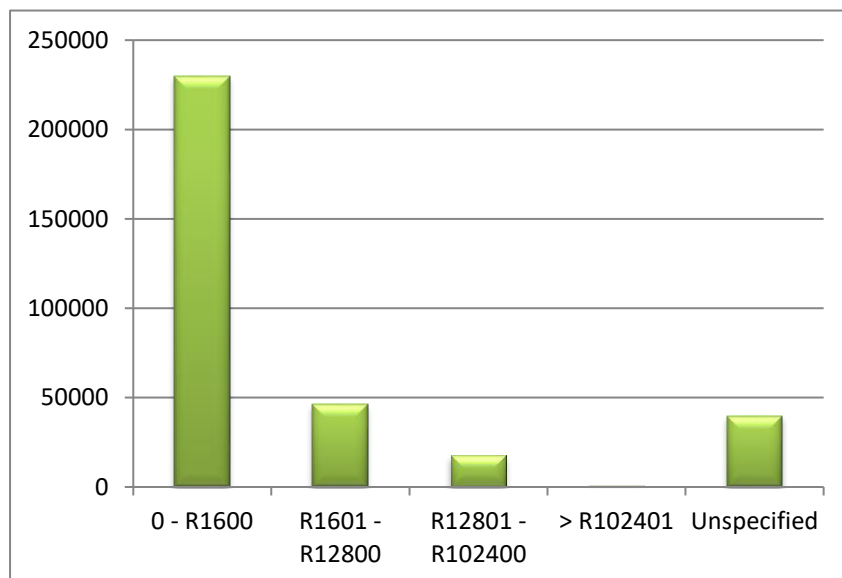
**Source: Statistics SA, (Census 2011)**

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.

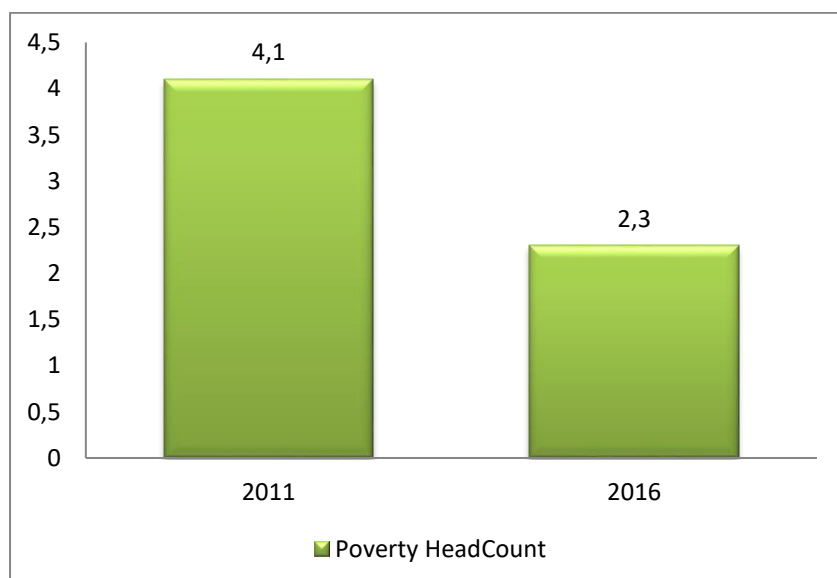
**Figure 16: Monthly Individual Income in uMhlathuze**



**Source: Statistics SA, Census 2011**

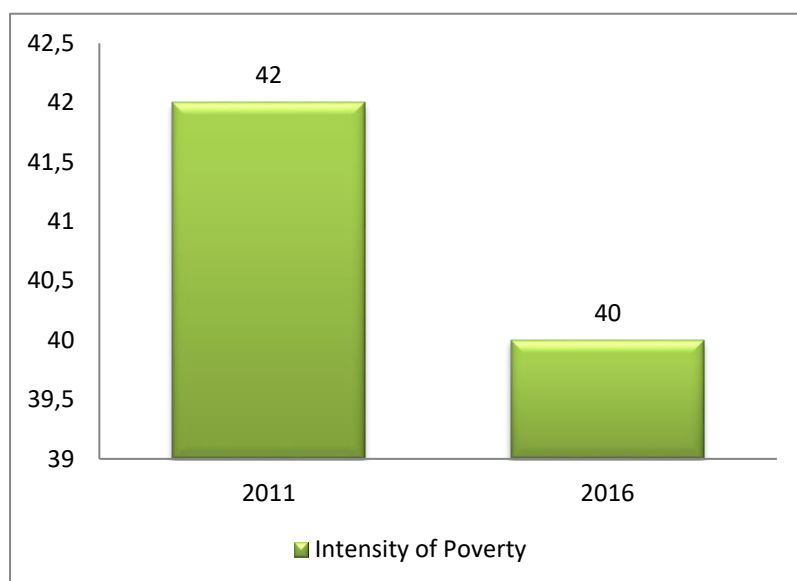
As noted, the number of dependents on a salary has a significant impact on the ability of the salary to meet basic needs. The following table provides the official Census 2011 dependency ratios for South Africa, KwaZulu-Natal, the uThungulu District as well as the Local Municipalities in the uThungulu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

**Figure 17: Poverty Head Count**



**Source: Statistics SA, Census 2011 and Community Survey 2016**



**Figure 18: 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**

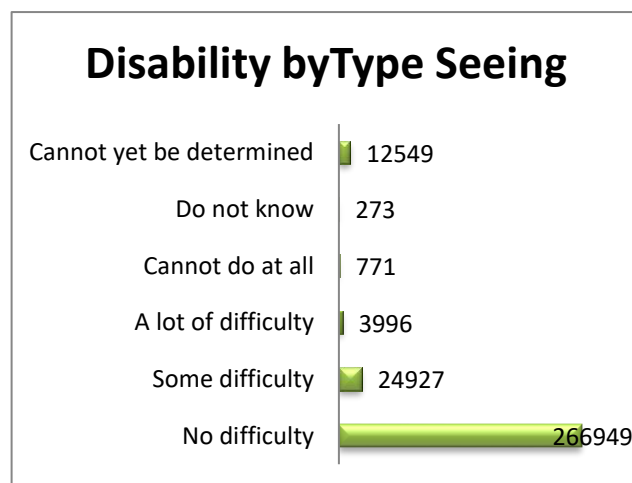
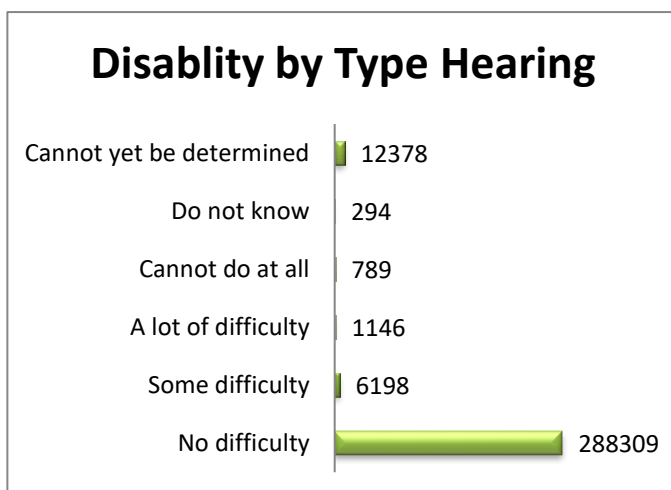
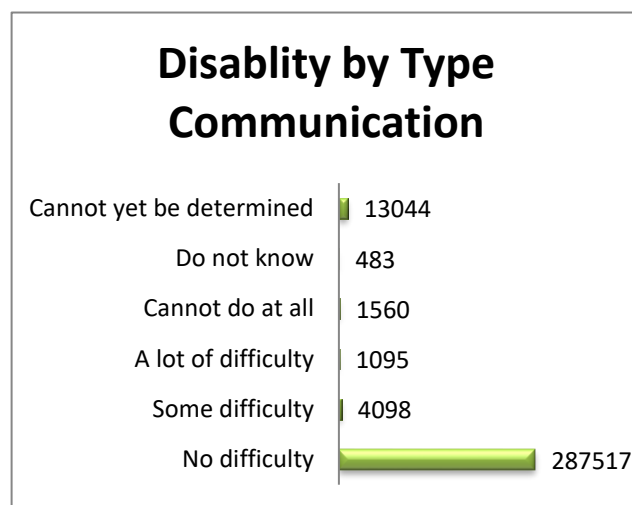
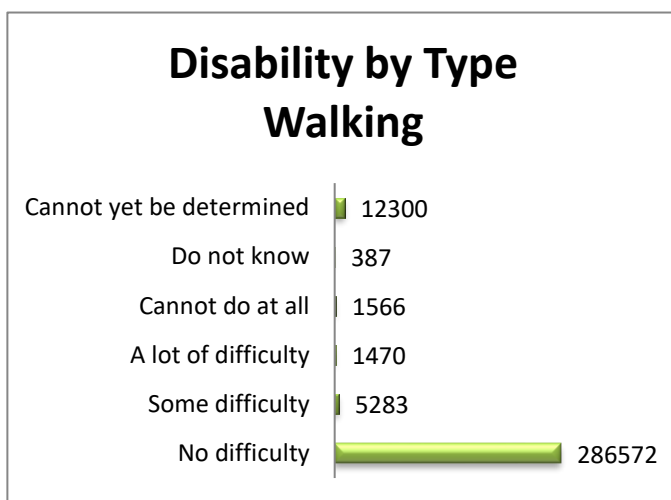
	Dependency Ratio	
	per 100 (15-64)	
	2001	2011
<b>SOUTH AFRICA</b>	58.7	52.7
<b>KWAZULU-NATAL</b>	65.4	58.5
<b>DC28: Uthungulu</b>	74.5	64.7
<b>KZN282: uMhlathuze</b>	55.8	48.2
<b>KZN286: Nkandla</b>	99.2	86.6
<b>KZN281: Mfolozi</b>	80.2	68.2
<b>KZN283: Ntambanana</b>	85.7	79.3
<b>KZN284: uMlalazi</b>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

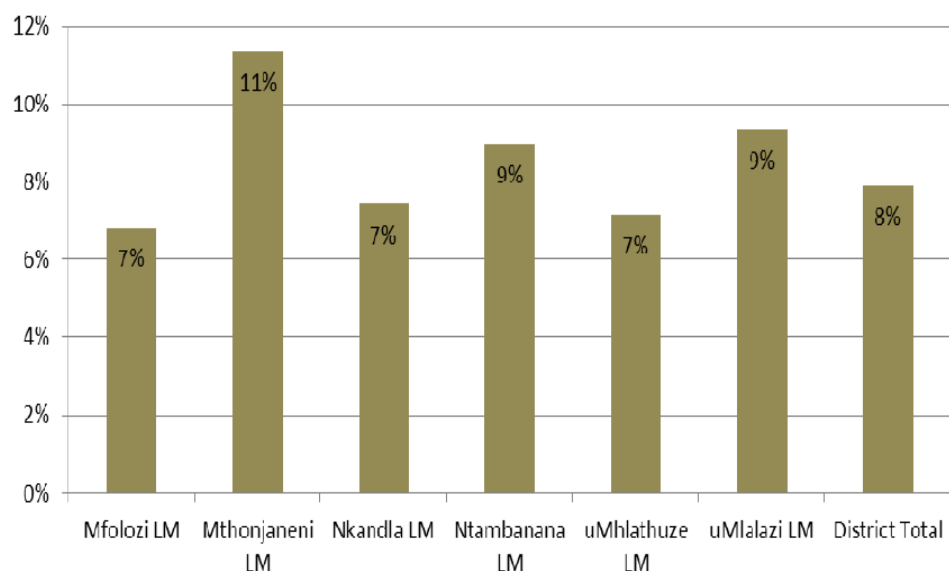
Below are recent statistics on HIV Prevalence

**Figure 19 : 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
<b>KwaZulu-Natal</b>	1 565 260	1 641 759	1 814 099	15,7	15,7	16,3	86 320	65 084	34 009
<b>King Cetshwayo</b>	147 802	146 893	158 200	16,3	16,0	16,5	8 158	5 813	2 970
<b>uMhlathuze</b>	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).

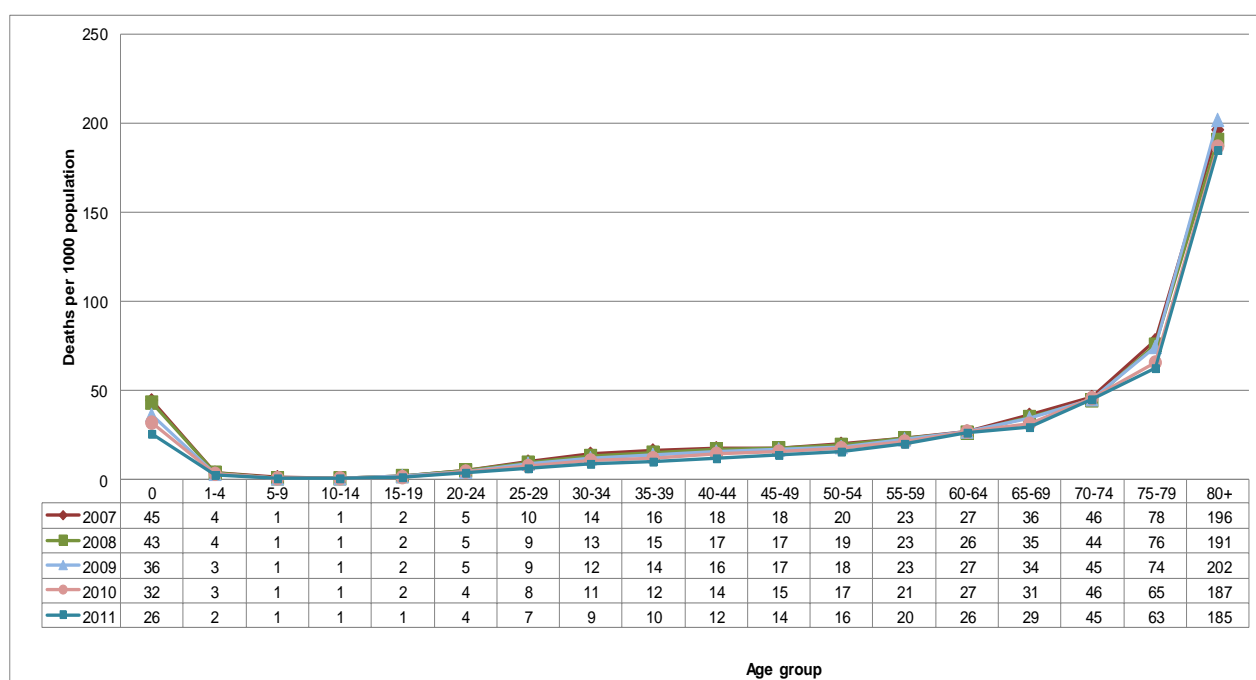
The National target is 8.4%. Anything above this indicates high teenage pregnancy.

**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
<b>0</b>	18 235	16 045	376	<b>34 656</b>	14 637	12 956	492	<b>28 085</b>
<b>1-4</b>	6 978	6 070	43	<b>13 091</b>	5 217	4 662	46	<b>9 925</b>
<b>5-9</b>	2 538	2 089	5	<b>4 632</b>	2 299	1 983	7	<b>4 289</b>
<b>10-14</b>	2 420	2 112	3	<b>4 535</b>	2 064	1 776	5	<b>3 845</b>
<b>15-19</b>	4 397	3 955	18	<b>8 370</b>	4 054	3 496	25	<b>7 575</b>
<b>20-24</b>	9 400	10 640	33	<b>20 073</b>	8 433	8 767	80	<b>17 280</b>
<b>25-29</b>	16 440	19 397	61	<b>35 898</b>	14 682	15 850	141	<b>30 673</b>
<b>30-34</b>	22 321	21 352	67	<b>43 740</b>	19 251	17 498	133	<b>36 882</b>
<b>35-39</b>	24 680	20 314	46	<b>45 040</b>	22 061	17 175	104	<b>39 340</b>
<b>40-44</b>	23 246	17 573	44	<b>40 863</b>	20 559	15 247	93	<b>35 899</b>
<b>45-49</b>	22 836	16 305	56	<b>39 197</b>	20 607	14 683	58	<b>35 348</b>
<b>50-54</b>	21 910	15 164	30	<b>37 104</b>	20 754	14 117	66	<b>34 937</b>
<b>55-59</b>	20 874	14 274	33	<b>35 181</b>	20 039	14 024	47	<b>34 110</b>
<b>60-64</b>	20 017	14 744	26	<b>34 787</b>	20 079	14 707	57	<b>34 843</b>
<b>65-69</b>	17 224	14 560	21	<b>31 805</b>	16 725	14 061	24	<b>30 810</b>
<b>70-74</b>	15 802	16 644	13	<b>32 459</b>	16 260	16 586	21	<b>32 867</b>
<b>75-79</b>	11 741	16 083	8	<b>27 832</b>	11 541	16 257	18	<b>27 816</b>
<b>80-84</b>	9 909	16 187	11	<b>26 107</b>	9 834	16 511	14	<b>26 359</b>
<b>85-89</b>	5 758	10 485	5	<b>16 248</b>	5 895	11 020	13	<b>16 928</b>
<b>90+</b>	4 078	10 713	8	<b>14 799</b>	4 325	11 259	7	<b>15 591</b>
<b>Unspecifi</b>	818	230	259	<b>1 307</b>	1 253	602	546	<b>2 401</b>
<b>Total</b>	<b>281 622</b>	<b>264 936</b>	<b>1 166</b>	<b>547 724</b>	<b>260 569</b>	<b>243 237</b>	<b>1 997</b>	<b>505 803</b>

**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 20: 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
	<b>All causes</b>	<b>8 758</b>	<b>100,0</b>

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 21: Designated and Non-Designated Employment Numbers and Levels as at February 2020**

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
<b>TOTAL Permanent</b>	<b>1 102</b>	<b>5</b>	<b>28</b>	<b>53</b>	<b>673</b>	<b>10</b>	<b>31</b>	<b>48</b>	<b>1 950</b>	<b>21</b>

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

<ul style="list-style-type: none"> <li>○ Audit Committee</li> <li>○ Performance Audit Committee</li> <li>○ Performance Evaluation Panel (Section 57 Employees)</li> <li>○ Performance Evaluation Panel (Municipal Manager)</li> </ul>	Performance Audit, Performance Evaluation Panels
○ Board of Trustees	
<ul style="list-style-type: none"> <li>○ Bid Specification</li> <li>○ Bid Evaluation</li> <li>○ Bid Adjudication</li> </ul>	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 2020

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

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 Number	2018/19			Current Year 2019/20			Budget Year 2020/21		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	67	67	-	67	67	-	67	67	-
<b>Municipal employees</b>	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	8	8	-	8	8	-	8	8	-
Other Managers	17	15	-	17	12	-	18	12	-
Professionals	394	304	-	394	346	-	394	355	-
Finance	46	32	-	46	42	-	46	48	-
Spatial/town planning	33	29	-	33	23	-	33	23	-
Information Technology	11	10	-	11	11	-	11	11	-
Roads	22	19	-	22	20	-	22	19	-
Electricity	41	32	-	41	31	-	41	33	-
Water	16	12	-	16	10	-	16	10	-
Sanitation	24	17	-	24	12	-	24	14	-
Refuse	10	10	-	10	8	-	10	9	-
Other	191	143	-	191	189	-	191	188	-
Technicians	533	455	-	533	457	-	545	474	-
Finance	31	22	-	31	19	-	31	20	-
Spatial/town planning	26	23	-	26	22	-	26	22	-
Information Technology	6	5	-	6	5	-	6	5	-
Roads	48	42	-	48	40	-	48	41	-
Electricity	60	49	-	60	53	-	60	53	-
Water	34	37	-	34	34	-	40	40	-
Sanitation	34	25	-	34	23	-	40	31	-
Refuse	13	13	-	13	13	-	13	13	-
Other	281	239	-	281	248	-	281	249	-
Clerks (Clerical and administrative)	315	285	-	315	289	-	320	292	-
Skilled agricultural and fishery workers	2	2	-	2	2	-	2	2	-
Craft and related trades	3	3	-	3	3	-	3	3	-
Plant and Machine Operators	87	82	-	87	81	-	131	106	-
Elementary Occupations	1 592	1 437	-	1 592	1 478	-	1 708	1 587	-
<b>TOTAL PERSONNEL NUMBERS</b>	<b>3 018</b>	<b>2 658</b>	<b>-</b>	<b>3 018</b>	<b>2 743</b>	<b>-</b>	<b>3 196</b>	<b>2 906</b>	<b>-</b>
% increase				-	3.2%	-	5.9%	5.9%	-
<b>Total municipal employees headcount</b>	<b>2 951</b>	<b>2 591</b>	<b>-</b>	<b>2 951</b>	<b>2 676</b>	<b>-</b>	<b>3 129</b>	<b>2 839</b>	<b>-</b>
Finance personnel headcount	237	173	-	237	192	-	237	188	-
Human Resources personnel headcount	42	33	-	42	29	-	42	34	-

**Figure 22: Senior Management (Adopted 2019)**

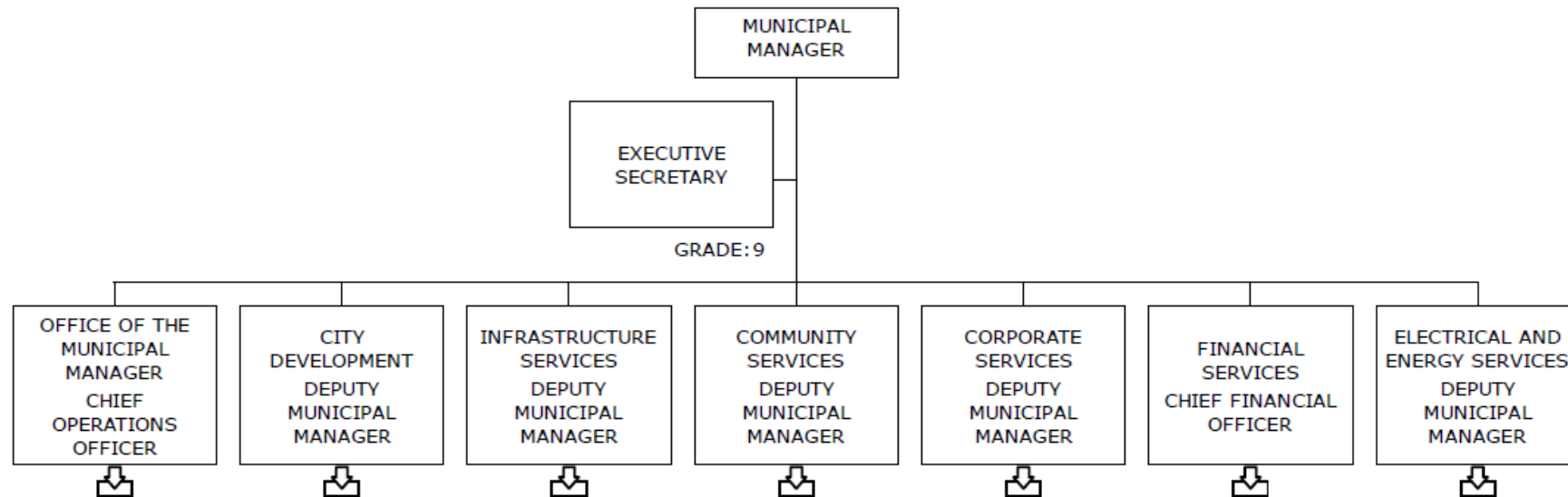
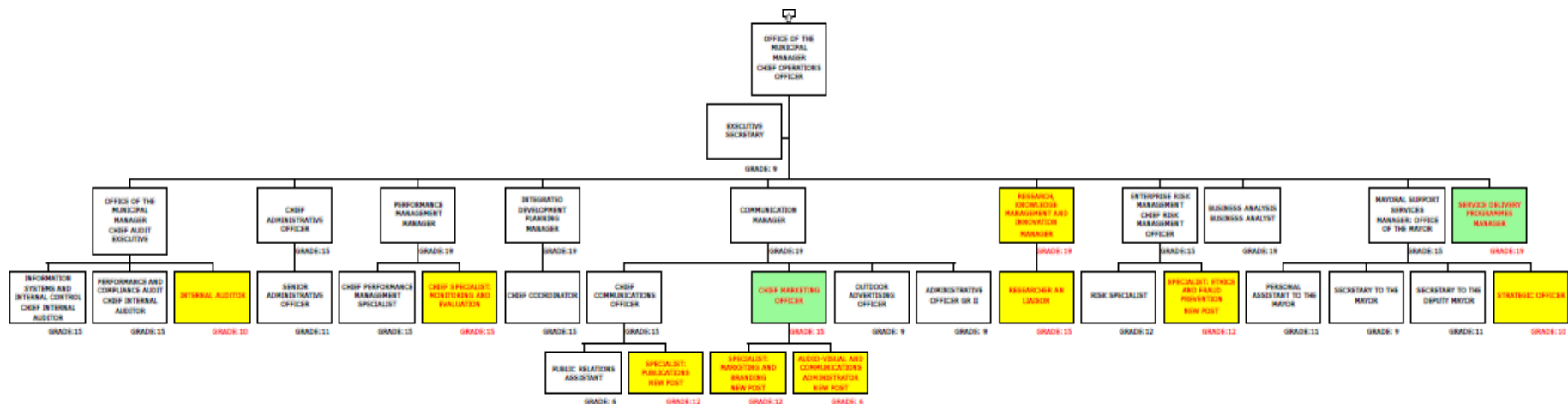
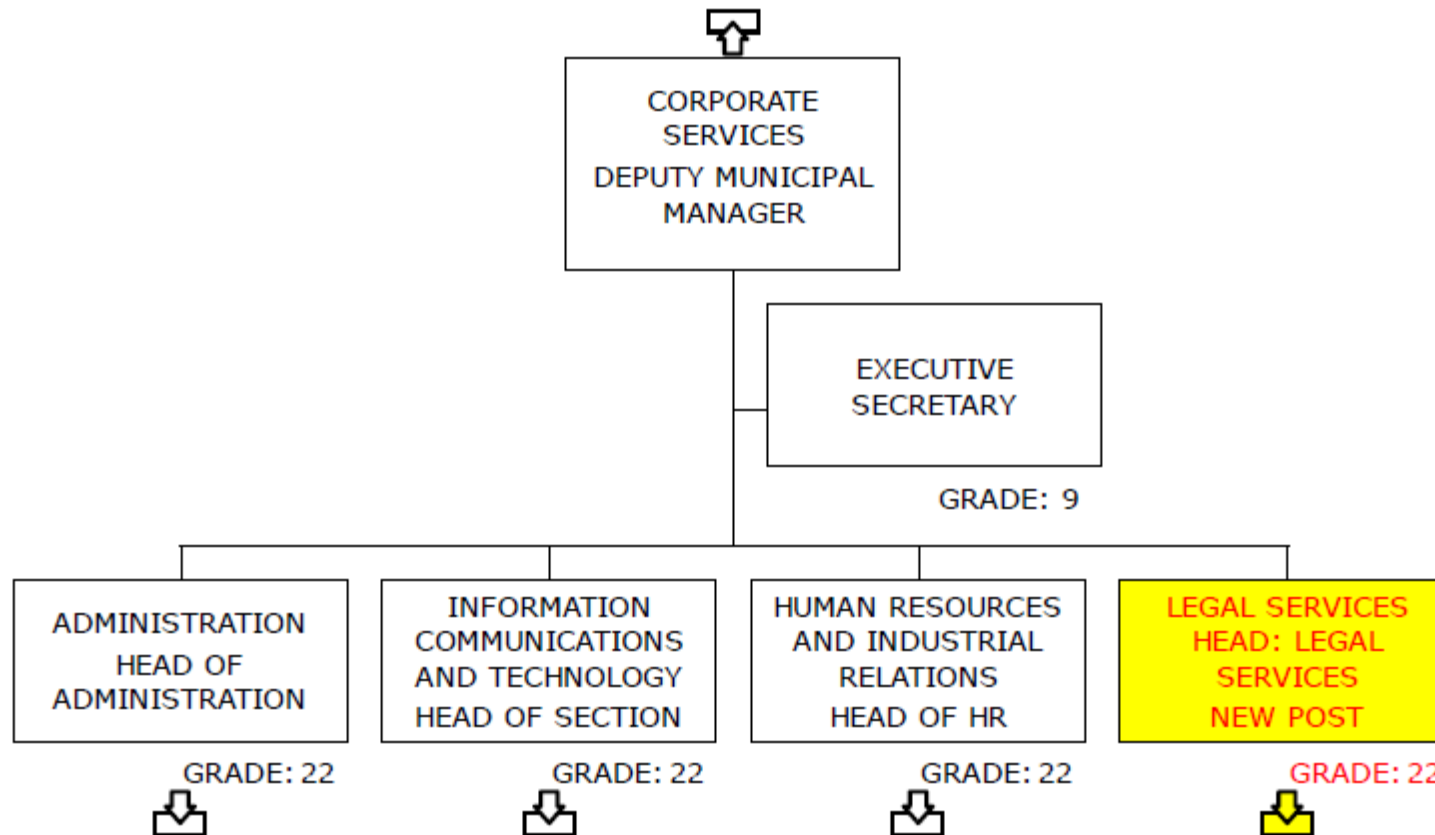


Figure 23: Office of the Municipal Manager (Adopted 2019)

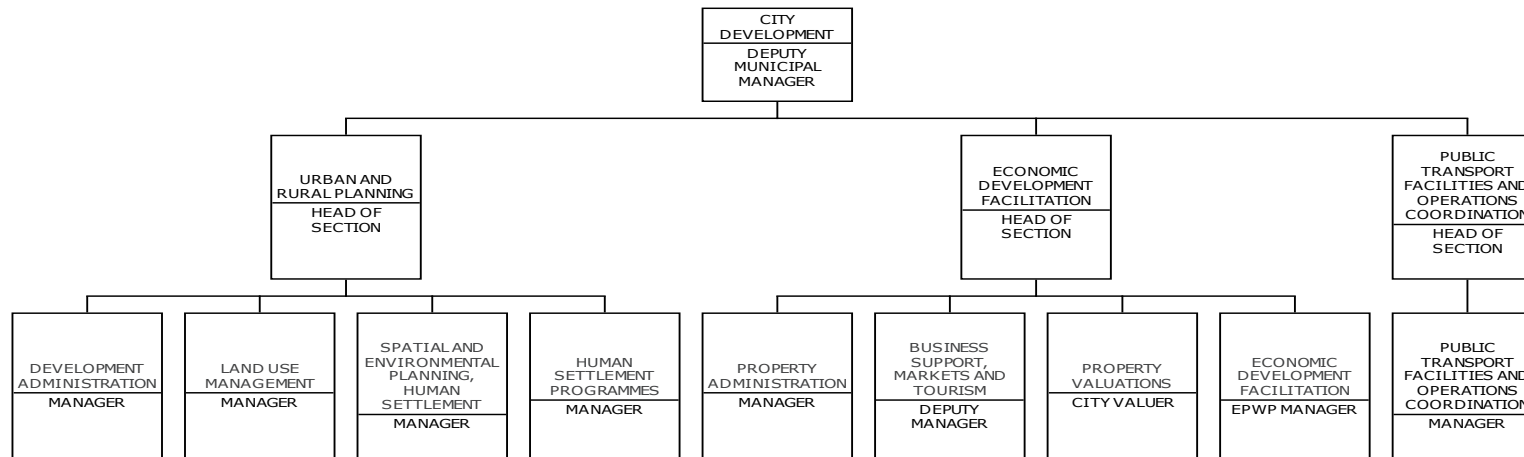


**Figure 24: Corporate Services Department (Adopted 2019)**

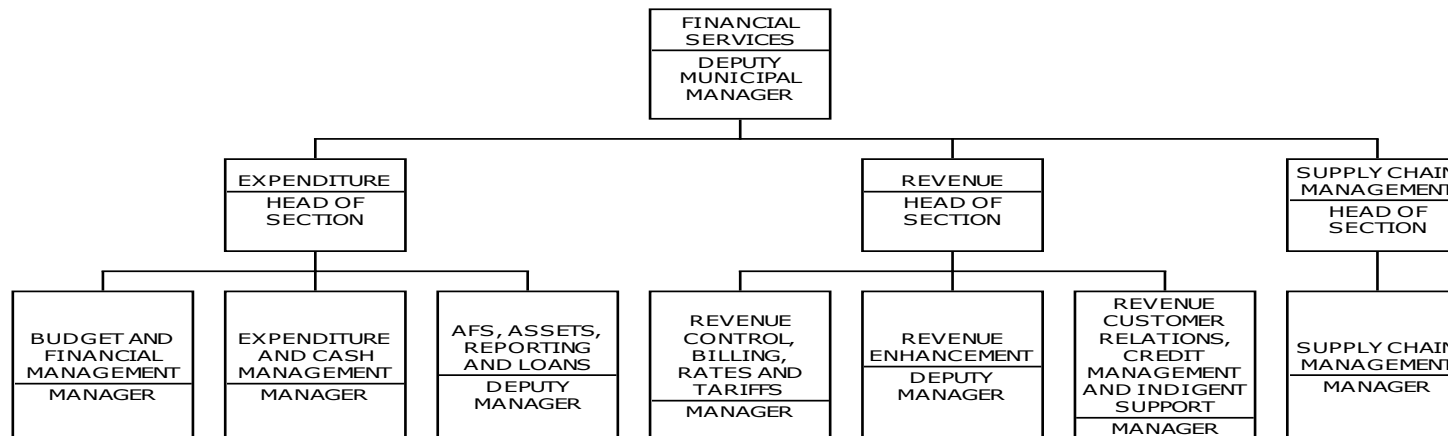




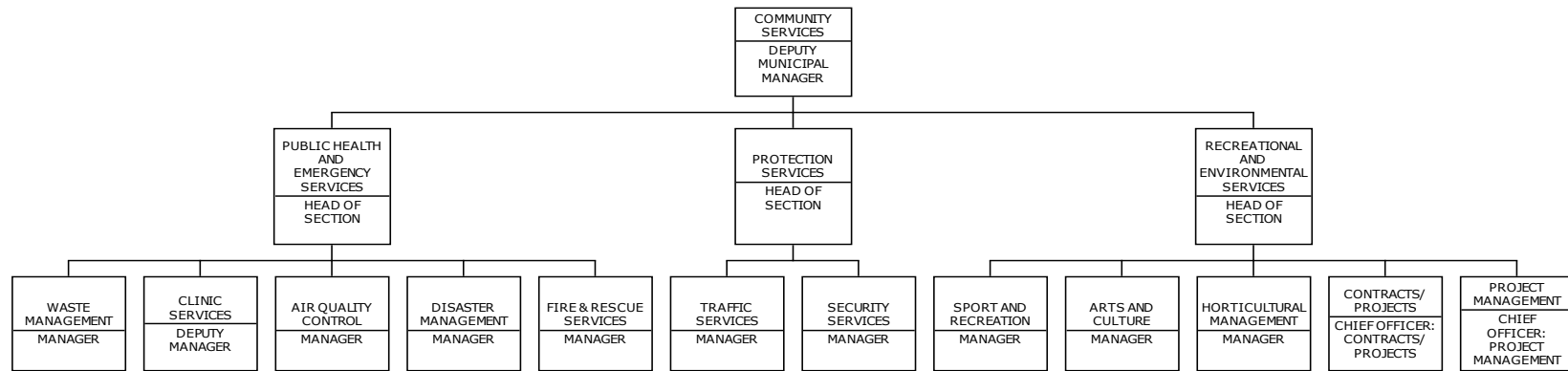
**Figure 25: City Development Department (Adopted 2019)**



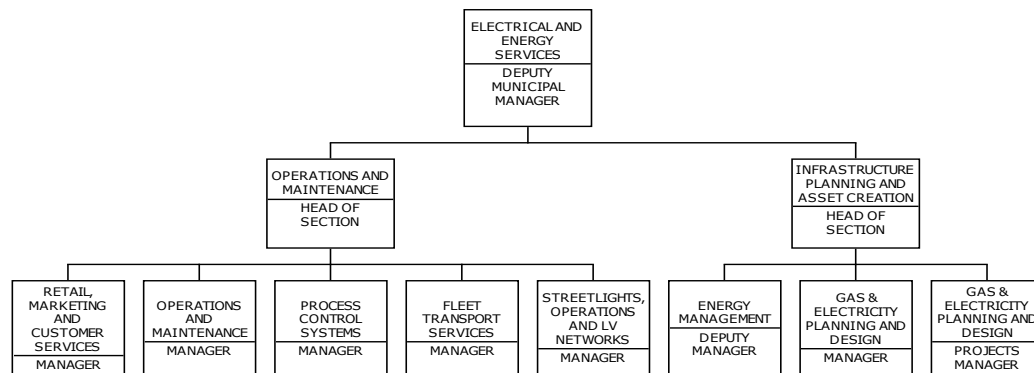
**Figure 26: Financial Services (Adopted 2019)**



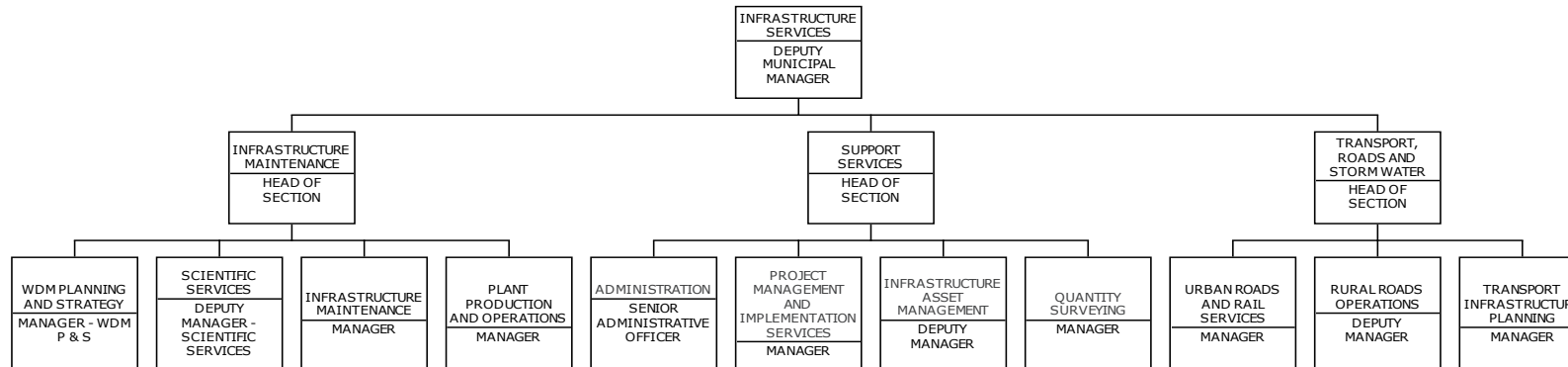
**Figure 27: Community Services (Adopted 2019)**



**Figure 28: Electrical and Energy Services (Adopted 2019)**



**Figure 29: 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 critical posts, the post of a Municipal Manager together with the Deputy Municipal Manager City Development and the Chief Operations Officer positions.

#### 10.3.3.2 Municipal Institutional Capacity

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:

Municipal Departments	Departmental Functions
<b>Office of the Municipal Manager</b>	<ul style="list-style-type: none"> <li>• Integrated Development Planning</li> <li>• Performance Management</li> <li>• Communication and Marketing</li> <li>• Internal Audit</li> <li>• Specialised Services</li> <li>• Enterprise Risk Management</li> </ul>
<b>Corporate Services</b>	<ul style="list-style-type: none"> <li>• Diverse Administration</li> <li>• Legal Services</li> <li>• ICT</li> <li>• Councillor Support and Public Participation</li> </ul>
<b>Community Services</b>	<ul style="list-style-type: none"> <li>• Public Safety and Security Services</li> <li>• Environmental Health /Health and Cleaning</li> <li>• Recreation and Environmental Services</li> </ul>
<b>City Development</b>	<ul style="list-style-type: none"> <li>• Property Administration</li> <li>• Local Economic Development</li> <li>• Urban and Rural Planning</li> </ul>
<b>Infrastructure and Technical Services</b>	<ul style="list-style-type: none"> <li>• Water and Sanitation</li> <li>• Roads</li> <li>• Transports Roads and Storm Water</li> <li>• Engineering Supply Services</li> </ul>
<b>Electricity and Energy Services</b>	<ul style="list-style-type: none"> <li>• Electricity and Energy Services</li> </ul>
<b>Financial Services</b>	<ul style="list-style-type: none"> <li>• Income</li> <li>• Expenditure</li> <li>• Supply chain</li> </ul>

## **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	Date of Training	Type of Training and Number of Officials / Councillors Trained				
			Induction	Technical	Computer	Soft Skills	Admin
1.	SAP (Petty Cash Training)	24 October 2019			14		
2.	ALIMP Training (Asset Register) – Electrical Section – Session 1	15 October 2019			10		
3.	ALIMP Training (Asset Register) – Roads Section – Session 2	15 October 2019			5		
4.	ALIMP Training (Asset Register) – Buildings and Structures and PMU Sections – Session 3	16 October 2019			10		
5.	ALIMP Training (Asset Register) – Water and Sanitation Section – Session 4	16 October 2019			4		
6.	ALIMP Training (Project Control System)	21 October 2019			1		
7.	ALIMP Training (Asset Register) – Water and Sanitation Section (AM Session)	22 October 2019			8		
8.	ALIMP Training (Asset Register) – GIS Section (AM Session)	31 October 2019			5		
9.	Induction	30 October 2019	3				
10.	Financial Planning	1 October 2019				64	
11.	Computer Induction	October 2019			4		
12.	Office Administrator Training	7 to 11 October 2019					1
13.	Water Quality and Effluent Treatment Training	21 October 2019		1			
14.	MFMP Training	21 to 25 October 2019					18
15.	EAP Managers / Supervisor Training	11 October 2019				33	
16.	Electrical Trade Test Assessment	8 to 9, 10 to 14 October 2019		7			
17.	Induction	1 October 2019	7				
18.	Computer Induction	November 2019			6		
19.	Continuous Trauma Management	21 November 2019				20	
20.	HRD Good Governance	26 to 29 November 2019		2			
21.	Local Government Anti – Corruption Training Strategy	19 to 20 November 2019				8	
22.	SAP – OHS Module	13 November 2019			11		
23.	SAP – OHS Module	20 November 2019			5		
24.	SAP – OHS Module	25 November 2019			19		
25.	SAP – OHS Module	28 November 2019			13		
26.	VEROTEST – Electrical Training – Cable Fault Location	11 to 14 November 2019		3			

27.	Project Management	11 to 15 November 2019		8			
28.	Electrical Skills Programme (Routine Maintenance)	11 to 22 November 2019		12			
29.	Electrical Skills Programme (Routine Maintenance)	4 to 15 November 2019		7			
30.	Induction	1 November 2019	11				
31.	PPP Training	18 to 22 November 2019		1			
32.	MFMP Training	18 to 22 November 2019					16
33.	SALGA Labour Relations Symposium	25 to 26 November 2019		3			
34.	Induction	2 December 2019	5				
35.	Computer Induction	December 2019			7		
36.	Gender Based Violence Workshop	5 December 2019				243	
37.	Shop Stewards and Managers Training	4 December 2019				29	
38.	Moderator Training (1 Councillor)	17 to 20 December 2019					1
	<b>TOTAL</b>		<b>26</b>	<b>44</b>	<b>122</b>	<b>397</b>	<b>36</b>

## 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.

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

### **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:

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

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

## 8.6 Municipal Transformation and Organisational Development: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>○ Municipal Organogram is in place</li> <li>○ Section 79, 80 and other Council Committees established and are operational</li> <li>○ A reliable ICT system for effective functioning and efficient service delivery</li> <li>○ Human Resource Policies in Place</li> <li>○ Employment Assistance Programme</li> <li>○ 24 hours operational Call Centred with toll free</li> <li>○ Fully functional ward committees</li> <li>○ Functional Local Labour Forum</li> <li>○ Progressive Employment Equity Plan</li> <li>○ Critical senior management vacancies filled</li> <li>○ Stable labour relations</li> </ul>	<ul style="list-style-type: none"> <li>○ Unsatisfactory attraction and employment of disabled personnel</li> <li>○ Inadequate budget allocations for programs such as the EAP</li> <li>○ Inadequate skills development resources</li> <li>○ Organisational structure not aligned to long term strategy</li> <li>○ Poor change management initiatives</li> <li>○ Misplaced professionals</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>○ Institutionalisation of Batho-Pele Principles</li> <li>○ Implementation of the E-Council system, eliminating cost for paper used in agendas etc.</li> <li>○ Bursary Policy for councillors, employees and members of the public</li> <li>○ Graduate Development Programmes and off-the –job training is offered to graduates</li> <li>○ Improving diversity management</li> </ul>	<ul style="list-style-type: none"> <li>○ Staff low moral</li> <li>○ Lack of proper implementation of the Succession Policy</li> <li>○ Delays in finalising job evaluations</li> <li>○ Failure/slow process of addressing Identified risks within the organisation</li> <li>○ Staff turn-over in critical and scarce skills positions</li> <li>○ Limited investment in ICT infrastructure upgrades</li> <li>○ Lack of comprehensive skills audit</li> </ul>

# SERVICE DELIVERY AND INFRASTRUCTURE ANALYSIS

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## 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

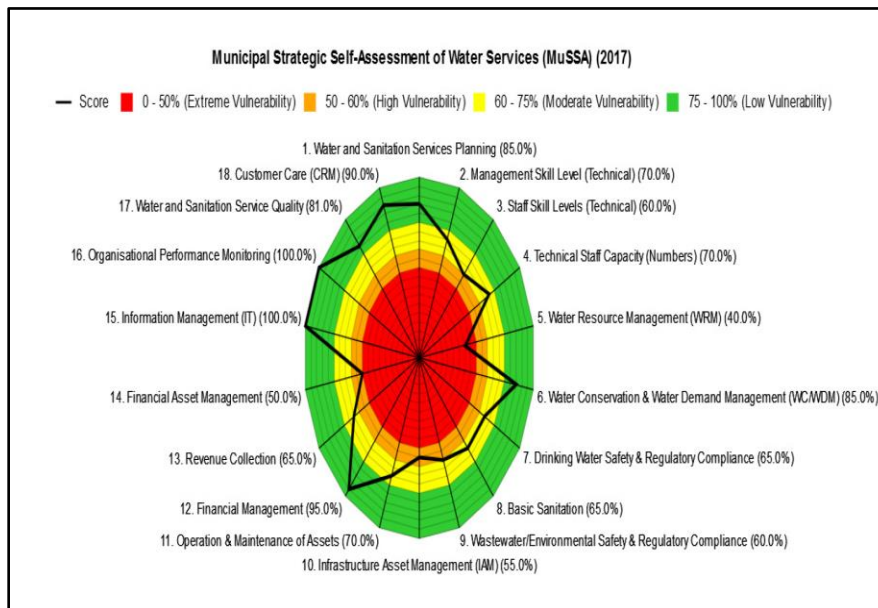
settlements adjacent to urban areas, which are close to a Water Resource, the municipality promotes the installation of shallow sewers to protect a water resource.

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:

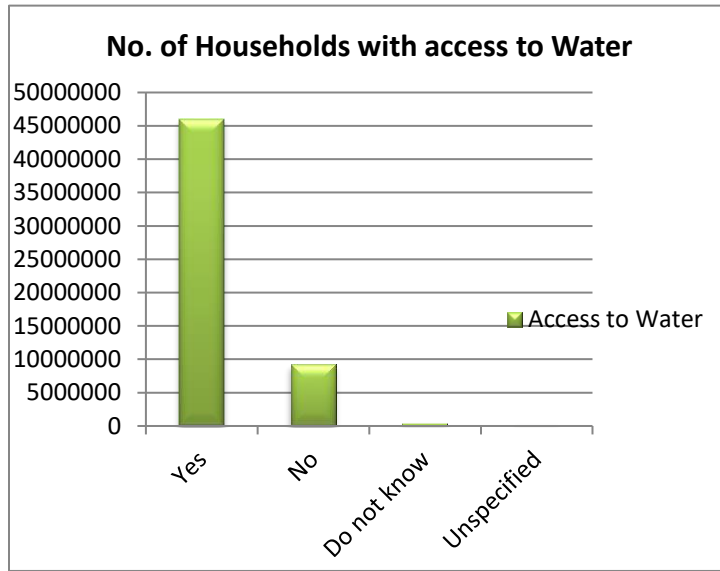
**Figure 30: Institutional Vulnerability Assessment**



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 31: 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 32: 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

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. The baseline information in the 2013/2014 Integrated Development Plan (IDP) with regards to basic services delivered were previously aligned with the most recent 2011 Census figures as recorded by National Statistics South Africa. 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 3 wards from Ntambanana Municipality.

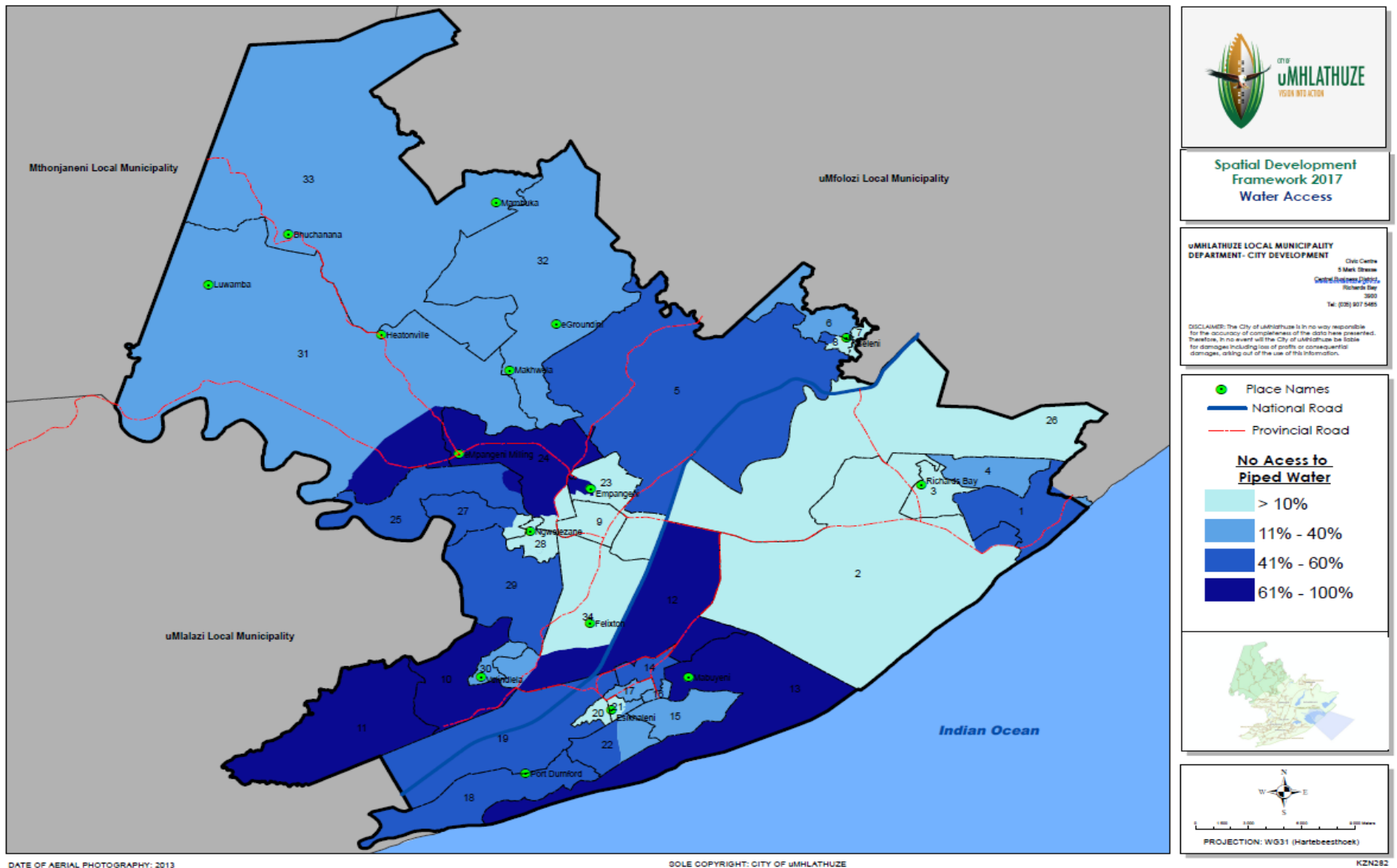
At commencement of the financial year a total of **95.84%** households had access to the basic RDP level of water supply service as at 30 June 2019. The basic level for the provision of water is communal supply less than 200 metres from a household. The approved target for households to be upgraded to yard-taps for the 2019/2020 financial year is set at **1 000**

**Table 30: Water Backlogs**

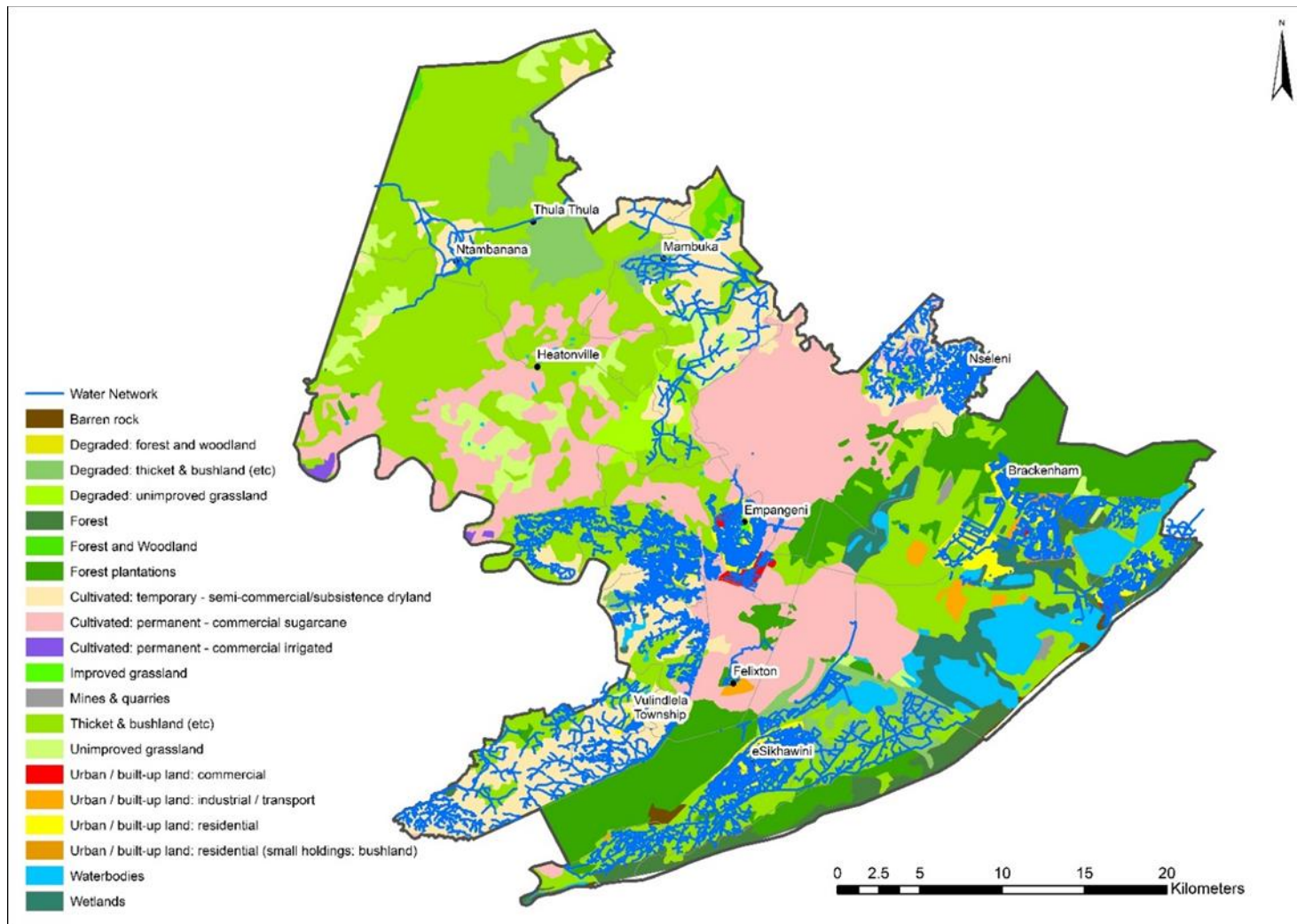
Service Level	Baseline (2018/2019)	2019/2020 Target	Stats Ending December 2019
Total households = 110 503 (2011 Stats SA) Revised Stat	Households with access to water	Targets	Household with access to water
<b>ACCESS TO WATER</b>	<b>105 905</b>	<b>106 905</b>	<b>106 038</b>
House connections	47 511	47 511	47 511
Yard Connections	56 394	57 394	56 527
Communal Supply < 200 m (Backlog) Supplied with JOJO Tanks	2 000	2 000	2 000
Communal Supply > 200 m (Backlog) Supplied with JOJO Tanks	4 598	3 898	4 465
<b>New Installations reducing Backlogs (Target)</b>	1 118	<b>1 000</b>	<b>Actual Q1 = 66 Actual Q2 = 67</b>

Access to water at 31 December 2019 is **95.96%** and the water backlog is **4.04%**. The annual target of 1 000 additional households to be upgraded to a yard water connection was not achieved. The data from the Mkhwanazi North project was received late from the contractor, the report with the figures from the work done at Mkhwanazi North will be reported in the third quarter. The department had already sent the figures to Performance Management section.

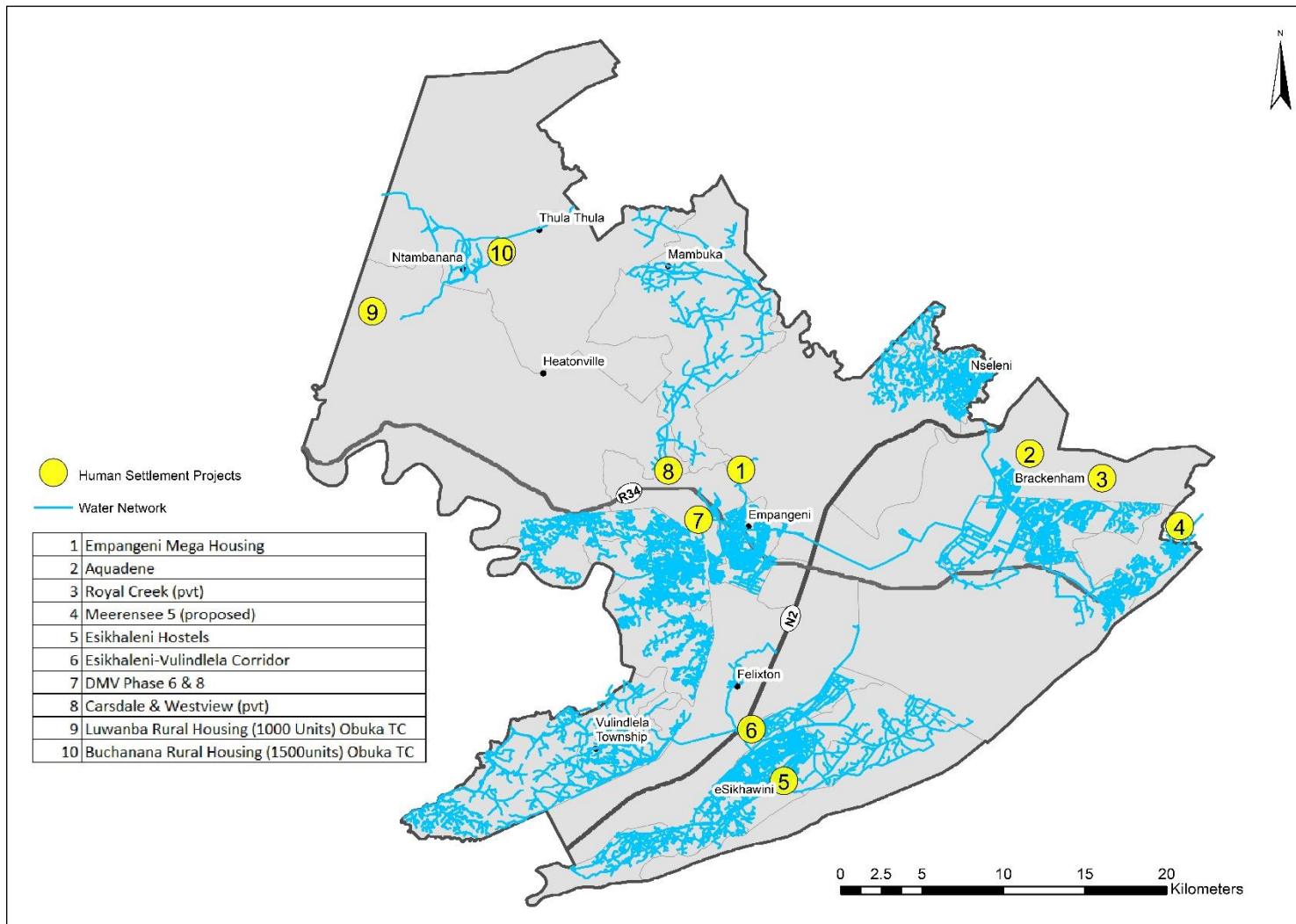
Map 16: Access to Water



**Map 17: Water Networks**

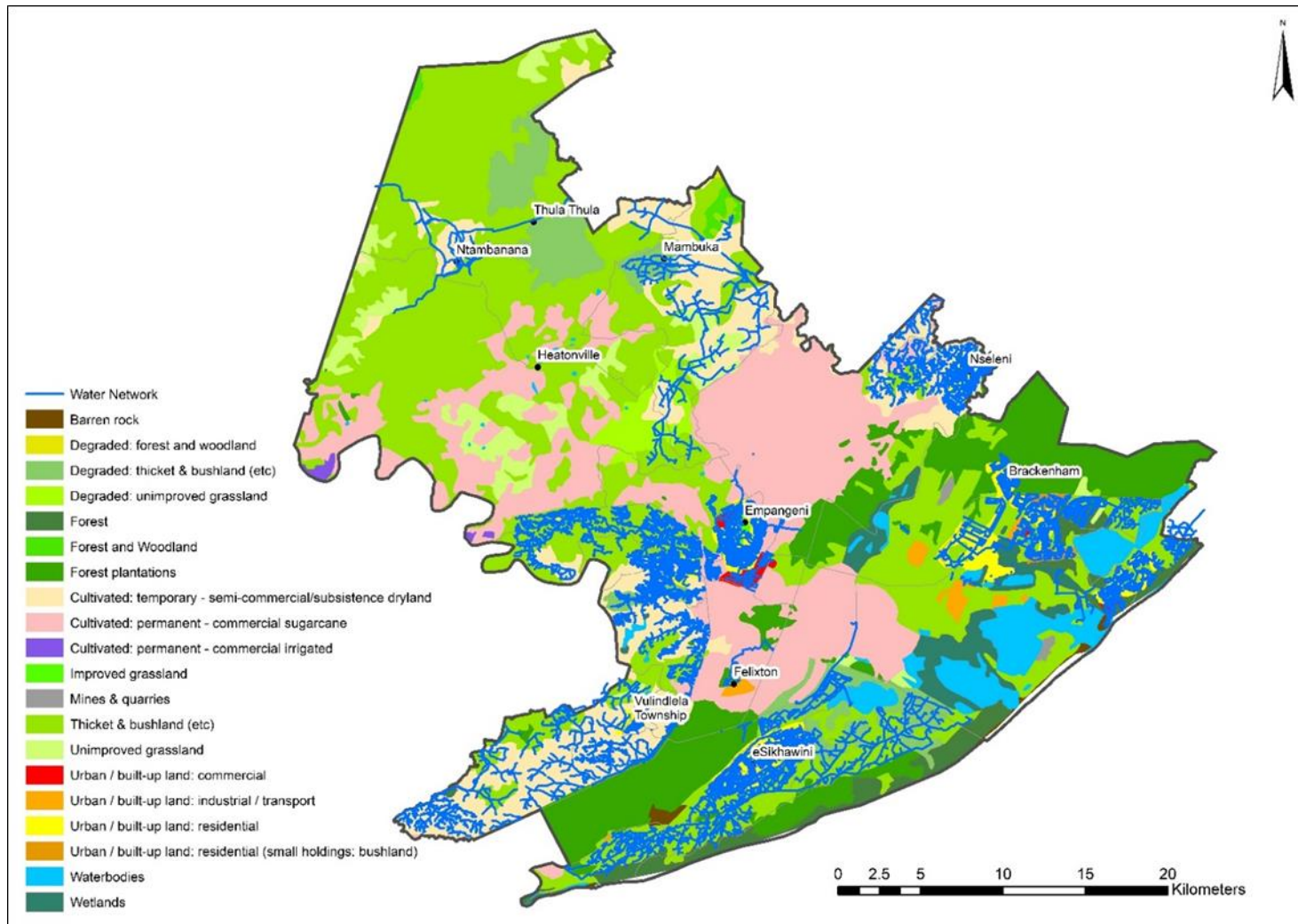


**Map 18: Human Settlement Projects**

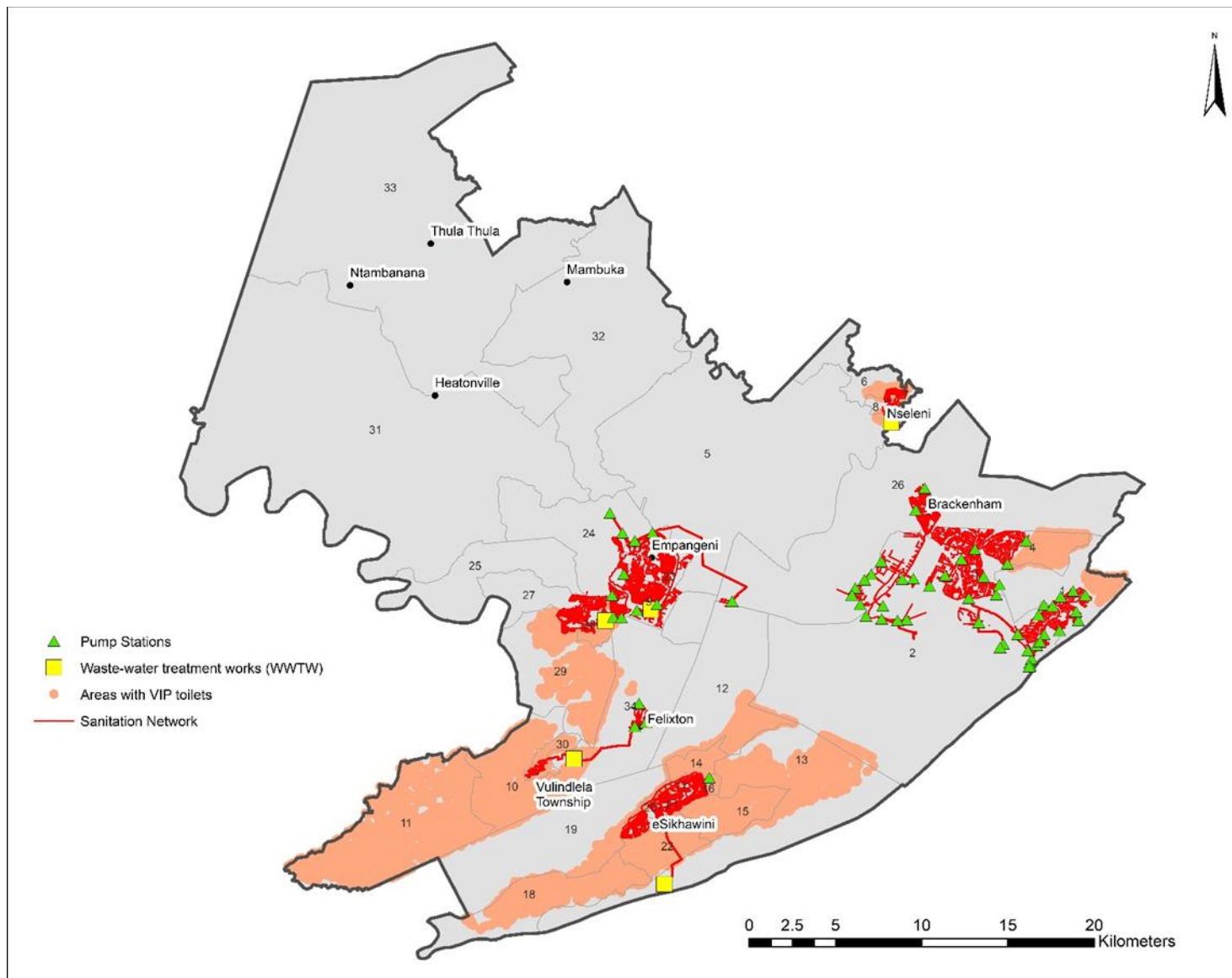




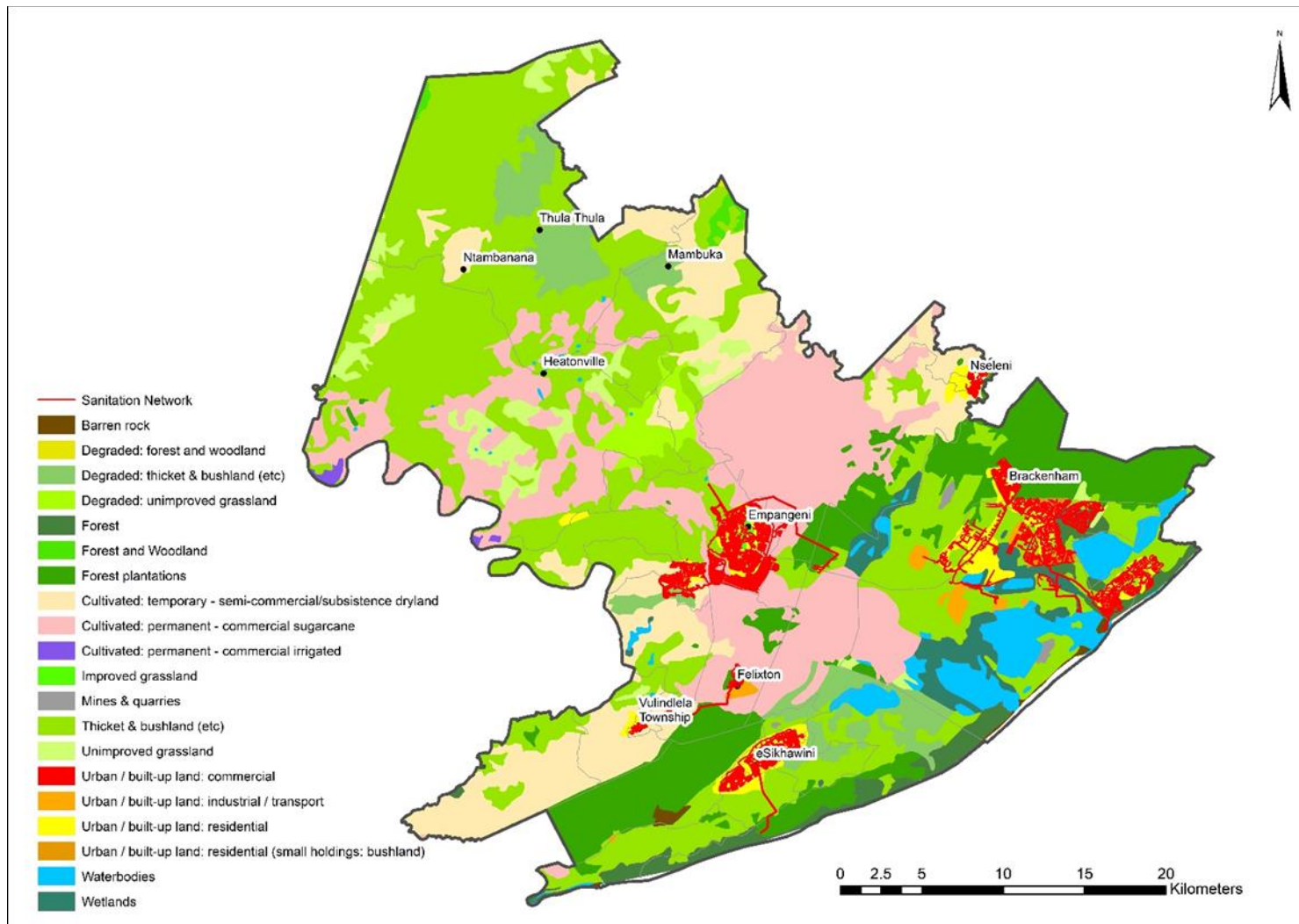
**Map 19: Water Networks**



**Map 20: Pump Stations**

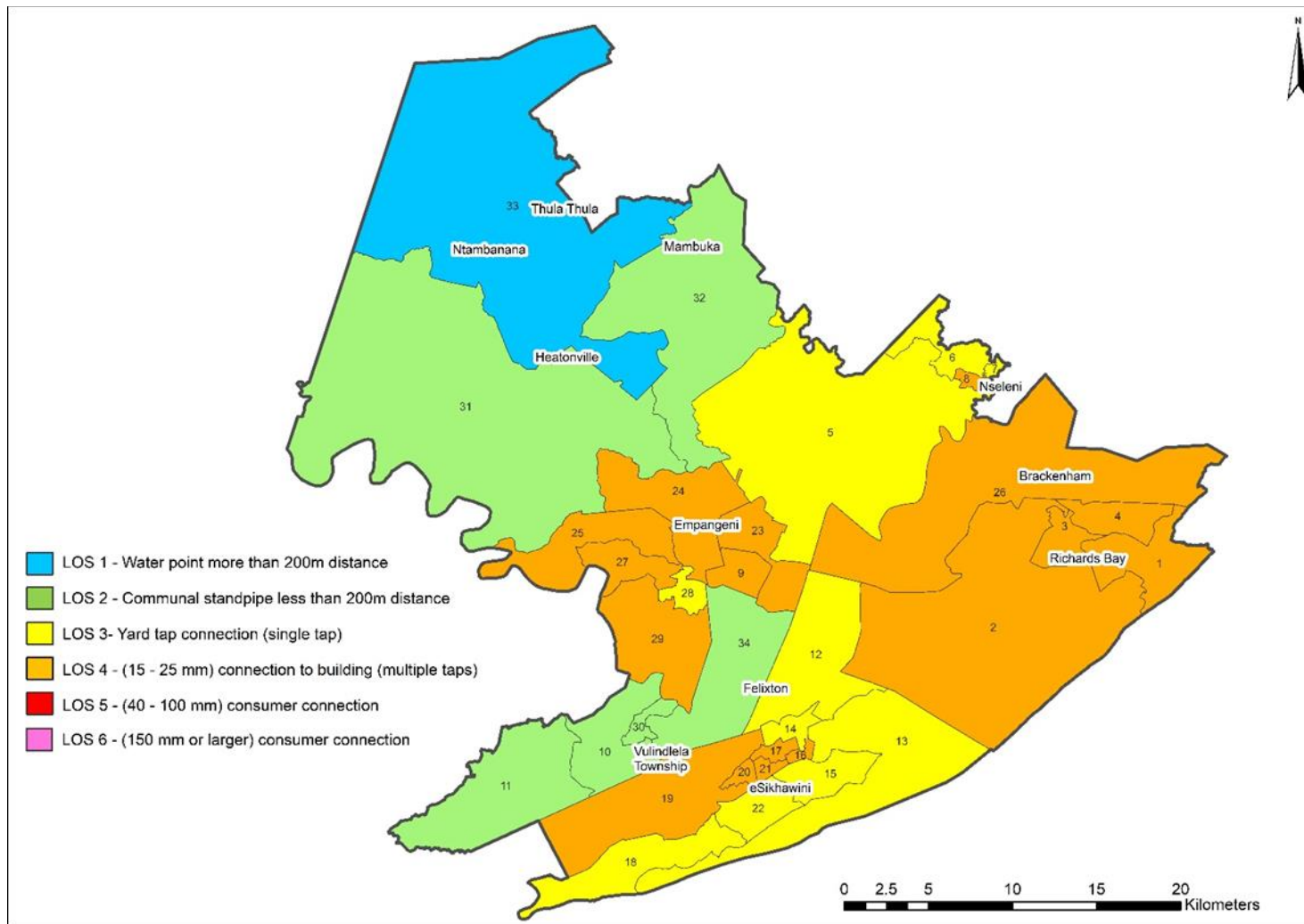


**Map 21: Sanitation Networks**

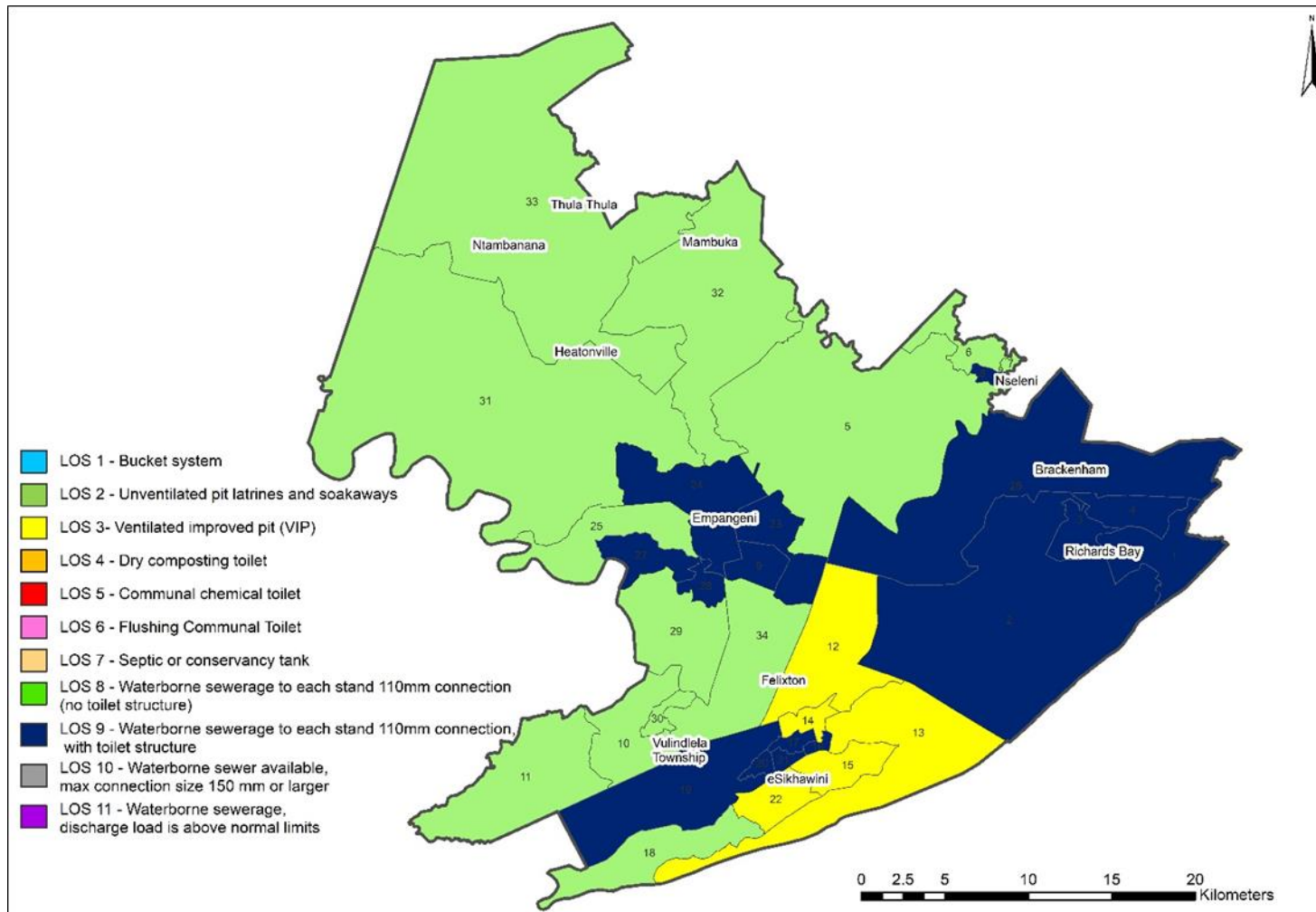




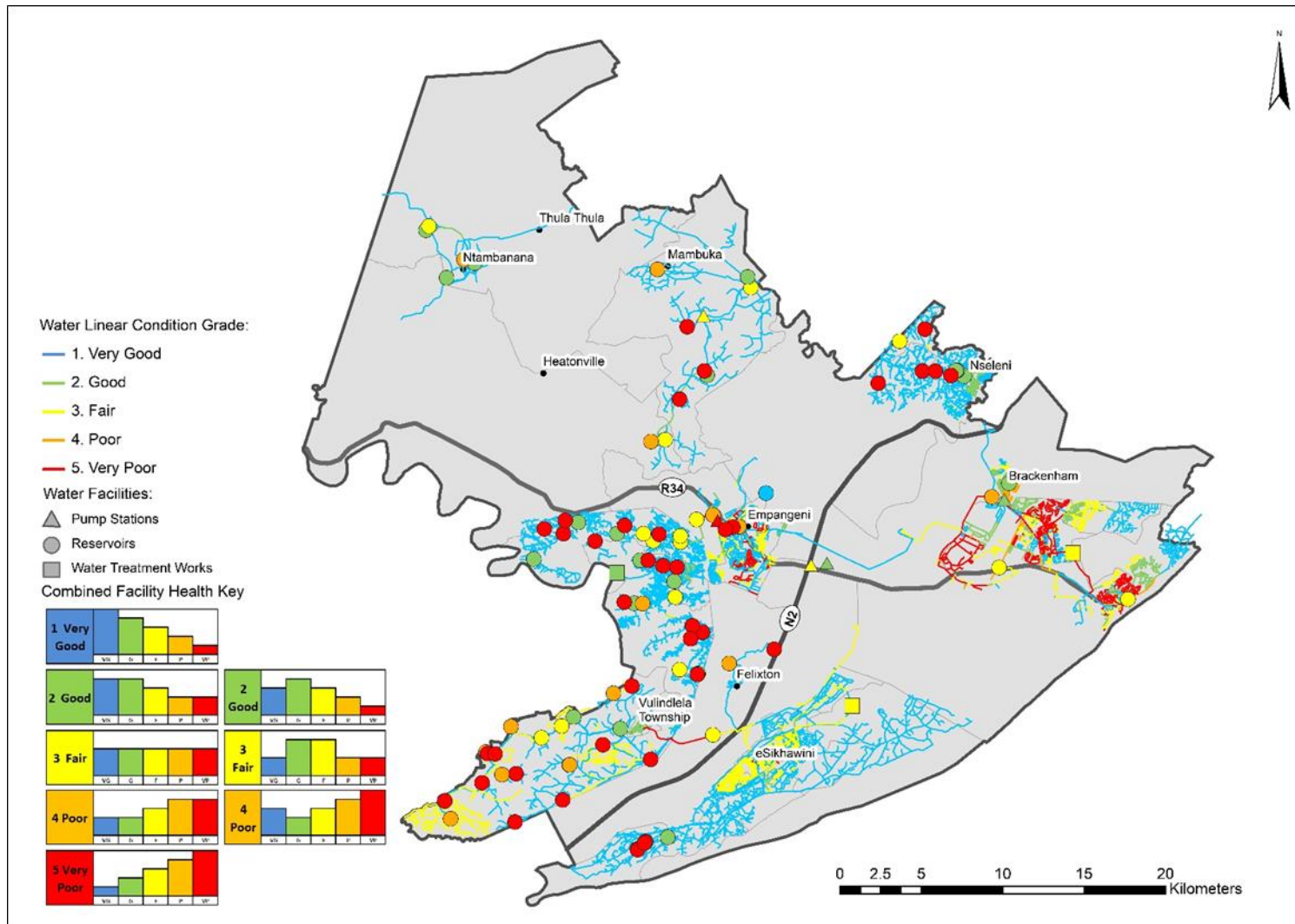
**Map 22: Domestic Water Supply**



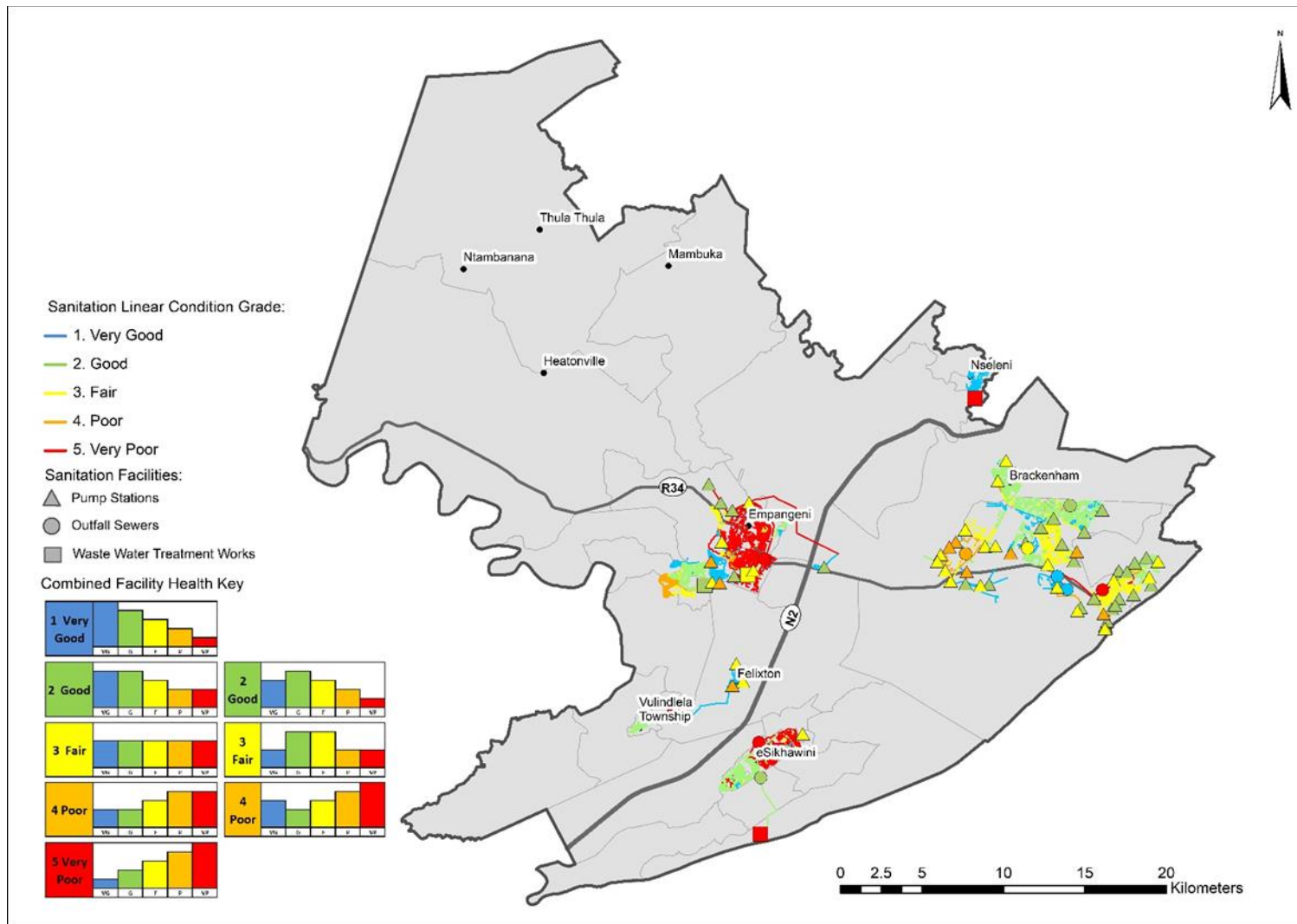
Map 23:



**Map 24: Water linear Condition**

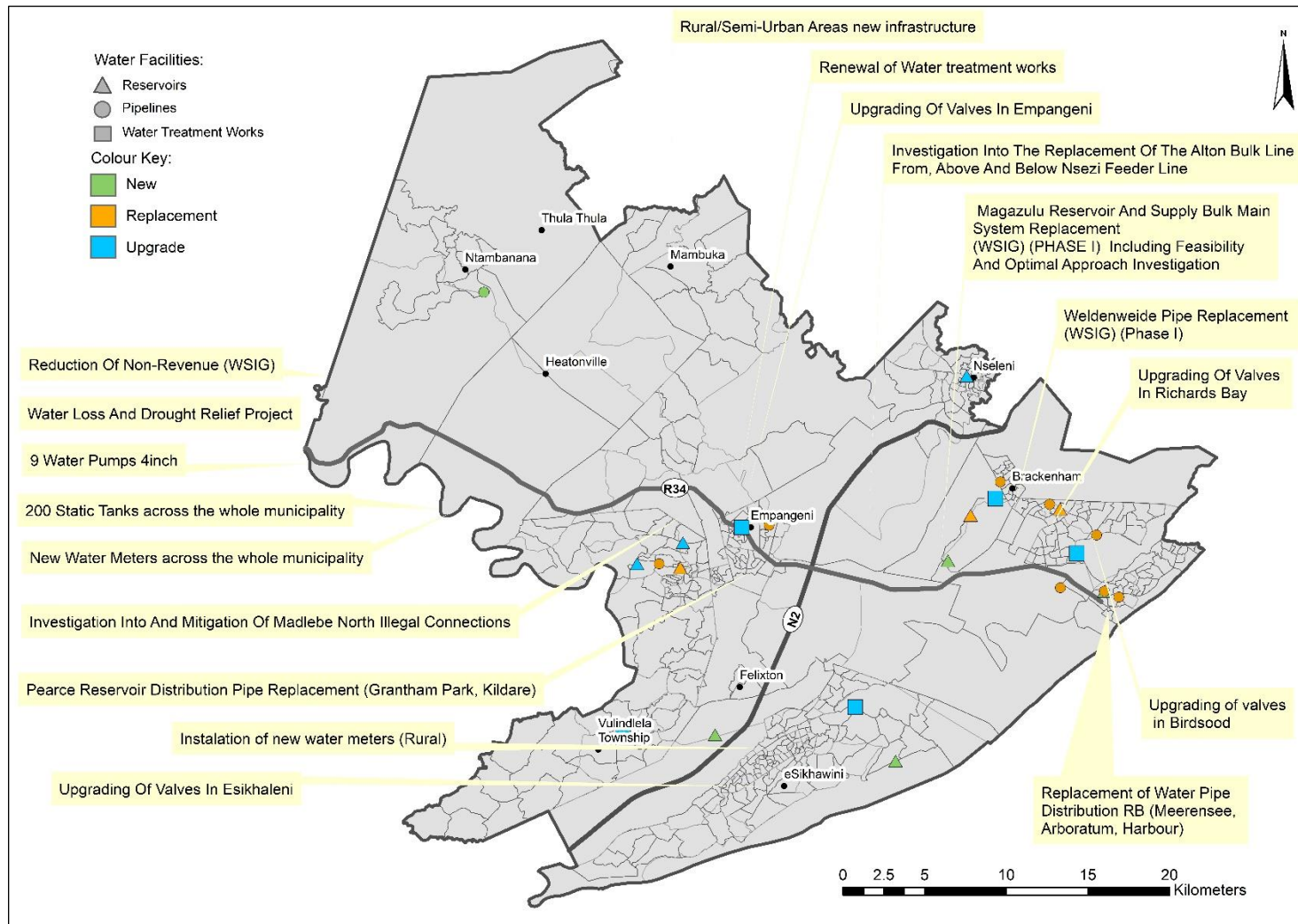


**Map 25: Sanitation Linear Conditions**

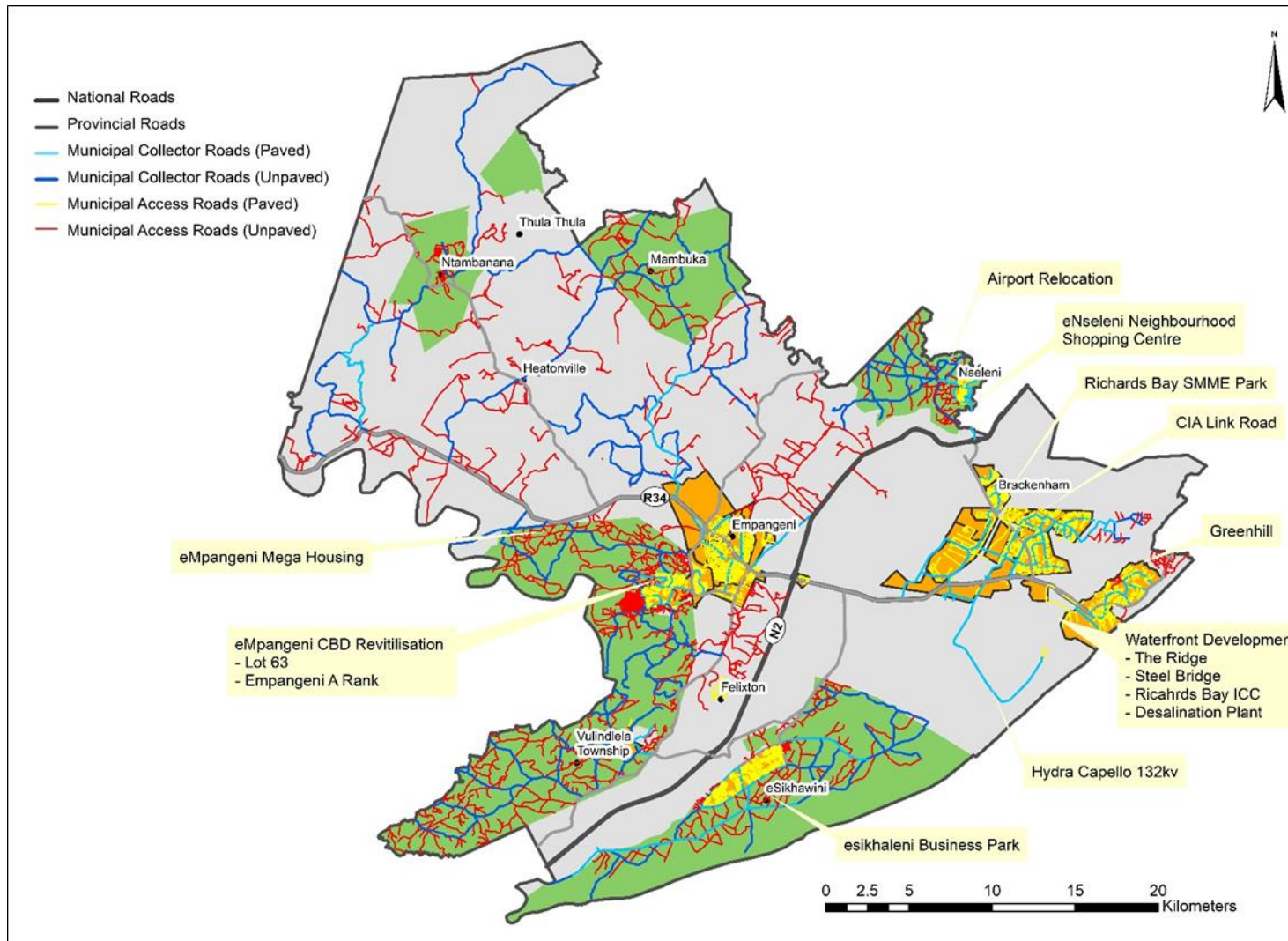




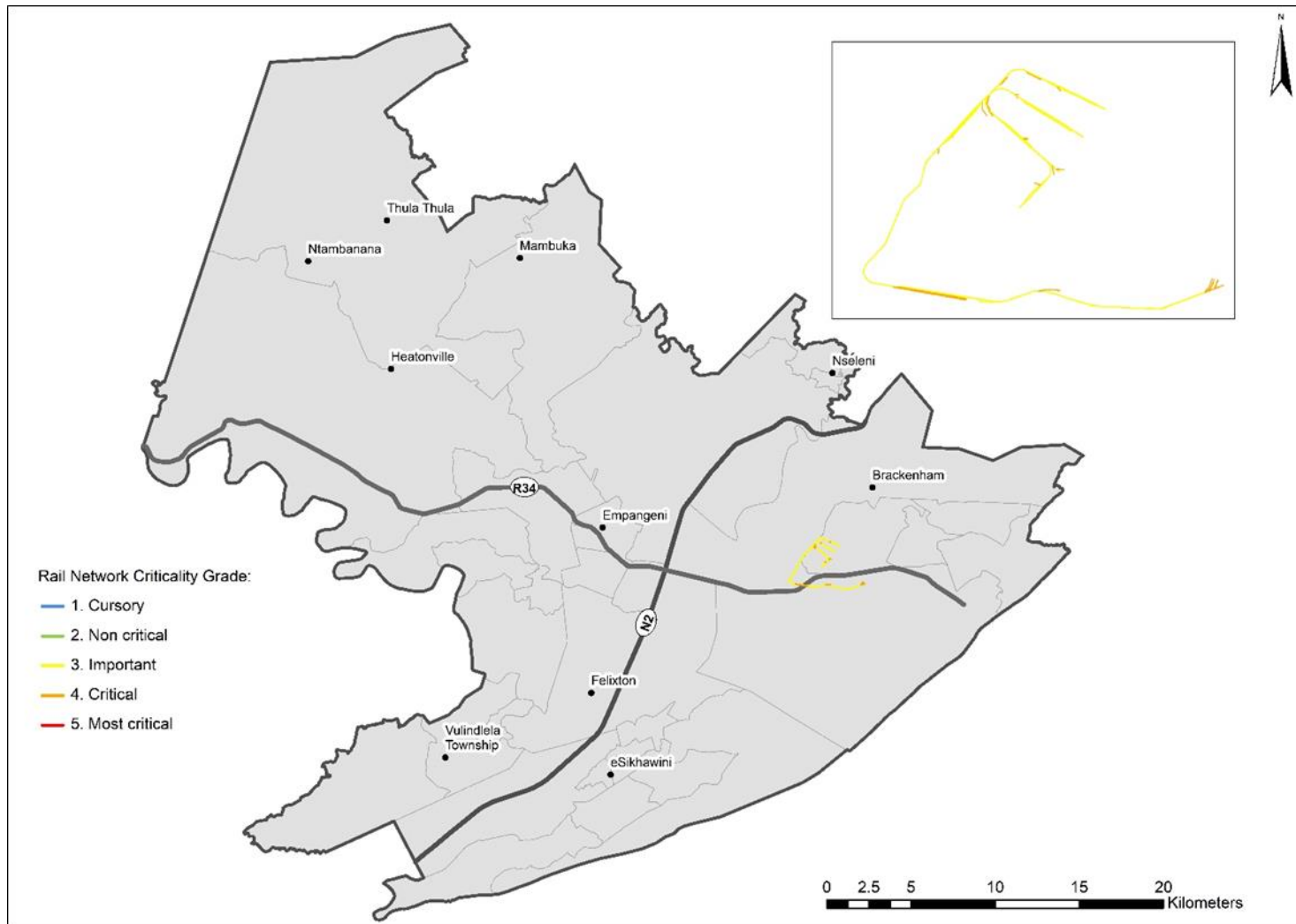
**Map 26: Water Facilities**



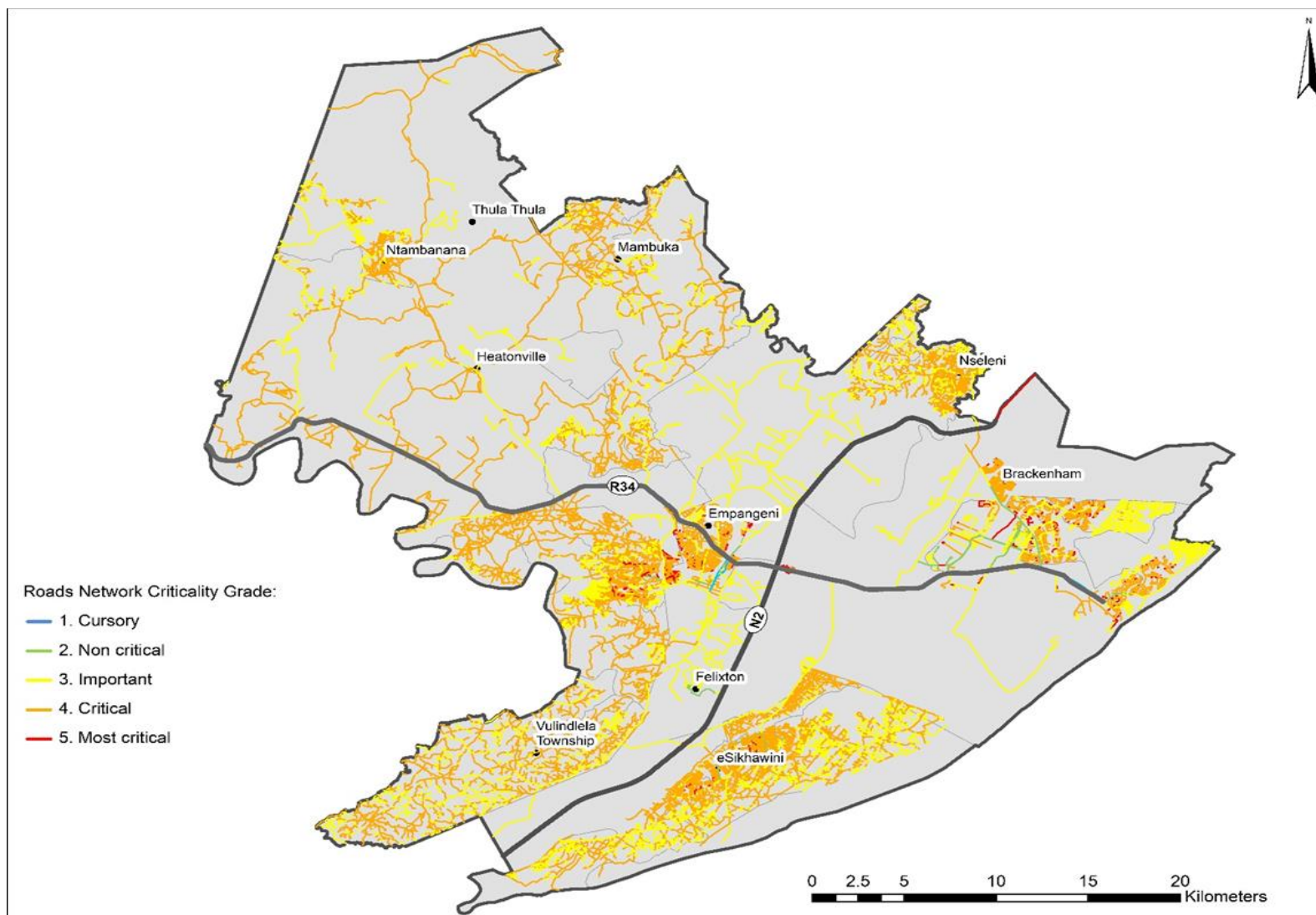
Map 27:



**Map 28: Rail Network Critical Grade**

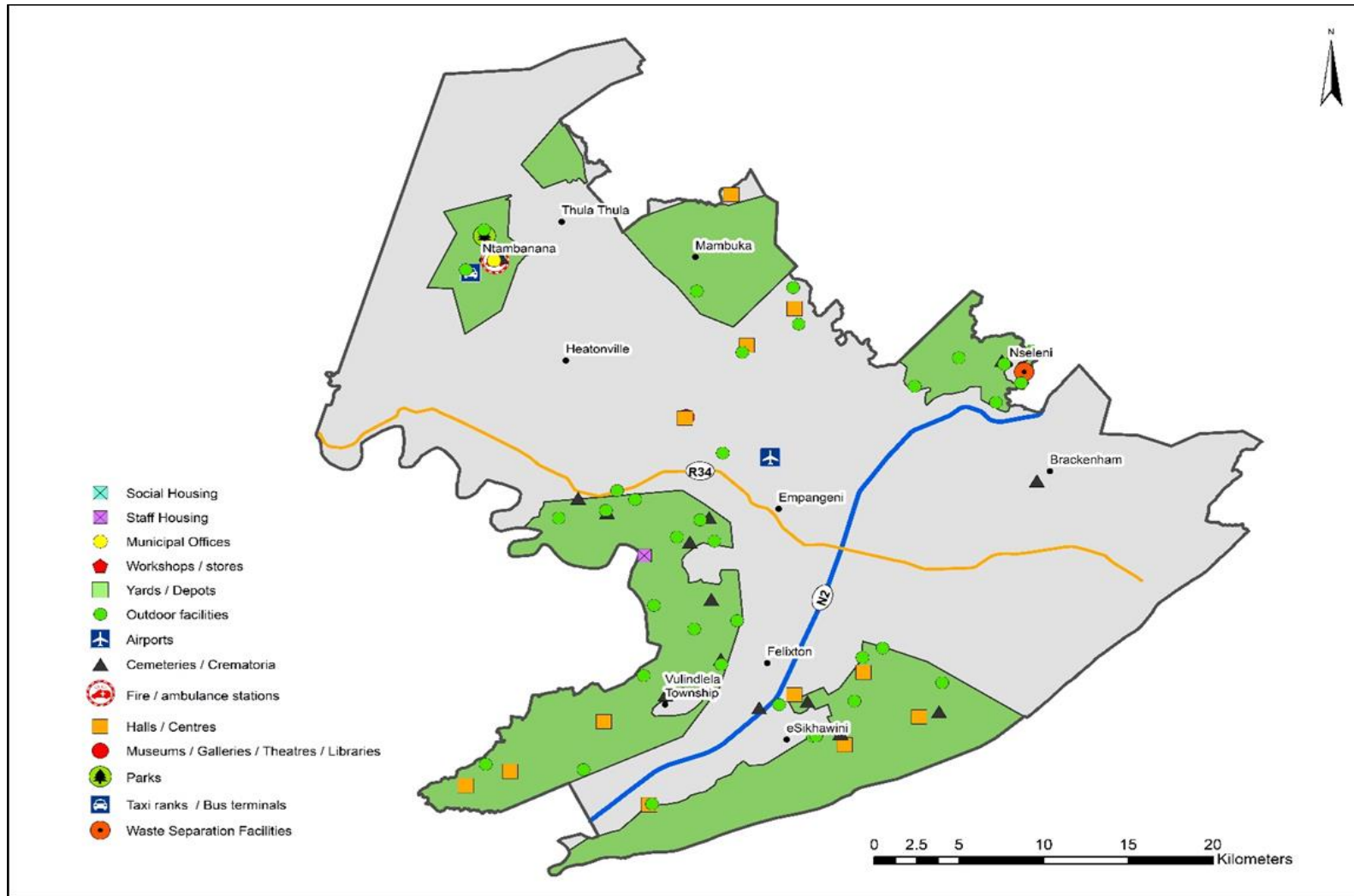


**Map 29: Roads Network Criticality Grade**

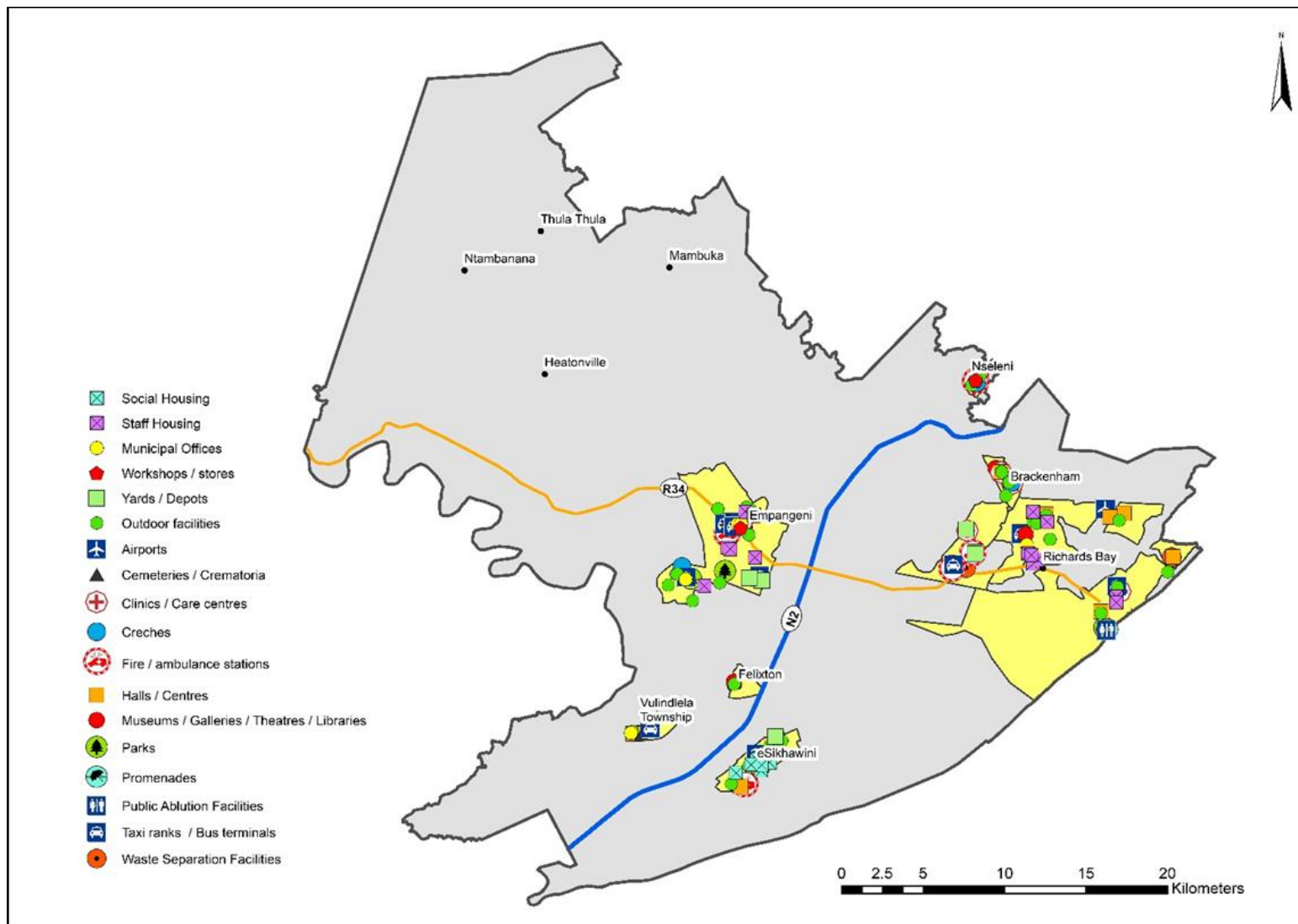




**Map 30: Backlogs**



**Map 31:**



### 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 streams) Rivers/Streams/ Canals Industrial (stormwater streams) Pump-stations (streams close to pump stations)
Coastal Water	Alkanstrand 1 & 2
Groundwater	Municipal Cemetery Landfill Site
Sewage	Industrial Effluent (sewage network)

**Sample types being monitored by the WQMP**

### 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 31: Design and Operating Capacities of Treatment Plants**

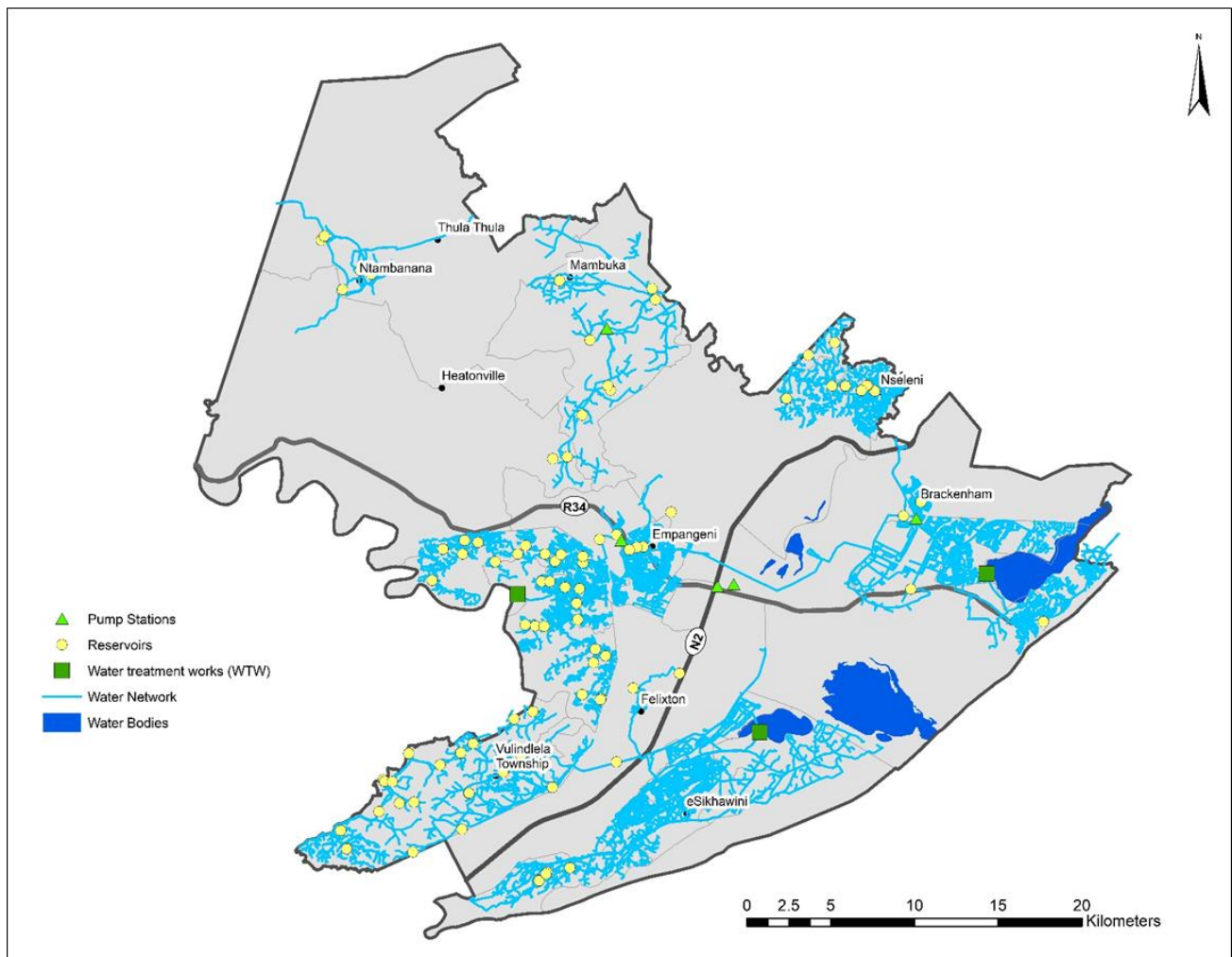
Name	Design Capacity (ML/day)	Operating Capacity (ML/day)	Challenges
Mzingazi WTW	65	60	<ul style="list-style-type: none"> <li>Increased rural demand for King Cetshwayo</li> </ul>
ESikhaleni WTW	36	31	<ul style="list-style-type: none"> <li>High demand compared to capacity</li> <li>No alternative power supply during Eskom power outages</li> <li>Night restrictions</li> </ul>
Ngwelezane WTW	8	8	<ul style="list-style-type: none"> <li>Breakdown on raw water pumps due to sand in the river</li> <li>High raw turbidity when raining</li> <li>High demand and need Magazulu supplementary</li> <li>Flooding during summer season</li> </ul>
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"> <li>Community members are building houses on the ponds</li> <li>Aerators need to be replaced</li> <li>Flooding of the plant when it rains</li> </ul>
Nseleni WWTW	3	1.2	-
Empangeni WWTW	14.5	9	<ul style="list-style-type: none"> <li>Degritter to be replaced</li> <li>Digesters to be repaired</li> <li>Drying beds to be rehabilitated</li> <li>Ponds to be rehabilitated</li> </ul>
Vulindlela WWTW	2.8	1	<ul style="list-style-type: none"> <li>Flooding of the plant when it rains</li> </ul>

#### 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

**Map 32: The Raw Water Abstraction Points, Water Treatment Plants; The Pipelines, Reservoirs And Pump Station**



### **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 **80.94%** households had access to the basic level of service for sanitation as at 30 June 2019. The basic (RDP) level is one VIP toilet per household. The target for 2019/2020 for basic RDP level of sanitation service is set at **82.57%**. The approved target for 2019/2020 financial year of VIP toilets to be constructed is **1 800**.

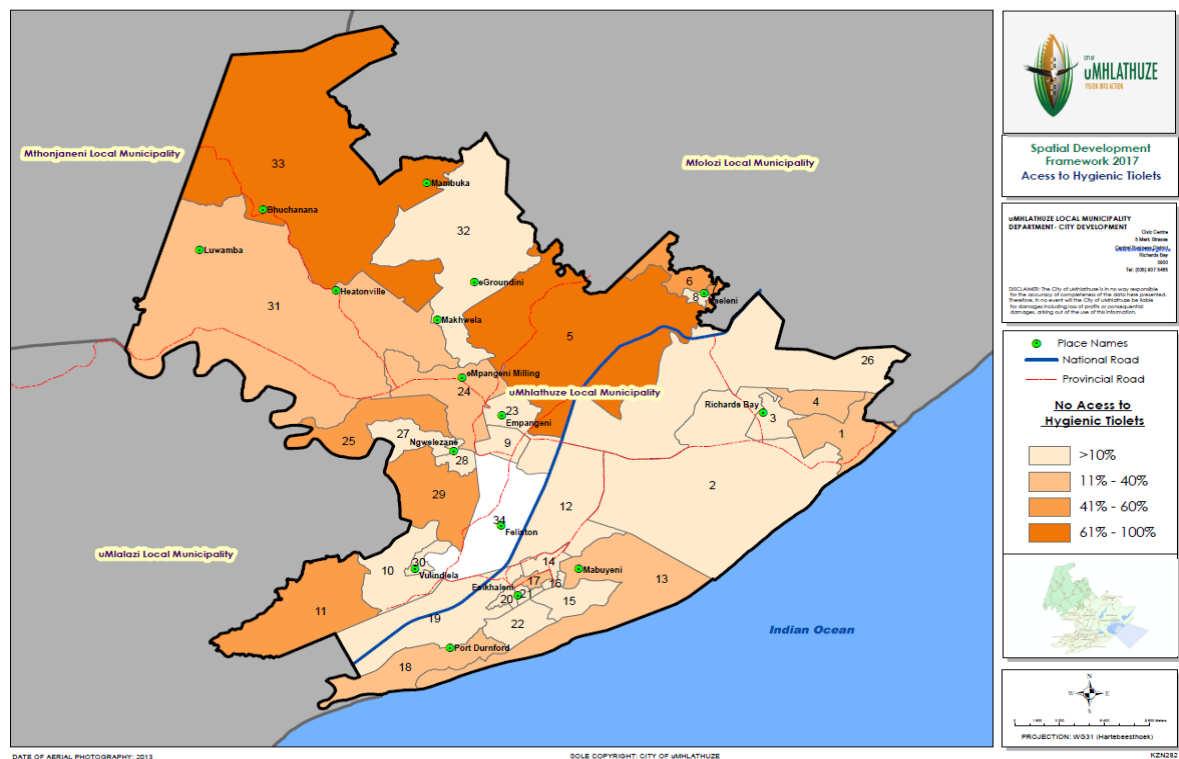
**Table 32: Municipality Calculated Sanitation Backlogs**

Service Level	Baseline (2018/2019)	2019/2020 Target	Stats Ending December 2019
<b>Total households = 110 503 (2016 Stats SA)</b>	<b>Households with access to sanitation</b>	<b>Targets</b>	<b>Households with access to sanitation</b>
<b>ACCESS TO SANITATION</b>	<b>89 444</b>	<b>91 244</b>	<b>89 444</b>
<b>Waterborne Sewerage</b>	43 068	43 068	43 068
<b>VIP Toilets</b>	46 376	48 176	46 376
<b>Backlogs</b>	21 059	19 259	21 059
<b>New Installations (VIP)</b>	<b>2 341</b>	<b>1 800</b>	<b>Actual Q1 = 0 Actual Q2 = 0</b>

Access to Sanitation as at 31 December 2019 is **80.94%** and the Sanitation backlog is **19.06%**. The target for the quarter was not met. The contractors have yet to be appointed to continue with reducing the sanitation backlogs.



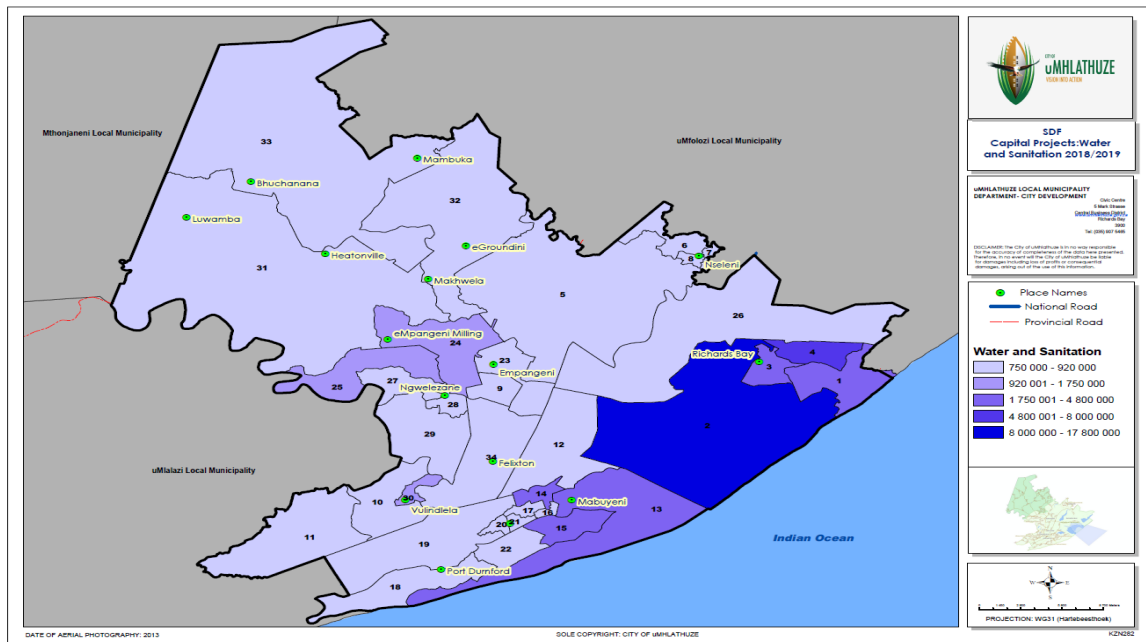
**Map 33: Access to hygienic toilets**



**Source: uMhlathuze SDF Review 2017**

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

### 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 are attached to the IDP as adopted by the Executive Management Committee at the commencement of each financial year.

### **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.

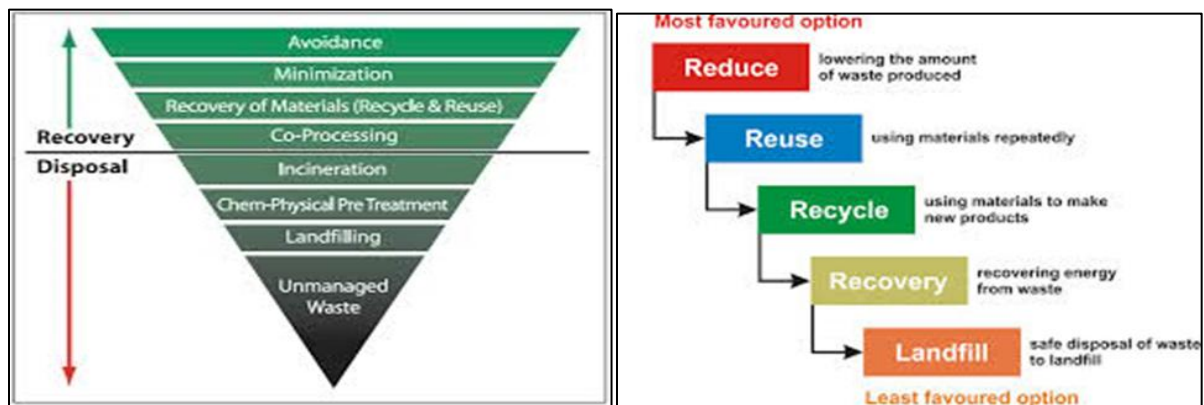
#### **Ensure Separation at Source in our Municipality (Kerb Recycling)**

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 33: Hierarchy**



**Table 33:** 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**

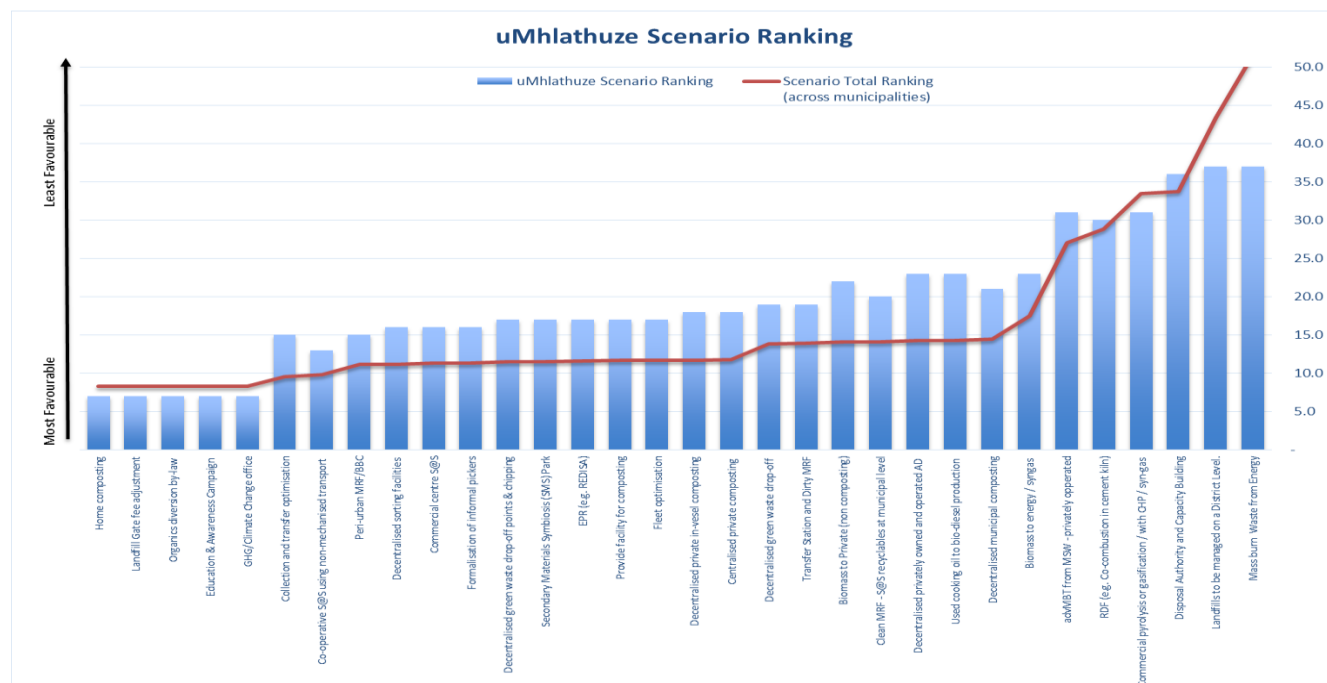
The City of uMhlathuze has conducted a feasibility study on alternative treatment of waste in partnership with National Department of Environmental Affairs. The pre-feasibility has been approved by Council which is looking at food waste as the best option to for soil enhancement.

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 34: 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.**

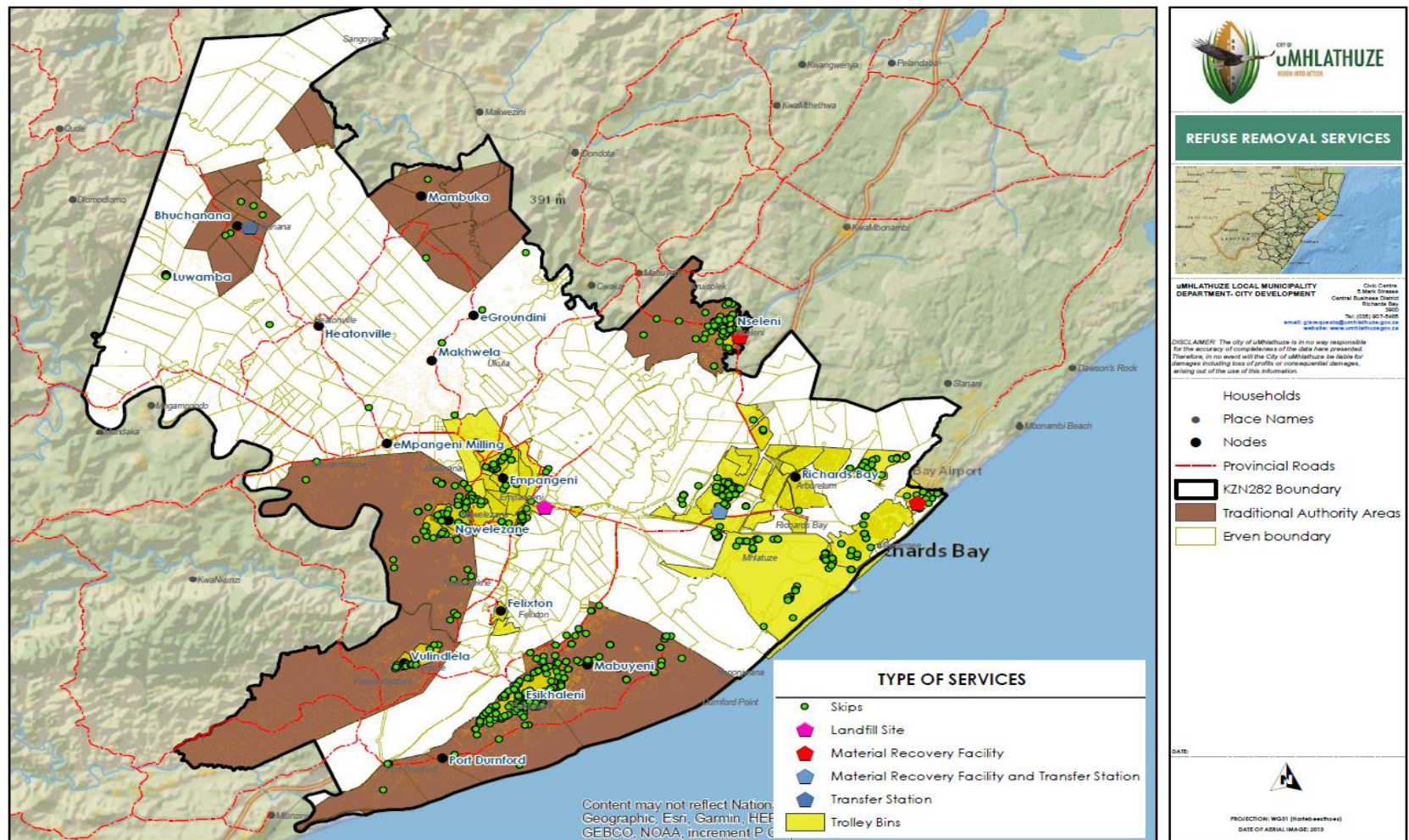
Section has developed a comprehensive plan on illegal dumping which outlines the role of each stakeholder within the municipality's jurisdiction, ranging from business, contractors, garden services, law enforcement and even media so as to deal with illegal dumping and land pollution. This plan has yielded 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 34: Refuse Removal Services**



Source: uMhlathuze IWMP 2019



**Table 34: 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 35: 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:

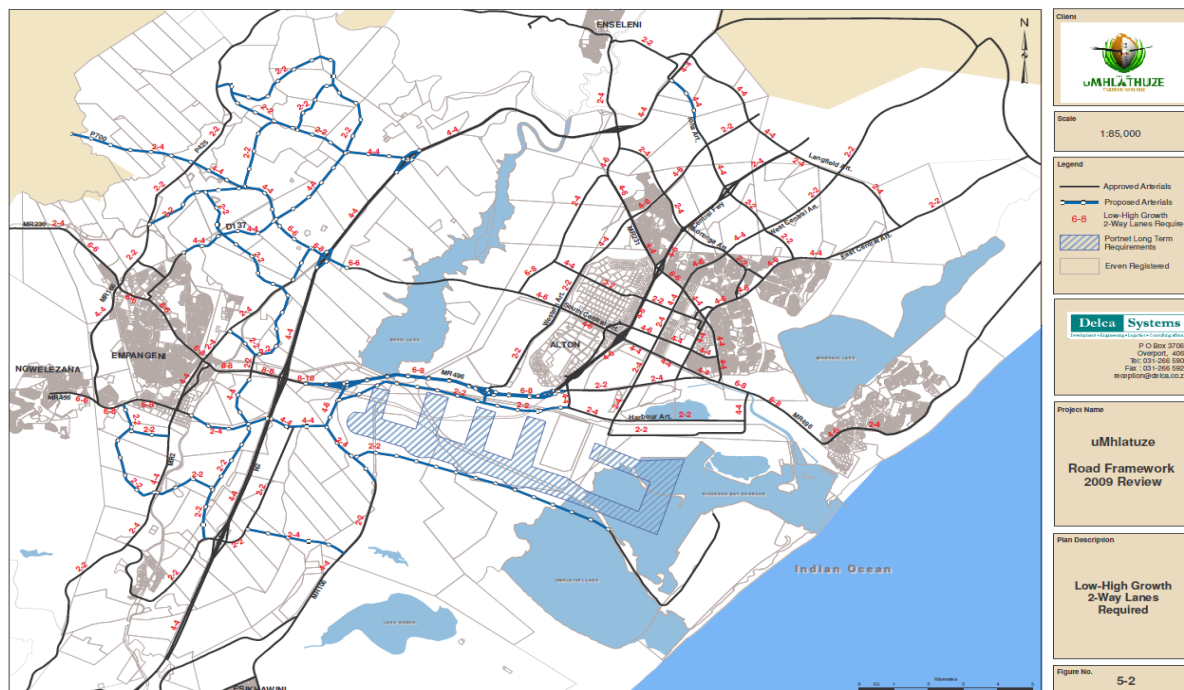
- Urban Roads, Rail and Road Markings
- Transportation Planning and Traffic Signs
- Rural Roads and Stormwater
- Stormwater Coastal Management

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 35: Arterial Road Framework Plan



### 8.11.2 Urban Roads, Rail and Road Markings

The maintenance entails daily pothole repairs, repairs in roads where pipe bursts occurred. Major maintenance is done via the pavement management system.

uMhlathuze MUNICIPALITY appointed private service provider for the development of a Pavement Management System (PMS). This PMS presents a network level proposal for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section.

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

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

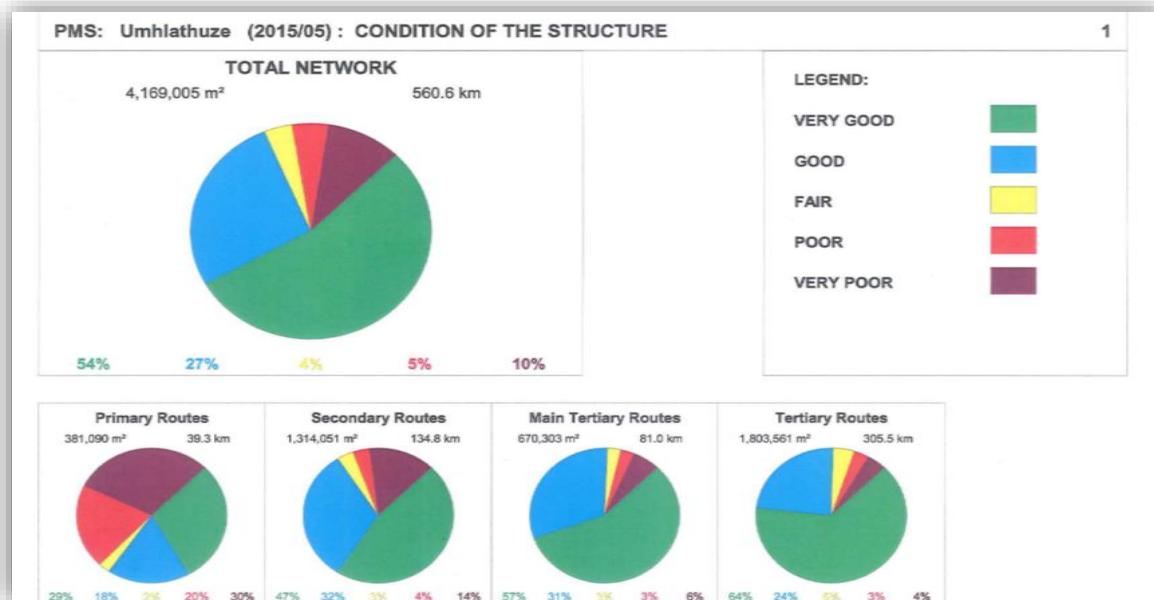
**Table 36: Urban Maintenance Road lengths**

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

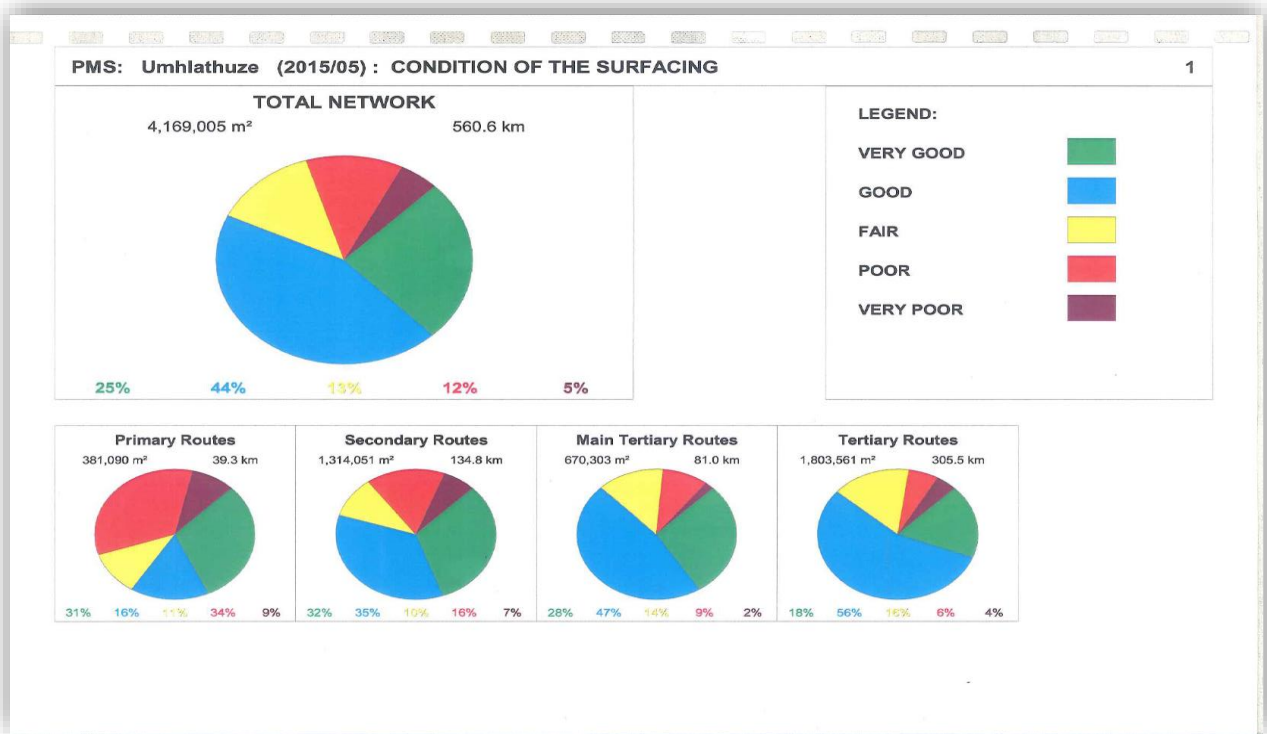
Area	Suburb	Length of Road (km)
	Zidedele Village	1.4
Ngwelezane	Unit A	17.8
	Unit B	15.1
ESikhaleni	Unit H	48.5
	Unit J	33.7
Felixton		9.8
Nseleni		22.2
Vulindlela		7.9
Not available		15.36
TOTAL		571.419

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

**Figure 35: Condition of the Structure**



**Figure 36: 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.

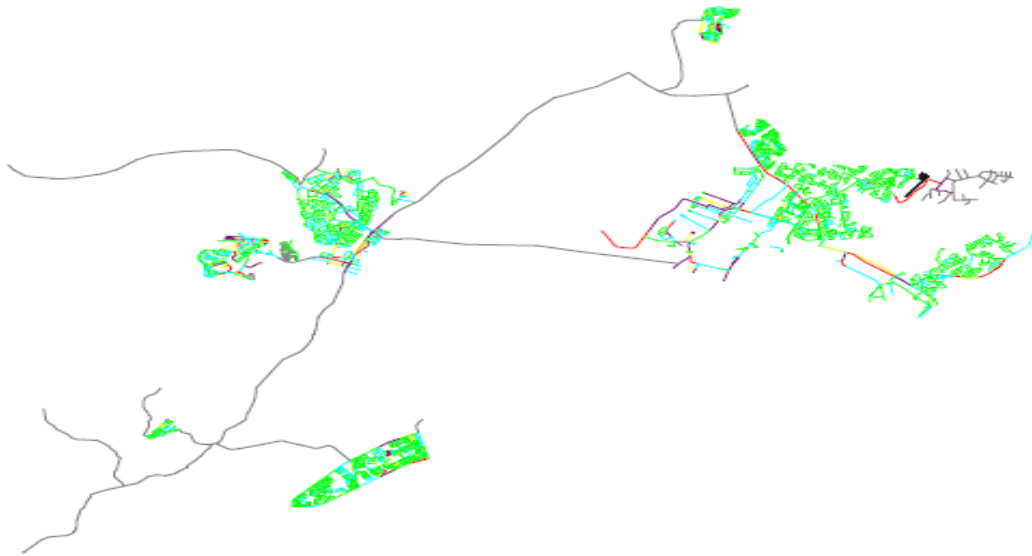
The following maps are sourced from the PMS; they indicate spatially projects and status of the resurfacing, rehabilitation, structure and condition, and route classification:

#### **Map 36: Route Classification**



**Source: uMhlathuze PMS 2017**

**Map 37: Structure Condition**



**Source:** uMhlathuze PMS 2017

**Map 38: Rehabilitation Projects**



**Source:** uMhlathuze PMS 2017

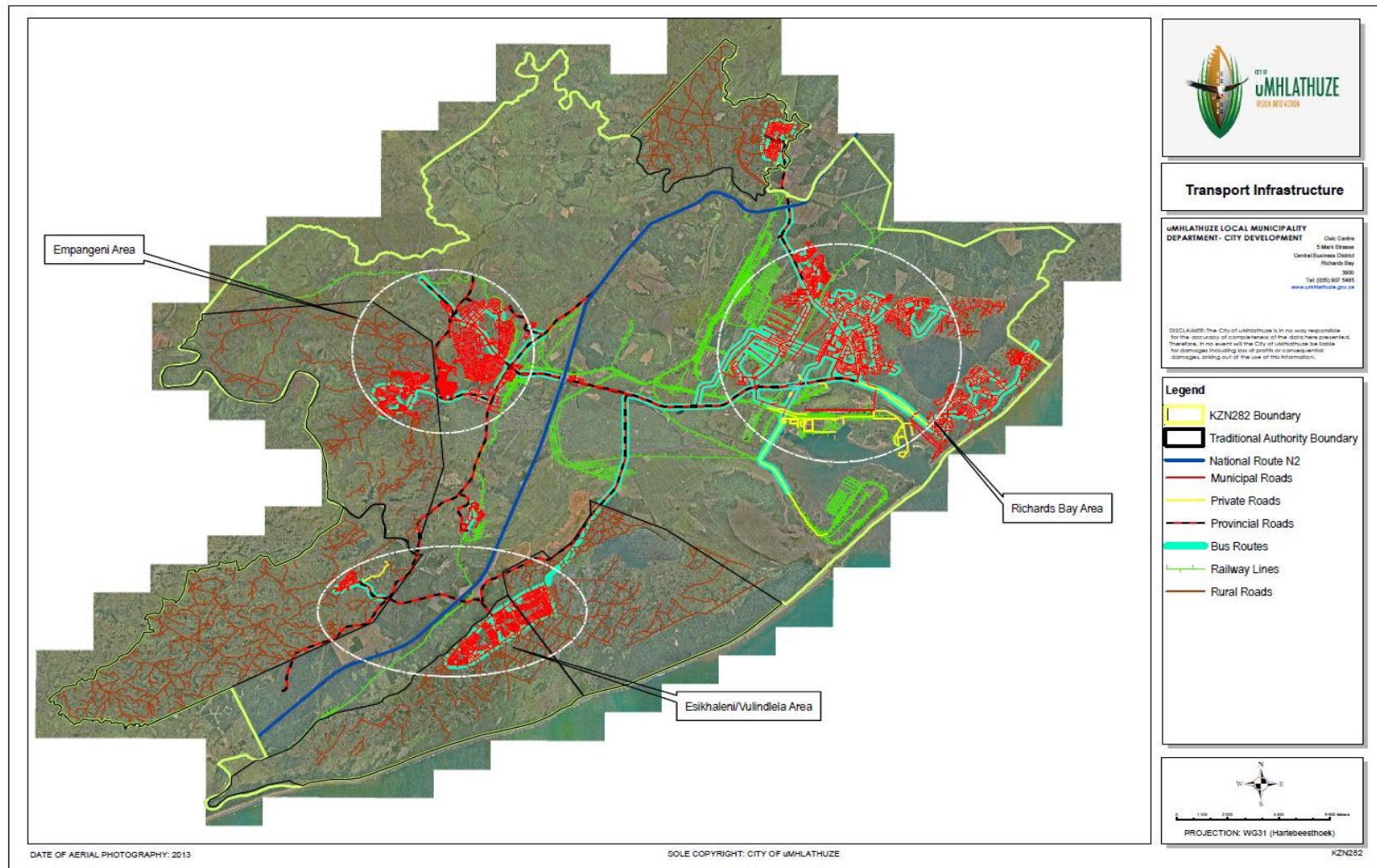


**Map 39: Resurfacing projects**



**Source: uMhlathuze PMS 2017**

## Map 40: 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

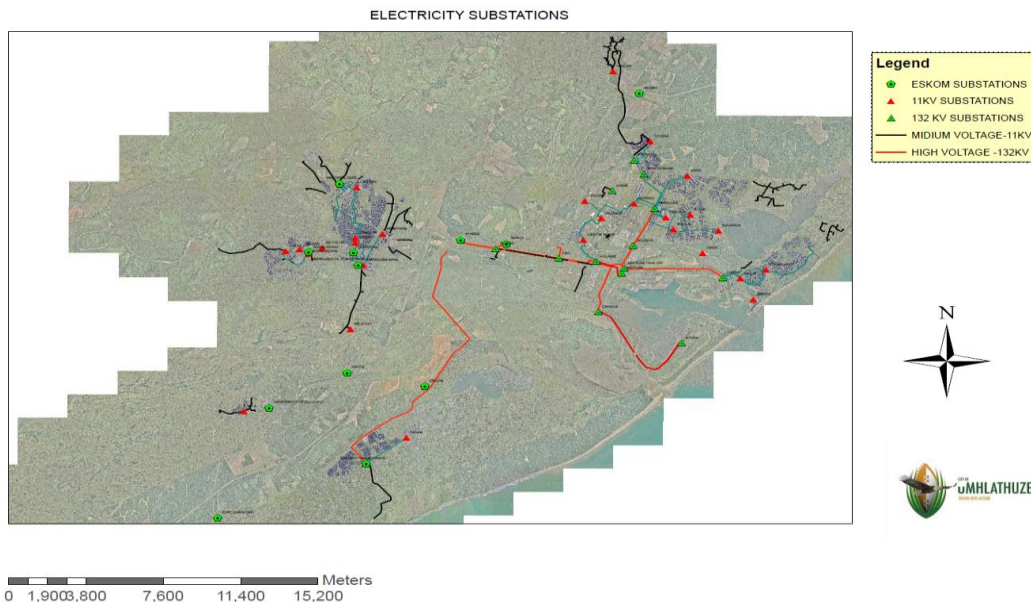
uMhlathuze Municipality has developed an electricity master plan in 2016, recently reviewed and adopted by council together with the Final IDP Review 2020/2021. The city of uMhlathuze is a licensed electricity provider, however in rural areas electricity is still supplied by ESKOM. The main objective 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 41: 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 37: 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
<b>TOTALS</b>	<b>399</b>	<b>297.4</b>	<b>251.094</b>

### 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

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

##### **SAIFI => System Average Interruption Frequency Index**

Definition: Average frequency that the customers supply is interrupted

Formula

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

**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**

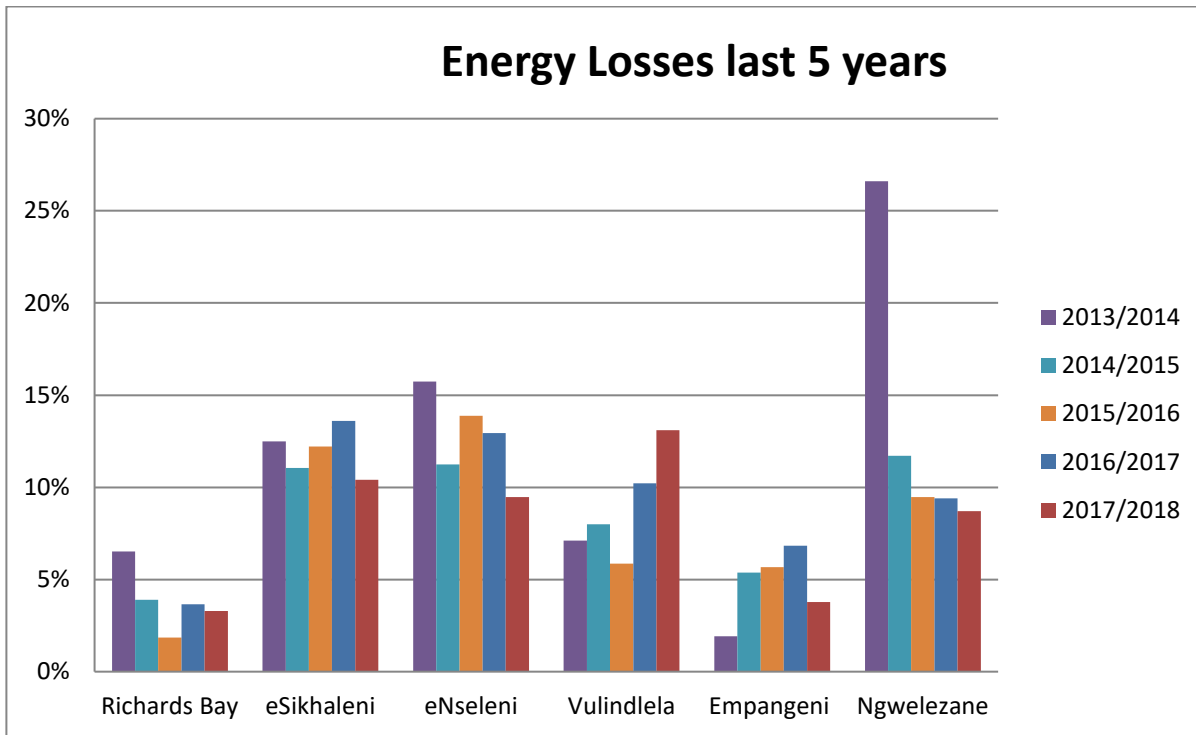
The Municipality COU submitted an application to Eskom to cede license for the N2 buffer area (brown field) and "Hand over" assets in the rural areas to the Municipality. The Municipality intends to appoint a services provider to assess the cost implications of the above in respect of:

- 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
<b>Total Audits over the year:</b>	<b>4 300</b>

#### 8.12.9 Electricity Maintenance Plan

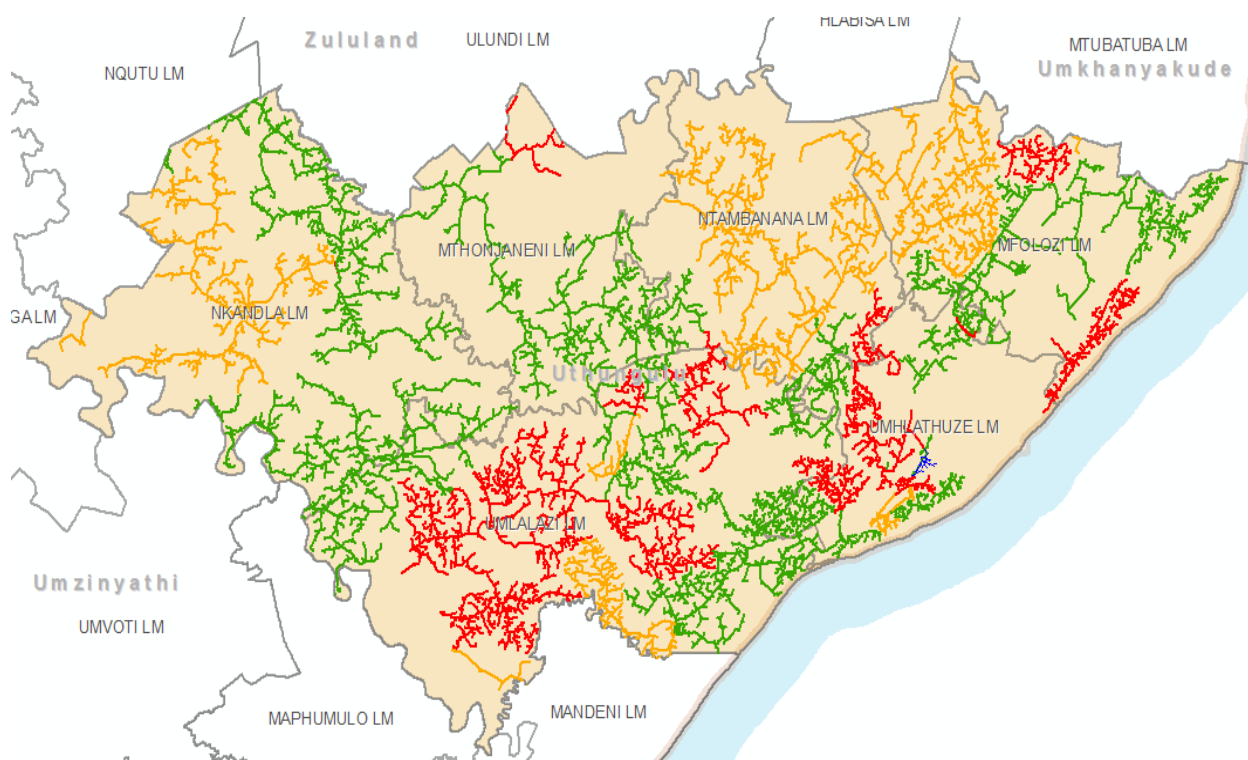
The City of uMhlathuze is a utility for distribution of electricity to an area of **825** km<sup>2</sup>. To effectively and safely distribute electricity to residential, commercial and industrial customers, maintenance is critical, as it will always cost much more to replace equipment that is not properly maintained. There is currently a manual maintenance plan that was developed to outline the maintenance strategy.

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

#### Maintenance strategy

- **SAIDI** => **S**ystem **A**verage **I**nterruption **D**uration **I**ndex
- **Definition:** Average duration (in hours) in total that the customer must be without supply.
- **SAIFI** => **S**ystem **A**verage **I**nterruption **F**requency **I**ndex
- **Definition:** Average frequency that the customers supply is interrupted
- **SLI** => **S**upply **L**oss **I**ndex (*RSLI if on Reticulation network*)
- **Definition:** The total duration the system was out of supply. SLI is an internal measure of transformer availability

**Map 42: Capacity Constrains – King Cetshwayo District**



**Source:** Eskom

## Sector Involvement

This section liaises with a number of stakeholders and departments in terms of strategic infrastructure planning and service provision. However, the most prominent departments are the Department of Energy, Eskom and the Department of Co-operative Governance. Eskom is funding 200 household connections at Portdunford for the 2019/2020 financial years.

### 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 Mondi Eisteddfod. Not only are schools and private artists invited to display their work but corporate institutions and groups like the Rotarians and the Woman's Institute also utilize the venue for displays. Artwork is also purchased and added to the municipal assets, the value of which increases every year. Trough combined efforts with arts and culture initiatives local artists are encouraged to make use of the museum, hence there are small crafters selling craft and art work within the premises of the Empangeni Museum.

### **Access to Community Facilities**

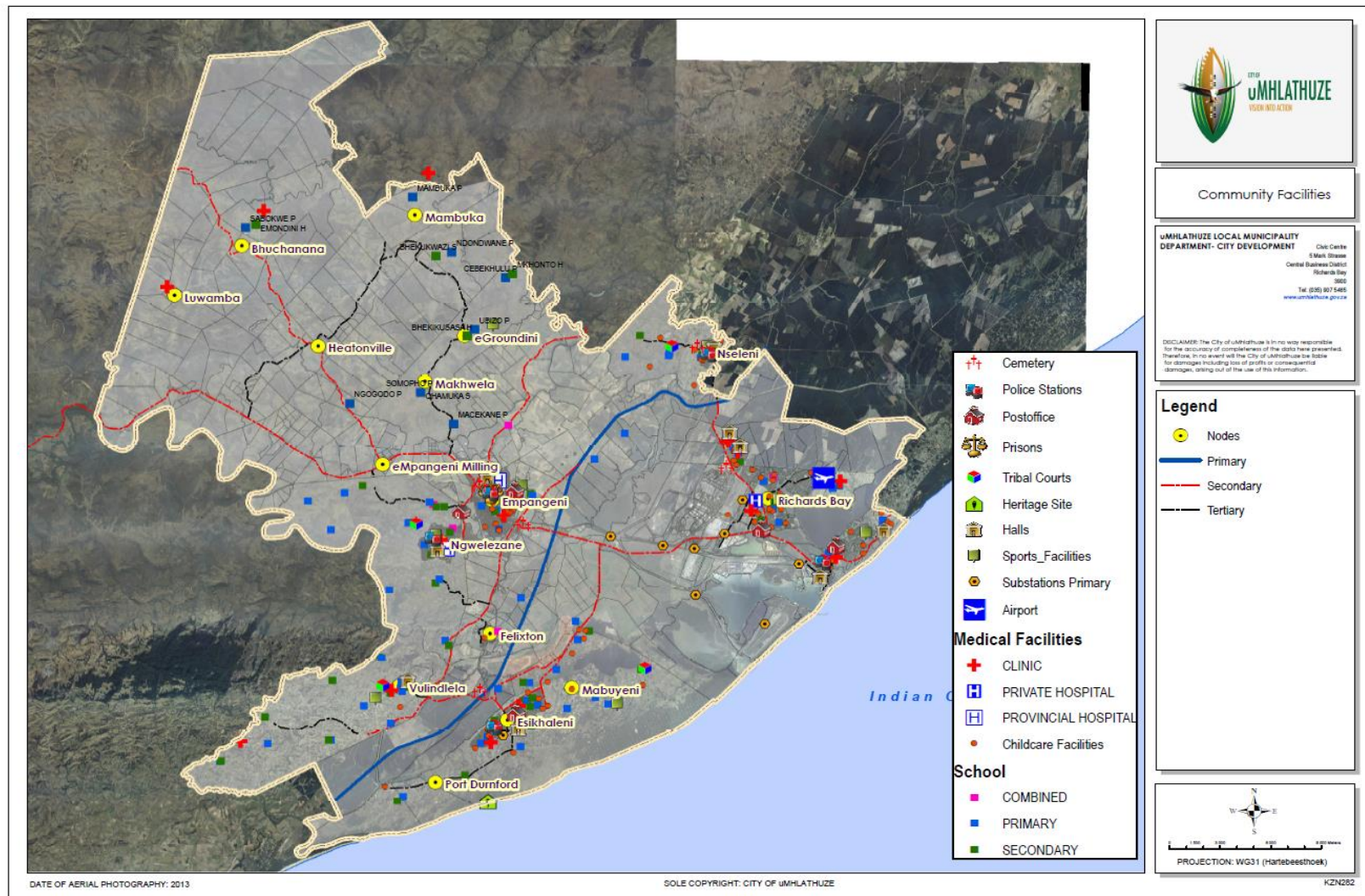
The table below sets out the number of facilities per municipal ward

**Table 38: 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

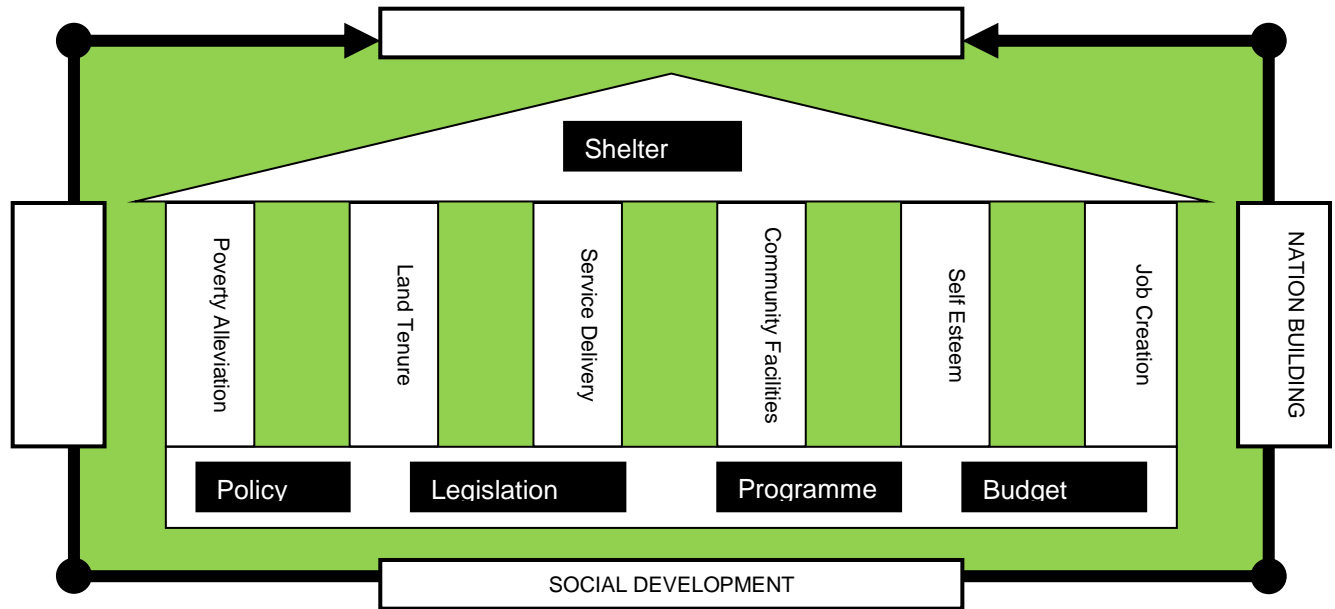
**Map 43: Community Facilities**



# 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 37: 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 2020 together with the Final IDP Review 2020/2021 .

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

### 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 38: 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.

<b>1996</b>	<b>2001</b>	<b>2011</b>
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 of Housing Development

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

**Table 39: 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-Mandlazi & 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 40: 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 UMHATHUZE 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:

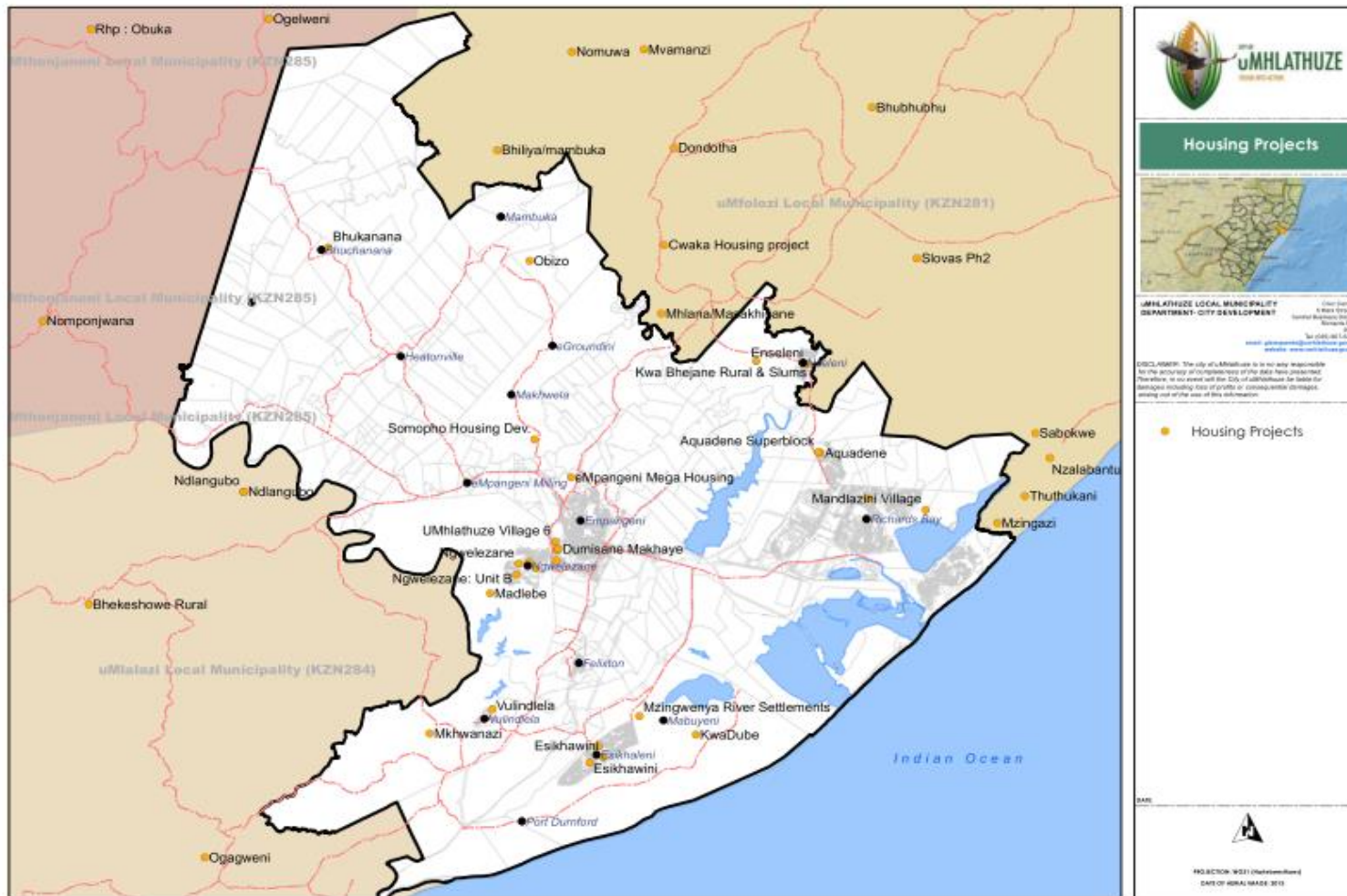
- **Integrated Residential Development Programme:** The IRDP provides for the acquisition of land, servicing of stands for a variety of land uses, including commercial and recreational purposes, schools and clinics, as well as residential stands for low, middle and high income groups. The land use and 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"> <li>• Municipality</li> <li>• Dep. of Human Settlements</li> <li>• Housing Development Agency</li> <li>• Implementing Agents</li> </ul>	Monthly
Social Compact Committee	<ul style="list-style-type: none"> <li>• Municipality</li> <li>• Department of Human Settlement</li> <li>• Social Compact Members</li> <li>• Implementing Agents</li> <li>• Housing Development Agency</li> </ul>	Monthly
Project Steering Committee	<ul style="list-style-type: none"> <li>• Municipality</li> <li>• Department of Human Settlements</li> <li>• Implementing Agents</li> <li>• Civil Society Representative</li> <li>• Social Housing Regulatory Authority</li> </ul>	Quarterly
Action Working Group 11	<ul style="list-style-type: none"> <li>• Department of Human Settlements</li> <li>• Housing Development Agency</li> <li>• Municipalities</li> <li>• Stakeholders – Civil Society</li> </ul>	Quarterly
Catalytic Projects Steering Committee	<ul style="list-style-type: none"> <li>• Department of Human Settlements</li> <li>• Housing Development Agency</li> <li>• Municipalities</li> </ul>	Quarterly
City Development Portfolio Committee	Municipality Officials and Councillors	Monthly
Council	Municipality Officials and Councillors	Monthly

## Map 44: Human Settlement Projects



**Source: uMhlathuze Integrated Human Settlement Plan 2019**







**Table 41: 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 <b>R60,738,919.23</b>	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 <b>R13 452 450.30</b>	July 2018	March 2019	The overall completion of the Reservoir and Sewer Pump Station contract is at 75%.
					Internal Services <b>R58 629 229.12</b>	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)  <b>R17 039 201.42</b>		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  <b>R181 248 404.62</b>	June 2018	December 2020	Internal Sewer, Stormwater Reticulation and Roads contract is at 22% completion.
					External Bulk Stormwater  <b>R29 347 266.70</b>	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  <b>R40 Million for external bulk</b>			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 42: 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 43: 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 44: 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 45: Eradication of Title Deeds Backlog (Pre and Post-1994 Housing Stock)**

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

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

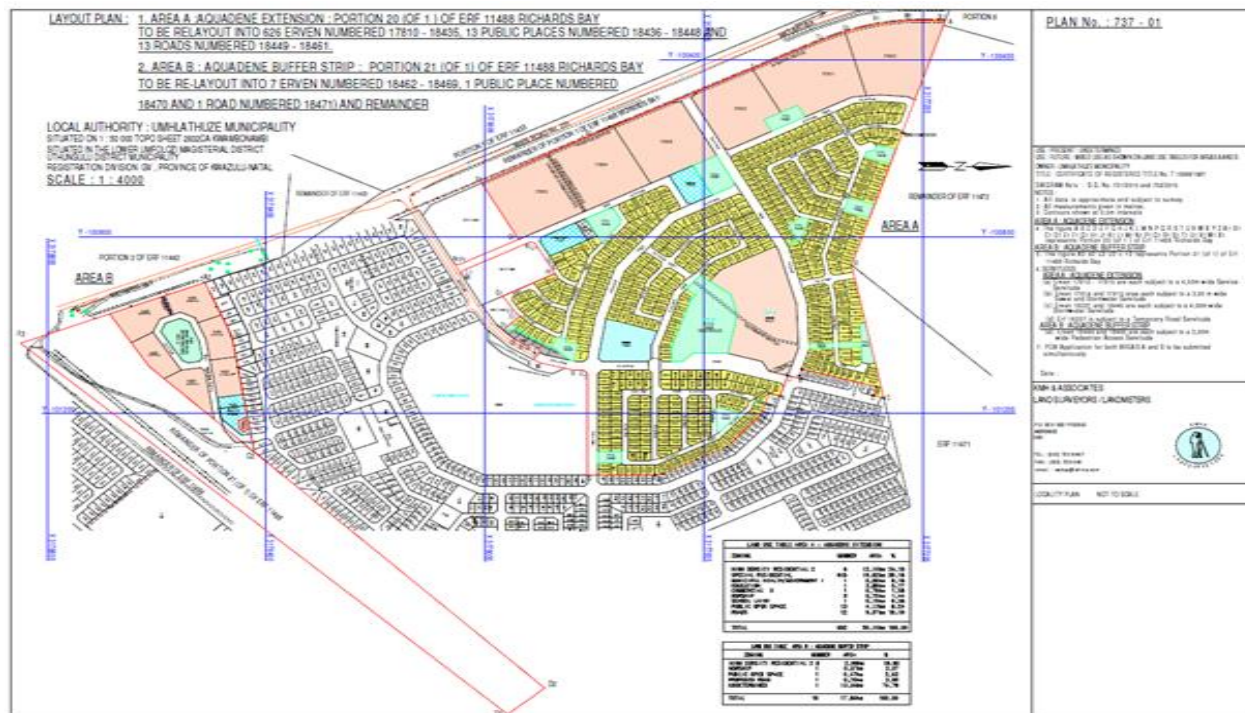
### 8.13.5 Human Settlements Operational Sukuma Sakhe (OSS) Intervention

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 39: 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 46: 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 47: 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 40: 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.

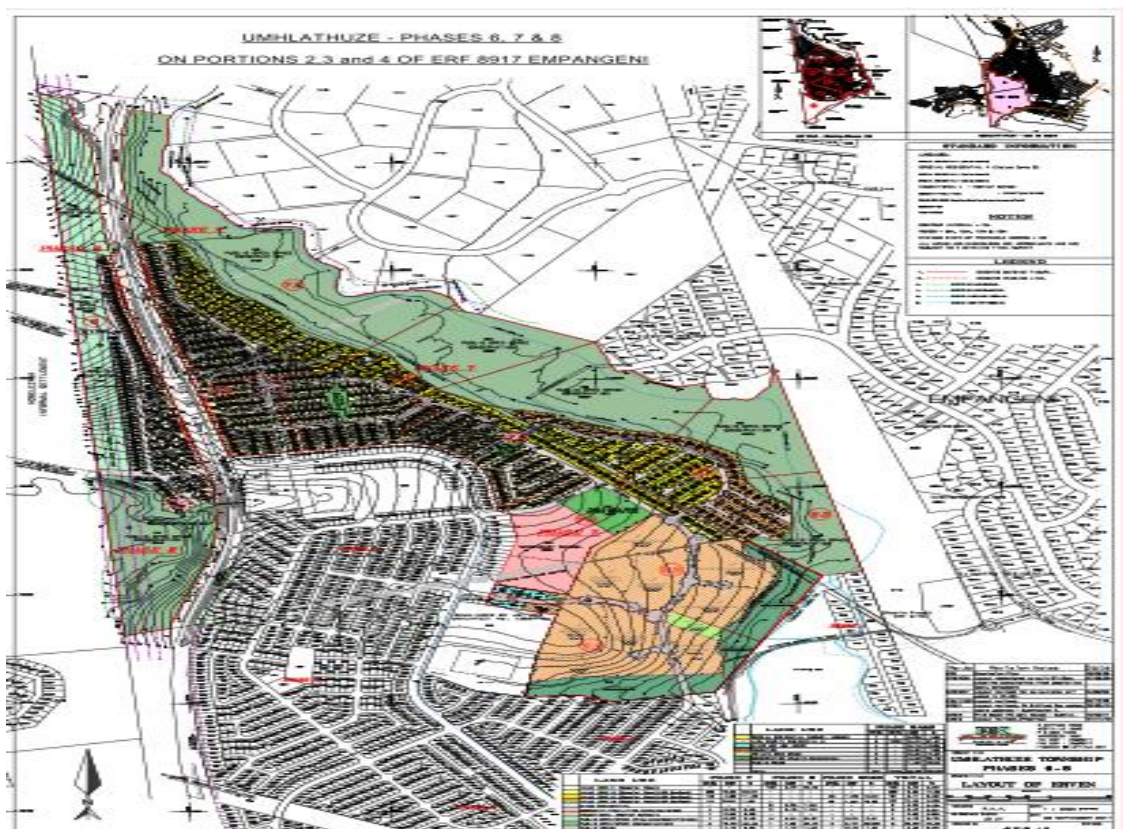
**Table 48: Units per Phase for Empangeni Mega Housing**

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
<b>Total</b>	<b>10061</b>	

**Table 49: 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 41: Dumisani Makhaye Village Phase 6 & 8**



**Table 50: Units per Phase for DMV**

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

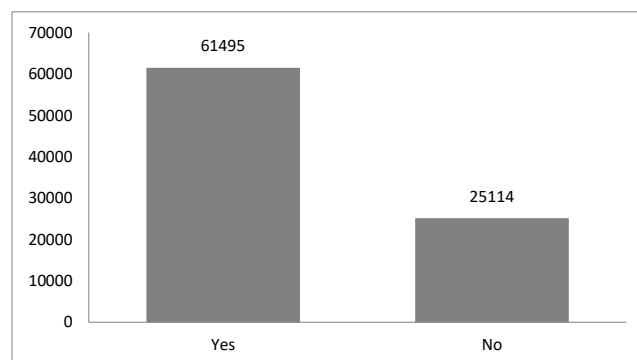
**Table 51: Other sites provided in Phase 1**

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

## 8.14 Telecommunications

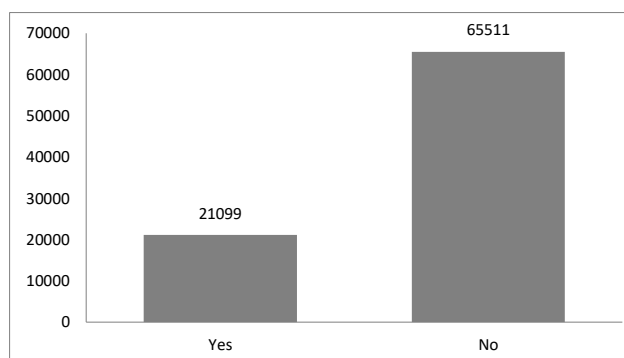
The 2011 census results indicate the following in respect of telecommunications.

**Figure 42: Household Access to Radio**



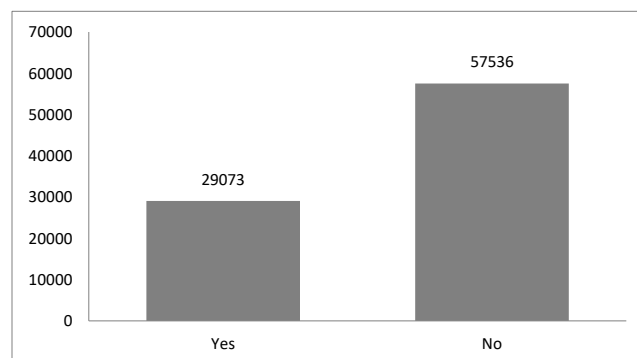
Source: 2011 Census

**Figure 43: Household Access to Computer**



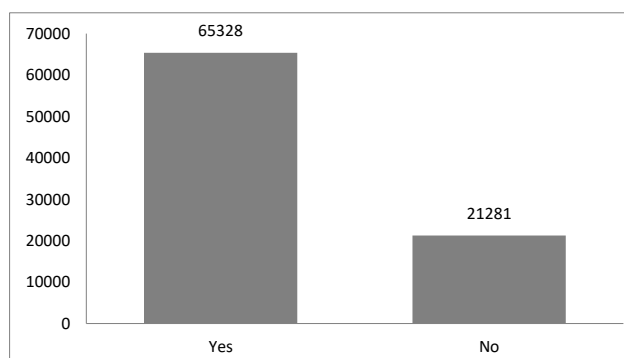
Source: 2011 Census

**Figure 44: Household Access to Satellite Television**



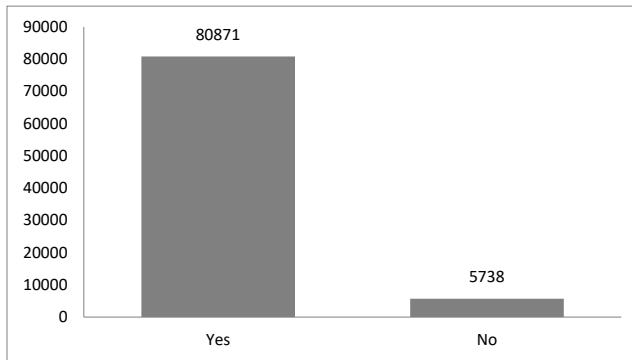
Source: 2011 Census

**Figure 45: Household Access to Television**



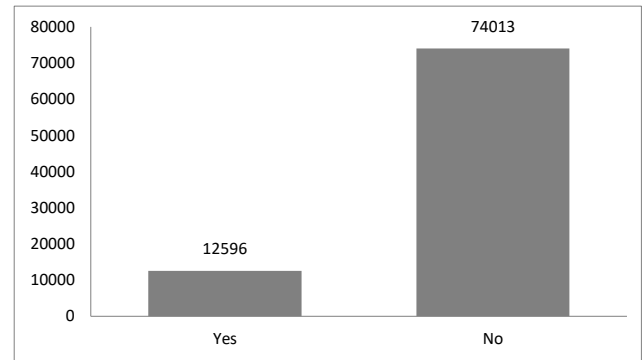
Source: 2011 Census

**Figure 46: Household Access to Cellphone**



Source: 2011 Census

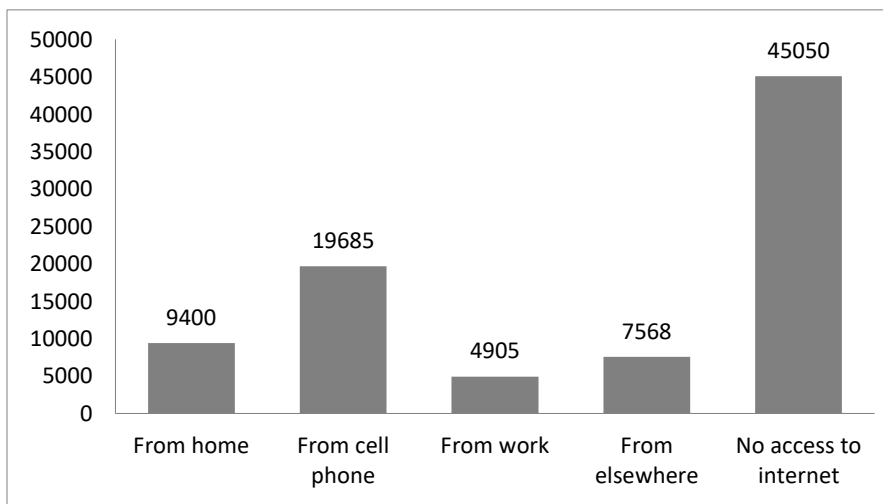
**Figure 47: Household Access to Landline**



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 48: Household Access to Internet**

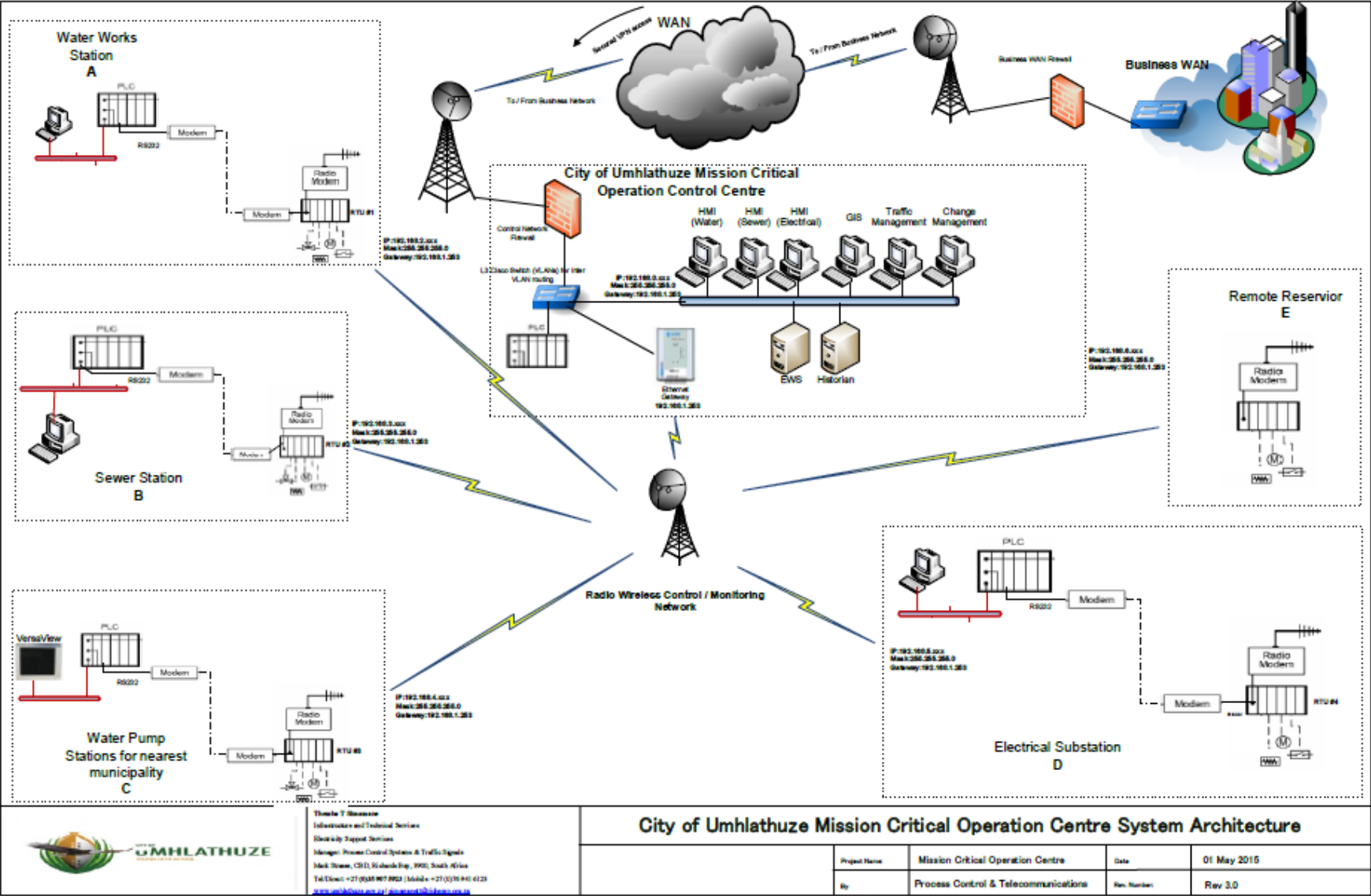


Source: 2011 Census

### 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 2019/2023 MTREF capital budget by discipline-based service

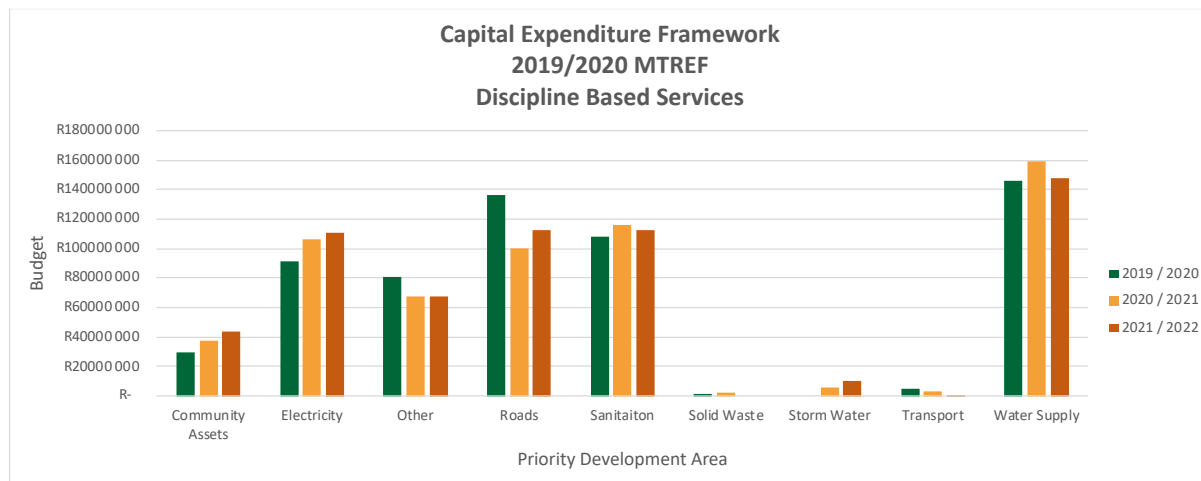
The following table and figures provide the MTREF capital budget by discipline-based services

**Table52: 2019/2023 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
<b>Total</b>	<b>R597 533 000</b>	<b>R597 871 700</b>	<b>R604 956 600</b>

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

**Figure 49: Capital Expenditure Framework – 2019/2023 MTREF**



## 8.16 Service Delivery and Infrastructure: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>○ Very high level of access to water and electricity in the uMhlathuze municipal area</li> <li>○ 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</li> <li>○ Clear division of duties between water and electrical services as a result of unbundling purposes</li> <li>○ Level 2 Accreditation has been granted to the uMhlathuze Municipality in respect of Human Settlements</li> <li>○ Continual improvement of the Blue Drop score for the Municipality</li> <li>○ Continual improvement of the Green Drop score for the Municipality</li> </ul>	<ul style="list-style-type: none"> <li>○ Service interruptions due to ageing infrastructure</li> <li>○ Indiscriminate dumping by residents of garden waste and builder's rubble</li> <li>○ Illegal dumping of waste within streets and stormwater servitudes by the community causes overflows through blockages that create flooding of streets and properties.</li> <li>○ Infrastructure vandalism</li> <li>○ Inadequate investment in waste management equipment including trucks</li> <li>○ Ageing personnel especially in waste management section</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>○ Successful implementation of the Quality Management System, the management system adopted from ISO 17025 requirements for testing laboratories</li> <li>○ Maintenance of acceptable standards of water quality</li> <li>○ Progressive acquisition of yellow plant and other equipment</li> <li>○ Waste recycling, reduce and reuse initiatives</li> <li>○ Implementation of mega human settlement projects</li> <li>○ Progressive and transformational supply chain management policy for capital projects execution</li> <li>○ Investment in alternative water supply such as desalination, waste water reuse, underground water.</li> </ul>	<ul style="list-style-type: none"> <li>○ Illegal connections</li> <li>○ Ageing infrastructure: electricity, water and roads</li> <li>○ Poor capital expenditure</li> <li>○ Non-payment for services</li> <li>○ Lack of asset maintenance plan</li> <li>○ Cost of water tankering</li> <li>○ Cost of maintaining rural roads</li> <li>○ Changing municipal boundaries thus impacting on municipal infrastructure backlogs</li> <li>○ Continuous demand for waterborne sewer in rural areas</li> </ul>



# LOCAL ECONOMIC AND SOCIAL DEVELOPMENT ANALYSIS

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## 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 53: Economic Population**

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

Source: IHS Markit, 2018

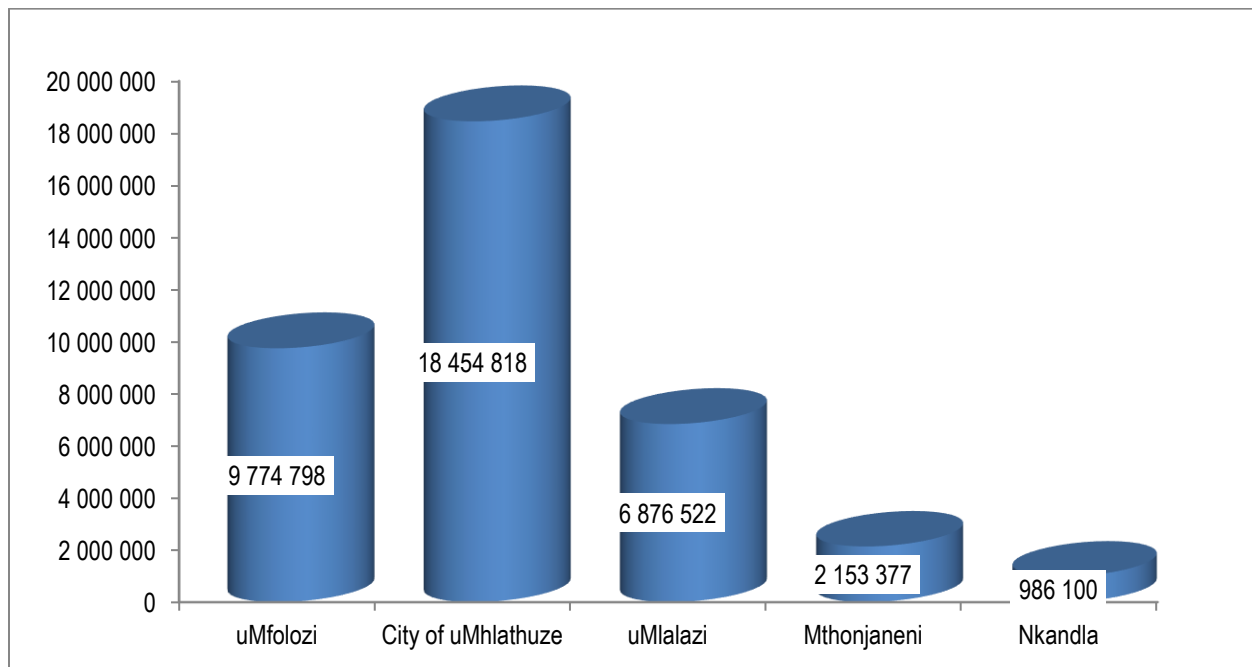
### 8.18.2 Economic Realities

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.

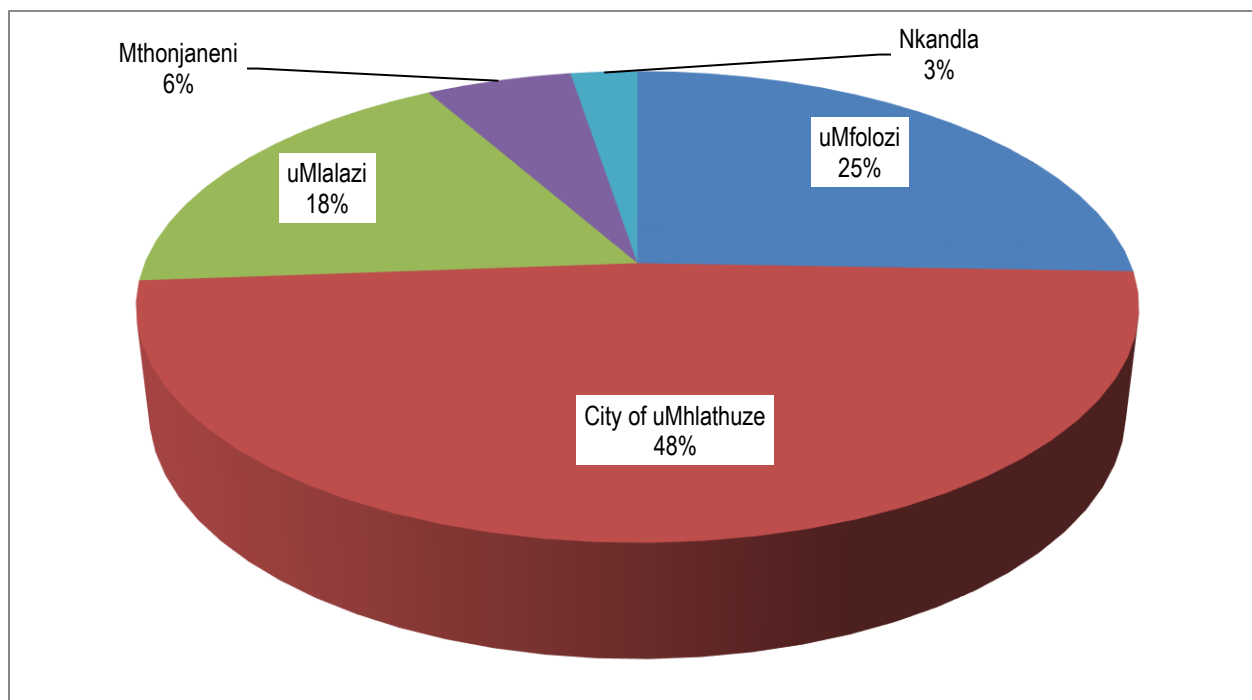
The following bar chart indicates the GDP contribution by uMhlathuze Municipality comparing to other local municipalities within King Cetshwayo District. It is evident that uMhlathuze remain the strong contributor to the district GDP, with 48% contribution.

**Figure 50: GDP Contributions**



Source: Global Insight 2015

**Figure 51: % GDP Contribution**



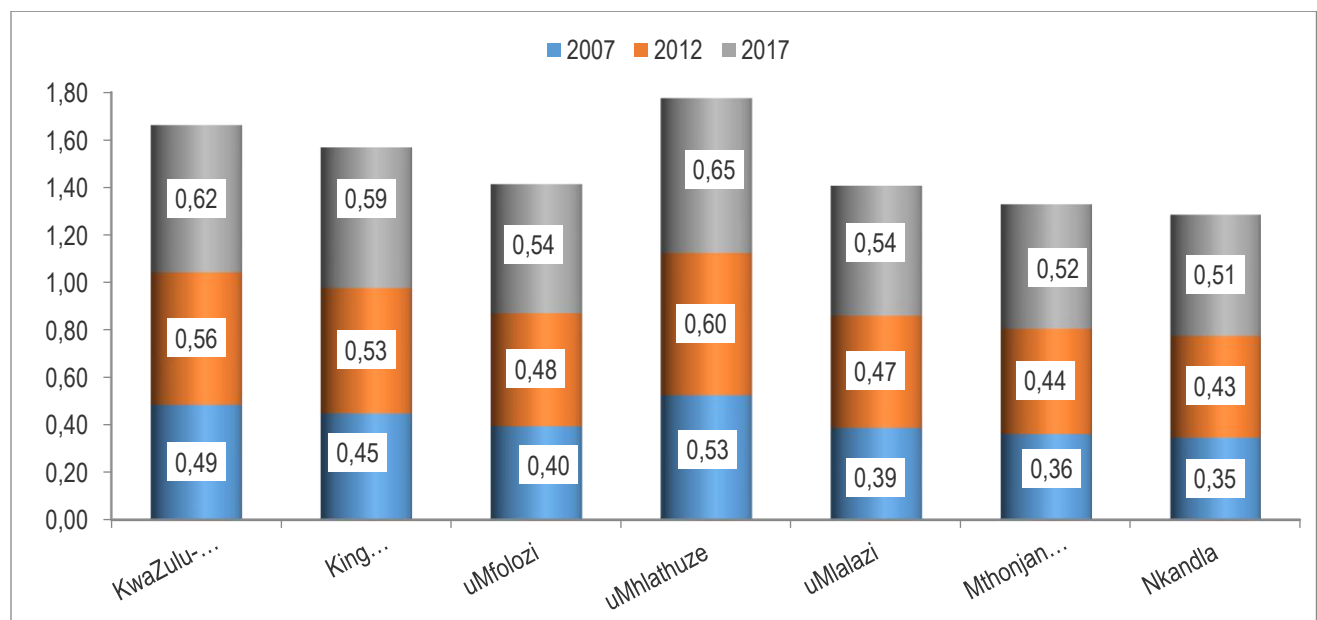
Source: Global Insights 2015

## 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.

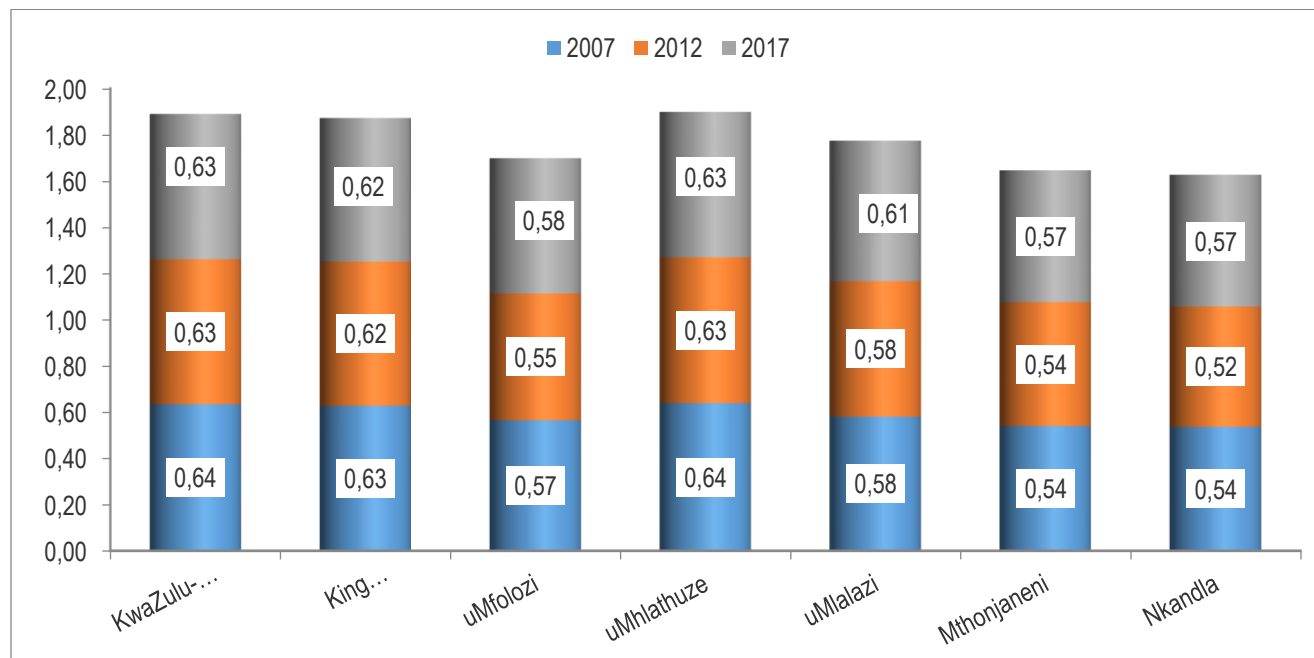
The following table and figure provides the HDI for uMhlathuze Local Municipality over a given period of time.

**Figure 52: Human Development Index**



Source: IHS Markit, 2018

**Figure 53: Gini Coefficient**



Source: IHS Markit, 2018

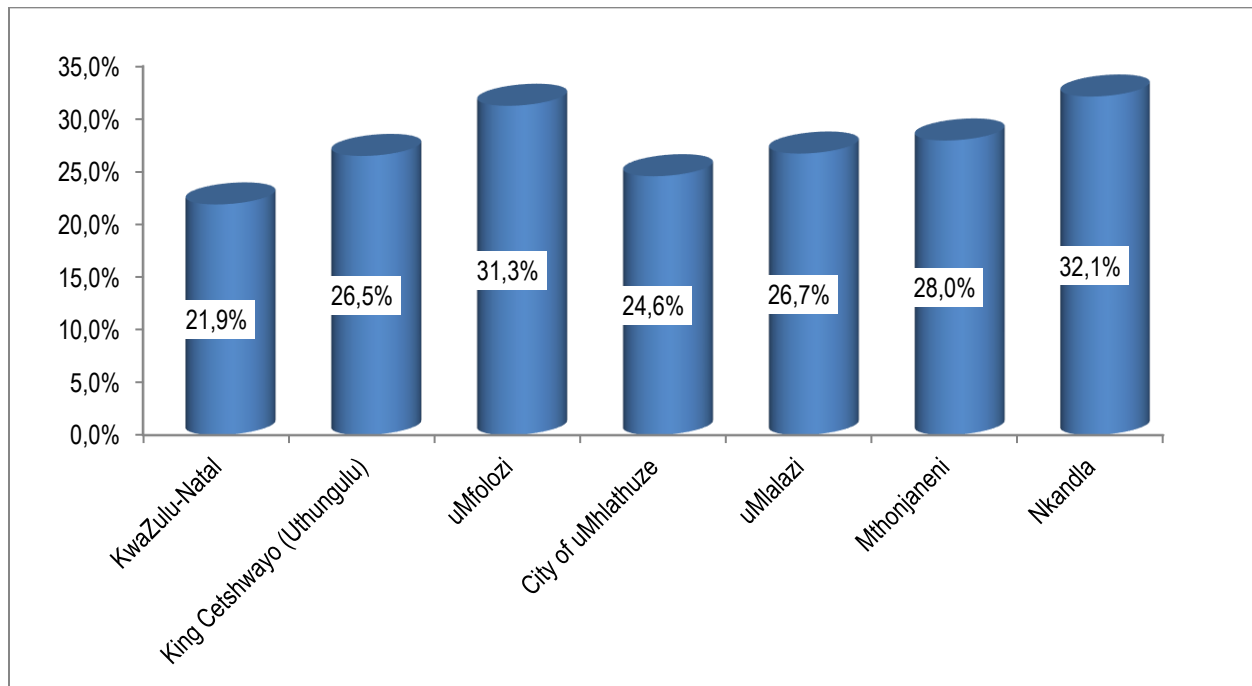
Income inequality is indicated by the Gini-coefficient. Income inequality in the King Cetshwayo District and Province has become less equal over time – from 0.64 in 2007 and decreased to 0.63 in 2012 up to 2017 in uMhlathuze Municipality.

### 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.

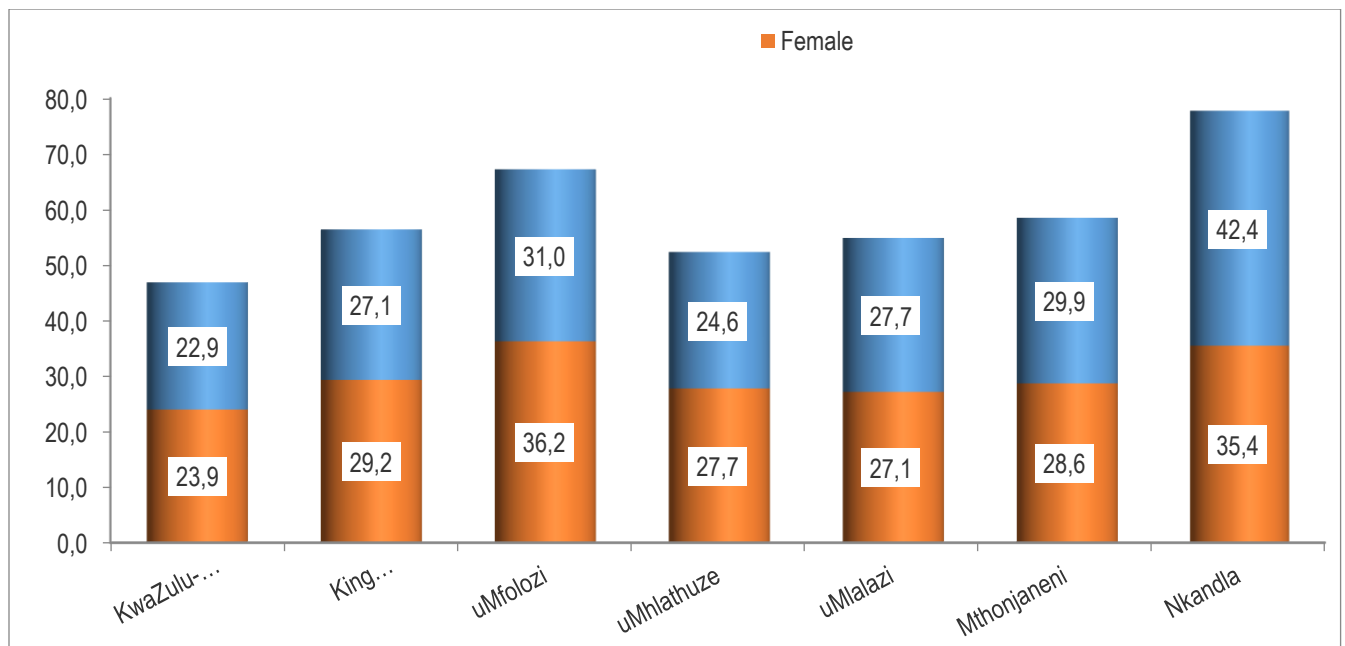
Job creation is not the core competency of the municipality however City of uMhlathuze is committed to radical economic transformation which entails making the environment conducive for investors.

**Figure 54: Regional Unemployment**



Source: Global insight 2015

**Figure 55: Unemployment by Gender**

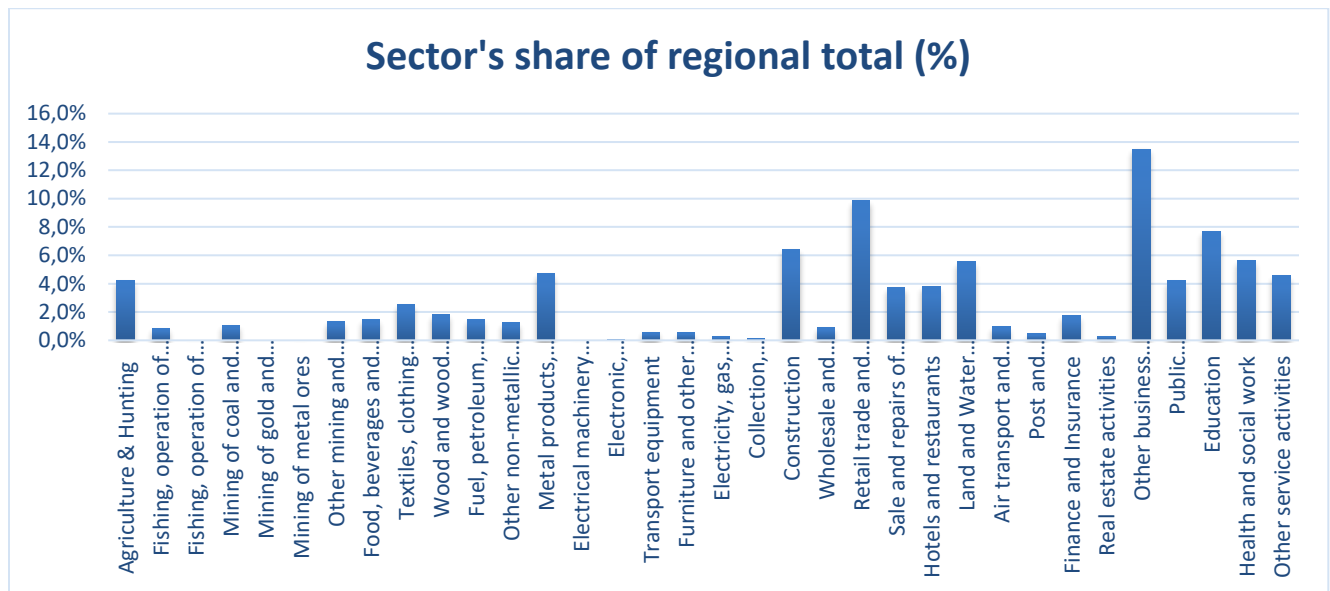


Source: IHS Markit, 2018

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 56: Employment by Sector**



Source: IHS Markit, 2018

**Table 54: 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 57: Formal and Informal Employment per Sector**

	<b>KwaZulu-Natal</b>	<b>King Cetshwayo</b>	<b>uMhlathuze</b>
<b>Primary sector</b>	<b>8,4</b>	<b>5,1</b>	<b>9,3</b>
Agriculture	5,4	4,8	7,6
Mining	3,0	0,4	1,7
<b>Secondary sector</b>	<b>18,5</b>	<b>20,7</b>	<b>24,2</b>
Manufacturing	10,3	12,2	12,4
Electricity	0,6	0,4	0,2
Construction	7,6	8,1	11,5
<b>Tertiary sector</b>	<b>73,2</b>	<b>74,2</b>	<b>66,6</b>
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**

	<b>2005</b>	<b>2010</b>	<b>2015</b>
<b>Primary sector</b>	<b>14.4</b>	<b>13.3</b>	<b>15.4</b>
Agriculture	3.3	3.7	3.9
Mining	11.1	9.7	11.5
<b>Secondary sector</b>	<b>38.3</b>	<b>37.4</b>	<b>36.2</b>
Manufacturing	32.5	31.3	30.5
Electricity	2.1	1.8	1.6
Construction	3.8	4.2	4
<b>Tertiary sector</b>	<b>47.3</b>	<b>49.2</b>	<b>48.4</b>
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

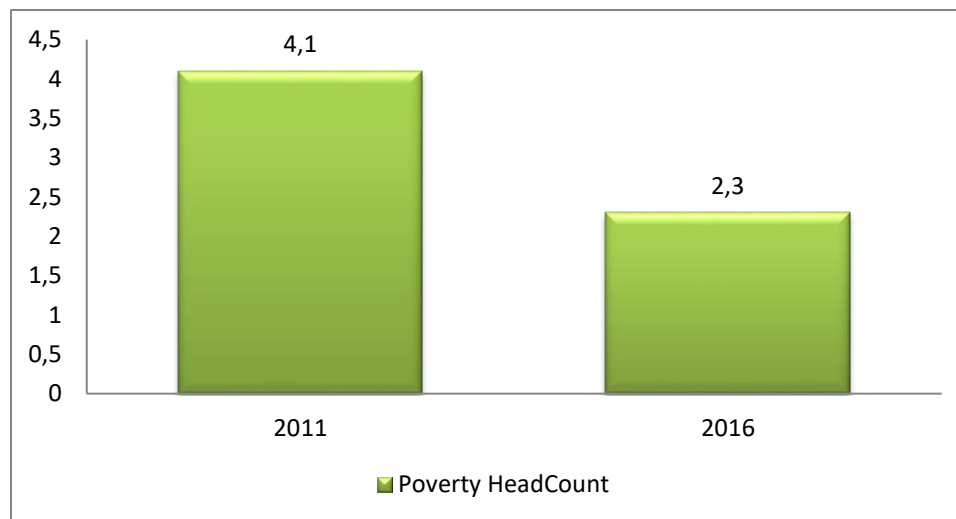
To be noted in 2010 there was a decline in the mining sector; however, we are noting an increase within the year 2015. Manufacturing is not doing well; this is confirmed by the declining trend seen over the years from 32.5 in 2005 and 30.5 in 2015. There is almost a double increase within the community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



### 8.18.5 Income and Dependency

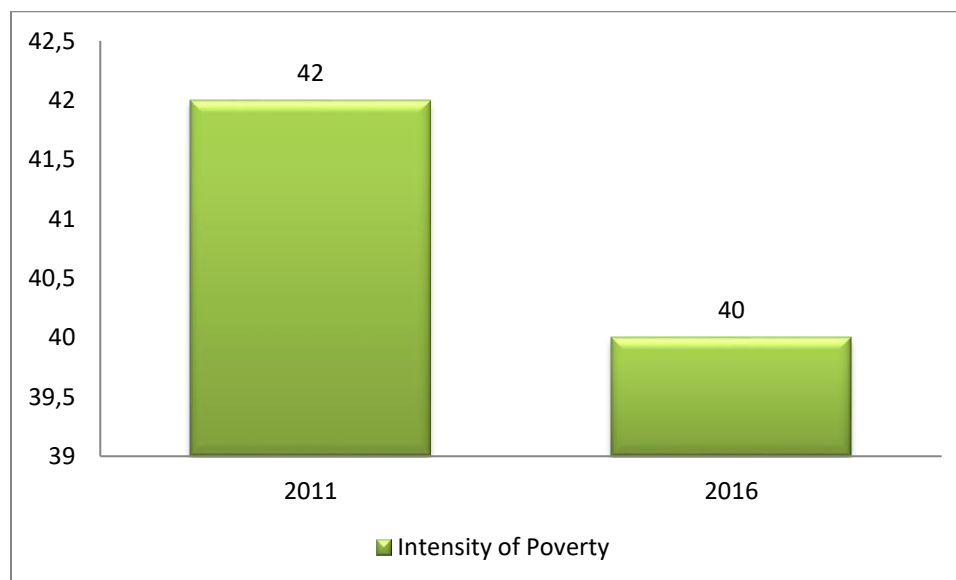
Income levels and the number of dependents have a significant impact on the ability of an employed person to meet the financial needs of his/her dependents. The number of dependents on a salary has a significant impact on the ability of the salary to meet basic needs. The following table provides the 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 58: Poverty Head Count**



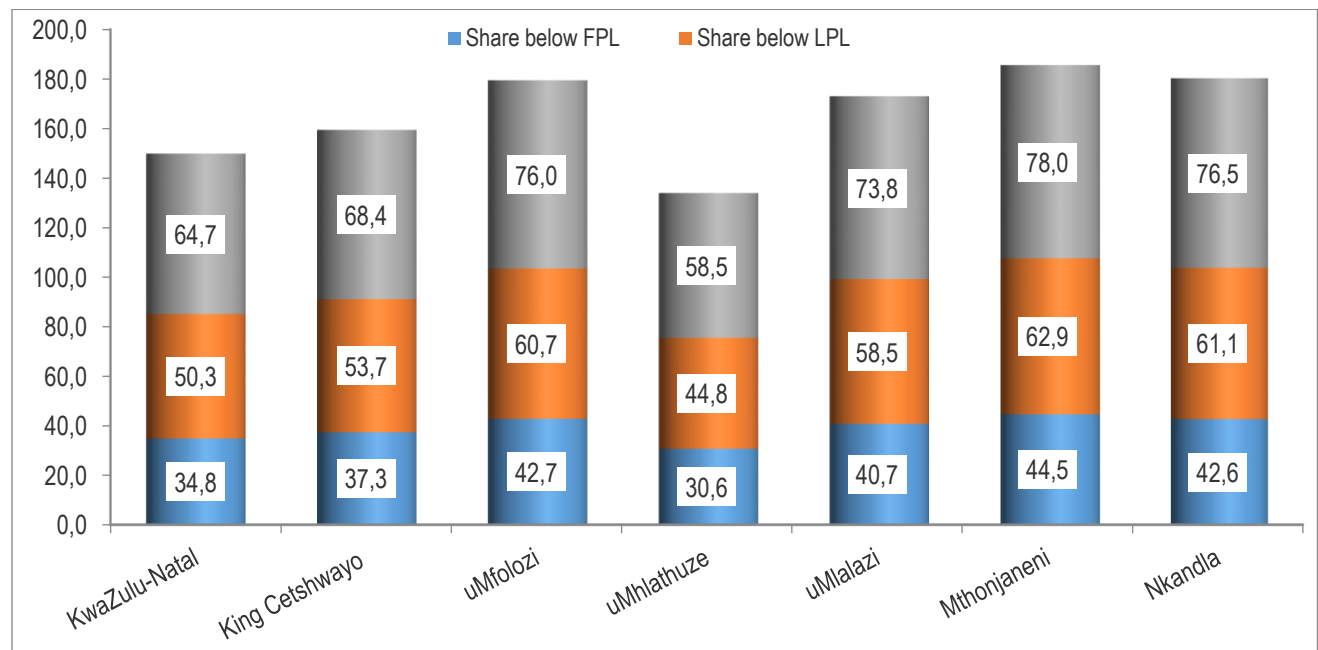
Source Global Insight 2015

**Figure 59: 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 60: Poverty Development Indicators**


Source: IHS Markit, 2018

**Table 55: Comparative Dependency Ratio**

	Dependency Ratio	
	per 100 (15-64)	
	2001	2011
<b>SOUTH AFRICA</b>	58.7	52.7
<b>KWAZULU-NATAL</b>	65.4	58.5
<b>DC28: Uthungulu</b>	74.5	64.7
<b>KZN282: uMhlathuze</b>	55.8	48.2
<b>KZN286: Nkandla</b>	99.2	86.6
<b>KZN281: Mfolozi</b>	80.2	68.2
<b>KZN283: Ntambanana</b>	85.7	79.3
<b>KZN284: uMlalazi</b>	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 56: 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 - DGGP 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 - 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	
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							
<b>KCD - DGDP Goal: Job Creation</b> <b>PGDS Goal: Inclusive Economic Growth</b> <b>PGDS Goal: Environmental Sustainability</b>							
				<b>Strategic Objective: 1.2 and 1.4</b> <b>Strategic Objective : 5.2 and 5.3</b>			
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	
<b>Agriculture and agro-processing</b>							
<b>KCD - DGDP Goal: Job Creation</b> <b>PGDS Goal : Inclusive Economic Growth</b>							
				<b>Strategic Objective : 1.1 ,1.2, 1.4, 1.5 and 1.6</b>			
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	
<b>Farmer Development/ Enterprise Development</b>							
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
<b>Aggregation/ access to markets</b>							

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)

<b>Manufacturing</b>							
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
<b>Business/ Enterprise Development</b>							
1.	One-stop shop business support shop - manufacturing				x		
2.	Customised Manufacturing and other Sectors Incentive Toolkit for uMhlathuze		X				Deferred
<b>Investment Promotion Support</b>							
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
<b>Export Development</b>							
1.	Export enhancement implementation plan			x			Underway (co-ordinated by TIKZN)

<b>Township Economy</b>							
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
<b>Economic Development</b>							
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
<b>Enterprise development</b>								
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		
<b>Infrastructure Development</b>								
1.	Broadband roll out and last mile connectivity					x		
<b>Access to markets</b>								
1.	<b>Localisation campaign</b>		x					<b>Ongoing</b>
2.	<b>Local market development</b>				x			

Mining beneficiation							
DGGP Goal: Job Creation PGDS Goal: Inclusive Economic Growth							
Performance Indicator		Strategic Objective : 1.2 Annual targets (2016-2020)				Up to 2025	Up to 2030
		16/17	17/18	18/19	19/20	2021-2025	2026-2030
Quarterly Progress							
<b>Localisation of mining value chain</b>							
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							
Performance Indicator		Strategic Objective : 1.4 Annual targets (2016-2020)				Up to 2025	Up to 2030
		16/17	17/18	18/19	19/20	2021-2025	2026-2030
Quarterly Progress							
<b>Infrastructure Development</b>							
1.	ICT Industry based Strategic Team to drive ICT investment, advancement and innovation		x				Ongoing
<b>Skills Development</b>							
1.	Virtual Economic Options and Priority Areas for the City				x		
<b>ICT as an enabler for innovation</b>							
1.	Innovation and implementation strategy			x			Provincial Initiative

Wholesale, retail, trade and services								
KCD - DGDP Goal: Job Creation PDGS Goal: Inclusive Economic Growth								
		Strategic objective : 1.2 , 1.3 and 1.5						
Performance Indicator		Annual targets (2016-2020)				Up to 2025	Up to 2030	Quarterly Progress
		16/17	17/18	18/19	19/20	2021-2025	2026-2030	
Access to markets								
1.	Nodal Development of strategic economic nodes and other growth areas				x			
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)								

<b>DGDP Goal: Strategic Infrastructure</b> <b>PGDS Goal: Strategic Infrastructure</b>								
		<b>Strategic Objective : 4.4 and 4.5</b>						
<b>Performance Indicator</b>		<b>Annual targets (2016-2020)</b>				<b>Up to 2025</b>	<b>Up to 2030</b>	<b>Quarterly Progress</b>
		<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>2021-2025</b>	<b>2026-2030</b>	
<b>Adoption and incremental implementation of long term alternative energy supply</b>								
1.	Develop alternative energy supply resource plan			x				Underway
2.	Implement alternative energy supply resource plan					x		
<b>Water Security</b>								
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.
- 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
<b>DEPARTMENT OF HUMAN SETTLEMENT</b>	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			



## uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

						Y	7	Y	7	Y	7			
<b>EPWP</b>	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			
<b>PRIVATE SECTOR ( INDUSTRIAL DEVELOPMENT ZONE) IDZ</b>	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.

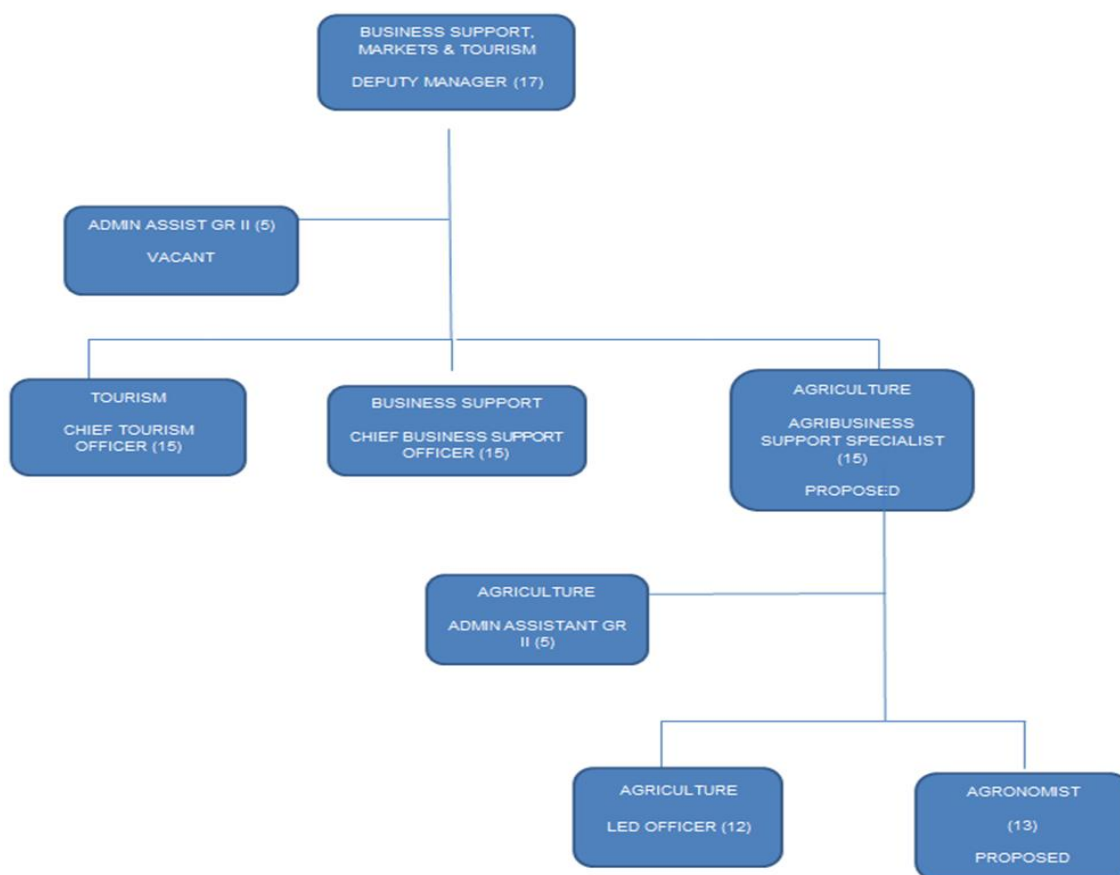
#### The stakeholder engagement

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 61: 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

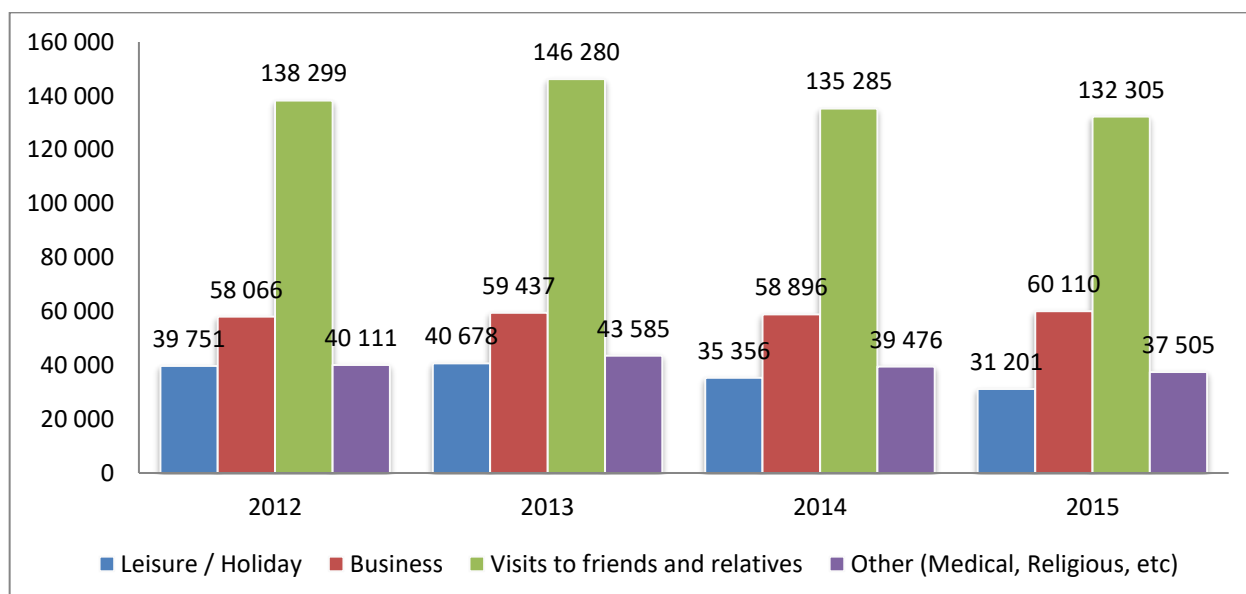
The city of uMhlathuze has amongst others the following key tourism areas:

- 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 62: 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

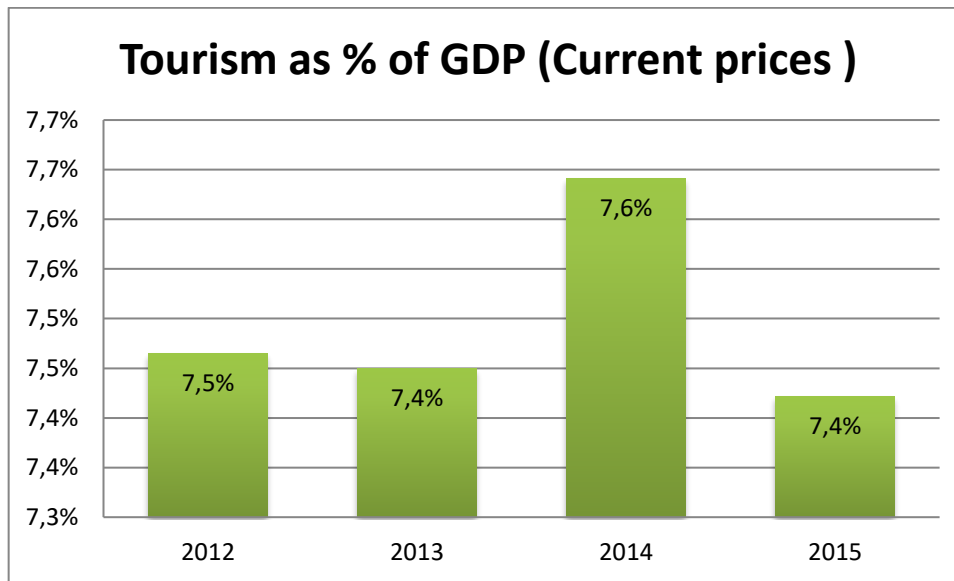
### Tourism Spend

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 63: Tourism Spend**



**Figure 64: 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	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.

					development through the active involvement of communities in tourism projects and the strengthening of linkages with the SMME Sector.		
Mission	To grow a sustainable tourism economy in South Africa, with domestic, regional and international components, based on innovation, service excellence, meaningful participation and partnerships.	Promote domestic tourism growth based on a culture of travel; innovation; stakeholder participation; offering authentic, affordable experiences and packages which meet the needs of all existing and potential local travellers.	Geographically spreading the benefits of tourism throughout the province, growing the visitor numbers and visitor yields, public and private sector collaboration.	To initiate, facilitate, co-ordinate and implement:  •Strategic tourism marketing, and  •Demand-driven tourism development programmes	Enhance linkages with established tourism attractions in the region	Identify strategic as well as programme areas which would guide future development of tourism in uMhlathuze	To develop long term and short term development plans that will underpin the growth and promotion of uMhlathuze as a tourist destination



## Tourism Sector Review

Tourism is viewed as the key driver for global economic growth. Tourism has experienced continued growth and extended diversification to become one of the fastest growing economic sectors in the world over the years. Through new developments and the growing number of new destinations, tourism has become the key driver for socio-economic enhancement.

### International Tourist Arrivals

South African Tourism (2016) revealed that tourist arrivals in Sub-Saharan Africa grew by 10.7% from last year and South Africa was the main driver of that growth as it grew in double digits (12.8%) to reach over 10 million tourists in 2016. The international tourist arrivals therefore exceeded the 10 million previously recorded stats to up to 10,044,163 international arrivals in 2016.

International tourist arrivals (**overnight visitors**) reached a total of **1,235 million in 2016**. This was **46 million** more than in 2015, (3.9% increase). The global pace of growth was slightly more moderate than in 2015 (4.5%), but in line with UNWTO's long-term forecast of 3.8% per year for the period 2010 to 2020.

	2015	2016	2017	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.

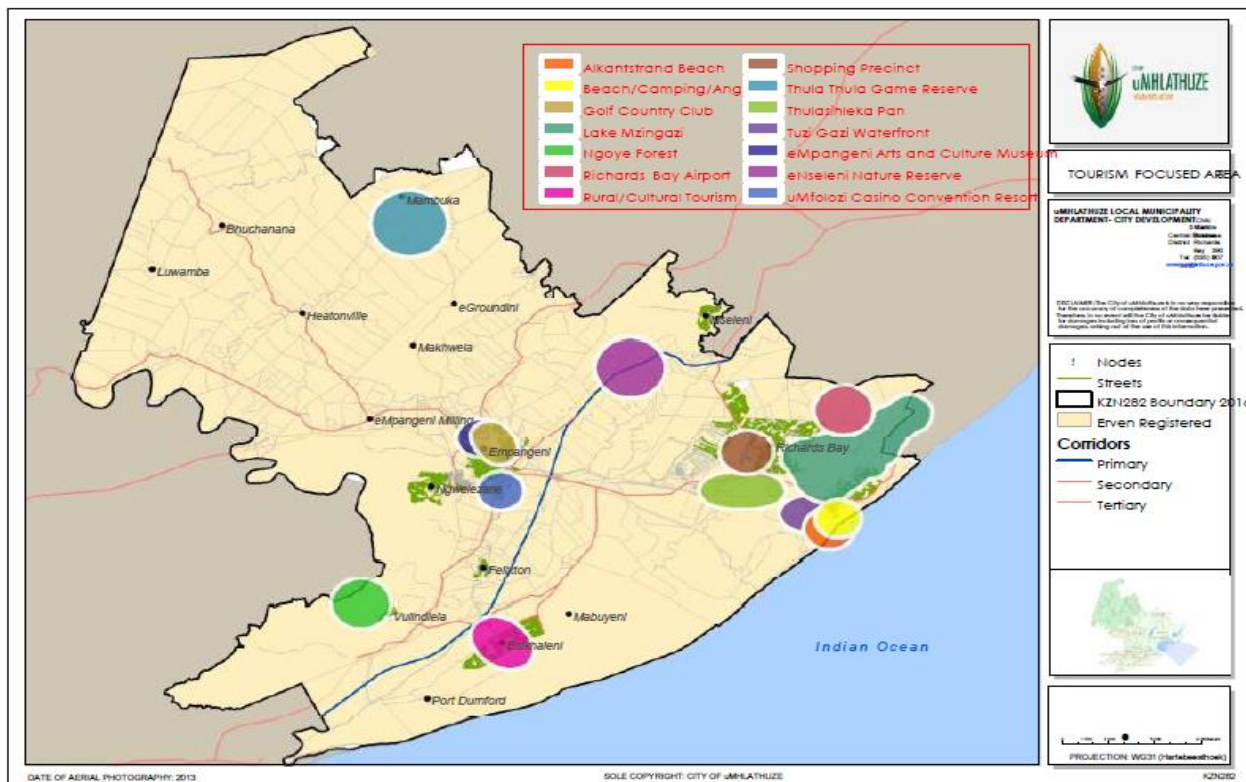
- o The potential /target market

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 46: 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

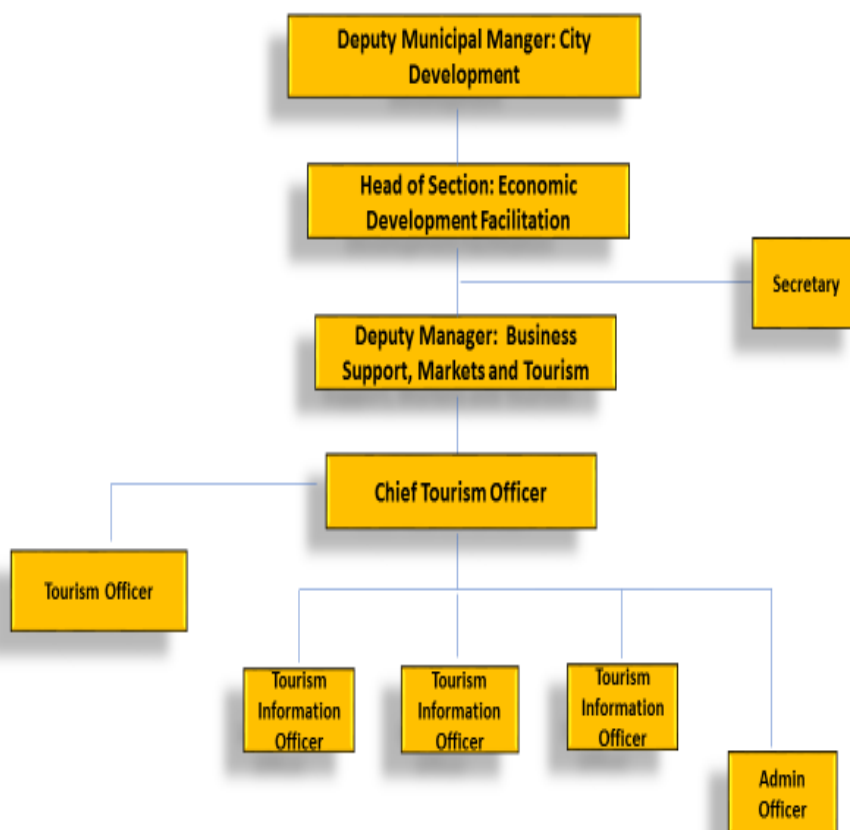
The strategy provides recommendations on the organisational structure that would best facilitate the optimal growth of Tourism in uMhlathuze Local Municipality. It acknowledged that without a clear institutional framework in place, tourism marketing programmes and projects will be implemented in an uncoordinated 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"> <li>Establish a theme and inspired tourism information office in Port Durnford area, inclusive of a curio shop.</li> <li>Develop an arts and craft centre for training local people interested in arts and craft making.</li> <li>Establish an outdoor entertainment area with cultural themed activities such as music, dance, poetry and storytelling.</li> <li>Establish a tourism business support service kiosk inside the information centre for general enquiries and requests relating to tourism.</li> <li>Establish a Restaurant in Port Durnford to sell Local cuisine and food outlets, focused on fresh seafood sales.</li> <li>Ensure that Tour guides and Tour operators are always readily available to assist walk-in tourists at the information centre.</li> </ul>	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"> <li>Develop proper tourism signage in and around the identified tourist sites within the proposed uMhlathuze Tourism Route.</li> </ul>	EDTEA, KCDM, ULM	R0,5m	Short-term	
	Tourism Route Development	<ul style="list-style-type: none"> <li>Establish a formal Tourism Route Committee for the planning, coordination and implementation phases of the Route.</li> <li>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.</li> <li>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</li> </ul>	ULM, KCDM, UCTO, EDTEA  ULM  ULM, UCTO, KDCM	R0,2m	Short-term Long - term Long - term	MEDIUM

	<p>plan to consolidate tourism planning for the area.</p> <ul style="list-style-type: none"> <li>Determine the size of the membership base for suppliers on the route - the buy-in of these 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.</li> <li>Establish a clear brand identity for the route and then market this according to the targets identified.</li> </ul>	<p>UCTO, ULM</p> <p>UCTO, ULM, TKZN</p>		<p>Short-term</p> <p>Short-term</p>	
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Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
<b>Market Development</b>	Market Research Strategy and Tactics	Conduct a semi-annual perceptual tracking study (Brand Image Study).	ULM	R0,3m	Short-term	<b>MEDIUM</b>
		Conduct the Visitor Intercept Interview Program at sites throughout uMhlathuze on an annual basis.	ULM		Short-term	
		Conduct annual inquiry conversion study. This study will explore the effect of advertising in stimulating both inquiries and visitation in uMhlathuze.	ULM		Short-term	
		Conduct semi-annual economic impact study.	ULM		Long-term	
<b>Marketing Mechanisms</b>	The recreation of the tourist/visitor guide	Distribute the tourist guide to the key visible areas of uMhlathuze such as the Petrol Stations, the Richards Bay Airport, Tourist Information Centres and Shopping Centres.	ULM, UCTO	R0,1m	Short-term	<b>HIGH</b>
		Distribute the guide at the trade and exhibitions (such as the Tourism Indaba).	ULM, UCTO		Short-term	
		Ensure usage of guide during roadshows and familiarisation tours.	ULM, UCTO		Short-term	

		<ul style="list-style-type: none"> <li>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</li> </ul>	UCTO		Short-term	
	The Mobile Tourism Application	<ul style="list-style-type: none"> <li>Develop a Mobile Tourism Application for uMhlathuze</li> <li>Provide updated information on existing routes and tourism products or authentic experiences found in uMhlathuze.</li> <li>Create a monitoring and evaluation system of the application</li> <li>Ensure that the application software is constantly managed and updated.</li> <li>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.</li> <li>Create the application user guidelines</li> <li>Create an awareness campaign in local shopping centres to promote the application in all identified destination marketing platforms.</li> </ul>	ULM	R0,4m	Short-term	<b>MEDIUM</b>
			ULM, UCTO		Short-term	
			ULM		Short-term	
			ULM		Short-term	
<b>The Online Strategy</b>	Website Design	<ul style="list-style-type: none"> <li>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.</li> </ul>	UCTO	R0,1m	Short-term	<b>HIGH</b>
	Social Media Campaign	<ul style="list-style-type: none"> <li>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.</li> </ul>	UCTO	R0m	Short-term	<b>HIGH</b>





Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Priority
	Blogging	<ul style="list-style-type: none"> <li>Establish creative skills writing competitions to identify suitable potential bloggers with the potential to draw in large fan base.</li> <li>Encourage the youth to participate in creative writing competitions.</li> <li>Identify a suitable candidate to manage and facilitate the Blog on behalf of uMhlathuze.</li> <li>Use the blog to promote upcoming local events</li> <li>Promote the Blog on other social media platforms and on the website</li> <li>Create an easily accessible link that leads directly to the Blog</li> <li>Use the Blog to promote holiday specials and provide historical, cultural and general information about uMhlathuze.</li> <li>Keep the content on the blog constantly updated and organised.</li> </ul>	UCTO	R0,1m	<b>MEDIUM</b>
	Exhibition and trade show	<ul style="list-style-type: none"> <li>Pre- Show Planning for the Exhibition or Trade Show</li> <li>Pre-Show Publicity preparations for an Exhibition or Trade Show</li> <li>Training (SMMEs)</li> <li>Post- Show Evaluation: Debrief</li> </ul>	TKZN, ULM, UCTO, KCDM	R0.05m	<b>MEDIUM</b>
	Conferencing and events	<ul style="list-style-type: none"> <li>Establish an Annual 2-day Jazz Festival in Richards Bay to draw in more visitors.</li> <li>Establish an Annual Tourism Conferences that will target both international and national groups</li> <li>Use the key marketing platforms to promote upcoming Events and Conferences</li> </ul>	UCTO UCTO UCTO	R5,0m	<b>HIGH</b>
	Branding	<ul style="list-style-type: none"> <li>Create a brand image for uMhlathuze that represents all products currently offered.</li> <li>Ensure that all advertising material are appropriately branded before they are utilised</li> </ul>	UCTO	R0,2m	<b>HIGH</b>
	Advertising	<ul style="list-style-type: none"> <li>Exploit television and cinema's visual and emotional qualities to build uMhlathuze's brand</li> </ul>	UCTO	R1,0m	<b>HIGH</b>

		<p>image as a great getaway destination with as many people as possible.</p> <ul style="list-style-type: none"> <li>• Use these high-profile mediums to inspire uMhlathuze residents to be tourism ambassadors with visiting friends and family.</li> <li>• Support with print, outdoor and airport advertising and radio.</li> <li>• Direct viewers to the uMhlathuze website for more information.</li> <li>• Use a mix of innovative advertising platforms e.g. Mall media, Buses, In flight meal packs, etc.</li> <li>• Use digital advertising for interactivity and lead generation.</li> <li>• Tourism Districts to produce and place point-of-visitation advertising materials.</li> <li>• 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.</li> </ul>	<p>UCTO</p> <p>UCTO</p> <p>UCTO</p> <p>UCTO</p> <p>UCTO</p> <p>KCDM, UCTO, ULM</p> <p>UCTO</p>		
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Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
	Domestic Marketing	<ul style="list-style-type: none"> <li>• Conduct Tourism Activations in all shopping centres found in uMhlathuze</li> <li>• Create a domestic tourism campaign that is aligned to the existing TKZN domestic tourism campaign (Do KZN).</li> <li>• Encourage domestic tourism in all marketing media channels (especially social media, radio and television).</li> <li>• 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.</li> <li>• Facilitate a local tour (twice a year) which includes providing free transportation and free entrance to various areas within the established uMhlathuze</li> </ul>	<p>UCTO</p> <p>UCTO</p> <p>UCTO</p> <p>UCTO</p> <p>UCTO</p>	R1,0m	Medium Term	<b>HIGH</b>

		<p>Tourism Route for the selected group of local people which may include Tourism Students and Graduates from the University of Zululand.</p> <ul style="list-style-type: none"> <li>• Create a tourism awareness programme which will target specific groups within the local areas with the potential and financial means to travel. This may include conducting presentations to possibly the following target groups: School groups which offer tourism as a subject, Church groups, Tourism Students (Tertiary), Taxi Associations.</li> </ul>	UCTO			
	International Marketing	<ul style="list-style-type: none"> <li>• Create an international music festival which will feature a few international tourists to attract the international market.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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)</li> </ul>	<p>UCTO</p> <p>ULM</p> <p>ULM</p> <p>UCTO</p>	R0,5m	Short-term	<b>LOW</b>

### **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 65: Economic Development Organogram



- University of Zululand – Research
- SEDA
- EDTEA
- NYDA

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- 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**

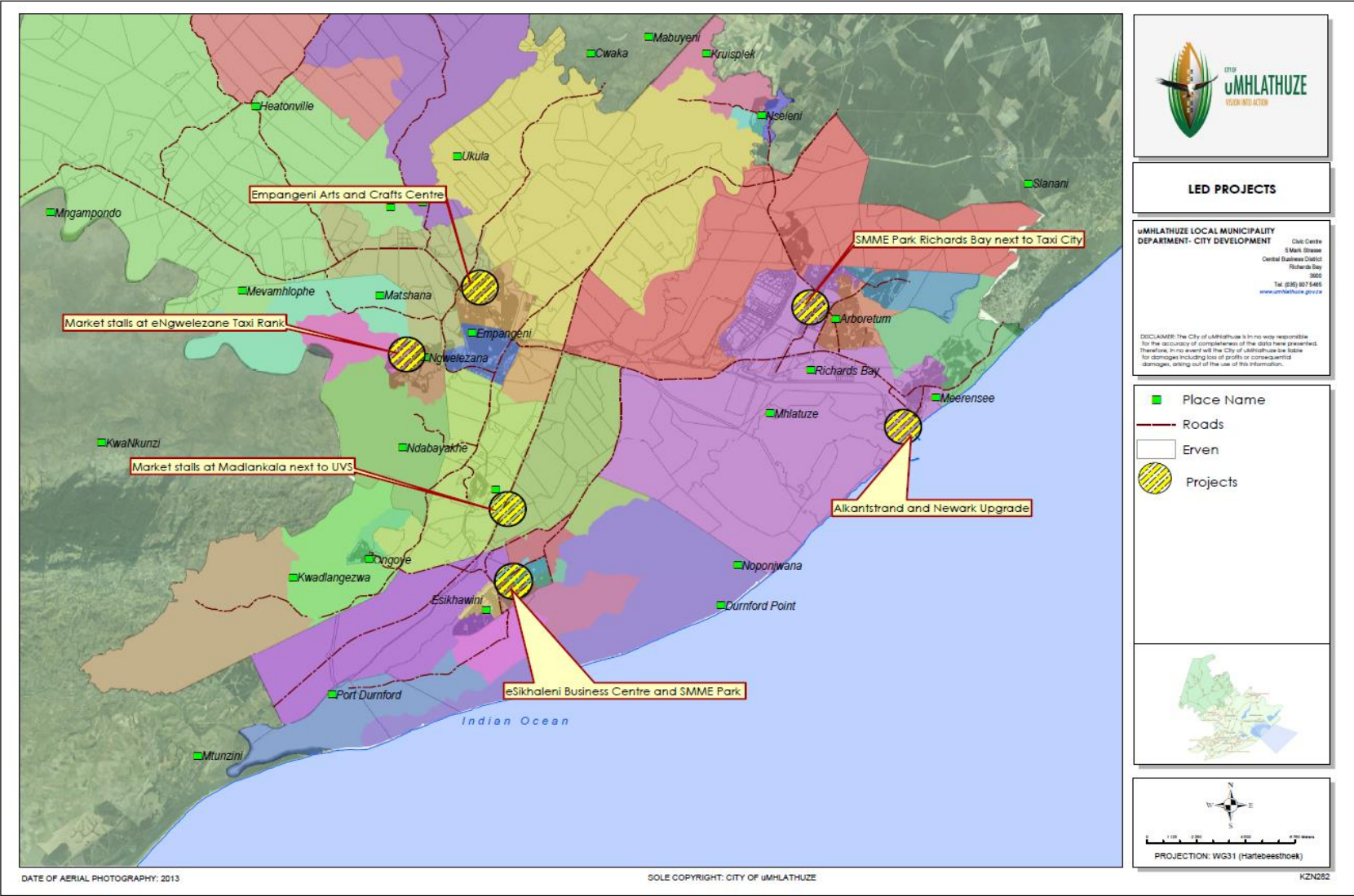
- Development of a tourism website
- Deployment of tourism information kiosks at the airport, N2 Garage and Shopping Malls
- Host Beach Festival
- Attend 3 Tourism Trade Shows
- Driving Lessons for 60 young people
- Leather Skin Processing project - shoe manufacturing
- Establishment of 2 jobseeker centers
- 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



**Map 47 : LED Projects**



## 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 57: Poverty Eradication Initiatives**

Poverty eradication Pillars	City of uMhlathuze's Initiatives
Social Protection	<ul style="list-style-type: none"> <li>• Operation Sukuma Sakhe which focuses on ward based war rooms targeting vulnerable and destitute communities.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The city has adopted an Indigent Burial Assistance Policy to assist poor households with burial of people living in the city.</li> </ul>

Poverty eradication Pillars	City of uMhlathuze's Initiatives
Agriculture Deepened	<ul style="list-style-type: none"> <li>• The city has completed auditing of land owned by the municipality in order to re-distribute arable land to previously disadvantaged communities for agricultural and commercial purposes.</li> <li>• The city has prioritised agriculture and agro processing as one of the priority sectors for economic transformation and job creation.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Enterprise Development	<ul style="list-style-type: none"> <li>• The city has adopted a new Land Disposal Policy which prioritises disposal of land to previously disadvantaged communities for local economic development.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Employment Creation	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The city together with Richards Bay Industrial Zone (IDZ) and Transnet National Ports Authority (TNPA) has</li> </ul>

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	<p>established a tripartite committee focusing on strategic investments and job creation within the city of uMhlathuze.</p> <ul style="list-style-type: none"> <li>• The City has a fully operational EPWP which provides job and skills development opportunities for unemployed people.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Skills Development	<ul style="list-style-type: none"> <li>• The City has a Memorandum of Agreement with uMfolozi TVET for the development of priority skills required by industry.</li> <li>• The city offers internships for graduates to acquire on-job skills development and training.</li> <li>• 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.</li> <li>• The city has a partnership with Foskor to train the youth and young entrepreneurs on scarce skills and business management.</li> <li>• 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.</li> </ul>

### 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 58: Summary of Community Needs**

uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

	Wards																																		
Needs/Issues	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				*	*	*	*		*					*	*	*		*		*	*	*	*				*								
SMME's Development				*																															
Solar System																																			
Speedhumps					*				*							*	*	*				*					*							*	
Sports Field/floodlights				*	*	*	*	*	*	*	*			*		*	*	*	*	*	*	*	*	*	*	*			*	*			*		*
Street Name/Signage/Markings														*	*	*	*					*	*		*										
Streetlights	*			*									*	*	*	*	*					*	*								*				
Strom Water																																			
Student Bursaries and Skills development														*																					
Swimming Pools																																			
Taxi Rank																																			
Tittle 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.

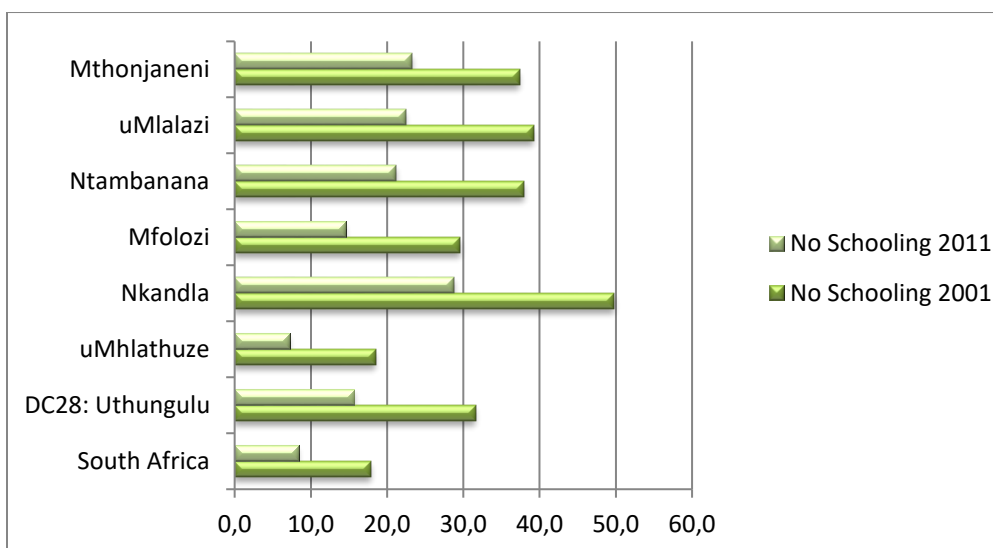
**Table 59 : Comparative Education Levels**

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

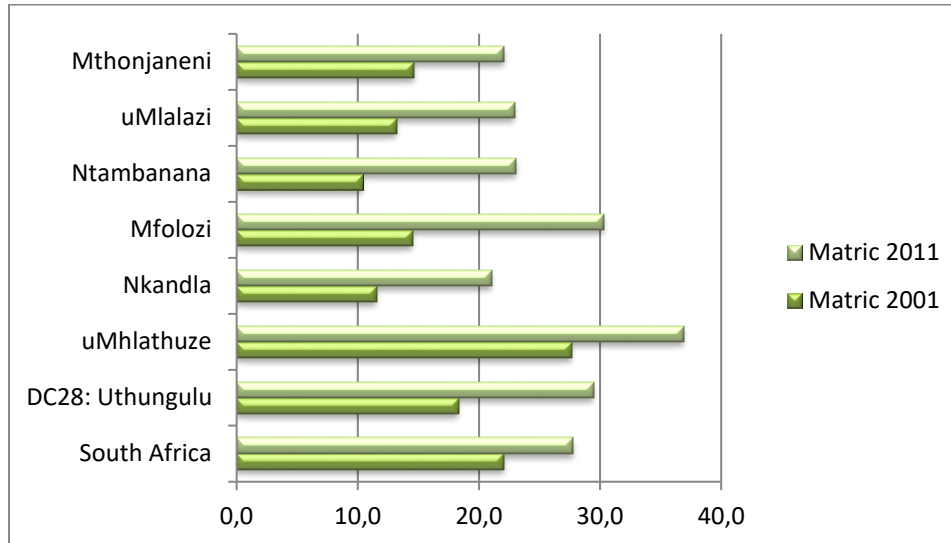
**Figure 66: Persons with no Schooling**



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 67: 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
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
Muntonokudla 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	

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Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
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
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
Dlangezwa 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

Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
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
Siyabonga Secondary School	Design	Maintenance And Repair	4 928	723,00
Siyabonga Secondary School (Kwadlangazwa)	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 (Kwadlangazwa)	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 60: Education Infrastructure Backlogs**

## uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

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	Storeroom s	Strongrooms	SNP Kitchen/ Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 1	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
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
ILEMBE P	17	P	R	7	6	4	4	1	0	7	7	0	1	14	14	3	2	0	0	0
IMIZIKAYIFANI P	19	P	R	7	10	3	4	1	0	6	7	0	1	14	14	0	2	0	0	0
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
INJABULOYESIZWE P	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



## uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

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	Storeroom s	Strongrooms	SNP Kitchen/ Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 1	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
KWAVULINDLELA P	30	P	R	7	0	1	1	0	0	0	3	0	1	4	4	2	1	0	0	0
MASAKHANE H	29	S	8	12	0	0	4	1	1	7	6	1	1	10	8	6	2	0	0	0
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
THEMBELIHL E 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).

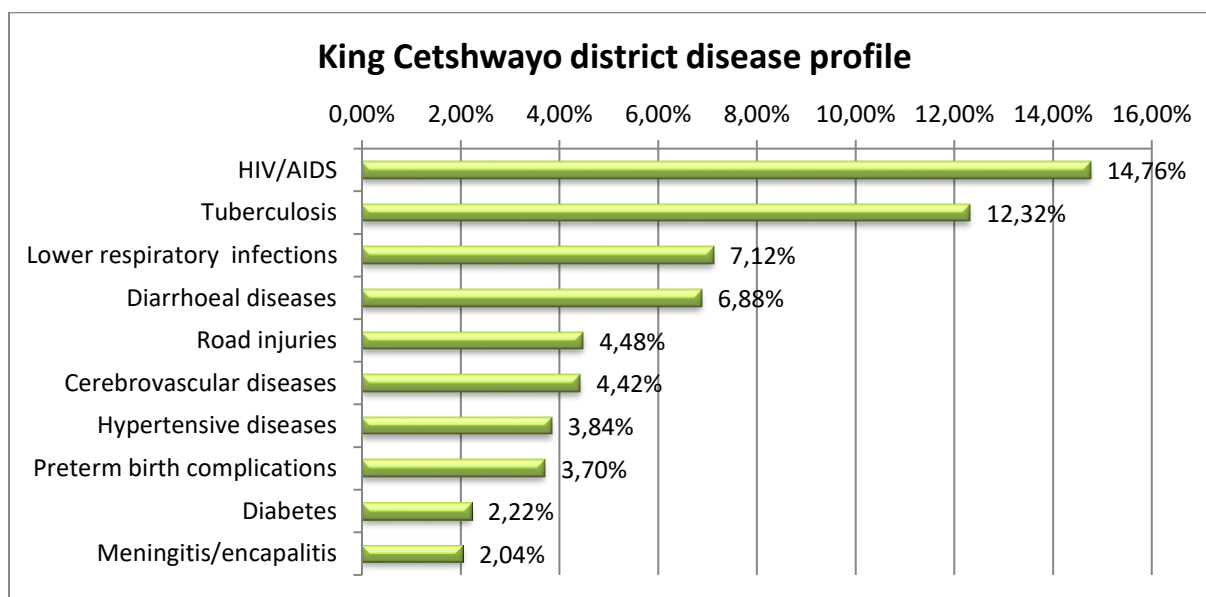
**Table 61: HIV/AIDS Statistics**

	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
<b>KwaZulu-Natal</b>	1 565 260	1 641 759	1 814 099	15,7	15,7	16,3	86 320	65 084	34 009
<b>King Cetshwayo</b>	147 802	146 893	158 200	16,3	16,0	16,5	8 158	5 813	2 970

<b>uMhlathuze</b>	62 371	63 135	70 275	17,2	16,9	17,2	3 335	2 453	1 296
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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 68: Disease Profile**



Source: King Cetshwayo Health District

**Table 62: 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,	Measles 2 <sup>nd</sup> Dose coverage
		Immunisation coverage under 1 year

	the under-five mortality rate	
Goal 5: Improve Maternal Health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate	Maternal mortality ratio (only facility mortality ratio)
		Proportion of births attended by skilled health personnel (Use delivery in facility as proxy indicator)
Goal 6: Combat HIV and AIDS, malaria and other diseases	Have halted by 2015, and begin to reverse the spread of HIV and AIDS	HIV prevalence among 15- 49-year-old pregnant women
		HIV prevalence among 20- 24-year-old pregnant women

### 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

### **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 get to donated to school is lobbied for from local business sector.

### ☛ Child Protection Awareness Campaign

This is done in partnership with the Department of Education through school visits. The intention is raise awareness about children's rights and challenges of abuse and steps to be taken in case of child suffering abuse.

## C. Senior Citizens

The municipality established the forum but is not functional due to lack of support. There are no establishments at ward as per requirement. Elderly Abuse Awareness Campaigns and Active Ageing programmes have been started in few areas with intention to spread throughout the municipality. Luncheon Clubs are launched at various wards.

## D. People with Disabilities

UMhlathuze Municipality established a Disability Forum. The main purpose for the establishment of this structure is to assist the Municipality to establish, understand and accommodate the needs of people with disabilities and ensure that they benefit from development initiatives. The municipality 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 HV/AIDS. The Municipality has been able to established Local AIDS Council but emphasis is needed for ward based establishments. The main purpose for the establishment of this structure is to assist the Municipality to establish, understand and accommodate the needs HIV/AIDS infected as well as the affected people and ensure that they benefit from development initiatives.

## F. Gender

UMhlathuze Municipality has got a responsibility a responsibility of developing municipal gender plans as well as municipal strategies to implement them. The process of formulating a Policy on Women Empowerment and Gender Equality has begun. Programmes successfully conducted include

### ☞ Women Business Workshop

Women were work-shopped on new development on the Municipal Supply Chain Policy which allows 40% of Municipal Supply Chain to women business.

### ☞ Dialogues on Gender-Based Violence

This was conducted in a form of izimbizo with various sectors of the community. The aim was to get to the root causes of violence and propose possible solutions. The ideal situation will be having both men and women forums at ward level and ensuring that discussions on Gender Based violence are always part of the agenda of all Ward meetings. UMhlathuze Municipality has got a responsibility of developing municipal gender plans as well as municipal strategies to implement them.

**Table 63: Special Programmes Initiatives**

Program	Objective	Brief description	Impact
Youth entrepreneurship awareness workshop	To develop entrepreneurial skills among young people in business and enhance their business management ability	The workshop was conducted by National Youth Development Agencies and attended by local	It has assisted young people within the municipality to develop necessary confidence and the knowhow in the management of the

Program	Objective	Brief description	Impact
		young people in business	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"> <li>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</li> <li>o The dependency ratio in uMhlathuze is lower than that of the country</li> <li>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</li> <li>o Functional Operation Sukuma Sakhe Unit in the Municipality</li> <li>o Existence of Industries thus creating opportunities for SMME's</li> <li>o Investment in broadband</li> <li>o Existence of University and TVET colleges as part of knowledge creation</li> <li>o Fresh produce market supporting agriculture</li> </ul>	<ul style="list-style-type: none"> <li>o A matter of great concern is that 56% of informal traders operating without a licence</li> <li>o Underutilization of good agricultural land in the traditional council areas</li> <li>o Loss of good agricultural land in the traditional council areas to unplanned settlement</li> <li>o Failure to realize the potential for value adding through agro-processing.</li> <li>o Funding to assist Operation Sukuma Sakhe</li> <li>o Access to markets by SMME's</li> <li>o Underdeveloped tourism attraction sites and products</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>o Growing trend of discouraged work seekers</li> </ul>

<p>the Municipality could also contribute to SMME development in a number of ways</p> <ul style="list-style-type: none"> <li>○ Harbour development has provided the impetus for large-scale industrial growth</li> <li>○ Partnership with Industrial Development Zone</li> <li>○ Investment in township economy</li> <li>○ Industry based skills development</li> <li>○ Empowerment of ward based war rooms</li> <li>○ Cross boarder collaboration in investment facilitation and attraction</li> <li>○ Progressive implementation of agricultural support plan</li> </ul>	<ul style="list-style-type: none"> <li>○ Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects</li> <li>○ Volatile world markets which affect prices for some agricultural commodities, for example, sugar</li> <li>○ The demise of the South African Sugar Association's credit facility for small-scale cane growers</li> <li>○ Nearly 10% of children of school going age are not attending school</li> <li>○ There has been a decline in the percentage (%) of persons with a higher education.</li> <li>○ Sexual Transmitted infections remain a growing concern.</li> <li>○ Beach erosion</li> <li>○ Persistent draught</li> <li>○ Lack of collaboration between municipality and traditional authorities</li> </ul>
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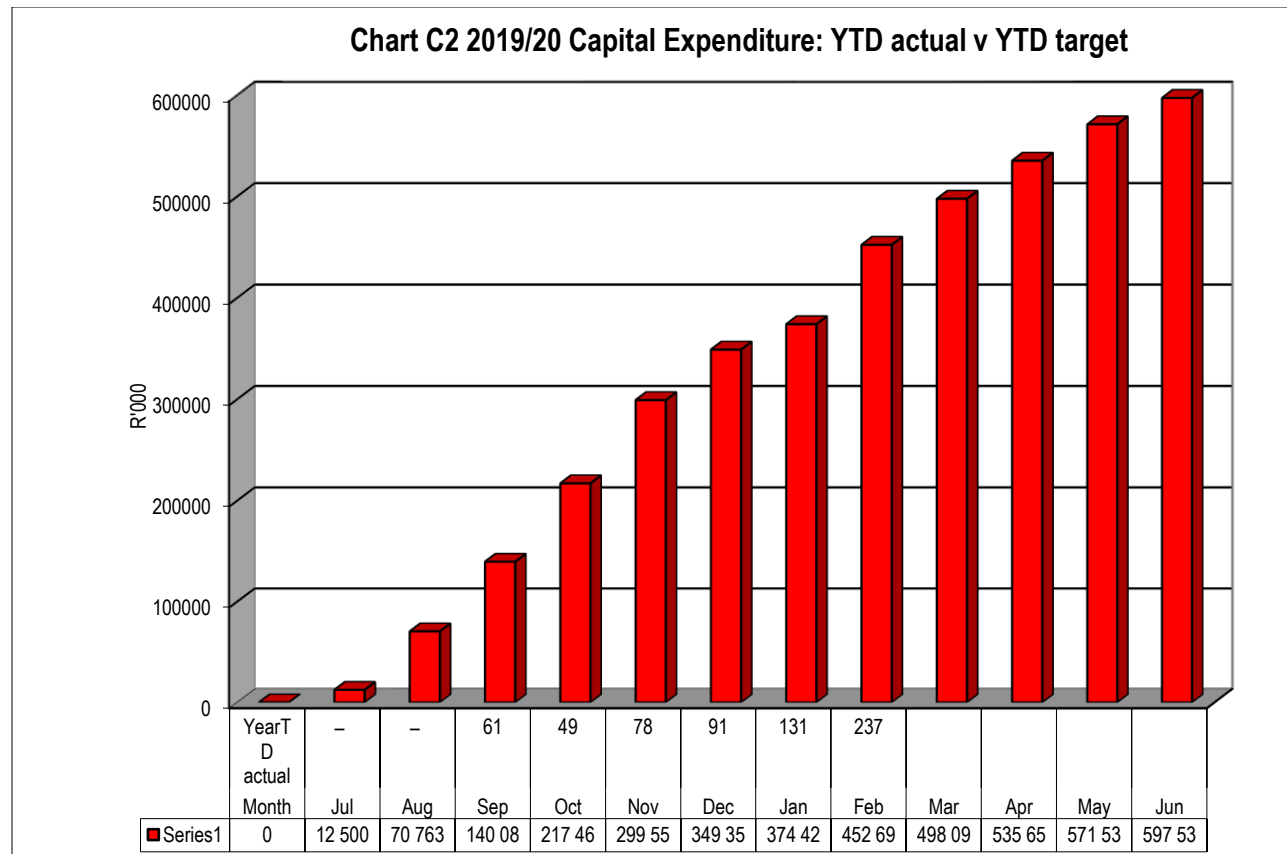
## MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS

### 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 64: Capital Expenditure for the Previous Years**



FIN YEAR	Y	BUDGET	ACTUAL	AVAILABLE	% SPENT
<b>2019/2020</b>	<b>0</b>				<b>76%</b>
2018/2019 Adjustment	1	586,328,400	251,481,636		43, 54%
2017/2018 Adjustment	2	570 504 800	247 249 973		43, 47%
2016/2017	3	548 195 800	507 829 563	(40 366 237)	92, 64%
2015/2016 Adjustment Budget	4	501 161 000	393 502 000	107 658 000	78%
2014/2015 Adjustment Budget	5	489, 307 400	454 373 000	43 635 000	91%
2013/2014	6	467, 889 900	254 716 481	213 267 119	54%



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**Table 65: Proposed Capital Funding**

Vote Description R thousand	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funded by:</b>				
National Government	121 374	182 989	161 078	172 723
Provincial Government	7 850	8 243	8 655	8 750
<b>Transfers recognised - capital</b>	<b>129 224</b>	<b>191 232</b>	<b>169 733</b>	<b>181 473</b>
<b>Borrowing</b>	310 000	–	310 000	–
<b>Internally generated funds</b>	147 105	406 301	118 139	423 484
<b>Total Capital Funding</b>	<b>586 328</b>	<b>597 533</b>	<b>597 872</b>	<b>604 957</b>

**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.

The tables below provide detail investment information and investment particulars by maturity.

**Table 66: Investment Information**

Investment type 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
<b>Parent municipality</b>									
Deposits - Bank	645 000	415 000	390 000	300 000	250 000	250 000	270 000	270 000	280 000
<b>Municipality sub-total</b>	<b>645 000</b>	<b>415 000</b>	<b>390 000</b>	<b>300 000</b>	<b>250 000</b>	<b>250 000</b>	<b>270 000</b>	<b>270 000</b>	<b>280 000</b>
<b>Consolidated total:</b>	<b>645 000</b>	<b>415 000</b>	<b>390 000</b>	<b>300 000</b>	<b>250 000</b>	<b>250 000</b>	<b>270 000</b>	<b>270 000</b>	<b>280 000</b>

**Note: Investment register attached**

**Table 67: 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
<b>Capital Expenditure - Functional</b>									
<b>Governance and administration</b>	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	—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>	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	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>	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	—
<b>Trading services</b>	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
<b>Total Capital Expenditure - Functional</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>
<b>Funded by:</b>									
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	—	—	—	—	—	—	—	—
<b>Transfers recognised - capital</b>	<b>143 210</b>	<b>138 212</b>	<b>105 800</b>	<b>191 232</b>	<b>181 294</b>	<b>181 294</b>	<b>183 857</b>	<b>154 789</b>	<b>173 376</b>
<b>Borrowing</b>	<b>204 961</b>	<b>9 969</b>	<b>265 391</b>	<b>—</b>	<b>50 608</b>	<b>50 608</b>	<b>157 000</b>	<b>143 000</b>	<b>154 000</b>
<b>Internally generated funds</b>	<b>159 738</b>	<b>352 341</b>	<b>145 489</b>	<b>406 301</b>	<b>391 004</b>	<b>391 004</b>	<b>330 977</b>	<b>296 000</b>	<b>327 000</b>
<b>Total Capital Funding</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>

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 Free Basic Services: basic social services package for indigent households

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.

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 68: 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
<b>Household service targets</b>									
<u><b>Water:</b></u>									
Piped water inside dwelling	44 308	47 511	47 511	47 511	47 511	47 511	47 511	47 511	47 511
Piped water inside yard (but not in dwelling)	41 846	55 276	55 276	57 276	57 276	57 276	57 776	58 276	58 776
<i>Minimum Service Level and Above sub-total</i>	86 154	102 787	102 787	104 787	104 787	104 787	105 287	105 787	106 287
<b>Total number of households</b>	<b>86 154</b>	<b>102 787</b>	<b>102 787</b>	<b>104 787</b>	<b>104 787</b>	<b>104 787</b>	<b>105 287</b>	<b>105 787</b>	<b>106 287</b>
<u><b>Sanitation/sewerage:</b></u>									
Flush toilet (connected to sewerage)	43 068	43 068	43 068	43 068	43 068	43 068	43 068	43 068	43 068
Pit toilet (ventilated)	35 860	49 397	49 397	60 631	60 631	60 631	47 376	48 376	49 376
<i>Minimum Service Level and Above sub-total</i>	78 928	92 465	92 465	103 699	103 699	103 699	90 444	91 444	92 444
<b>Total number of households</b>	<b>78 928</b>	<b>92 465</b>	<b>92 465</b>	<b>103 699</b>	<b>103 699</b>	<b>103 699</b>	<b>90 444</b>	<b>91 444</b>	<b>92 444</b>
<u><b>Energy:</b></u>									
Electricity - prepaid (min.service level)	34 285	35 316	35 316	35 543	35 543	35 543	35 543	35 543	35 543
<i>Minimum Service Level and Above sub-total</i>	34 285	35 316	35 316	35 543	35 543	35 543	35 543	35 543	35 543
Electricity - prepaid (< min. service level)	132	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	132	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>34 417</b>	<b>35 316</b>	<b>35 316</b>	<b>35 543</b>	<b>35 543</b>	<b>35 543</b>	<b>35 543</b>	<b>35 543</b>	<b>35 543</b>
<u><b>Refuse:</b></u>									
Removed at least once a week	73 356	74 856	74 856	78 856	78 856	78 856	78 856	78 856	78 856
<i>Minimum Service Level and Above sub-total</i>	73 356	74 856	74 856	78 856	78 856	78 856	78 856	78 856	78 856
<b>Total number of households</b>	<b>73 356</b>	<b>74 856</b>	<b>74 856</b>	<b>78 856</b>	<b>78 856</b>	<b>78 856</b>	<b>78 856</b>	<b>78 856</b>	<b>78 856</b>

**Table 69: Basic Service Delivery Measurement (continued)**

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
<b>Households receiving Free Basic Service</b>									
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
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
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
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	–	–	–	12 011	12 011	12 011	13 686	14 490	15 343
<b>Total cost of FBS provided</b>	<b>105 749</b>	<b>131 695</b>	<b>173 350</b>	<b>193 108</b>	<b>193 108</b>	<b>193 108</b>	<b>219 520</b>	<b>230 205</b>	<b>241 412</b>
<b>Highest level of free service provided per household</b>									
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
<b>Revenue cost of subsidised services provided (R'000)</b>									
<b>MPRA)</b>	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	121 226	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
<b>Total revenue cost of subsidised services provided</b>	<b>14 050</b>	<b>183 573</b>	<b>360 849</b>	<b>230 342</b>	<b>230 342</b>	<b>230 342</b>	<b>242 945</b>	<b>255 681</b>	<b>228 602</b>

## Explanatory notes to tables above- Basic Service Delivery Measurement

- The tables above provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The City continues to make progress with the eradication of backlogs.
- The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2020/21 MTREF.
- 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.**
- 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).

- City of uMhlathuze does not at the present moment have a system that automates the reporting of the Cost of Free Basic Services.
- 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.
- **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 2020/2021 MTREF on the different revenue categories are:

**Table 70: 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
<b>TOTAL</b>			<b>28 479</b>	<b>161 104</b>	<b>2 847 891</b>

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.

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 71: Breakdown of the operating revenue over the medium-term**

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
<b>Revenue By Source</b>									
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
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 904 214</b>	<b>2 920 660</b>	<b>2 927 545</b>	<b>3 208 768</b>	<b>3 198 114</b>	<b>3 198 114</b>	<b>3 430 794</b>	<b>3 636 785</b>	<b>3 877 900</b>

**Table 72: 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	%
<b>Revenue By Source</b>								
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%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 198 114</b>	<b>100%</b>	<b>3 430 794</b>	<b>100%</b>	<b>3 636 785</b>	<b>100%</b>	<b>3 877 900</b>	<b>100%</b>
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%

### 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

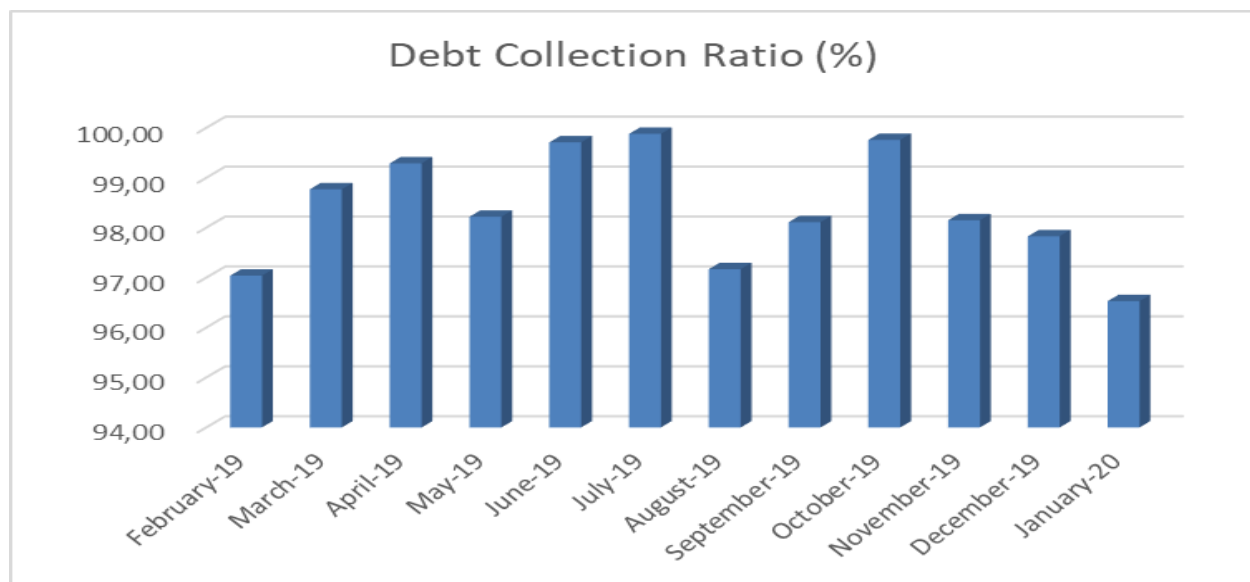
The Ratio indicates the collection rate, i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular

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

**Table 73: 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 69: Debt Collection Ratio**



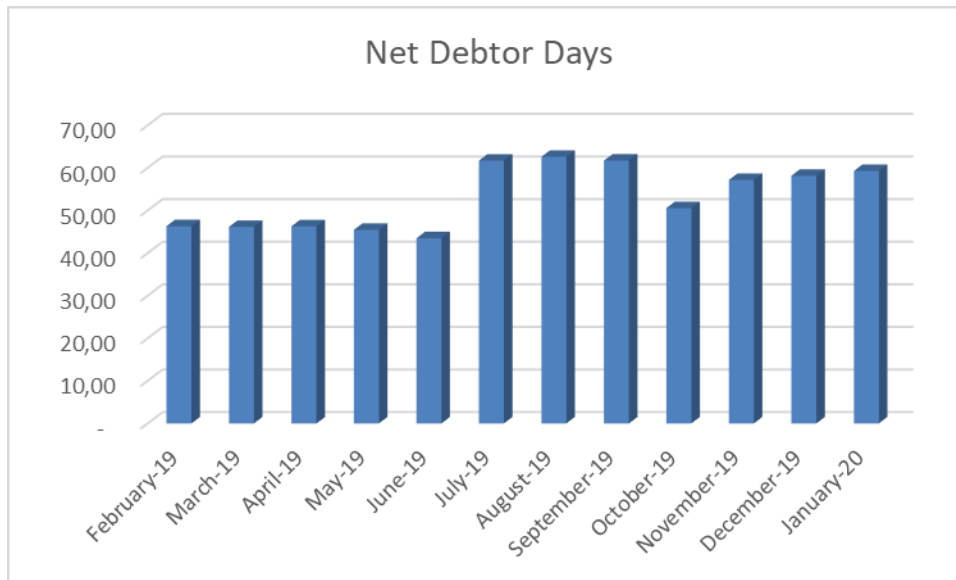
## Net Debtors Days

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.

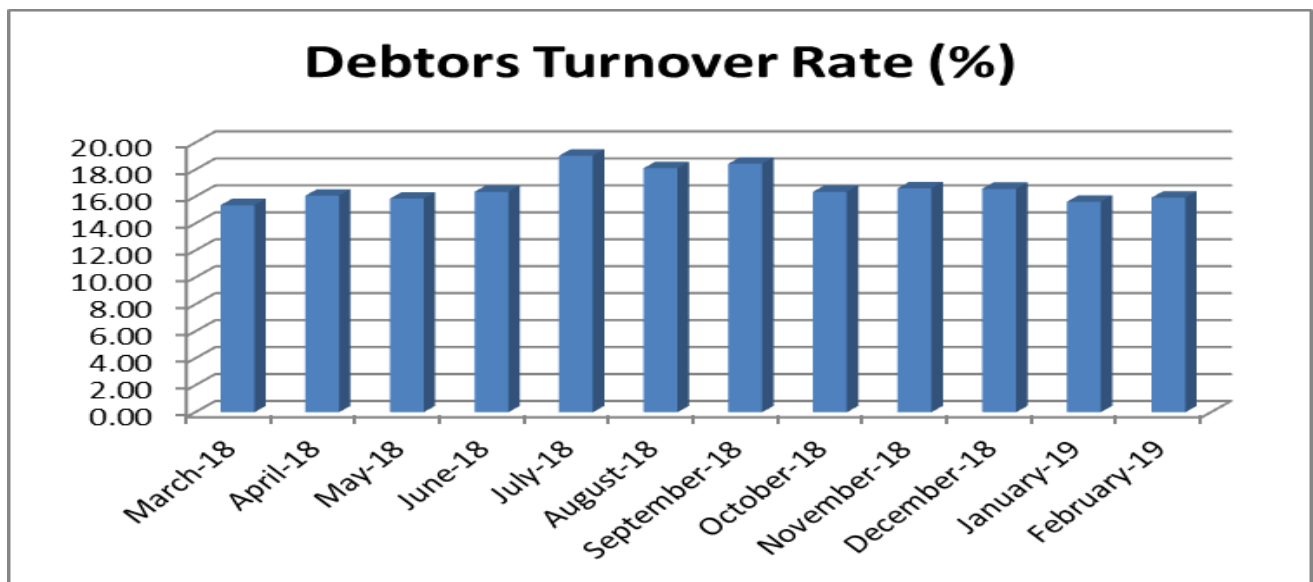
<b>Formula (As per circular 71)</b>		<b>Norm</b>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$		The norm is <b>30 Days</b>
<b>Month</b>	<b>Net Debtor Days</b>	
January-20	59,28	
December-19	58,14	
November-19	57,17	
October-19	50,55	
September-19	61,71	
August-19	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 70: Net Debtor Days**



### Debtor's Turnover Rate

The norm is to be below 20%:



### DEBTORS' AGE ANALYSIS

Table 74: 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	
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 75 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

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

Table 76: Capital transfers and grant receipts

## uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

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
<b>R thousand</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>275 248</b>	<b>314 327</b>	<b>339 463</b>	<b>377 106</b>	<b>377 044</b>	<b>377 044</b>	<b>411 846</b>	<b>443 307</b>	<b>482 868</b>
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	–	–	–	–	–	–	–
<b>Provincial Government:</b>	<b>10 017</b>	<b>12 652</b>	<b>13 762</b>	<b>13 570</b>	<b>12 975</b>	<b>12 975</b>	<b>12 797</b>	<b>13 185</b>	<b>13 781</b>
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	–	–	–	–	–	–	–
<b>District Municipality:</b>	<b>318</b>	<b>100</b>	<b>130</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Beach Festival	–	–	–	–	–	–	–	–	–
Refuse Removal Grant	318	–	–	–	–	–	–	–	–
Beach Protection	–	–	130	–	–	–	–	–	–
Speakers Funeral	–	100	–	–	–	–	–	–	–
<b>Other grant providers:</b>	<b>319</b>	<b>2 359</b>	<b>(495)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Umlhathuze 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	–	–	–	–	–	–
<b>Total Operating Transfers and Grants</b>	<b>285 902</b>	<b>329 438</b>	<b>352 860</b>	<b>390 676</b>	<b>390 019</b>	<b>390 019</b>	<b>424 643</b>	<b>456 492</b>	<b>496 649</b>

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:

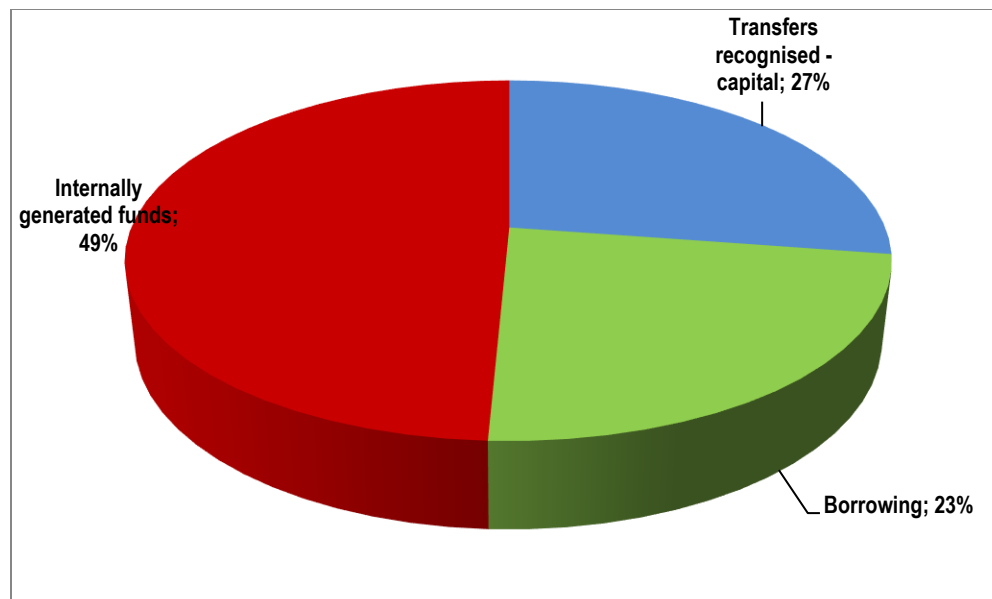
- Management stability (low vacancy rates among senior management)
- Audit findings
- Unauthorised, irregular, fruitless and wasteful expenditure
- Capital expenditure
- Reporting in terms of the MFMA

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.

#### **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 77: 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
<b>Repairs and Maintenance by Expenditure Item</b>									
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
<b>Total Repairs and Maintenance Expenditure</b>	<b>369 221</b>	<b>379 822</b>	<b>417 124</b>	<b>608 208</b>	<b>620 158</b>	<b>620 158</b>	<b>682 598</b>	<b>720 127</b>	<b>759 497</b>

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 78: Repairs and maintenance per asset class**

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
<b>Infrastructure</b>	<b>247 665</b>	<b>302 041</b>	<b>318 005</b>	<b>486 649</b>	<b>481 050</b>	<b>481 050</b>	<b>520 369</b>	<b>545 966</b>	<b>564 304</b>
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	–	–	–
<b>Community Assets</b>	<b>59 882</b>	<b>73 421</b>	<b>68 308</b>	<b>112 239</b>	<b>94 276</b>	<b>94 276</b>	<b>100 095</b>	<b>105 075</b>	<b>109 393</b>
<u>Heritage assets</u>	–	103	–	113	113	113	120	126	131
<u>Other assets</u>	<b>25 097</b>	<b>250</b>	<b>9 387</b>	<b>5 355</b>	<b>22 952</b>	<b>22 952</b>	<b>24 314</b>	<b>25 520</b>	<b>26 573</b>
Computer Equipment	–	–	–	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
<b>Total Repairs and Maintenance Expenditure</b>	<b>379 822</b>	<b>417 124</b>	<b>442 889</b>	<b>682 598</b>	<b>677 307</b>	<b>677 307</b>	<b>740 665</b>	<b>777 131</b>	<b>803 425</b>
<b>R&amp;M as a % of PPE</b>	7.3%	6.7%	7.1%	11.9%	10.6%	10.6%	11.2%	11.6%	11.8%
<b>R&amp;M as % Operating Expenditure</b>	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).

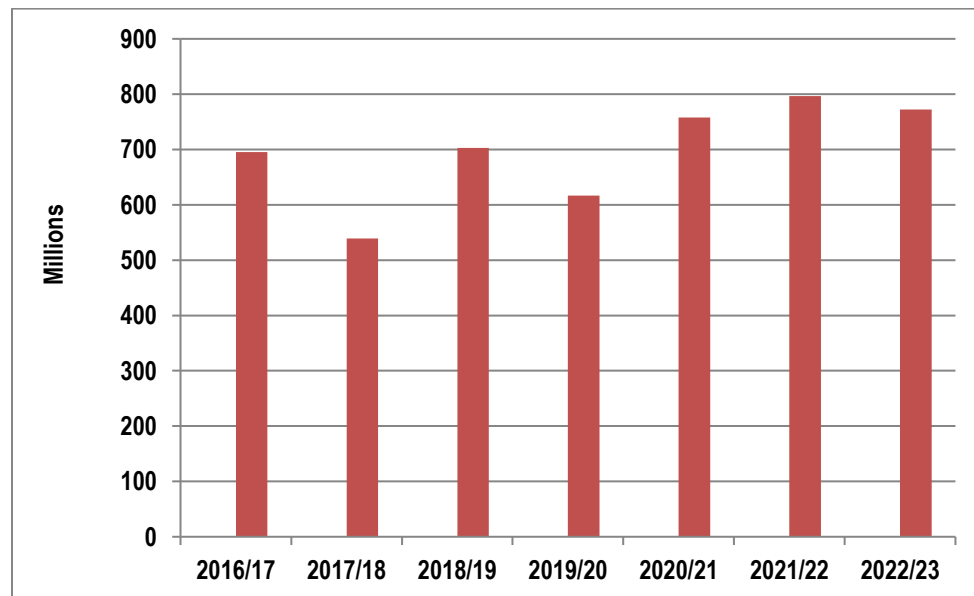
### 8.23.7 Borrowing /Loans

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

**Table 79: 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
<b>Parent municipality</b>									
Annuity and Bullet Loans	695 609	539 424	702 634	613 400	616 770	616 770	757 721	796 505	772 412
<b>Municipality sub-total</b>	<b>695 609</b>	<b>539 424</b>	<b>702 634</b>	<b>613 400</b>	<b>616 770</b>	<b>616 770</b>	<b>757 721</b>	<b>796 505</b>	<b>772 412</b>
<b>Total Borrowing</b>	<b>695 609</b>	<b>539 424</b>	<b>702 634</b>	<b>613 400</b>	<b>616 770</b>	<b>616 770</b>	<b>757 721</b>	<b>796 505</b>	<b>772 412</b>
<b>Unspent Borrowing - Categorised by type</b>									
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)	9 969	-	-	-	-	-	35 550	21 445	12 605
<b>Municipality sub-total</b>	<b>9 969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 550</b>	<b>21 445</b>	<b>12 605</b>
<b>Total Unspent Borrowing</b>	<b>9 969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 550</b>	<b>21 445</b>	<b>12 605</b>

The following graph illustrates the growth in outstanding borrowing for the 2015/16 to 2021/22 period

**Figure 71: 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 72: 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
<b><u>Borrowing Management</u></b>										
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%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	10.9%	6.5%	10.3%	9.6%	9.7%	9.7%	10.4%	10.9%	10.1%
<b><u>Liquidity</u></b>										
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
<b><u>Revenue Management</u></b>										
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%
<b><u>Creditors Management</u></b>										
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 73: 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
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	87249273	63838475	62427737	62427737	62427737	62427737	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%
<b>IDP regulation financial viability indicators</b>										
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 peak 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 increase 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 80: SA 10 - Funding compliance measurement**

National Treasury requires that the municipality to assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

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
<b>Funding measures</b>										
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 CPI 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%
<b>High Level Outcome of Funding Compliance</b>										
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.

### 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 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.



#### **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 94 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 93 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 94 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.

#### **8.23.8.12 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 65 MBRR SA34c of the budget as attached.

#### **8.23.8.13 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 SA34b of the budget as attached.

#### **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 81: 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
<b><u>Councillors (Political Office Bearers plus Other)</u></b>									
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	–	–	–	–	–	–	–	–	–
<b>Sub Total - Councillors</b>	<b>25 542</b>	<b>29 342</b>	<b>30 395</b>	<b>32 404</b>	<b>32 404</b>	<b>32 404</b>	<b>34 026</b>	<b>35 728</b>	<b>37 516</b>
<b>% increase</b>		<b>14.9%</b>	<b>3.6%</b>	<b>6.6%</b>	<b>–</b>	<b>–</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b><u>Senior Managers of the Municipality</u></b>									
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	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>10 161</b>	<b>12 540</b>	<b>16 061</b>	<b>18 655</b>	<b>18 707</b>	<b>18 707</b>	<b>18 695</b>	<b>19 674</b>	<b>20 660</b>
<b>% increase</b>		<b>23.4%</b>	<b>28.1%</b>	<b>16.2%</b>	<b>0.3%</b>	<b>–</b>	<b>(0.1%)</b>	<b>5.2%</b>	<b>5.0%</b>

**Table 82: Summary of councillor and staff benefits (continued)**

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
<b><u>Other Municipal Staff</u></b>									
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
<b>Sub Total - Other Municipal Staff</b>	<b>634 083</b>	<b>688 514</b>	<b>765 897</b>	<b>840 895</b>	<b>840 857</b>	<b>840 857</b>	<b>968 086</b>	<b>1 014 399</b>	<b>1 066 343</b>
<b>% increase</b>		<b>8.6%</b>	<b>11.2%</b>	<b>9.8%</b>	<b>(0.0%)</b>	<b>–</b>	<b>15.1%</b>	<b>4.8%</b>	<b>5.1%</b>
<b>Total Parent Municipality</b>	<b>669 787</b>	<b>730 396</b>	<b>812 353</b>	<b>891 954</b>	<b>891 968</b>	<b>891 968</b>	<b>1 020 807</b>	<b>1 069 801</b>	<b>1 124 520</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>669 787</b>	<b>730 396</b>	<b>812 353</b>	<b>891 954</b>	<b>891 968</b>	<b>891 968</b>	<b>1 020 807</b>	<b>1 069 801</b>	<b>1 124 520</b>
<b>% increase</b>		<b>9.0%</b>	<b>11.2%</b>	<b>9.8%</b>	<b>0.0%</b>	<b>–</b>	<b>14.4%</b>	<b>4.8%</b>	<b>5.1%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>644 245</b>	<b>701 054</b>	<b>781 958</b>	<b>859 550</b>	<b>859 564</b>	<b>859 564</b>	<b>986 781</b>	<b>1 034 073</b>	<b>1 087 004</b>

**Table 83: 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.
<b>Councillors</b>							
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
<b>Total Councillors</b>	<b>67</b>	<b>21 050 300</b>	<b>5 014 100</b>	<b>7 961 200</b>			<b>34 025 600</b>
<b>Senior Managers of the Municipality</b>							
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
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE</b>	<b>75</b>	<b>33 126 000</b>	<b>6 307 400</b>	<b>11 027 900</b>	<b>2 259 400</b>		<b>52 720 700</b>

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.

Furthermore, Council Resolution 13682 dated 20 November 2019, resolved that:

*"75. fifty three (53) posts of General Worker Gr. I 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.

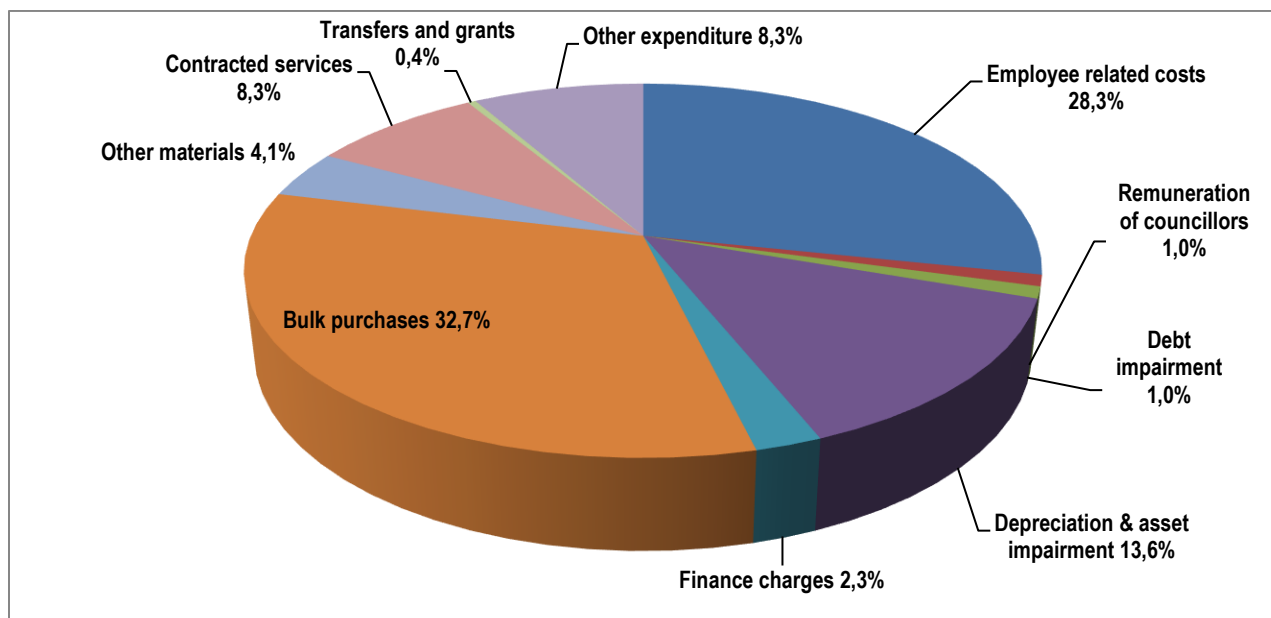
The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 5 per cent has been budgeted for the 2020/21 financial year.

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

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
<b>Expenditure By Type</b>									
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	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>2 834 188</b>	<b>2 768 618</b>	<b>3 146 732</b>	<b>3 234 247</b>	<b>3 292 395</b>	<b>3 292 395</b>	<b>3 485 274</b>	<b>3 673 862</b>	<b>3 852 144</b>

The following figure gives a breakdown of the main expenditure categories for the 2020/21 financial year.

**Figure 74: 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 84: Bid Committees**

Bid Committee	Legislative Reference	Members of Bid Committee
---------------	-----------------------	--------------------------

<b>Bid Specification Committee</b>	<p>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 <b>(DMS 868603)</b> which reads as follows:</p> <p>“(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”</p>	<p>MS N Ndonga - chairperson JV Gumede Mr Z Masango Mr S Morajane Ms Z Ngcobo Mr BV Nzuz</p>
<b>Bid Evaluation Committee</b>	<p>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 <b>(DMS 868603)</b> which reads as follows:</p> <p>“(2) The bid evaluation committee must be appointed and composed as follows:</p> <p>(a) officials from departments requiring the goods or services;</p> <p>(b) at least one supply chain management practitioner of the municipality or municipal entity and</p> <p>(c) the accounting officer must appoint the members of the committee in terms of clause 26(b) of this policy and the chairperson of the bid specification committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.</p>	<p>Mr T Mathebula - chairperson Mrs ROGS Xulu Ms G Gazu Mr T Gumede Mr T Kubheka Mr D Mohapi Mr B Mbhamali Ms N Ndwandwa Mr M Mhlango</p>
<b>Bid Adjudication</b>		<p>Mr M Kunene (Chairperson Mr. NW Khumalo Mr S Hlela Mr NH Khumalo Ms B Strachan Mr S Mbatha Mr S Khumalo</p>

## 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. As Council's amended and approved Supply Chain Management Policy whose objective is to spend a minimum of forty percent (40%) of its annual procurement budget with historically disadvantaged individuals (HDI), youth, women, People living Disabilities. **Below is the SCM spending report reflecting the performance under each category**

**Table 85: SCM Spending 2018/2019 (LED)**

Total SCM Spending 2018/2019 - Quarter 1 to 4								
Categories	Q1	Q2	Q3	Q4	TOTAL	HDI		% Achieved
Total spend per quarter	113 756 385,35	231 202 535,26	197 018 256,53	133 966 001,47	675 943 178,40			
State owned	R9 947 955,06	14 792 723,29	27 695 466,31	169 012,66				
Total spend excluding state owned	R103 808 430,29	216 409 811,97	169 322 790,22	133 796 988,81	623 338 021,29	40%	249 335 208,52	
EME or QSE with at least 51% ownership by Black Women	R43 804 284,30	36 602 700,42	21 514 166,71	19 320 370,32	121 241 521,74	40%	99 734 083,41	122%
EME or QSE with at least 51% ownership by Black Youth	R30 373 103,93	35 246 361,38	27 483 417,78	46 208 363,76	139 311 246,84	40%	99 734 083,41	140%
EME or QSE with at least 51% ownership by Disabled Black People	R309 523,33	1 358 710,35	190 033,32	157 411,00	2 015 678,00	20%	49 867 041,70	4%
Total spent through targeted groups	74 486 911,55	73 207 772,15	49 187 617,80	65 686 145,08	262 568 446,59	42%	249 335 208,52	105%

The targeted procurement policy of the municipality is progressively meeting the objectives set, that of improving the lives of the people. In the first year of implementation, 2016/17 financial year, 40% set aside was R348 million. Out of this amount the local black women category achieved **175% (R244 million)**, youth was **94% (R131 million)** and People living with Disabilities was **0.87% (R605 Thousand)**.

In the second year ending 2018, there is an improvement where the youth has already achieved **102% (R134 million)**, women **91% (R117 million)** and the People living with Disabilities **2% (R1.6 million)**.

In the third year ending June 2019, there is an improvement where the youth has already achieved **140% (R139.3 million)**, women **122% (R121.2 million)** and the People lwith Disabilities **4% (R2.0 million)**.

Council would continue to support SMMEs from the marginalised communities and give support for access to capital and building capacity.

## **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.

### **ALIGNMENT BETWEEN SDBIP AND PROCUMENT PLANS**

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

#### **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"> <li>○ Council has an adopted Indigent Policy.</li> <li>○ The City of uMhlathuze has a fully functional Supply Chain Management Unit</li> <li>○ uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment</li> <li>○ Financial reporting and financial statements are developed in-house</li> <li>○ Fully funded budget</li> <li>○ Alignment of budget with IDP</li> <li>○ Full adherence to financial management prerequisites</li> </ul>	<ul style="list-style-type: none"> <li>○ The current credit score of the Municipality is BBB.</li> <li>○ organisational structure not fully funded</li> <li>○ Poor capital expenditure</li> <li>○ Lack of long term financial planning</li> <li>○ Investment of borrowings in non-revenue projects</li> <li>○ Impact of engineering contributions on investment</li> <li>○ In-adequate contract management</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>○ The Municipality has obtained an average debt collection ratio of <b>99.49%</b>.</li> <li>○ The City obtained Clean Audit for five consecutive years since 2012/2013 financial year</li> <li>○ Pilot mSCOA</li> <li>○ ERP implementation</li> <li>○ Diversification of revenue base</li> <li>○ Borrowing to invest in economic infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>○ 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.</li> <li>○ The Council is limited in its leverage to borrow money externally.</li> <li>○ Limited resources provided in capital refurbishment and replacement programs.</li> </ul>

<ul style="list-style-type: none"> <li>o Establishment of a municipal owned entity</li> <li>o Reduction in cost of doing business</li> </ul>	<ul style="list-style-type: none"> <li>o Limited revenue base</li> <li>o Unfunded mandates</li> <li>o Growing indigent register</li> <li>o No rateable areas under traditional authorities</li> <li>o Growing of rural debts</li> <li>o Non-payment for services</li> </ul>
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## GOOD GOVERNANCE AND PUBLIC PARTICIPATION ANALYSIS

### 8.25 Provincial Programmes/Priorities rolled-out at Municipal Level

#### 13.1.1 Operation Sukuma Sakhe

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:

<b>Members</b>	
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	<del>B Khanyile</del> 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 86: 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	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
			Land Use Management scheme in accordance with the White Paper 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	The meeting shall be held quarterly provided that it is held one week before the Municipal Managers Forum.

uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

FORUM	PURPOSE /Objective	Composition	Functions	Meeting Frequency
			both its vision and its strategic objectives.	
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"> <li>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.</li> <li>Shall deal with the development an Integrated HIV/AIDS Programme</li> <li>Shall deal with the development of an Integrated District Health Strategy</li> <li>Shall deal with the development of a Disaster Management Plan</li> <li>Shall deal with issues of youth, women and disabled development</li> <li>Shall deal with issues of Skills Development Strategy</li> </ul>	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. • 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	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.

uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

FORUM	PURPOSE /Objective	Composition	Functions	Meeting Frequency
	Committees and public participation policy framework.			
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;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report. Municipal Public Accounts Committee (MPAC) is established instead of the Standing Committee on Public Accounts (SCOPA).

- **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 87: 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 ( <b>MPAC</b> )	Cllr D J Ndimande

**Table 88: 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 89 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 five 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. In terms of the Charter and section 166 of the MFMA, the Audit Committee must meet at least four times.

The new Audit Committee was appointed in February 2019 as the term of office for the previous Committee expired in January 2019. During the period under review, the Audit Committee met 5 times. The table below sets forth the particulars of the Audit Committee members and dates of appointment

**Table 90: Audit Committee Meetings for 2018/2019 Financial Year.**

<b>Name</b>	<b>Date appointed</b>
<b>Committee members from 01 February 2016 to 31 January 2019)</b>	
Mr S Nkonzompi ( <b>Chairperson</b> )	<b>01 February 2016</b>
Dr N.J Ndlovu	<b>01 February 2016</b>
A Dhuki	<b>01 February 2016</b>
Miss Zulu (Resigned on 31 December 2017)	

<b>Committee members from 01 February 2016 to 31 January 2019)</b>	
Mr H Mpungose ( <b>Chairperson</b> )	<b>01 February 2019</b>
Ms K Sewnarain	<b>01 February 2019</b>
Dr N.J Ndlovu	<b>01 February 2019</b>
Ms N.H Thungo	<b>01 February 2019</b>

The Committee Meetings referred to above were held on the following dates:

- 03 August 2018
- 30 August 2018
- 06 December 2019
- 14 March 2019
- 24 May 2019

Set out below is a summary of the matters which were dealt with at the Audit Committee meetings:

- The Internal Audit Plan for the 2018/2019 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

- 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.

- 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.
- 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.

✓ *Review of annual Financial Information*

The members of the Audit Committee reviewed the financial statements and the report of the Auditor General for the year ended 30 June 2019 and can report as follows:

An overview of the financial performance of Council for the year ended 30 June 2019 is set out in the table below.

Insofar as the provisions of section 166(2)(c) of the MFMA are concerned, we can report that, in our opinion, there are no issues raised by the Auditor General in the audit report which require Council's specific attention.

✓ *Reporting and disclosure*

The preparation of Council's annual financial statements is governed by various International Financial Reporting Standards, Generally Recognised Accounting Standards and Generally Accepted Municipal Accounting Standards. In addition, there are a number of financial reporting requirements issued by National Treasury which have to be complied with. In spite of the substantial compliance burden which these standards require, Council's Treasury Department managed, as in the previous financial year, to comply with these standards to the satisfaction of the Auditor General and Treasury should, in our view, be congratulated with this achievement. Future compliance with financial reporting standards will however continue to place severe strain on existing financial capacity and infrastructure. It is therefore crucial that Council acknowledge the importance of maintaining and improving its financial capacity to meet this ongoing challenge.

➡ *Guideline 65*

During November 2012, National Treasury issued Guideline 65 under the Municipal Finance and Management Act of 2003 titled *Internal Audit and Audit Committee*. The stated purpose of this guide was to assist municipalities in improving the effectiveness of internal audit and their Audit Committees. The Audit Committee devoted considerable time to the recommendations contained in this document which resulted in the following outcomes:

The Audit Committee Charter and the Internal Audit Charter was reviewed in order to accurately reflect the proposals and principles contained in Guideline 65, and The Guideline appeared to recommend that municipalities with a separate Performance Audit Committee should combine this committee and the Audit Committee into one committee. This recommendation caused considerable debate within the municipality and culminated into the Chairpersons of the Audit Committee and Performance Audit Committee being requested to engage with National Treasury to obtain clarity on this matter. This was duly done and the respective Chairpersons issued a report dated 5 June 2013 in which a recommendation was made that the current status quo be retained and that the Audit Committee and Performance Audit Committee continue to function as two separate committees with the proviso that the Performance Audit Committee report to the Audit Committee as the Audit Committee has final responsibility for performance management.

➡ *Internal audit issues*

The main function of the Audit Committee is to receive and consider reports from Internal Audit in which their findings on work done in terms of the approved Internal Audit

Plan are recorded. For purposes of completeness, the process which is typically followed when a specific area is selected for audit is as follows:

- A pre-scoping meeting is held with the HOD and other senior officials of the relevant department in which the audit objectives and outcomes are discussed;
- A scoping document is then prepared which is approved by the relevant HOD;
- Fieldwork commences. During this process regular interaction with relevant officials takes place;
- □□ After completion of the fieldwork a draft report is prepared for discussion with the HOD and senior officials. The purpose of this discussion is to iron out any errors or differences of opinion and to obtain managements' comments and implementation commitments;
- These reports are collated on a quarterly basis and presented to the Municipal Manager and other senior officials for discussion and final approval;
- These approved reports are then tabled at the next Audit Committee meeting for discussion.

Because of the above procedure and the fact that the Audit Committee only meets on a quarterly basis, the time line from initiation of an audit cycle to final reporting is very long and, as a result, some urgency with the addressing of identified problem areas is lost. It is however, conceded that the interaction between Internal Audit and officials during the fieldwork stage has a lot of value and compensates to a degree for the lost benefits associated with the long reporting time line.

### ➤ Conclusion

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.

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 91: 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 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)

Policy Name	Description
	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:

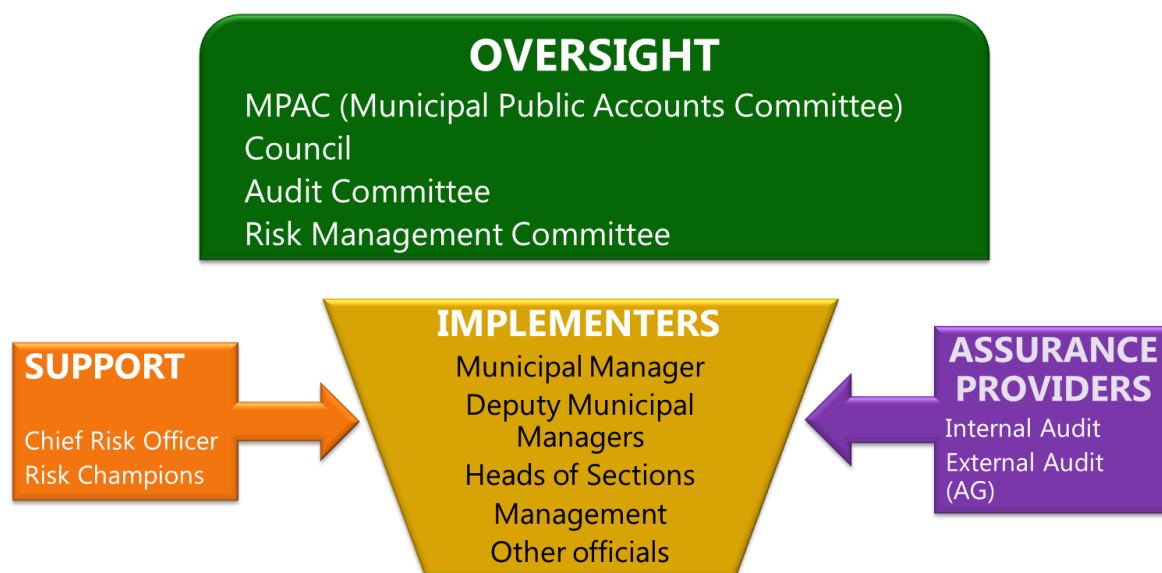
- Objective setting;
- Risk Identification;
- Risk Assessment;
- Risk Response;
- Communication and reporting; and
- Monitoring and review

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 75: 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)
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)

BYLAWS	RESPONSIBLE DEPT	ADOPTION DATE AND DMS NO
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"> <li>○ Operation Sukuma Sakhe (OSS) fully functional</li> <li>○ Municipal Public Accounts Committee (MPAC) is established</li> <li>○ Functional section 79 and Section 80 committees</li> <li>○ Ward committees established for all 34 wards</li> <li>○ Effective Audit, Performance Audit and Enterprise Risk Management Committees</li> <li>○ Range of municipal policies in place</li> </ul>	<ul style="list-style-type: none"> <li>○ Poor resourcing, of OSS structures</li> <li>○ Inconsistent functionality of Ward Committees</li> <li>○ Ineffective IGR structures</li> <li>○ Poor defined relationship between ward councillors and traditional authority structures</li> <li>○ Poor alignment of municipal and district programs</li> <li>○ Vastness of rural wards</li> <li>○ Poor enforcement of Council By-Laws</li> </ul>

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>o Fully functional and effective Bid Committees</li> <li>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</li> <li>o "Taking Council to the Community" initiative enhances public participation</li> <li>o Unqualified audit outcomes with no matters of emphasis for five consecutive years</li> <li>o Stable Municipal Council</li> <li>o Establishment of whistle blowing facility</li> </ul>	
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>o Further strengthening of good governance</li> <li>o Enhancing IGR structures</li> <li>o Collaborations with institutions of higher learning to enhance good governance</li> <li>o Improving relationship with traditional institutions</li> <li>o Enhance public participation platforms and methodologies</li> <li>o Capacitation of ward committees</li> <li>o Partnership with private sector in support of community development initiatives</li> </ul>	<ul style="list-style-type: none"> <li>o Dysfunctionality of IGR structures</li> <li>o Redetermination of municipal boundaries</li> <li>o Service delivery protests</li> <li>o Security of concillors</li> <li>o Non-compliance with Supply Chain Management Prescripts</li> <li>o Poor customer service</li> <li>o Lack of participation by minority groups (WIC) in municipal programmes</li> <li>o Maladministration</li> <li>o Land claims against municipal owned land</li> </ul>

## 9. UMHLATHUZE: COMBINED SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>o Disaster Management Framework in place</li> <li>o All role players in the disaster management arena (including Government, None-Government Organizations, Traditional Authorities and the Private Sector) work together to prevent and or mitigate the occurrence of disasters</li> </ul>	<ul style="list-style-type: none"> <li>o Efficient provision of disaster management services reliant on ongoing cooperation between all role players in the disaster management area</li> <li>o lack of resources such as appointment of support of staff and equipment</li> <li>o Lack of capacity to adequately handle all kinds disaster related incidents</li> </ul>

<ul style="list-style-type: none"> <li>o Disaster Management Bylaws aimed give effect to the provisions of Council's Disaster Management Framework.</li> <li>o Disaster Management Advisory Forum in place</li> <li>o 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.</li> <li>o Good road accessibility</li> <li>o The municipality borders a coastline that spans approximately 45 kilometres</li> <li>o The municipality borders a coastline that spans approximately 45 kilometres</li> <li>o 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.</li> <li>o High level of species diversity.</li> <li>o The beaches are significant tourism assets for the municipality.</li> <li>o Alien Invasive and Greening Strategy in place</li> </ul>	<ul style="list-style-type: none"> <li>o Poor coordination between departments to respond to disaster situations</li> <li>o Inadequate communication platforms for disaster alerts and responses</li> <li>o Funding challenges to implement Alien Invasive and Greening Strategy.</li> <li>o 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.</li> <li>o Gaps in availability of data on the local heritage.</li> </ul>
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>o Spatial Development Framework has been developed and is in place.</li> <li>o Climate change Strategy in place</li> <li>o Municipal Organogram is in place</li> <li>o Section 79, 80 and other Council Committees established and are operational</li> <li>o A reliable ICT system for effective functioning and efficient service delivery</li> <li>o Human Resource Policies in Place</li> <li>o Employment Assistance Programme</li> <li>o 24 hours operational Call Centred with toll free</li> <li>o Fully functional ward committees</li> <li>o Functional Local Labour Forum</li> <li>o Progressive Employment Equity Plan</li> <li>o Critical senior management vacancies filled</li> <li>o Stable labour relations</li> <li>o Very high level of access to water and electricity in the uMhlathuze municipal area</li> </ul>	<ul style="list-style-type: none"> <li>o 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</li> <li>o Unsatisfactory attraction and employment of disabled personnel</li> <li>o Inadequate budget allocations for programs such as the EAP</li> <li>o Inadequate skills development resources</li> <li>o Organisational structure not aligned to long term strategy</li> <li>o Poor change management initiatives</li> <li>o Misplaced professionals</li> <li>o Service interruptions due to ageing infrastructure</li> <li>o Indiscriminate dumping by residents of garden waste and builder's rubble</li> <li>o Illegal dumping of waste within streets and stormwater servitudes by the</li> </ul>



<ul style="list-style-type: none"> <li>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</li> <li>o Clear division of duties between water and electrical services as a result of unbundling purposes</li> <li>o Level 2 Accreditation has been granted to the uMhlathuze Municipality in respect of Human Settlements</li> <li>o Continual improvement of the Blue Drop score for the Municipality</li> <li>o Continual improvement of the Green Drop score for the Municipality</li> <li>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</li> <li>o The dependency ratio in uMhlathuze is lower than that of the country</li> <li>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</li> <li>o Functional Operation Sukuma Sakhe Unit in the Municipality</li> <li>o Existence of Industries thus creating opportunities for SMME's</li> <li>o Investment in broadband</li> <li>o Existence of University and TVET colleges as part of knowledge creation</li> <li>o Fresh produce market supporting agriculture</li> <li>o Council has an adopted Indigent Policy.</li> <li>o The City of uMhlathuze has a fully functional Supply Chain Management Unit</li> <li>o uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment</li> <li>o Financial reporting and financial statements are developed in-house</li> <li>o Fully funded budget</li> <li>o Alignment of budget with IDP</li> </ul>	<p>community causes overflows through blockages that create flooding of streets and properties.</p> <ul style="list-style-type: none"> <li>o Infrastructure vandalism</li> <li>o Inadequate investment in waste management equipment including trucks</li> <li>o Ageing personnel especially in waste management section</li> <li>o A matter of great concern is that 56% of informal traders operating without a licence</li> <li>o Underutilization of good agricultural land in the traditional council areas</li> <li>o Loss of good agricultural land in the traditional council areas to unplanned settlement</li> <li>o Failure to realize the potential for value adding through agro-processing.</li> <li>o Funding to assist Operation Sukuma Sakhe</li> <li>o Access to markets by SMME's</li> <li>o Underdeveloped tourism attraction sites and products</li> <li>o The current credit score of the Municipality is BBB.</li> <li>o organisational structure not fully funded</li> <li>o Poor capital expenditure</li> <li>o Lack of long term financial planning</li> <li>o Investment of borrowings in non-revenue projects</li> <li>o Impact of engineering contributions on investment</li> <li>o In-adequate contract management</li> <li>o Poor resourcing, of OSS structures</li> <li>o Inconsistent functionality of Ward Committees</li> <li>o Ineffective IGR structures</li> <li>o Poor defined relationship between ward councillors and traditional authority structures</li> <li>o Poor alignment of municipal and district programs</li> <li>o Vastness of rural wards</li> <li>o Poor enforcement of Council By-Laws</li> <li>o</li> </ul>
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<ul style="list-style-type: none"> <li>o Full adherence to financial management prerequisites</li> <li>o Operation Sukuma Sakhe (OSS) fully functional</li> <li>o Municipal Public Accounts Committee (MPAC) is established</li> <li>o Functional section 79 and Section 80 committees</li> <li>o Ward committees established for all 34 wards</li> <li>o Effective Audit, Performance Audit and Enterprise Risk Management Committees</li> <li>o Range of municipal policies in place</li> <li>o Fully functional and effective Bid Committees</li> <li>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</li> <li>o “Taking Council to the Community” initiative enhances public participation</li> <li>o Unqualified audit outcomes with no matters of emphasis for five consecutive years</li> <li>o Stable Municipal Council</li> <li>o Establishment of whistle blowing facility</li> </ul>	
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>o There is one airport and a couple of land strips in the municipal area.</li> <li>o Economic node to the North-Eastern parts of the Province</li> <li>o The R34 Provincial Main Road passes through Empangeni towards Melmoth.</li> <li>o There are two primary nodes in the municipal area i.e. Richards Bay and Felixton. ESikhaleni is an emerging primary node.</li> <li>o Coastal Dunes contain heavy minerals that are sought after for mining.</li> <li>o Existing disaster management center located at the Fire Station</li> <li>o Potential growth in terms of expanding and economical</li> <li>o Collaboration with the private sector and government departments</li> </ul>	<ul style="list-style-type: none"> <li>o Distance from major economic node in the province</li> <li>o The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time.</li> <li>o An increasing trend in the frequency of cyclonic activity has been observed.</li> <li>o Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise.</li> <li>o Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions.</li> <li>o The area is characterized by a complex hydrology and climate change would</li> </ul>

<ul style="list-style-type: none"> <li>o Training and activation of community based disaster management volunteers</li> <li>o Improving human settlement planning in collaboration with traditional institutions</li> <li>o Fully functional disaster management center</li> <li>o Institutionalization of business continuity – disaster recovery plan</li> <li>o Institutionalisation of Batho-Pele Principles</li> <li>o Implementation of the E-Council system, eliminating cost for paper used in agendas etc.</li> <li>o Bursary Policy for councillors, employees and members of the public</li> <li>o Graduate Development Programmes and off-the –job training is offered to graduates</li> <li>o Improving diversity management</li> <li>o Successful implementation of the Quality Management System, the management system adopted from ISO 17025 requirements for testing laboratories</li> <li>o Maintenance of acceptable standards of water quality</li> <li>o Progressive acquisition of yellow plant and other equipment</li> <li>o Waste recycling, reduce and reuse initiatives</li> <li>o Implementation of mega human settlement projects</li> <li>o Progressive and transformational supply chain management policy for capital projects execution</li> <li>o Investment in alternative water supply such as desalination, waste water reuse, underground water.</li> <li>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</li> <li>o Harbour development has provided the impetus for large-scale industrial growth</li> <li>o Partnership with Industrial Development Zone</li> <li>o Investment in township economy</li> <li>o Industry based skills development</li> <li>o Empowerment of ward based war rooms</li> </ul>	<p>therefore have an impact on water resources in the area.</p> <ul style="list-style-type: none"> <li>o The location of the municipality on the coastline and its proximity to shipping routes present numerous natural marine and coastal threats.</li> <li>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.</li> <li>o The settlement of communities in disaster high risk areas</li> <li>o Draught and inclement weather</li> <li>o Staff low moral</li> <li>o Lack of proper implementation of the Succession Policy</li> <li>o Delays in finalising job evaluations</li> <li>o Failure/slow process of addressing Identified risks within the organisation</li> <li>o Staff turn-over in critical and scarce skills positions</li> <li>o Limited investment in ICT infrastructure upgrades</li> <li>o Lack of comprehensive skills audit</li> <li>o Illegal connections</li> <li>o Ageing infrastructure: electricity, water and roads</li> <li>o Poor capital expenditure</li> <li>o Non-payment for services</li> <li>o Lack of asset maintenance plan</li> <li>o Cost of water tankering</li> <li>o Cost of maintaining rural roads</li> <li>o Changing municipal boundaries thus impacting on municipal infrastructure backlogs</li> <li>o Continuous demand for waterborne sewer in rural areas</li> <li>o seekers</li> <li>o Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects</li> <li>o Volatile world markets which affect prices for some agricultural commodities, for example, sugar</li> <li>o The demise of the South African Sugar Association's credit facility for small-scale cane growers</li> <li>o Nearly 10% of children of school going age are not attending school</li> </ul>
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<ul style="list-style-type: none"> <li>○ Cross boarder collaboration in investment facilitation and attraction</li> <li>○ Progressive implementation of agricultural support plan</li> <li>○ The Municipality has obtained an average debt collection ratio of <b>99.49%</b>.</li> <li>○ The City obtained Clean Audit for five consecutive years since 2012/2013 financial year</li> <li>○ Pilot mSCOA</li> <li>○ ERP implementation</li> <li>○ Diversification of revenue base</li> <li>○ Borrowing to invest in economic infrastructure</li> <li>○ Establishment of a municipal owned entity</li> <li>○ Reduction in cost of doing business</li> <li>○ Further strengthening of good governance</li> <li>○ Enhancing IGR structures</li> <li>○ Collaborations with institutions of higher learning to enhance good governance</li> <li>○ Improving relationship with traditional institutions</li> <li>○ Enhance public participation platforms and methodologies</li> <li>○ Capacitation of ward committees</li> <li>○ Partnership with private sector in support of community development initiatives</li> </ul>	<ul style="list-style-type: none"> <li>○ There has been a decline in the percentage (%) of persons with a higher education.</li> <li>○ Sexual Transmitted infections remain a growing concern.</li> <li>○ Beach erosion</li> <li>○ Persistent draught</li> <li>○ Lack of collaboration between municipality and traditional authorities</li> <li>○ 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.</li> <li>○ The Council is limited in its leverage to borrow money externally.</li> <li>○ Limited resources provided in capital refurbishment and replacement programs.</li> <li>○ Limited revenue base</li> <li>○ Unfunded mandates</li> <li>○ Growing indigent register</li> <li>○ No rateable areas under traditional authorities</li> <li>○ Growing of rural debts</li> <li>○ Non-payment for services <ul style="list-style-type: none"> <li>○ Dysfunctionality of IGR structures</li> <li>○ Redetermination of municipal boundaries</li> <li>○ Service delivery protests</li> <li>○ Security of concillors</li> <li>○ Non-compliance with Supply Chain Management Prescripts</li> <li>○ Poor customer service</li> <li>○ Lack of participation by minority groups (WIC) in municipal programmes</li> <li>○ Maladministration</li> <li>○ Land claims against municipal owned land</li> </ul> </li> </ul>
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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 92: 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

NATIONAL KPA 1 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
GOALS	OBJECTIVES	STRATEGIES
		1.1.4.4 Implementation of communications strategy to help the organisation to communicate effectively
		1.1.4.5 Effective and efficient ICT Systems that enable Informed decision making and communication
	1.1.5 To promote Access to Information and Accountability	1.1.5.1 Ensure effective information and accountability prescripts
	1.1.6 To bring the organisation to an enabled risk maturity level	1.1.6.1 Implement and maintenance of a sound enterprise risk management
		1.1.6.2 Implement and maintenance of a sound fraud risk management system
		1.1.6.3 Implement and maintenance of business continuity management
	1.1.7 Ensure reliability and maintain independence of internal audit activity	1.1.7.1 Effective Audit Committee
		1.1.7.2 Effective and value adding internal audit activity

NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION		
GOALS	OBJECTIVES	STRATEGIES
<b>2.1 Integrated infrastructure and efficient services</b>	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

<b>NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION</b>		
<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>
		2.1.1.7 Strive to improve reliability and service life of Municipal infrastructure, facilities and assets
	2.1.2 To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2.1 Improve community standard of living through accelerated development of Integrated Human settlement
	2.1.3 To ensure effective Fleet Management	2.1.3.1. Review and Implement Fleet management Plan

<b>NATIONAL KPA 3 : LOCAL ECONOMIC DEVELOPMENT</b>		
<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>
<b>3.1 Viable Economic Growth And Development</b>	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



<b>NATIONAL KPA 3 : LOCAL ECONOMIC DEVELOPMENT</b>		
<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>
		3.1.5.2 Facilitate expanded access to the job fund
		3.1.5.3 Implementation of the emerging contractor development programme
		3.1.5.4 Facilitate SMMEs access to finance , markets, trading facilities and infrastructure with linked services
	3.1.6 Promote SMME and Entrepreneurial development	3.1.6.1 Monitor use of municipal set asides for local SMMEs and Co-operatives
		3.1.6.2 Implement and enforce BBBEE within the municipality
		3.1.6.3 Develop a progressive regulatory framework for the broader support formal and informal economy
<b>3.2 Public Safety and Security</b>	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
<b>3.3 Safe and Healthy Living Environment</b>	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
<b>3.4 Social Cohesion</b>	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
<b>4.1 A Municipality that is Resourced and Committed to attaining the vision and mission of the organisation</b>	4.1.1 To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1.1 Implement the talent management strategy
		4.1.1.2 Compliancy with Employment Equity Act
		4.1.1.3 Implement EAP programs that promote and support health and well-being of employees
		4.1.1.4 Improve Citizens Skills levels and Education
		4.1.1.5 Create and maintain sound Relationship between management and labour
		4.1.1.6 Maintenance of an organisational structure that in is line with organisational objectives and optimises service delivery

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliance
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all financial related policies
		5.1.1.4 Compliance with all MFMA and related local government financial legislation
	5.2.1 Sustainable Financial and supply chain Management	5.2.1.1 Provide continuous Internal Communication on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management

<b>NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>		
<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Demand and acquisition management
		5.2.1.6 Contracts and Logistics management
		5.2.1.7 Apply adequate financial management methodologies

<b>NATIONAL KPA 6 : CROSS CUTTING</b>		
<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>
<b>6.1 Integrated Urban and Rural Development</b>	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
<b>6.2 Immovable Property Management</b>	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.

<b>NATIONAL KPA 6 : CROSS CUTTING</b>		
<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>
	6.2.2 Effective Management of Council owned Immovable properties.	6.2.2.1 Update immovable asset register
<b>6.3 Disaster Management</b>	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**

*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.

### SPATIAL DEVELOPMENT VISION

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”***






## **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. Sustainability and integration issues are at the focus of the spatial transformation program being pursued by the municipality.






In partnership with its social partners, the Municipality has embarked on a process of localising the SDGs in the uMhlathuze context. This initiative is at its infancy stage and as such, broader consultation with various stakeholders and role-players is yet to be achieved. As part of the first attempt to localisation, the following localisation framework has been agreed to.


**Table 93: Municipal Response and Vision on SDGs**

SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
 <p><b>1 NO POVERTY</b></p>	<ul style="list-style-type: none"> <li>Creating a concessive environment for investors, this in turn will lead to the creation of employment opportunities for local communities.</li> </ul>	<p>By 2030, we should have created an environment that is conducive for employment and efficient livelihoods.</p>
 <p><b>2 ZERO HUNGER</b></p>	<ul style="list-style-type: none"> <li>Within the broader economic development imperative: by using agriculture to include communities in the economy can result in an agriculture support plan.</li> </ul>	<p>The municipality should ensure that local communities have an opportunity to participate in the municipality's economy through the agricultural industry.</p>
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<ul style="list-style-type: none"> <li>Co-ordinate with the Department of Health and various stakeholders.</li> <li>The Operation Sukuma Sakhe, provides access to housing and healthcare.</li> <li>Promoting healthier lifestyles through sport and recreational facilities.</li> <li>Promoting good nutrition through urban gardening.</li> </ul>	<p>By 2035, HIV/AIDS and lifestyle diseases (i.e. heart disease, obesity and diabetes) statistics should be reduced by 50%.</p>
 <p><b>4 QUALITY EDUCATION</b></p>	<ul style="list-style-type: none"> <li>Local Economic Development (LED) will result in achieving achieve social and economic development.</li> <li>Forming partnerships with educational, training institutions and industries to create living labs of learning.</li> <li>Local government should be restricted to a facilitation role.</li> </ul>	<p>A city attracting citizens for quality educational institutions promoting inclusive and equitable learning opportunities for all through partnerships with institutions and industries.</p>

SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
<b>5 GENDER EQUALITY</b> 	<ul style="list-style-type: none"> <li>• Empowerment through:</li> <li>• Education and skills development</li> <li>• Employment</li> <li>• SCM processes</li> <li>• Leadership</li> <li>• Mentorship</li> </ul>	Attaining gender equality by promoting that women and girls have the same opportunities.
<b>6 CLEAN WATER AND SANITATION</b> 	<ul style="list-style-type: none"> <li>• Conserve water resources such as lakes and rivers</li> <li>• Provide basic sanitation (i.e. VIP toilets).</li> </ul>	By 2030, all households should have access to basic services such as potable water and sanitation.
<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	<p>Building sustainable energy generation infrastructure:</p> <ul style="list-style-type: none"> <li>• Solar energy</li> <li>• Gas to power energy</li> <li>• Waste to energy</li> <li>• Wind energy</li> </ul> <p>Public participation exercises are required for community's investment.</p>	By reducing the dependency on coal for electricity generation by 30%.
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	Promote and incentivise investments.	To promote and incentivise investments.
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	By upgrading the municipality's infrastructure as the agenda for smart cities.	By 2030, increase/expand municipal areas (inclusive of marginalised) with contemporary and innovative infrastructure.



SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
<b>10 REDUCED INEQUALITIES</b> 	Identify community members in need of employment opportunities to alleviate poverty and increase skills development training programs (Operation Sukuma Sakhe).	Reduce inequality within the municipality
<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>• Planning integrated human settlements</li> <li>• Incorporate functional recreational spaces within human settlements</li> <li>• Create catalytic economic activities outside of core urban areas.</li> </ul>	Ensure integrated and inclusive planning for human settlements
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	Reduce consumption of non-renewable resources through introduction of waste usage (By Product)	<ul style="list-style-type: none"> <li>• Moving away from using of non-renewable resources</li> <li>• Minimization of waste to by product (feedstock)</li> </ul>
<b>13 CLIMATE ACTION</b> 	<ul style="list-style-type: none"> <li>• Reduce emissions by enforcing the By-law to industries and introduce against idling stationary vehicles.</li> <li>• Recycling program: Every household and Municipal building should have bins for recyclable and non-recyclable waste bins</li> <li>• Recycle water</li> </ul>	Reduce greenhouse gases while adapting to climate change
<b>14 LIFE BELOW WATER</b> 	<ul style="list-style-type: none"> <li>• To sustainably deliver services to communities.</li> <li>• Master drainage plan</li> <li>• Regulate urban renewal</li> <li>• Efficient management by Environmental Department</li> <li>• Partnerships with TNPA/ Municipalities/ Environmental Awareness</li> <li>• Involvement in a operation Phakisa</li> </ul>	<ul style="list-style-type: none"> <li>• To conserve the marine life by sustainably using resources provided by the ocean.</li> <li>• Effective partnerships, awareness campaigns and enforcing Bylaws.</li> </ul>

SUSTAINABLE DEVELOPMENT GOAL	RESPONSE	VISION
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> <li>Identify conservation areas in the Spatial Development Framework (SDF).</li> <li>Partnerships with environmental authorities, civil society and businesses.</li> <li>Promote tourism opportunities with natural assets.</li> </ul>	No net loss of sensitive ecosystems (to be declined).

### National Development Plan:

The National Development Plan is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems.

The plan has the following high-level objectives to be achieved by 2030:

- Reduce the number of people who live in households with a monthly income below R419 per person (in 2009 prices) from 39% to zero.
- Reduce inequality, as measured by the Gini coefficient, from 0.69 to 0.6.

### Medium Term Strategic Framework (2019 – 2024)

The 2019-2024 Medium Term Strategic Framework (MTSF) is the second 5-year implementation plan for the NDP. The MTSF sets out the package of interventions and programmes that will advance the seven priorities adopted by government as illustrated hereunder.

### Figure 2: MTSF Priorities (2019-2024)



### **Provincial, District and Local Initiatives**

#### **Provincial Growth and Development Strategy:**

KZN Province Strategy to promote KZN to be a prosperous Province with a healthy, secure and skilled population, gateway to Africa and the world by 2030

#### **N2 Corridor Plan:**

From Durban (Ethekwini) to Richards Bay and Kwambonambi: To develop a clear 25 year strategic plan for the development, land usage and transport mobility of the affected area.

#### **uMhlathuze-Ulundi-Vryheid Secondary Corridor Plan:**

To develop a 25 year strategic framework that identifies spatial issues and opportunities.

#### **King Cetshwayo District Growth and Development Strategy**

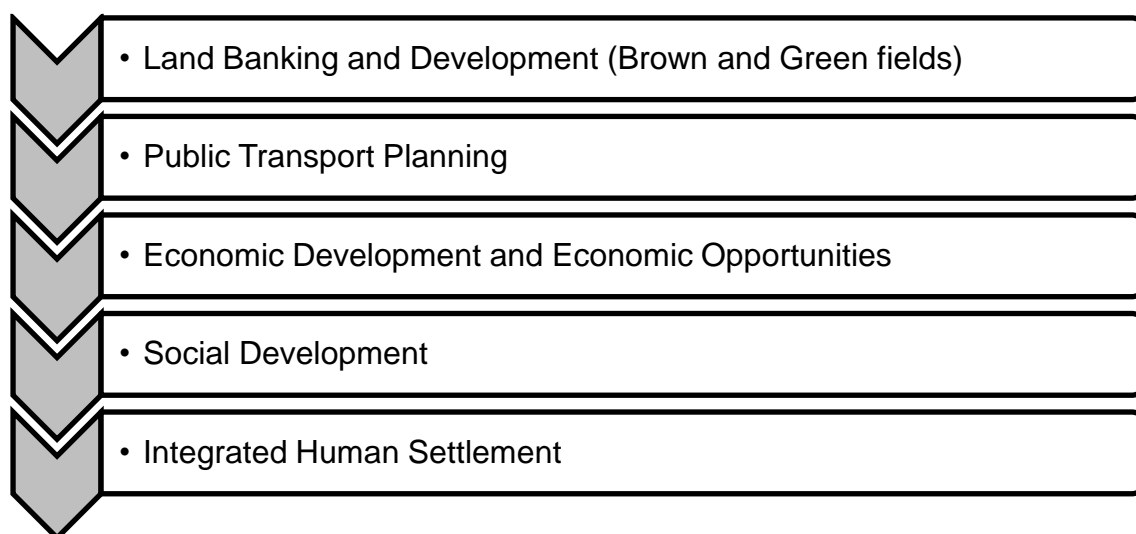
There is significant alignment between the above outlines key policies and plans. For example, the SDG goal to significantly access to adequate, safe and affordable housing; support social, economic and environmental links as well as increasing human settlements which mitigate and adapt to climate is 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 uMhlathuze Municipality has also 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:

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:

- 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

**Figure 76: 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**

<b>SPLUMA Principles</b>	<b>Development</b>	<b>Core Spatial Development Principles</b>
Spatial Justice		<ul style="list-style-type: none"> <li>○ Redress the spatial legacy</li> <li>○ Integrated human settlement development</li> <li>○ Redress spatial and other development imbalances through improved access to and use of land</li> </ul>
Spatial Sustainability		<ul style="list-style-type: none"> <li>○ Encourage sustainable development, promote densification, discourage urban sprawl</li> <li>○ Integration of all physical aspects of land/economic development</li> <li>○ Optimize the use of existing resources</li> <li>○ Strategic environmental assessment</li> </ul>
Spatial Efficiency		<ul style="list-style-type: none"> <li>○ Nodes and corridors</li> <li>○ Urban development edge</li> </ul>

Spatial Resilience	<ul style="list-style-type: none"> <li>○ Urban and rural integration</li> <li>○ Promote mixed use development</li> </ul>
Good Administration	<ul style="list-style-type: none"> <li>○ Capital investment framework, priority spending areas</li> <li>○ Cross boundary developments</li> </ul>

## 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.

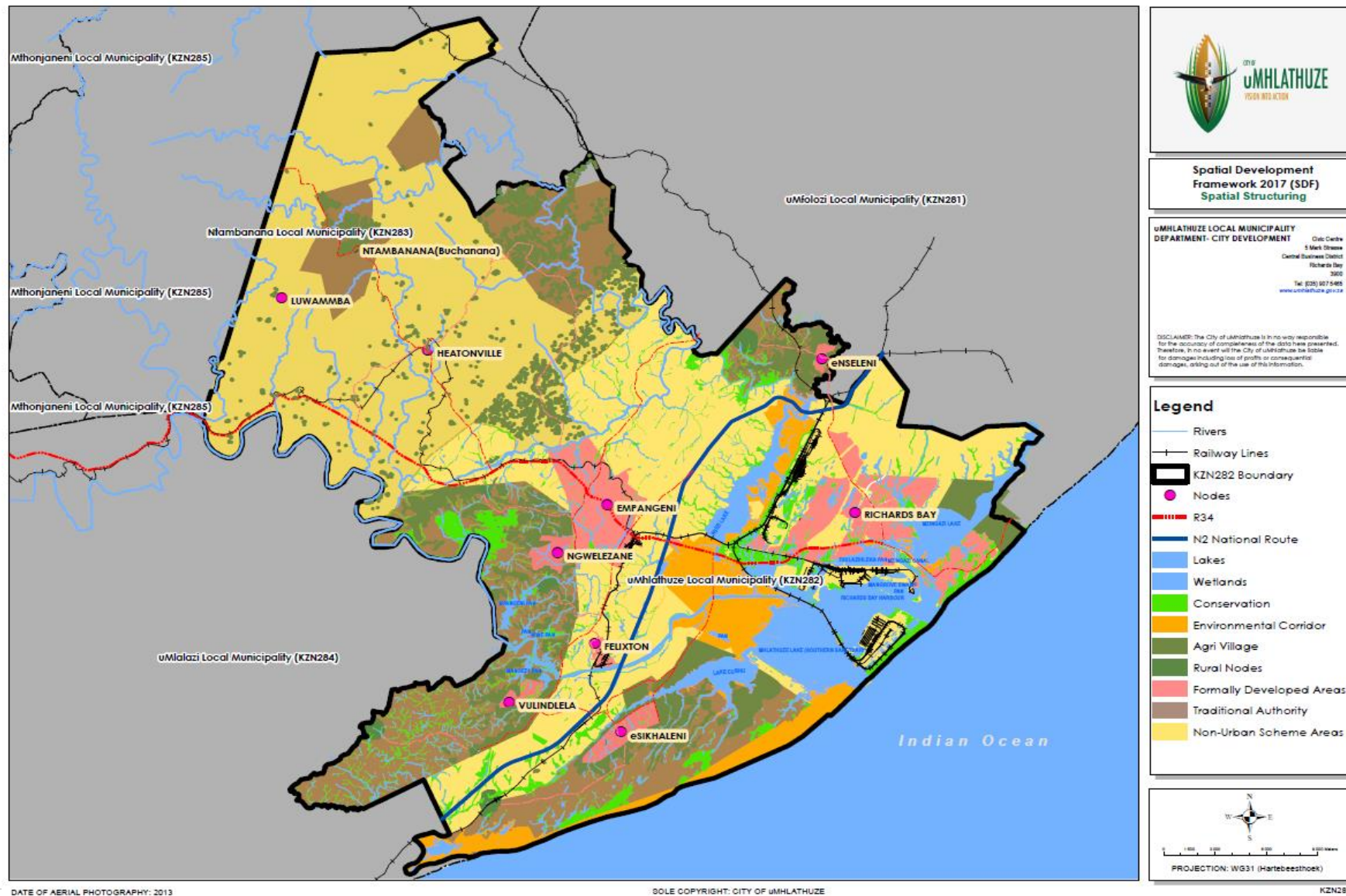
The main access into the municipal area is via the N2 in a north south direction and in an east west direction the R34. Other significant roads in the area include the MR431 (that provides a northerly entry into Richards Bay from the N2) as well as the Old Main Road that straddles the N2 on its inland. 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 48: Spatial Structuring Elements**







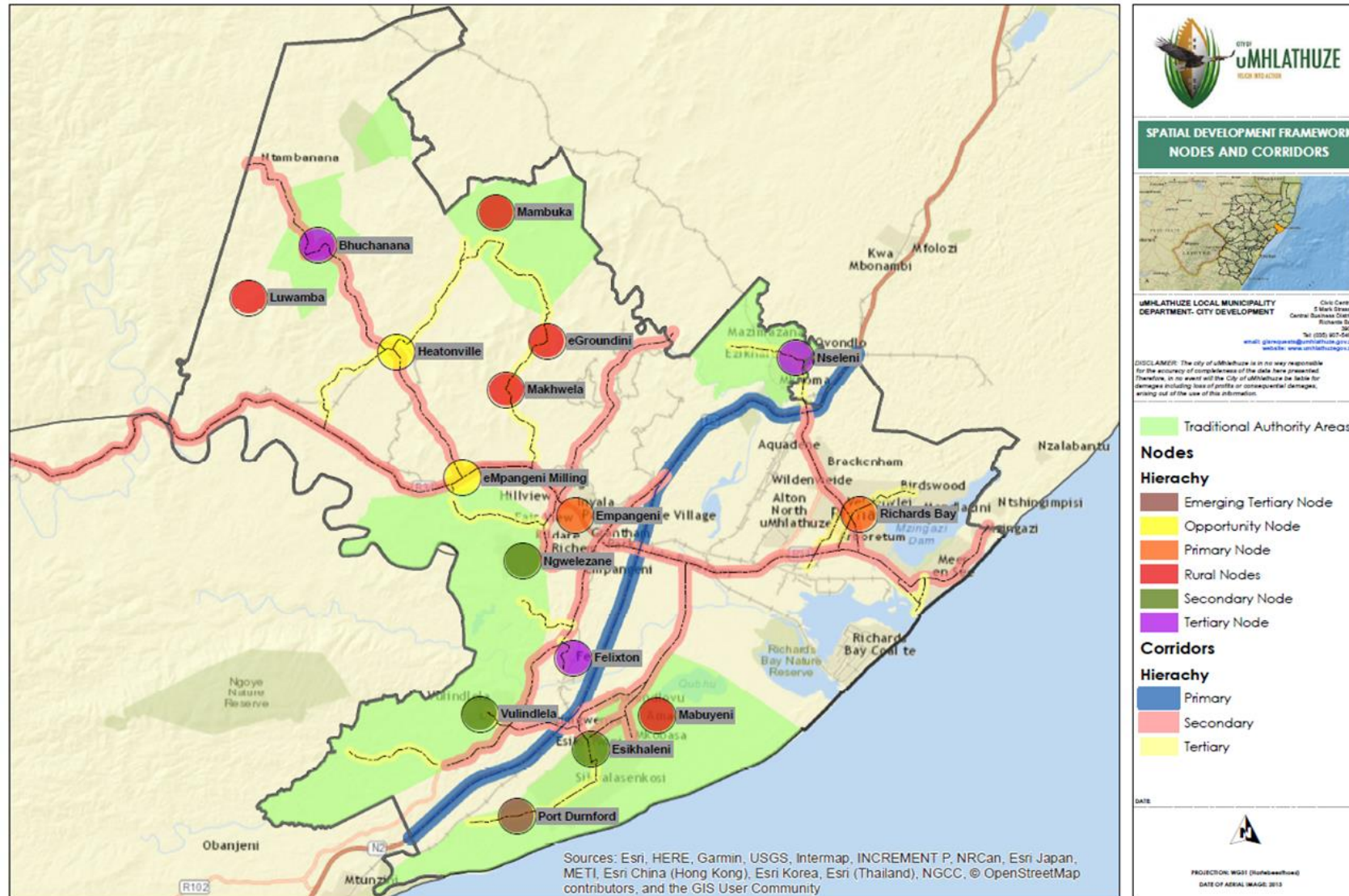
## SETTLEMENT HIERARCHY

The following table provides a summary the uMhlathuze Settlement/Nodal Hierarchy:

<b>Primary Nodes</b> 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"> <li>○ Empangeni</li> <li>○ Richards Bay</li> </ul>
<b>Secondary</b> 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"> <li>○ Esikhaleni</li> <li>○ Ngwelezane</li> <li>○ Vulindlela</li> <li>○ Felixton</li> </ul>
<b>Tertiary</b> A socio-economic node that offers sustainable mixed use development opportunities based on a human scale principle.	<ul style="list-style-type: none"> <li>○ Felixton</li> <li>○ Nseleni</li> <li>○ Buchanana</li> </ul>
<b>Emerging Tertiary</b> 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"> <li>○ Port Durnford</li> </ul>
<b>Rural Nodes</b> Socio-economic nodes that offer tailor made mixed use development opportunities closer to their surrounding communities.	<ul style="list-style-type: none"> <li>○ Hluma</li> <li>○ Matshana</li> <li>○ Mabuyela</li> <li>○ Luwamba</li> <li>○ Makwela</li> <li>○ eGroundini</li> <li>○ Mambuka</li> </ul>
<b>Opportunity Nodes</b> 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"> <li>○ Empangeni Milling</li> <li>○ Heatonville</li> </ul>

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.

**Map 49: uMhlathuze Nodes and Corridors**



## ENVIRONMENTAL CHARACTERISTICS

The South African sustainable development model requires that a healthy environment is necessary for social well-being which is a prerequisite for economic prosperity. The economic system, social system and ecological systems are integrated via the governance system that holds all the other system together via a legitimate regulatory framework. The uMhlathuze Integrated Development Plan and Spatial Development Framework hence takes credence from various policies of development that enhance the principles enshrined by the National Environmental Management Act and further, Chapter 5 of the National Development Plan.

The **geomorphology** of the landscape is generally described as a low-relief area that is bounded by a coastline and a high-relieve terrain on the landward side. Forming part of the Zululand Coastal Plain, the area indicates a history of erosion and sedimentation, and sea level fluctuations.

The municipal area falls within an area which is recognized as the second richest floristic region in Africa: containing approximately 80 % of the of South Africa's remaining forests, rich birdlife and many other significant flora and fauna species. The uMhlathuze Municipal Area supports more than 170 Red Data species, which has been reported as amongst the highest in the country for an area of its size.

The geology and geomorphology of the area controls the transport and storage of water and influences the **hydraulic functions of the ground water system**. Furthermore, the soils are very permeable and almost all the rainfall infiltrates into the groundwater, where it is temporarily stored before being discharged into the streams, lakes and wetlands.

## ENVIRONMENTAL ASSETS

The environmental assets of the areas are briefly described hereunder:

### **Economic Development:**

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

### **Tourism:**

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

More toward the inland, there are a number of game ranches and lodges that attracts a significant number of visitors annually.

### **Water Resources:**

The coastal Lakes (Lake Mzingazi, Lake Cubhu and Lake 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.

## **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.

**Table 95: Ecosystems Services in uMhlathuze**

<b>Environmental Services</b>	<b>Estimated annual value (millions)</b>	<b>Environmental services</b>	<b>Estimated annual value (millions)</b>
Atmosphere regulation - CO <sub>2</sub> , etc.	R 23,39	Pollination - legume and fruit crops	R 1,53
Climate regulation - urban heat sinks	Unknown	Disease and pest control	R 9,74
Flood and drought management	R 244,11	Refugia - for wildlife and nursery for fisheries	R 15,90
Water regulation - timing, rate	R 137,39	Food production	R 30,18
Water supply - volume	R 297,92	Raw materials - housing, medicinals, craft	R 20,90
Erosion control	R 16,10	Genetic resources - chemicals	R 2,33
Soil formation	R 0,65	Recreation	R 37,73
Nutrient cycling	R 714,90	Cultural	R 67,20
Waste treatment - assimilation and dilution	R 137,74	<b>Annual total value (millions)</b>	<b>R 1,757,72</b>

## 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.

## 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.

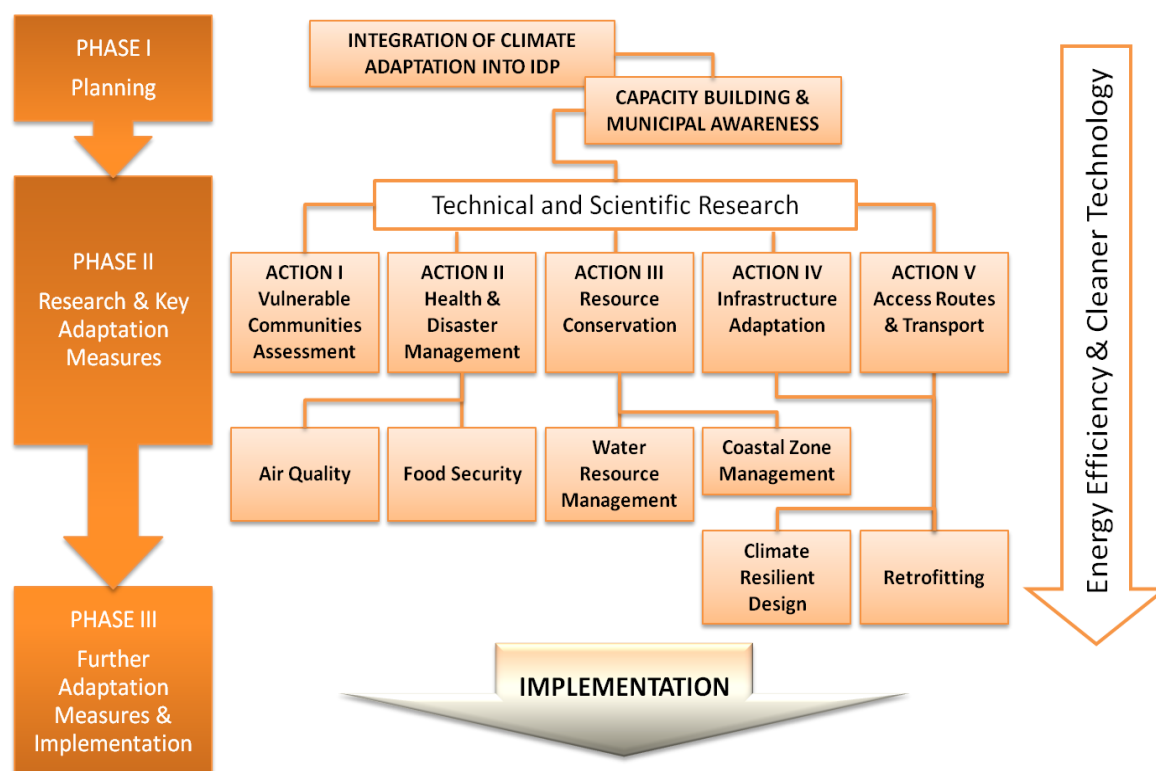
### **Coastal access:**

Sanctioned by the National Environmental 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.

## 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 77: 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 78: Composition of the uMhlathuze Green Team**



## THE IMPACT OF BIODIVERSITY ON DEVELOPMENT

Please note that this impact has only been determined for the pre-2016 LGE portion of the municipality, and, as such, has to be expanded upon to include the whole post-2016 LGE municipal area. This section assesses the state and condition of biodiversity assets within the jurisdiction of the uMhlathuze Municipality and implications thereof in terms of future development potential. The Biodiversity assets are mapped out and represented by, amongst others, the vegetation types within catchments.

The assessment is based on the functionality of geographically defined units rather than on individual vegetation types because the former implicitly includes the importance of spatial patterning and inter-connectedness. Functionality is defined here as the perceived ability of a landscape unit to maintain biodiversity. This must not be confused with the commonly used notion of the role of diversity in ecosystem functioning (supply of goods and services), which is addressed in the Environmental Services Management Plan of the municipality (KZ 282).

Other biodiversity assets of significance include the following:

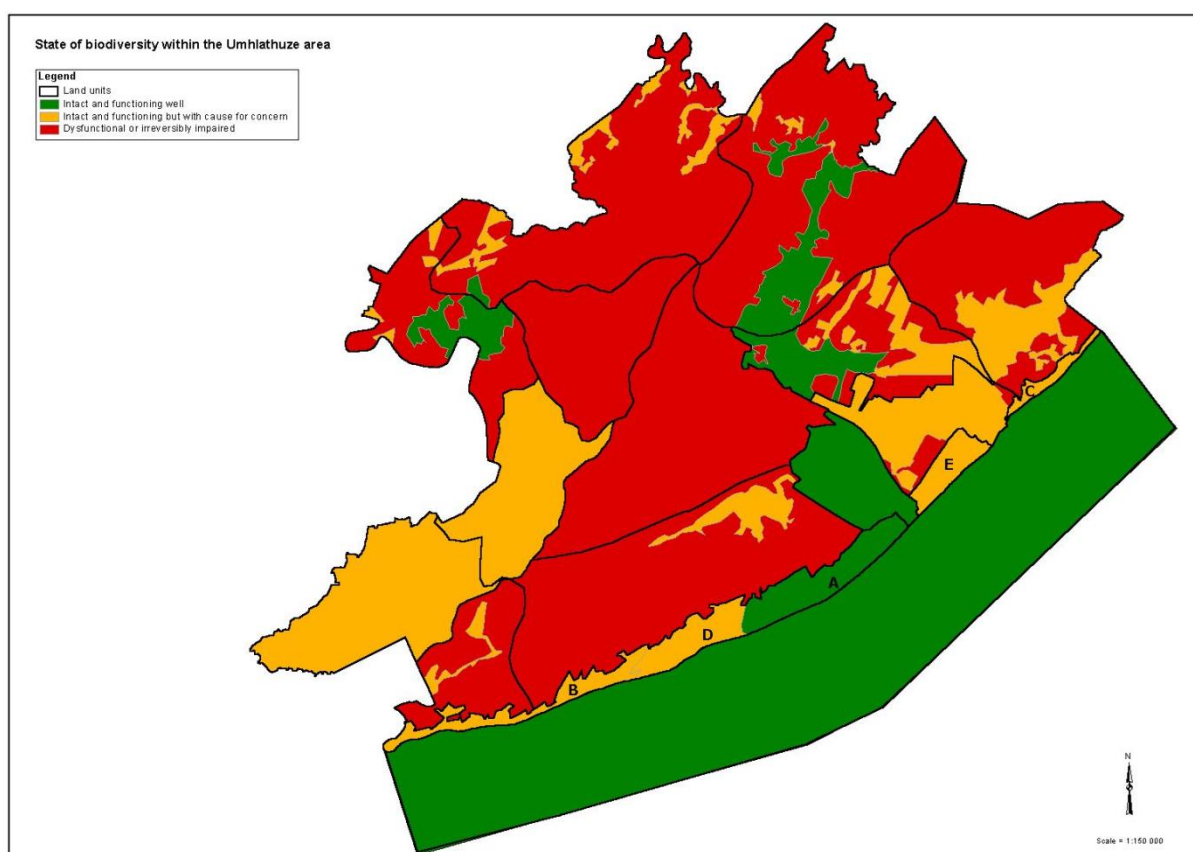
- Estuary (landscape 6) and Lake Cubhu
- Nseleni valley (landscape 10), with fragmented extension into landscape 12 (upstream)
- An east-west corridor within Richards Bay (landscape 9)

- Grasslands, savanna and thicket of the upper
- Portion of the Mhlathuze catchment within KZ282 (landscape 13)
- Lake Mzingazi and environs (landscape 8)

The functionality assessment of biodiversity units is graphically summarized in the following figure, in which the ranks are simplified into a three colour code:

- Green for intact and functioning well
- Orange for intact and functioning but with cause for concern (e.g. Fragmentation is continuing apace or pronounced pollution inputs)
- Red for dysfunctional or irreversibly impaired

**Map 50: State of Biodiversity Based on Functional Units**



The ranking of each landscape is provided WITH the scale for ranking of functionality as follows:

- 1 High functionality
- 2 Moderate functionality
- 3 Low functionality
- 4 Dysfunctional
- 5 Irreversibly impaired

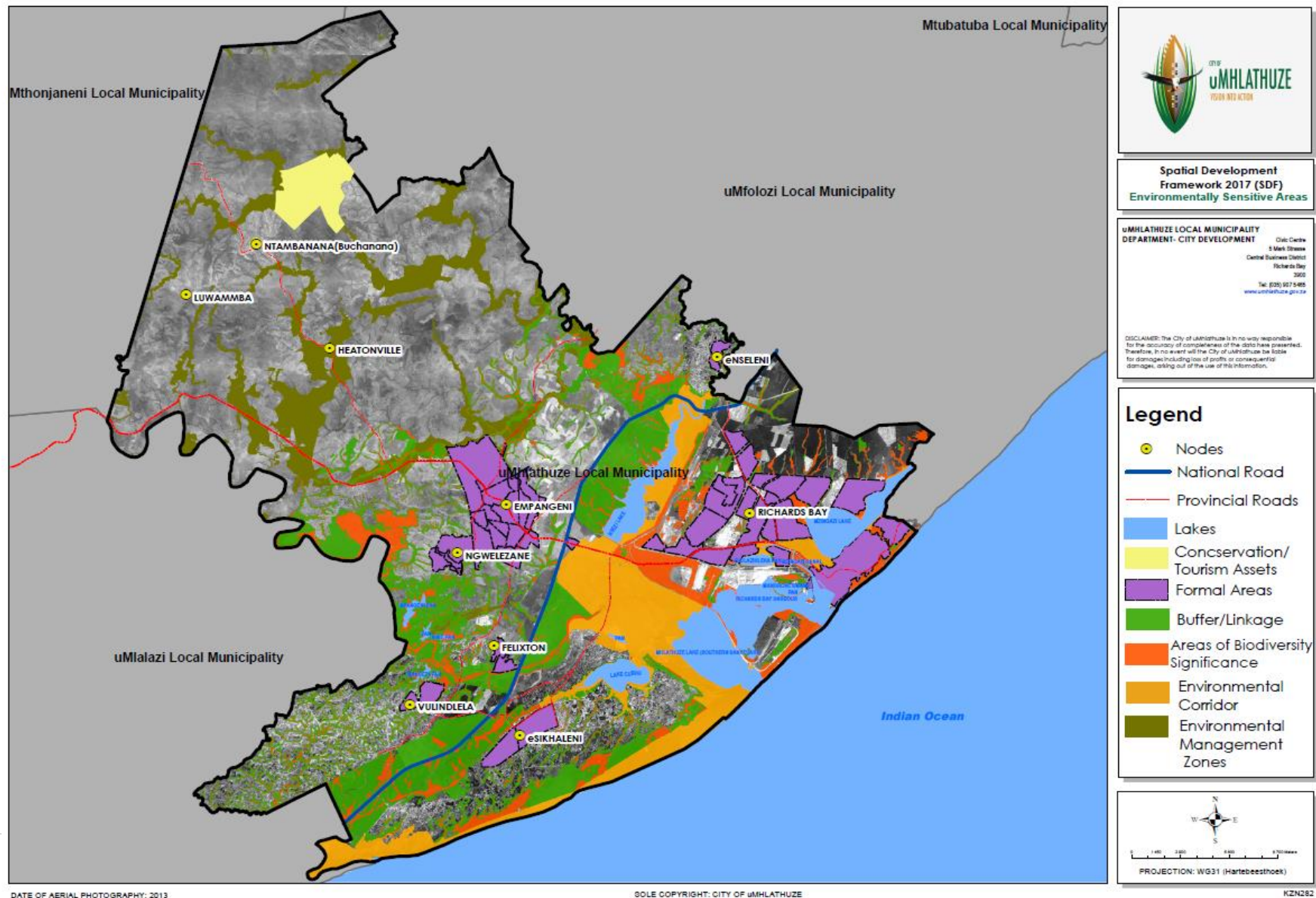
The greater uMhlathuze Municipal Area supports more than 170 Red Data species, which according to the South African National Biodiversity Institute, ranks amongst the highest in the country for an area of its size. This remarkable concentration of Red Data Species is one of the main reasons that most 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 96: Biodiversity Significance**

<b>Vegetation Type</b>	<b>Red Data Species (Significance)</b>	<b>Conservation Target</b>
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 51: Environmentally Sensitive Areas





**Map 52: Agricultural Land Potential**

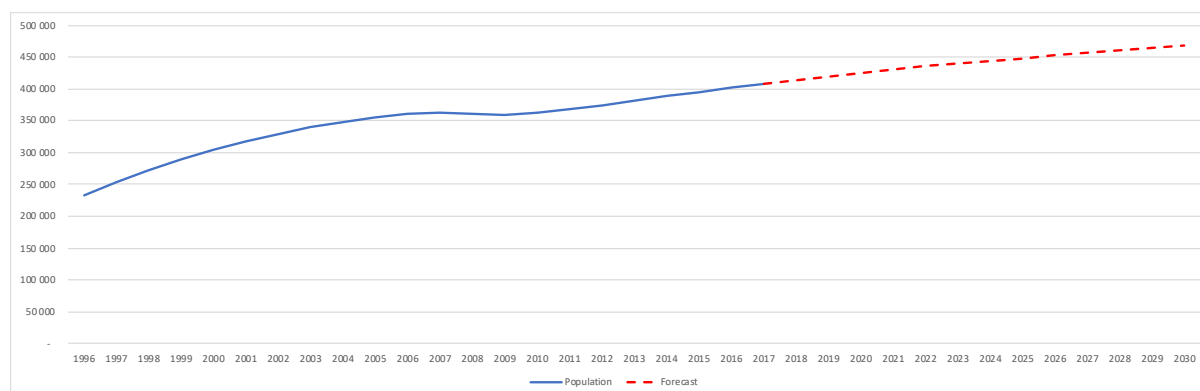
## ○ DEMOGRAPHIC INDICATORS

According to the 2016 Community Survey, uMhlathuze has the following main demographic indicators:

**Population:** 410 465 people  
**Households:** 103 915  
**Household Size:** 3.95

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

**Figure 79: Population growth forecast**



From the table provided, it can be seen that the uMhlathuze Municipality has the highest population of all the municipalities in the King Cetshwayo District with a 22,73% portion. The population increase (as at 2016) in the King Cetshwayo District, broken down per municipality is indicated in the following table.

**Table 97: Population Numbers in King Cetshwayo District Municipality**

	KCDM	IMFOLOZI	UMLATHUZE	UMLALAZI	MTHONJANE NI	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%

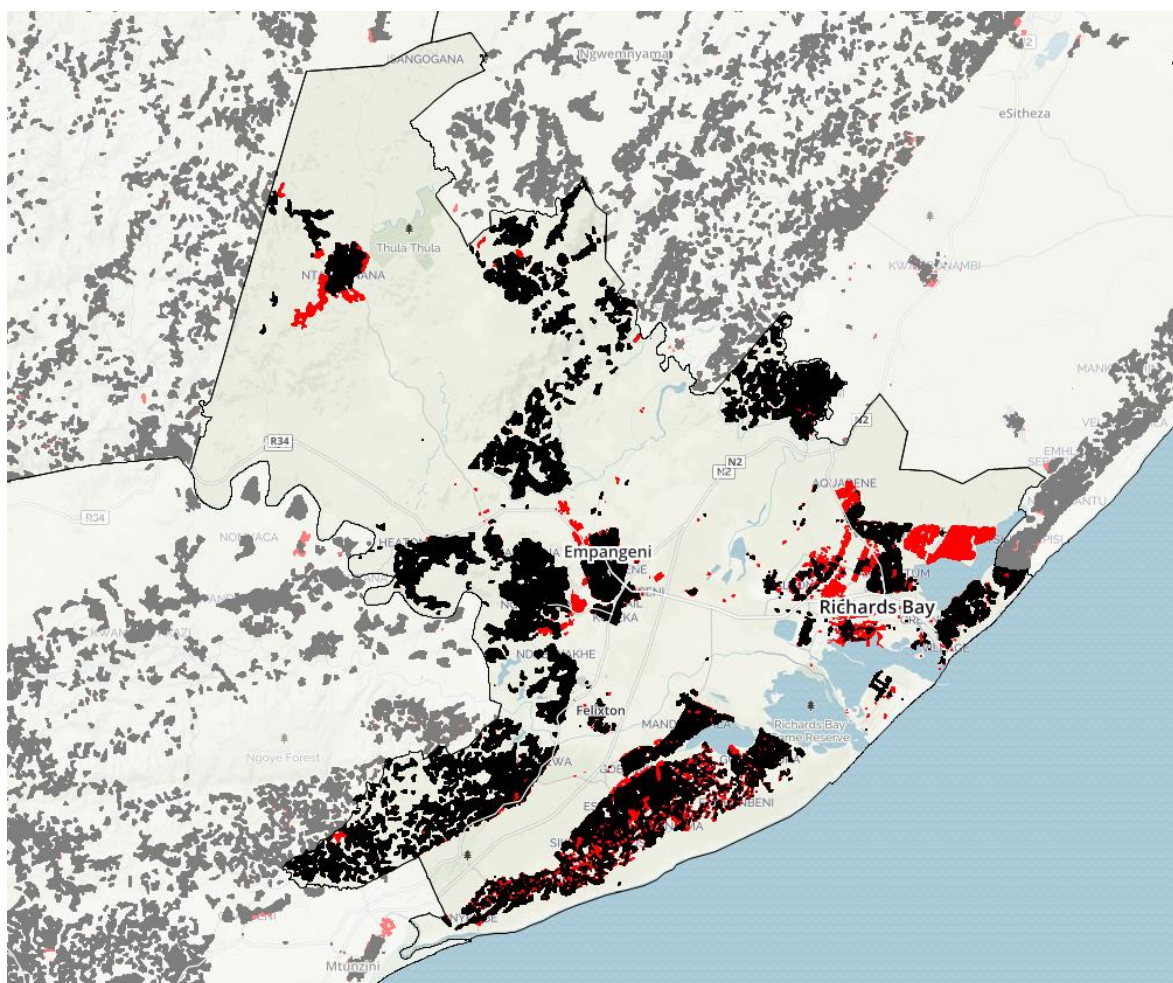
Source: Community Survey 2016

From the above it is noted that the uMhlathuze and Mthonjaneni Local Municipalities have experienced the largest population increase, mainly due to the dissemination and incorporation of the former Ntambanana Municipality into the two listed municipalities.



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

**FFigure 80: Settlement Footprint Growth 1990 to 2014**



#### ○ IMPLICATIONS OF COVID-19 PANDEMIC ON EMPLOYMENT AND INCOME

Whereas, the COVID-19 pandemic and associated national lockdown is very present-day, and the implications of this, and possible future pandemics, cannot be accurately determined, it would be irresponsible not to respond in a manner that protects communities from the loss of income and essentially the loss of food security.

STATSSA have published the "Results from Wave 2 survey on the impact of the COVID-19 pandemic on employment and income in South Africa" on 20 May 2020 noting that the survey may not be representative of the general population of South

Africa. However, a number of potential lessons stand out that urge suitable responses. A few of these are summaries hereunder:

- The COVID-19 pandemic and subsequent national lockdown forced working from home. It has become apparent that, although working from home is very possible in many economic sectors, individuals have to be equipped with the necessary tools of trade and business and government environment has to become smarter, i.e. SMART CITIES in terms of connectivity and virtual ways of doing business need to be aspired to.
- In response to working from home, regulatory requirements have to be adjusted to facilitate rather than restrict working from home. The survey indicated that very few people worked from non-residential building before the lockdown. As such, incentives could be pursued to encourage working in virtual spaces. The implications of such are immense, from a time management perspective as well as a climate impact to mention a few.
- People did and expected to continue to lose their jobs and livelihoods as a result of the pandemic/lockdown. During the lockdown many households were reliant on savings for survival. The economic development of a community is therefore critical to elevate households out of poverty into a situation where households can withstand times of reduced or loss of income by way of having been able to make use of savings.
- Income and food security emerged as a major concern and these are more prominent for the poorest sector of the community. As such, efforts to support subsistence livelihoods have to be increased to counter this concern.
- Many findings of the above survey indicate anxiety about the longer term impact of the pandemic and lockdown. This uncertainty in itself is reason enough to take action immediately to counter undesirable longer term impacts that are looming.

## ○ **UMHLATHUZE SPATIAL DEVELOPMENT FRAMEWORK**

Uncertainty and rapid change has become the norm in the World. Natural disasters are more frequent and intense and a 2020 Pandemic has changed the essence of life – the way we work, the way we play and that way we live. Planning has the ability to improve the readiness of communities and households to respond to this in pre-empting situations and ensuring the impacts are mitigated and human responses facilitated.



### ▪ **INFORMANTS OF SPATIAL DEVELOPMENT**

The following provides a consolidation of the sectoral key development issues/consolidated themes that have been extracted from the various analysis chapters in this report.

#### **Access to Services**

- i. The municipal area of uMhlathuze has increased by roughly 50% following the 2016 Local Government Elections. The prevailing levels of services in the newly added Wards are generally lower than in wards that were formerly part of uMhlathuze. Also, the newly added wards are predominantly rural with comparatively high poverty rates, have comparatively low economic activity and lower levels of service provision. This has placed additional pressure on the uMhlathuze Municipality's budget to provide services in line with policy and standards.
- ii. The highest percentage of adults over the age of 20 years that do not have schooling, are in wards 5, 10, 13, 14, 18, 25, 32 and 33. These areas largely coincide with Traditional Authority areas and are an indicator for specific interventions needed in these listed areas. Also, the highest percentages of households that earn less than R1600 per month reside in wards 5, 10 and 29. Wards are 4, 5, 12, 18, 24 and 28 also have the highest percentage of unemployed persons.
- iii. Wards 31 and 33 have high percentages of households, more than 61% that do not have access to piped water while wards 5 and 33 have more than 61% of their households without access to hygienic toilets. The above two points confirms that certain wards are experiencing low levels of service provision coupled with other indicators of poverty, i.e. low income, low education and low employment.
- iv. Various sector plans have been updated to inform the provision of infrastructure and services in the municipal area. For securing the provision of water, at least six additional reservoirs are required to meet estimated daily peak requirements. At present, the Municipality has five wastewater treatment works (WWTW) and a marine outfall and a feasibility study is underway for wastewater re-use. A further two sewerage sub-systems and possibly to a third new sub-system within the identified SDF Expansion Areas may be required.
- v. An annual maintenance and refurbishment/replacement budget is required in addition to the capital budget. This is estimated at 4% of the estimated capital

cost of the infrastructure per annum; and refurbishment/replacement is estimated at 2% of the estimated capital cost.

- vi. The City of uMhlathuze is implementing a strategic management plan for water conservation and water demand management.
- vii. 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. Although a plan for the development of arterial roads is in place, it has not been implemented nor expanded for the new municipal area. Failure of any one of the above routes renders a concern for the Municipality in the event of a disaster that requires evacuation and/or response.



### Governance and Partnerships

- viii. More than 50% of the municipal area is under the jurisdiction of Ingonyama Trust Board. Whereas the Municipality has extended its Land Use Scheme to cover the whole municipal area, challenges with the management of rural land remain from a development control perspective.
- ix. Extensive land claims over portions of the municipal area and institutional procedures, in cooperation with the Department of Rural Development and Land Reform, are being put into place toward the resolution of these land claims.
- x. Cooperation between the Municipality and SOE (State Owned Enterprises) are being pursued in the interest of economic development but also the conservation of natural assets, notably the need for sand replenishment by Transnet along the Northern Beaches that are experiencing severe coastal erosion. Apart from Transnet, the Richards Bay Industrial Development Zone has the potential to create many opportunities in the Municipality.
- xi. Strong partnerships are also in place with various government departments in attaining goals of mutual interest, i.e. assistance from the Department of Transport with the uMhlathuze Comprehensive Integrated Transport Plan (CITP). Also, increasing and improved alignment is needed to ensure the integrated implementation of human settlement projects.

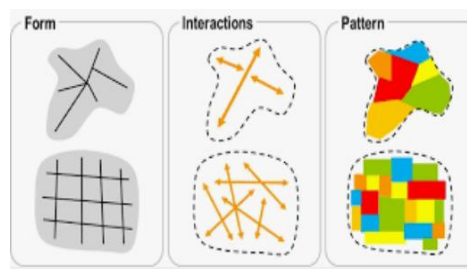


### Spatial Form and Disaster Management

- xii. The Municipality has a disjointed spatial form. Travelling distances to places of employment and economic opportunity are unsustainable and unnecessary. Interventions are needed to improve access to services and opportunities in former Township and other marginal areas.
- xiii. Linkages between areas of opportunity and densely populated areas need to be improved by way of improved roads/routes and public transport facilities.



- xiv. Richards Bay and Empangeni are the most significant economic centres in the larger District while Esikhaleni has the potential to develop into a primary node if the local economy becomes more sustainable and diversified, specifically in respect of growth and employment opportunities.
- xv. Aquadene, Brackenhams, Esikhaleni and Nseleni have the highest residential densities in the municipal area. High population densities are also found in the peri-urban areas.
- xvi. Existing bulk infrastructure capacities will have to be increased at all nodes and growth areas to accommodate increased densities and expansion/development.
- xvii. The spatial locality of hazards or hazard prone areas identified in the Disaster Management Plan largely correlate with areas where the most vulnerable communities reside.
- xviii. Hazards associated with industry need to be further investigated and response plans developed/shared. The potential disaster implications of new developments have to be evaluated and provided for during the planning stage of such a development.
- xix. Disaster responses and readiness need to be more pro-active, i.e. proposals have to be in place to facilitate the multi-use of spaces when needed in disaster situations such as currently being experienced worldwide as a result of COVID-19.
- xx. Increasing densities is an objective of the IUDF. Densities can be maintained during Pandemics as long as appropriate services are available to create a safe environment for residents of densely developed areas to maintain social distancing and other measures that may be needed.



### Environment and Climate Change

- xxi. Vast peri-urban settlements lack proper planning and are often located in environmental high risk areas compromising their sustainability.
- xxii. The complex hydrology of the area, whilst attributing to unique natural features, poses challenges for development. This is particularly the case to east of the Municipality that 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.
- xxiii. The impacts of Climate Change are experienced locally, i.e. the abstraction of water from the various Coastal Lakes have reached ecological reserve limits during periods of extended drought, severe flood events have yielded disaster implications for unplanned settlements with flood prone/ flood risk areas and the Richards Bay northern beaches in particular have been confronted with severe coastal erosion.
- xxiv. The disjointed spatial structure of the Municipality is adding to the vulnerability of communities and hampering the Climate Change response of the Municipality.



### Human Settlement

- xxv. A number of population growth scenarios have informed the need for land for human settlements, at varying densities, and ancillary land uses over the planning horizon to which suitable planning responses and provision of infrastructure is needed.
- xxvi. The uMhlathuze Municipality has three Restructuring zones, i.e. Aquadene, Empangeni and Expansion Area A and Priority Housing Development Areas have also been gazetted.
- xxvii. Informal Settlement Upgrade and Relocation Plans for seven identified informal settlements is in place, i.e. Mzingazi Infills, Mzingazi Informal Settlement, Mandlazini-Airport Buffer Strip, Mandlazini Infills, Umzingwenya, Vulindlela, Nseleni Peri-Urban Settlement and the Ngwelezane Hospital Settlement.

### Economic Growth and Development

- xxviii. The municipality has the benefit of about 45km of coastline that renders a range of economic/tourism opportunities and linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area.
- xxix. The location of the current Richards Bay airport poses challenges in terms of operations and future development. A pre-feasibility study for the proposed relocation of the Richards Bay airport has been completed for its redevelopment as part of a larger airport city.
- xxx. The need to move towards being a SMART city has been expedited by the COVID-19 pandemic in all sectors, i.e. commercial, education, government etc.



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:

- Settlement and Corridor Hierarchy
- SDF Expansion Areas
- Intervention Areas
- Integrated Human Settlement (Restructuring Zones & NUSP)
- Catalytic Projects

#### ■ SETTLEMENT AND CORRIDOR HIERARCHY

It has to be noted **that** a settlement hierarchy directs specific resource based responses in respect of spatial development and investment. The detailed Settlement/Nodal Hierarchy for the municipal area is discussed herewith:

**Table 98: Summary of uMhlathuze Settlement Hierarchy**

PRIMARY SETTLEMENTS	RICHARDS BAY AND EMPANGENI
<ul style="list-style-type: none"> <li>○ Centres of employment, industrial and commercial activity.</li> <li>○ Continue to serve as main municipal administrative centres.</li> <li>○ Main public transportation nodes (Richards Bay Taxi City and Empangeni A and B-Ranks).</li> <li>○ A range of specialized services and facilities are available to a larger hinterland.</li> </ul>	
SECONDARY AND TERTIARY SETTLEMENTS	ESIKHALENI, NSELENI, VULINDLELA, NGWELEZANE AND FELIXTON
<ul style="list-style-type: none"> <li>○ Formalized towns, mainly residential in nature.</li> <li>○ Most community facilities are available at these locations, and therefore provide their resident communities with basic commercial and recreational facilities. More specialized services and facilities are obtained from the primary settlements.</li> <li>○ Opportunity to formalize better employment opportunities at all secondary settlements.</li> </ul>	
PERI-URBAN AREAS	UNFORMALIZED AREAS MAINLY ADJACENT TO THE FORMALIZED SECONDARY NODES OF ESIKHALENI, VULINDLELA, NSELENI AND INCLUDES MZINGAZI AND PORTIONS OF MANDLAZINI
<ul style="list-style-type: none"> <li>○ Characterized by dense population; small stands not necessarily able to support agricultural activities; Continuous infill-development takes place; pressure for connections to municipal infrastructure (individual connections) and possible health impacts as a result of over-crowding and lack of community services.</li> <li>○ In-situ rural housing projects not necessarily viable as a result of high densities.</li> <li>○ Opportunities for formalization for some of these areas.</li> <li>○ Township establishment possible on municipal land but limitations exist on Ingonyama Trust Board (ITB) land.</li> </ul>	

(Note: The Mandlazini and Mzingazi area, albeit considered part of the Richards Bay formal area, are in the process of formalization)

#### OPPORTUNITY NODES

#### HIGHLY ACCESSIBLE AREAS WITH UNTAPPED POTENTIAL

- Characterized by good accessibility but very limited development economic opportunities.
- Potential to provide services and economic opportunities to surrounding hinterland

#### RURAL SETTLEMENTS

#### DENSER SETTLEMENTS WITHIN THE TRADITIONAL COUNCIL AREAS

- Identified in line with the uMhlathuze Rural Housing Projects.
- Accessible locations for community services and infrastructure.
- Specific planning and development interventions are required to identify community services that are to be encouraged at these nodes.

#### SCATTERED SETTLEMENT

- Remainder of the Municipal Area.
- Potentially viable for in-situ rural housing projects if not too far removed from Secondary or Rural Settlements.

Apart from the above nodal areas that define the settlements, the linkages between settlements are further defined in terms of a corridor hierarchy. Volumes, speed and type of traffic as well as the reason for travel define corridors or transport routes as primary, secondary or tertiary.

Transport networks (corridors) are to be promoted as they are the 'veins' of economic growth and a catalyst in economic development. Areas that are highly accessible have better opportunities for economic growth by increasing their market threshold. Good transport systems ensure reliable transport of goods - increasing investor confidence. Diverse goods and services located along the transport network allows for the generation of income by taking advantage of passing traffic.



#### Primary Corridors:

N2, John Ross Highway, P230 and MR496 are classified as **Primary Corridors** based on their strategic connectivity i.e. economic growth and development.



- N2: Links UMhlathuze with Durban, Mtubatuba, Hluhluwe, Mkuze, Pongola and Mpumalanga Province.
- John Ross Highway, P230 and MR496: Links UMhlathuze with Eshowe, Melmoth, Ulundi and Buchanan (in former Ntambanana).

### **Secondary Corridors:**

- SP231, MR166, P425, P2-4, P2-5, P535, P106, Part of John Ross Highway (from Mzingazi Canal to Meerensee Suburb sections), North Central Arterial and Anglers Rod are classified as Secondary Corridors as they provide access and linkages between the nodes the surroundings.
- P231/ North Central Arterial/Part of John Ross Highway: From N2 and John Ross Highway it links Richards Bay with Nseleni, IDZ and Port of Richards Bay other areas around Richards Bay.
- P425: Links Empangeni, Nseleni and surrounding traditional authority areas.
- P2-4 & P2-5: Links Empangeni, Felixton, Esikhaleni and Vulindlela.
- P535 & P106: Links Empangeni, Richards Bay, Vulindlela and Esikhaleni.
- Anglers Rod: Links Richards Bay and its surrounding with Meerensee Suburb, beach front and harbour.

### **Tertiary Corridors:**

- The P517, P343, Part of P2-4, Felixton High Street, East Central Arterial, West Central Arterial, Bayview Boulevard, Davidson lane, Krewelkring, Nkoninga and Fish Eagle Flight are classified as Tertiary Corridors as they provide access to a specify point of interest (POI).
- P517: Provides access to access to Nseleni and its surroundings.
- P343/Felixton High Street: Provides access to Felixton (Residential, Educational, Mond-Industry/manufacturing).
- Part of P2-4: Provides access to Vulindlela/Dlangezwa and the University of Zululand.
- Nkoninga/Fish Eagle Flight: Provides access to the Richards Bay Airport and Birdwood residential suburb.
- Davidson/Krewelkring: Provides access to Alkantstrand beach and Newark beach.
- Bayview Boulevard: Provides access to Alkantstrand beach, Newark beach, recreational & Sport facilities.
- West Central Arterial: Provides access to the Port of Richards Bay and the Richards Bay CBD.
- East Central Arterial: Provides access to Richards Bay CBD.

## **■ SDF EXPANSION AREAS**

A future development scenario has been quantified for the Municipality based on the following on the premise that there will be an increase in economic activity as well as an increase in population.

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 99: Extent of Expansion Areas**

Expansion Area	Size (Ha)	Land Developable (Ha)
<b>A</b>	593	363
<b>B</b>	2 982	2 214
<b>C</b>	512	437
<b>D</b>	1 756	356
<b>E</b>	2 306	1 958
<b>F</b>	2 344	1 699
<b>G</b>	971	407
<b>H</b>	1 163	780
<b>TOTAL</b>	<b>12 629</b>	<b>8 214</b>

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 100: Current zoned land use Percentages**

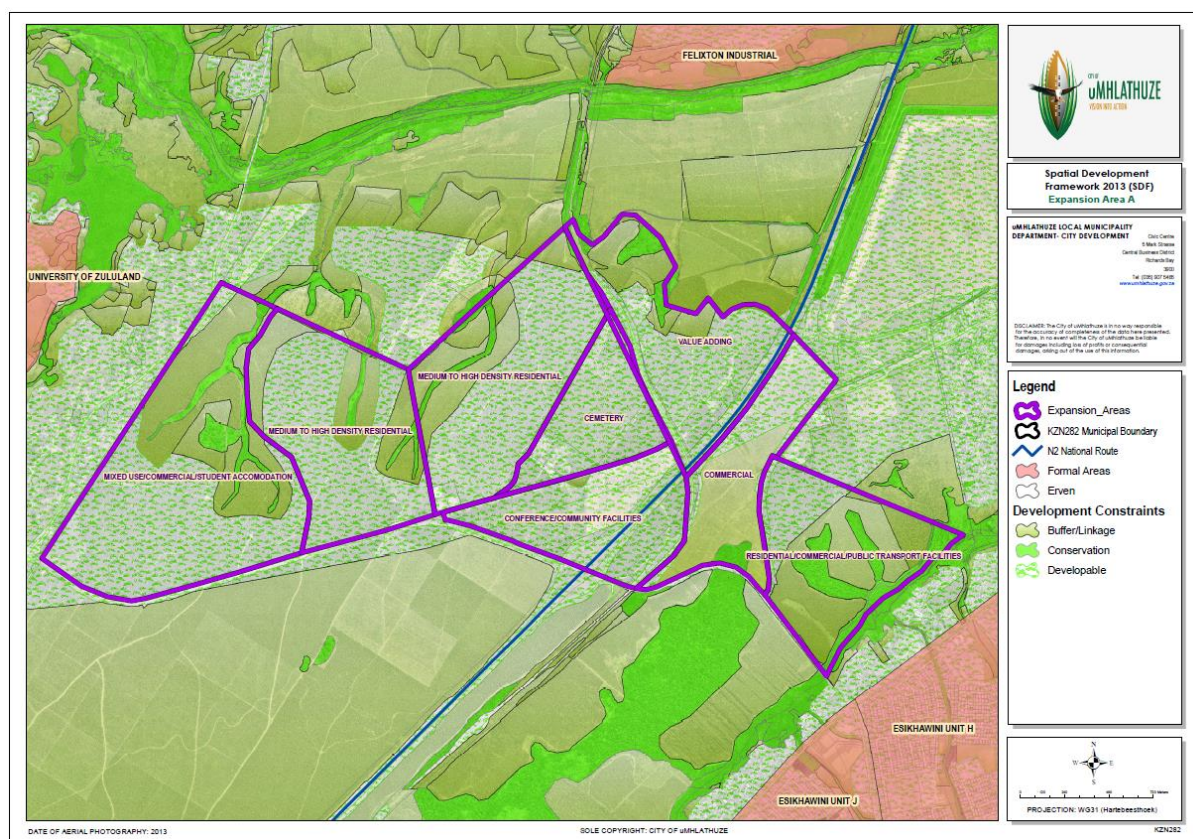
Zoning	Ha	% Against Total
Commercial	114.02	1.46%
Industrial	1695	21.70%
General Residential	115.752	1.48
Special Residential	1496.475	19.16
Intermediate Residential	15.87	0.2
Public/Private Open Spaces	540	6.92
Transportation Infrastructure	28.4	0.4
Undetermined	16.686	0.21
Social	535.8	6.86
Other Zonings	3248.997	41.616
<b>Total</b>	<b>7807</b>	<b>100</b>

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 101: 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
<b>Total</b>	<b>8214.30</b>

The following is an example of preliminary planning undertaken for expansion areas.



## ■ INTERVENTION AREAS

Spatial intervention areas refer to specific areas where deliberate actions from either the district/local municipality or any other tier of government can improve on a situation that prevails in the area. A number of open spaces in the municipal area have been settled in an informal manner, i.e. without formal approval of building plans and appropriate zoning with the result that service provision to such areas has not been planned and a reactive response instead of a proactive planning approach is followed. Examples are school sites, sites for infrastructure as well as public open spaces.

The identification of spatial intervention areas, for remedial action, is a achieving the desired spatial pattern. The following intervention areas are proposed in the uMhlathuze Municipality:

- a) As identified as part of the Nodal/Settlement Hierarchy of the Municipality, **peri-urban** areas are characterized by dense populations, small stands not necessarily able to support agricultural activities, continuous infill-development, pressure for connection to municipal services (individual connections) and possible health impacts as a result of over-crowding. An opportunity therefore exists to improve the living conditions of these residents by formalizing, in some way, these densely populated areas. Such opportunity, however, needs to be carefully planned and workshopped with the landowner (Ingonyama Trust) and affected residents.
- b) In terms of planning for peri-urban nodes, the principle of “*work where you live*” should be promoted. Typical examples of such densely populated peri-urban areas are areas surround Esikhaleni, specifically the uMzingwenya area as well as peri-urban areas around other former R293 towns.
- c) In view of the applicable environmental issues such as the high water table and potential pollution of the nearby Mzingazi Lake, special consideration has to be given to areas of **Mzingazi and Mandlazini** in respect of, amongst others, water borne sewer installation and discouraging communities from practicing yard burials.

In order to facilitate feasible service provision, Rural Development Framework Plans have to be developed and adopted, to be used as a guiding tool when land allocations are effected.

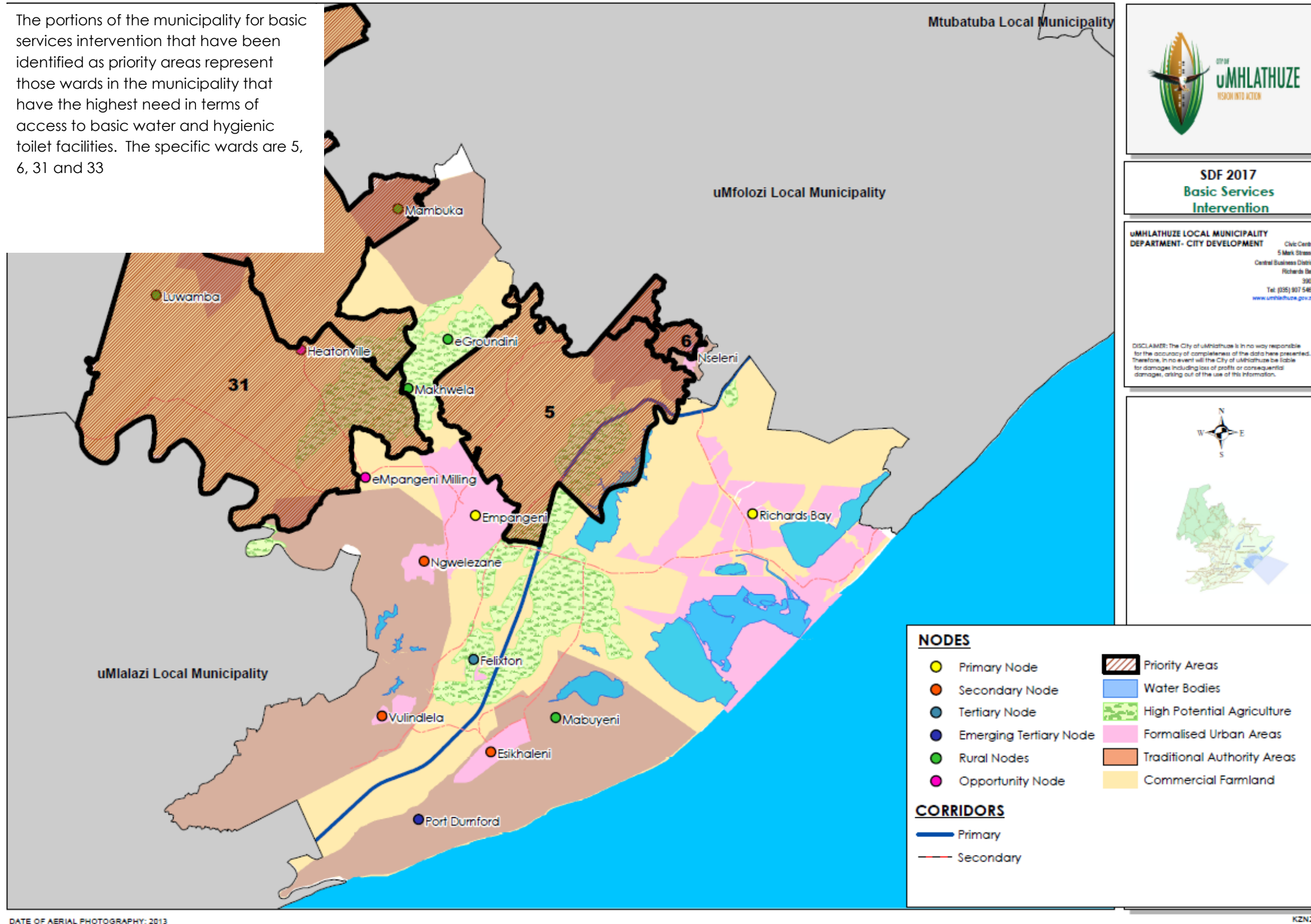
At overleaf, the following series of spatial intervention mapping for uMhlathuze Municipality is shown.

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



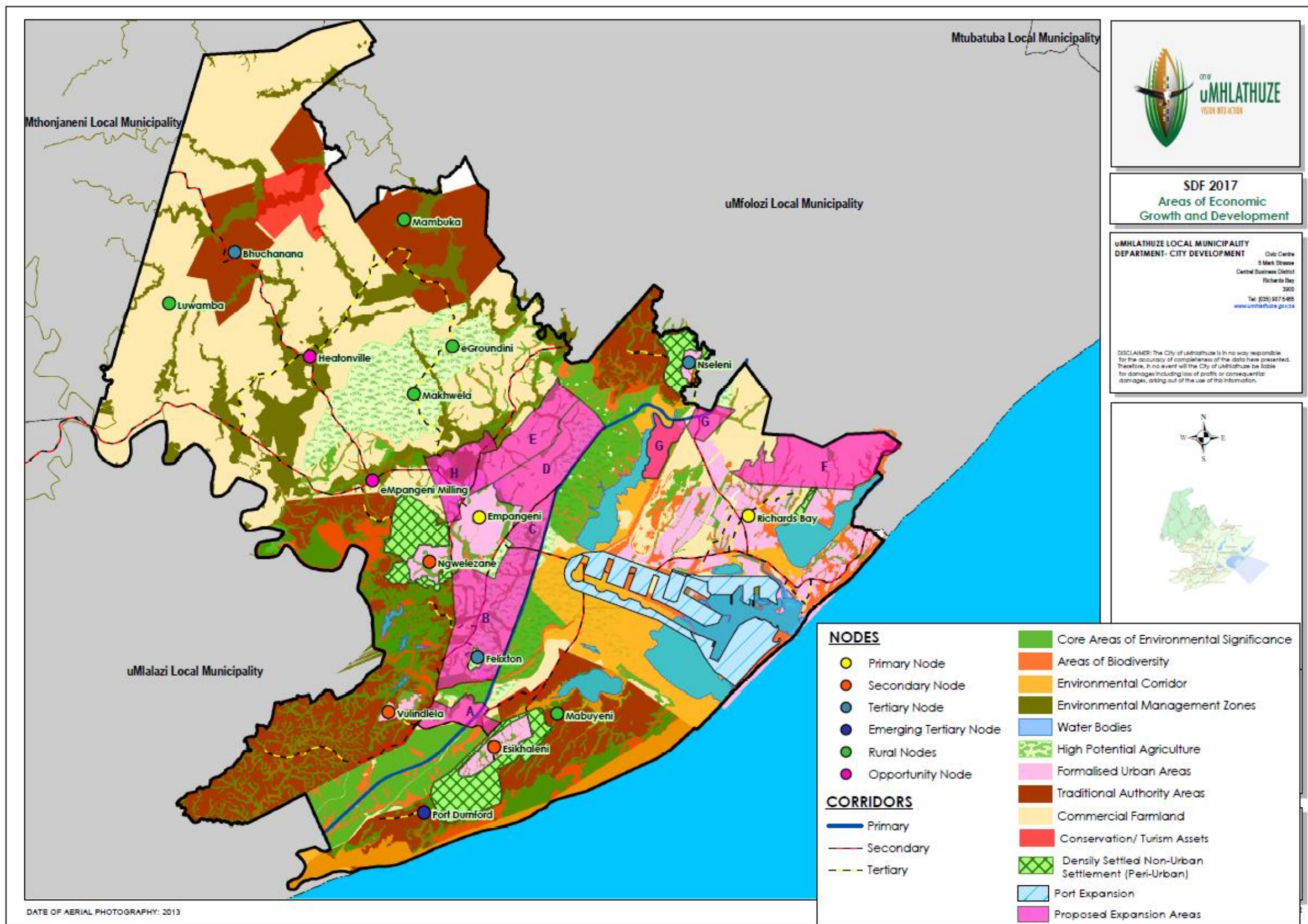
**Map 53: Basic Services Intervention Areas**

The portions of the municipality for basic services intervention that have been identified as priority areas represent those wards in the municipality that have the highest need in terms of access to basic water and hygienic toilet facilities. The specific wards are 5, 6, 31 and 33





Map 54: Areas of Economic Growth and Development



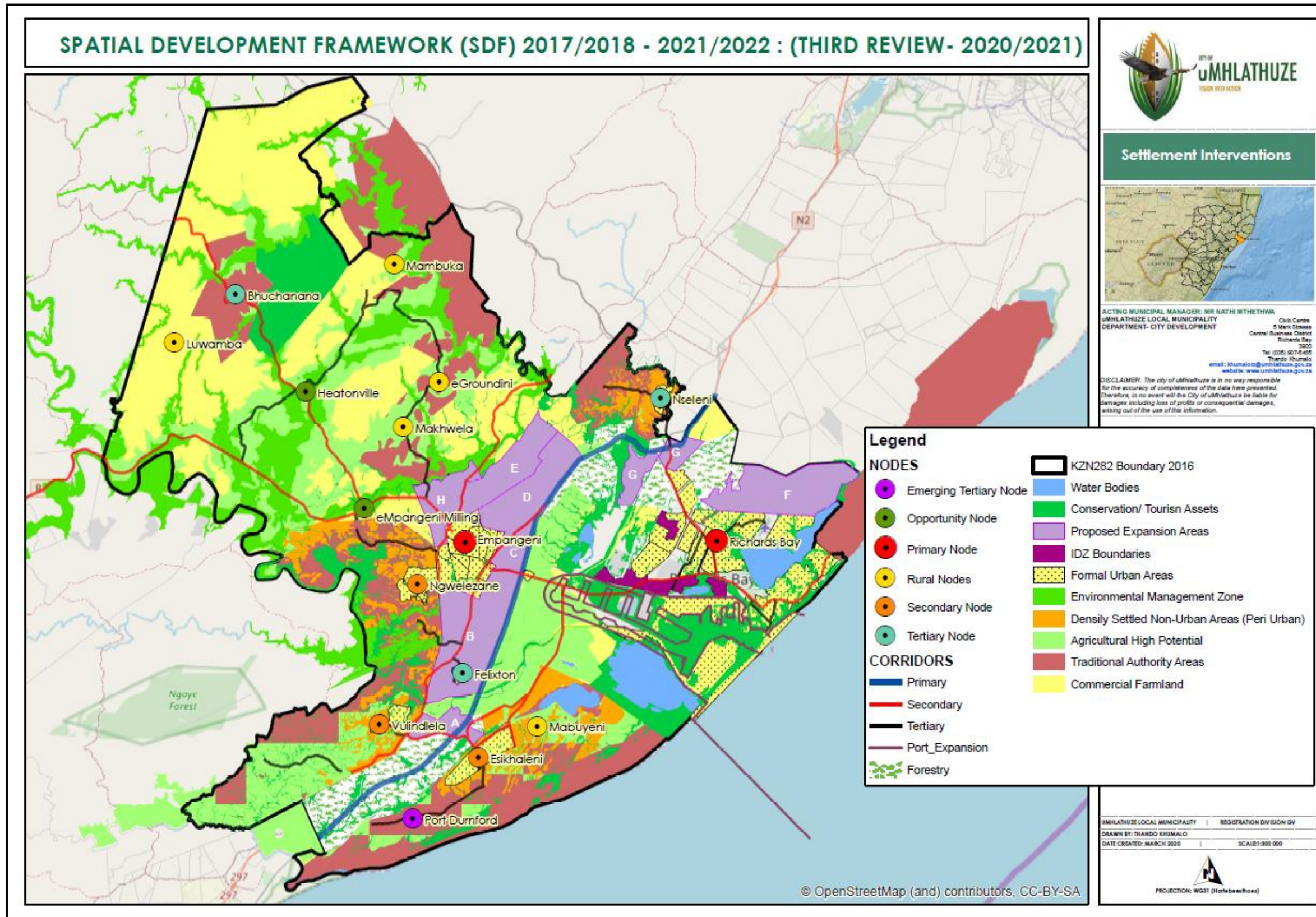
The mapping provided illustrates areas where interventions in aid of economic growth and development should be focused. To this end the following is noted: Interventions at the identified nodal areas

- The need to consolidate all environmental studies undertaken independently for the respective former municipal areas that now have been consolidated into an enlarged municipal area.
- The protection of strategic agricultural resources but also the initiation of interventions aimed at achieving maximum poverty alleviation and economic growth at areas that pose untapped agricultural resources.
- Rural Framework Plans are being rolled out in the rural areas to guide land and decision making and thereby providing guidance and confidence to investors and residents.
- Conservation/Tourism Assets are prevalent in the whole municipal area. There are formalized public nature reserves as well as a number of private game reserves notably.
- Interventions around densely settled peri-urban areas is of an incremental nature. As such, land use management responses in terms of guidelines are required. In addition, the implementation of the NUSP (National Upgrading and Support Programme) plans have to be undertaken.
- A total of eight expansion areas have been identified to absorb growth and development in the

**Map 55: Settlement Intervention Areas**







#### Primary Nodes

- Review of 2006 CBD Framework for Richards Bay was finalized in 2019.
- Implementation of the CBD Revitalization Plan.
- Development of the CIA (Central Industrial Area) in line with IUDF principles and climate resilient development.
- Empangeni Mega Housing development as an integrated residential development project (IRDP).
- Further Development of Dumisani Makhaya Village (DMV) as an integrated residential development project (IRDP).

#### Secondary Nodes

Development of Precinct Plans to provide development vision for the area and provide possible solutions to the development, densification, land use management and economic challenges. Interventions aimed at fostering the Township Economy and supporting the second economy.

#### Tertiary Nodes

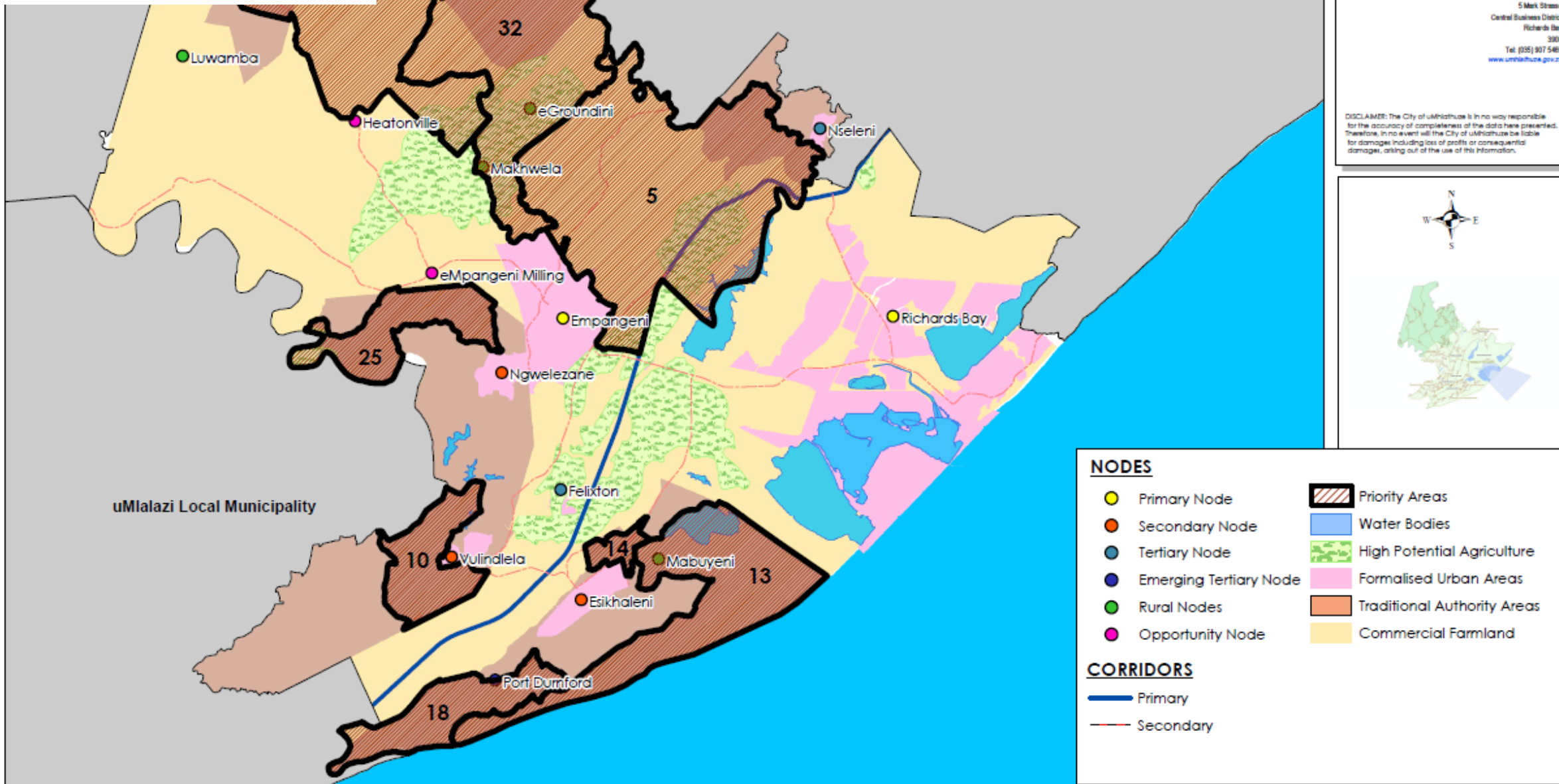
Development of Precinct Plans to provide development vision for the area and provide possible solutions to the development, densification, land use management and economic challenges. Interventions aimed at fostering the Township Economy and supporting the second economy.

**Map 56: Social Infrastructure Intervention**





The portions of the municipality that have been identified as priority areas for Social Infrastructure Intervention represent those wards in the municipality that have the highest need in terms of low education levels, high unemployment and low income levels. The specific wards are 5, 10, 13, 14, 18, 25, 32 and 33. Specific interventions in these areas will require a coordinated effort to address adult literacy,



DATE OF AERIAL PHOTOGRAPHY: 2013

KZN282



### SDF 2017 Social Infrastructure Intervention

**uMHLATHUZE LOCAL MUNICIPALITY**  
DEPARTMENT - CITY DEVELOPMENT

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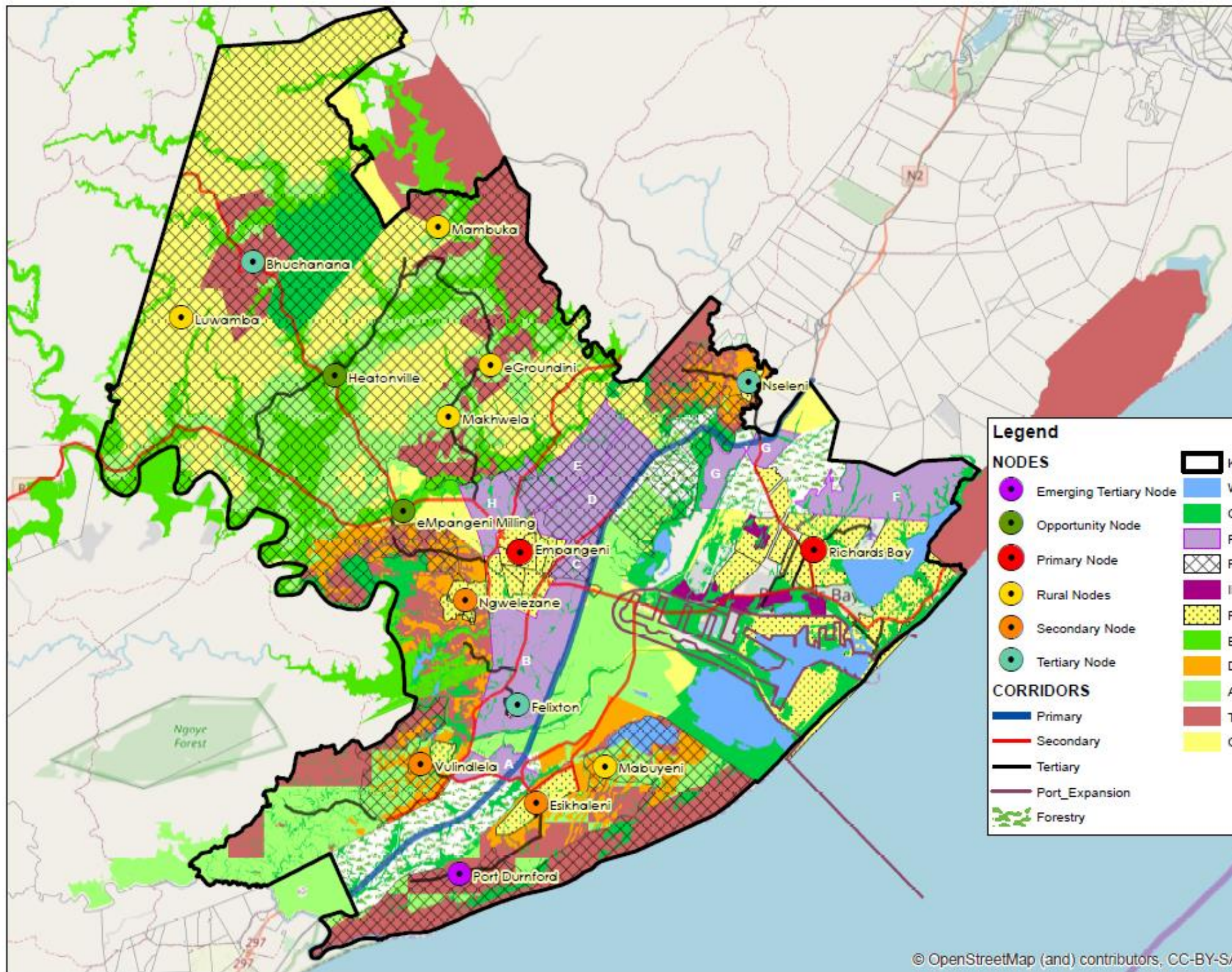


**Map 57: Consolidated SDF**





## SPATIAL DEVELOPMENT FRAMEWORK (SDF) 2017/2018 - 2021/2022 : (THIRD REVIEW- 2020/2021)



### Legend

#### NODES

- Emerging Tertiary Node
- Opportunity Node
- Primary Node
- Rural Nodes
- Secondary Node
- Tertiary Node

#### CORRIDORS

- Primary
- Secondary
- Tertiary
- Port\_Expansion
- Forestry

- KZN282 Boundary 2016
- Water Bodies
- Conservation/ Tourism Assets
- Proposed Expansion Areas
- Priority Areas
- IDZ Boundaries
- Formal Urban Areas
- Environmental Management Zone
- Density Settled Non-Urban Areas (Peri Urban)
- Agricultural High Potential
- Traditional Authority Areas
- Commercial Farmland



### Spatial Development Framework



ACTING MUNICIPAL MANAGER: MR NATHI MTHETHWA  
uMHLATHUZE LOCAL MUNICIPALITY  
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uMHLATHUZE LOCAL MUNICIPALITY | REGISTRATION DIVISION GV  
DRAWN BY: THANDO KHUMALO  
DATE CREATED: MARCH 2020 | SCALE: 1:300 000

PROJECTION: WGS 1984 (Northwest)

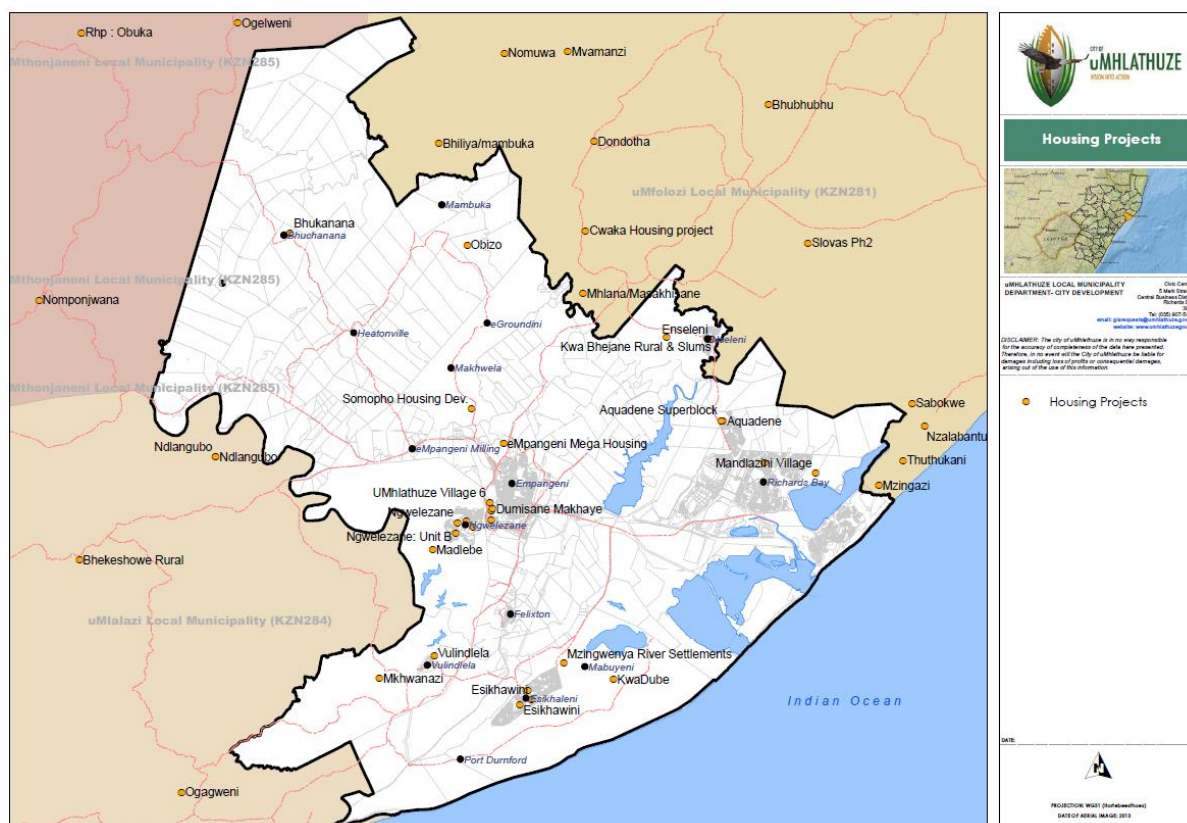
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- **INTEGRATED HUMAN SETTLEMENTS**

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

## Map 58: 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



## **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.

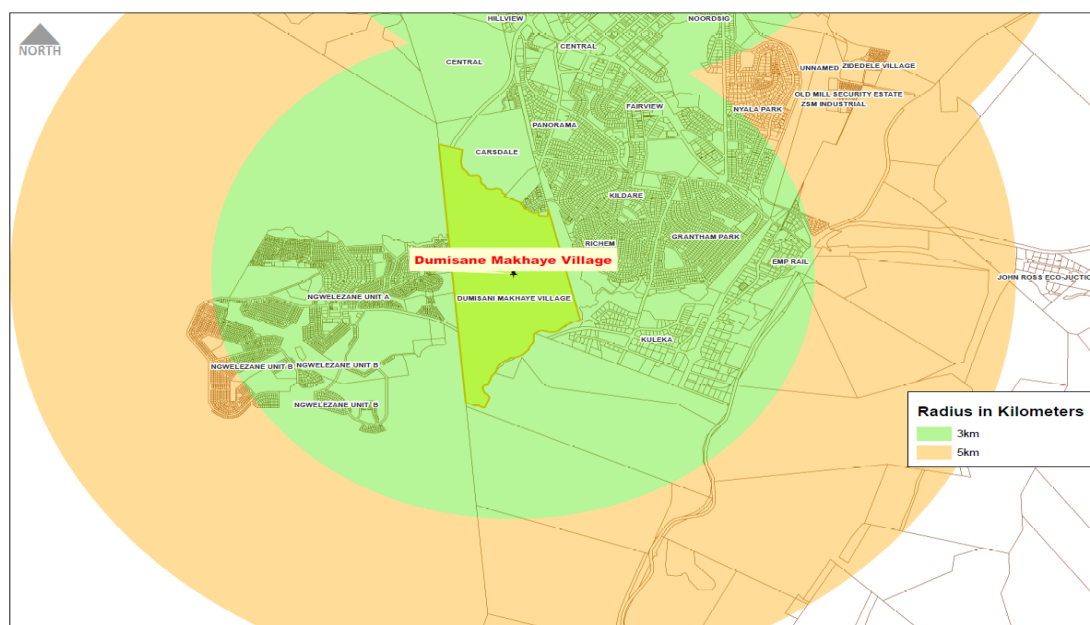
Empangeni has a regional role and functions as a major gateway to the economy through the nearby Richards Bay Harbour. It plays a dominant role in KZN, especially within the commercial, industrial and agricultural support sectors and acts in the regional economy as a service centre.

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 82: Radius around DMV Housing Project**





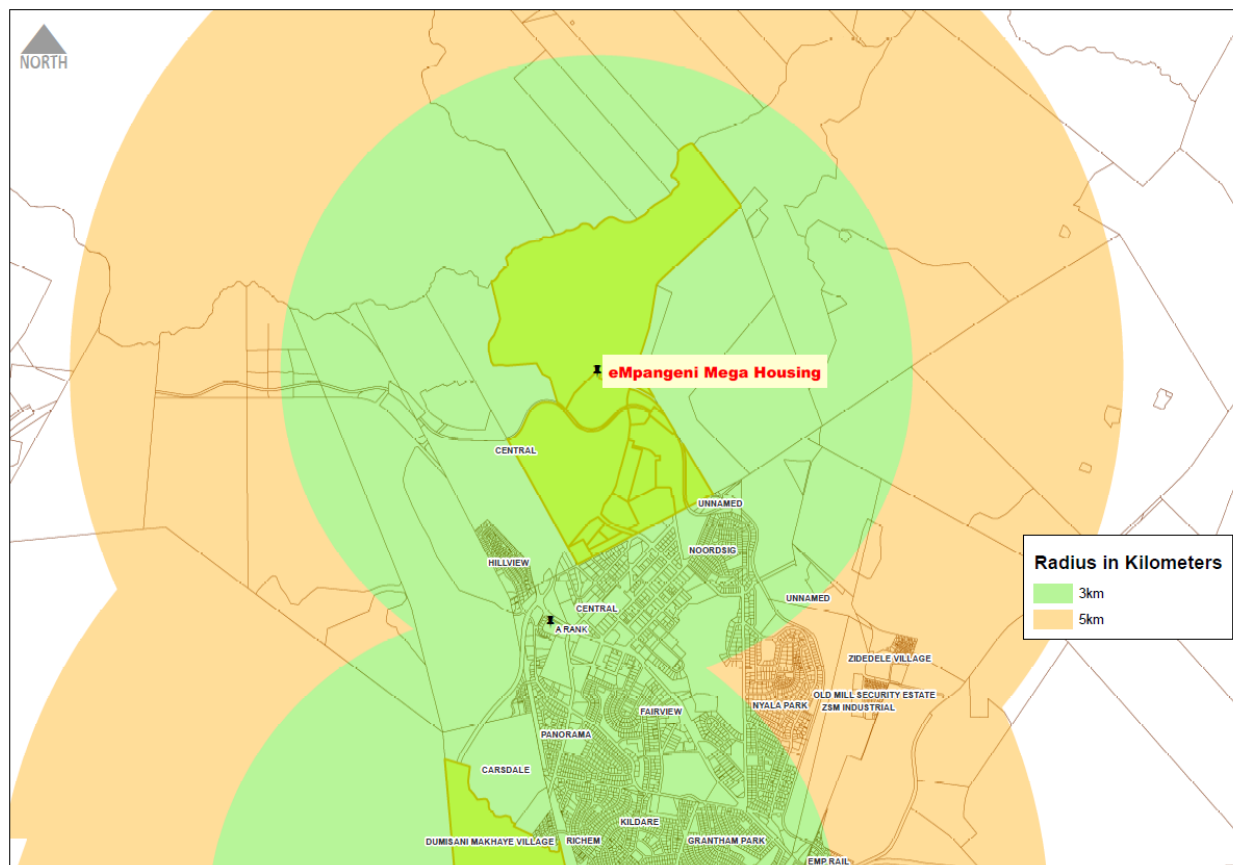
The **Empangeni Mega Housing** project has the following housing typologies:

- 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 83: 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.

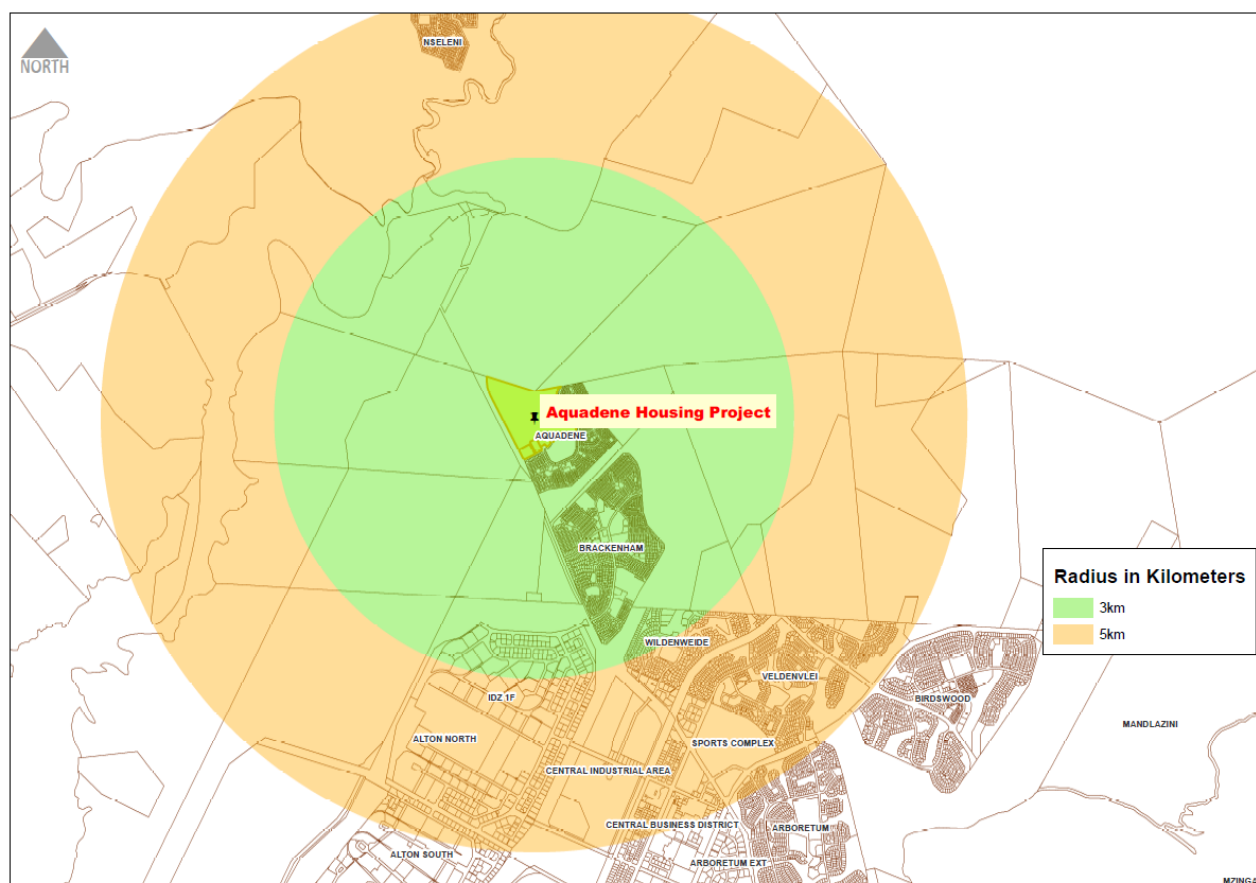
Richards Bay is a primary node in terms of the uMhlathuze Municipal SDF and is a prominent developing industrial centre of in South Africa that provides a centres of employment, industrial, residential, mining, offices, eco-tourism, nature reserve and commercial activity. The town is well positioned 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 84: 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.

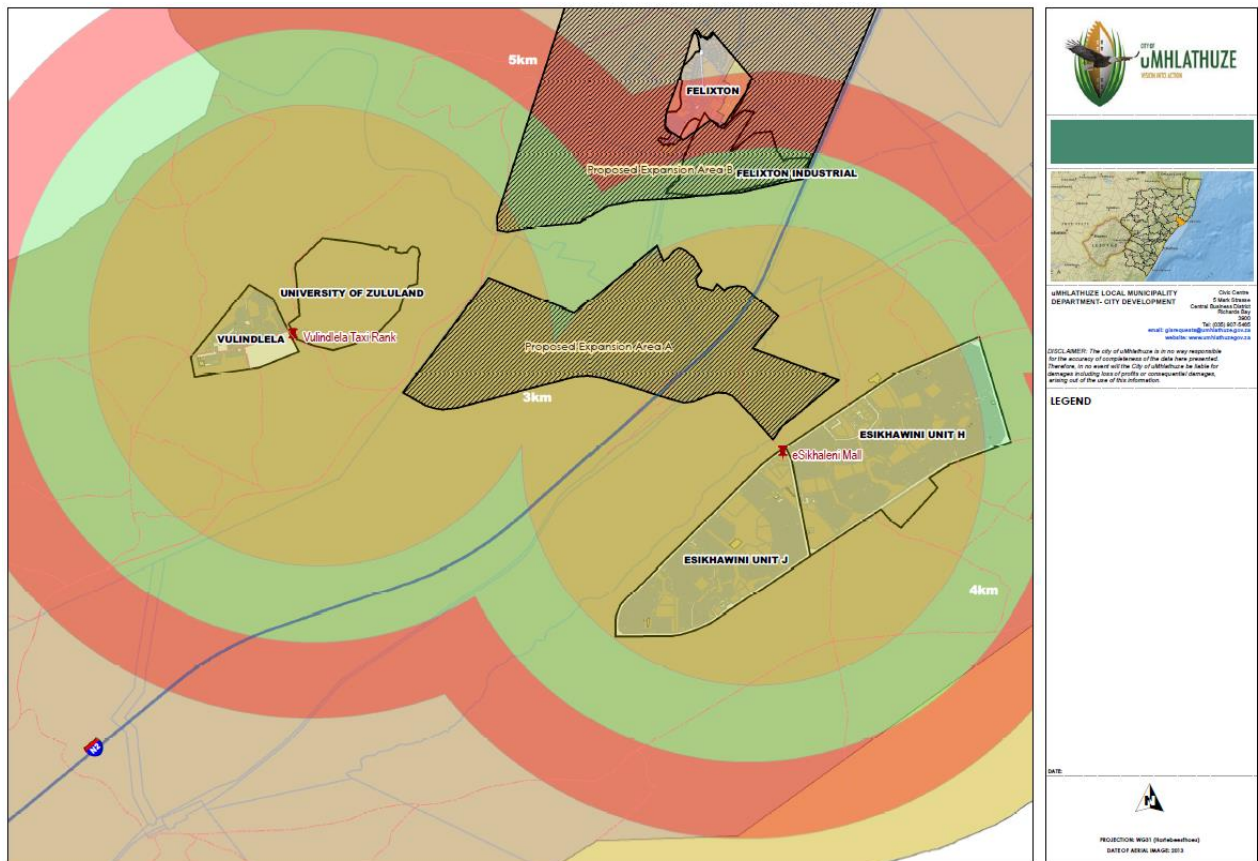
In recent years, the hostel upgrading programme has been completed in Esikhaleni and 20 blocks were successfully upgraded. The main focus is now on the **uMzingwenya** settlement where more than 4000 households live on the urban periphery and more than half within flood prone areas. The Municipality 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 extent, 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 85: Radius around Vulindlela and Esikhaleni**












## ○ STRATEGIC AND CATALYTIC PROJECTS












A catalytic/strategic project promotes cross-cutting sustainability outcomes that mirror goals and targets to promote the overall sustainability of an area. The uMhlathuze Municipality is pursuing a number of catalytic projects/interventions at present as summarized hereunder. The broad alignment of these projects to the SDGs (Sustainable Development Goals) as discussed in this document is also indicated.








**Table 102 : Strategic and Catalytic Projects Aligned to SDGs**

PROJECT NAME	STATUS
1. Airport Relocation	<p>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 to commence in due course.</p> <div> <div> <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE   </div> <div> <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES   </div> </div>
2. Richards Bay ICC	<p>Council's vision is to develop the Richards Bay International Convention Centre with ancillary land uses such as Hotel, residential, professional offices, retail and that will complement the envisaged development of the Waterfront development. The City is not looking for a traditional International Convention Centre, but a mixed use centre with conference facilities, retail, leisure and business offices etc. as mentioned above.</p> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div>
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"> <li>○ Determine required statutory approvals (if any), including environmental and water use related and identify long lead items.</li> <li>○ Undertaking a topographical survey and other specialist studies required to inform the processes identified.</li> </ul> <p>Detail designs, execution, procurement and construction have commenced.</p> <div> <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE   </div>

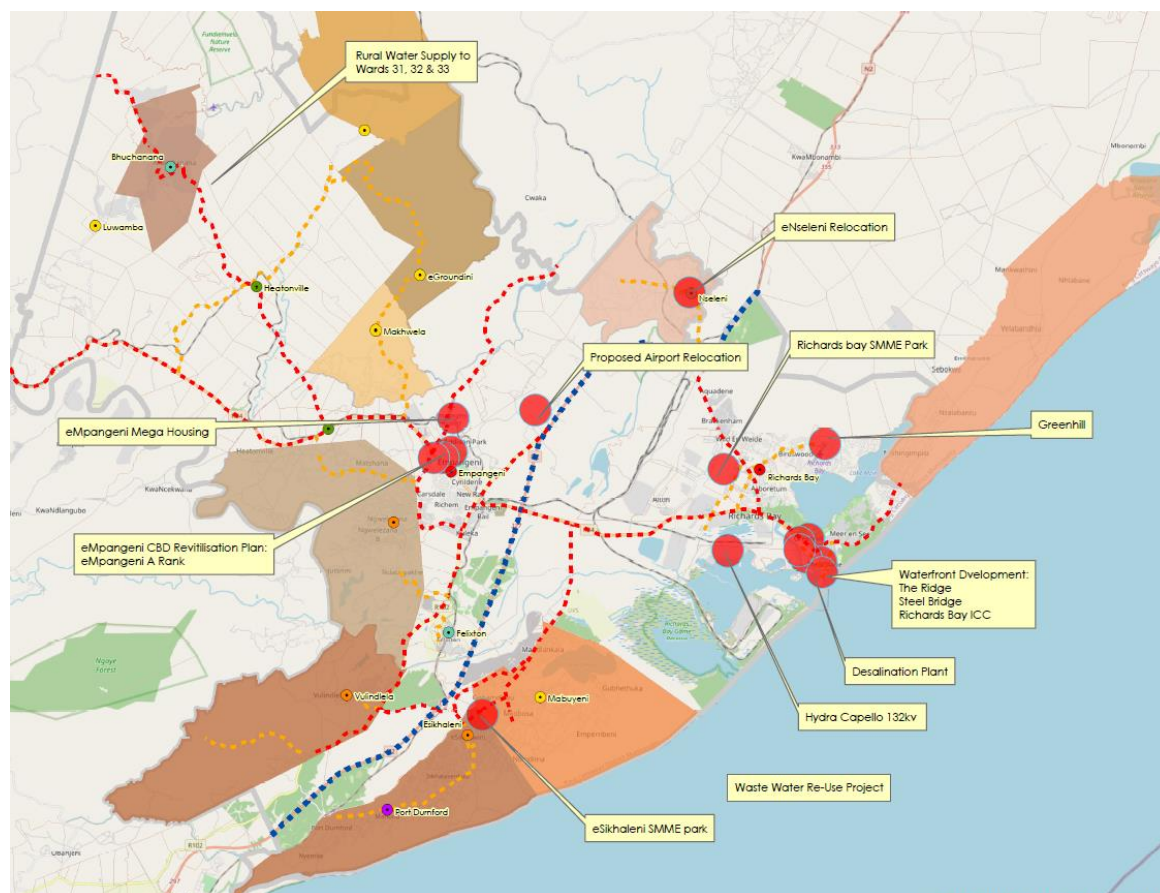
PROJECT NAME	STATUS
4. The Ridge	<p>The proposed Ridge development is to accommodate a Hotel, High Density Residential units and ancillary land uses. The design reflects a "sense of place", "human scale" and possesses a distinct theme that will take cognisance of the location of the area. Tender for the Ridge development has been awarded and project is at an advanced stage of detail planning.</p> <div> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div> <div> <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES   </div> </div>
5. Waterfront Development	<p>The Municipality intends to develop the Waterfront Area as a place for maritime industries, education and businesses, local and international port activities.</p> <ul style="list-style-type: none"> <li>○ A Public Waterfront: A place for local people and visitors.</li> <li>○ 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.</li> </ul> <p>Council has finalised a Master Plan for the area and will be initiating detailed planning and preliminary engineering designs shortly.</p> <div> <div> <b>3</b> GOOD HEALTH AND WELL-BEING   </div> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div> <div> <b>15</b> LIFE ON LAND   </div> </div>
6. Richards Bay SMME Park	<p>The SMME Park is planned to cater for hairdressers, mechanics; car wash and SMME offices. It has been constructed and utilized by 20 mechanics. is currently being</p> <div> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div> <div> <b>1</b> NO POVERTY   </div> </div>
7. Empangeni CBD Revitalisation Plan	<p>The Empangeni CBD Revitalisation Plan has been completed as well as aesthetic guidelines for the area. The Revitalization of Empangeni has been targeted as a demonstration project for the City as part of the IUDF Implementation.</p> <div> <div> <b>7</b> AFFORDABLE AND CLEAN ENERGY   </div> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div> </div>



PROJECT NAME	STATUS
	<p>13 CLIMATE ACTION</p> 
8.Desalination Plant	<p>Plant completed. Operational capacity of 10Ml/day.</p> <p>6 CLEAN WATER AND SANITATION</p>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>13 CLIMATE ACTION</p> 
9. Feasibility Study into wastewater and associated by-products re-use	<p>Council has appointed a Transaction Advisor to conduct a Feasibility Study for wastewater and associated by-products re-use for the City of uMhlathuze. The process is in the Procurement Phase.</p> <p>13 CLIMATE ACTION</p>  <p>6 CLEAN WATER AND SANITATION</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
10. Green Hill	<p>Greenhill is situated on a Portion of the Remainder of Erf 5333. An EOI for the development of a mixed use development with a health care centre as an anchor awarded.</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> 
11. 132 kV	<p>Replacement of two oil filled cables between CAPELLA and HYDRA substations feeding RBCT in progress.</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
12. CITP	<p>Service Provider appointed to prepare Comprehensive Integrated Transport Plan (CITP) for whole municipal area. Draft report available.</p>

PROJECT NAME	STATUS
	<div> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div> <div> <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE   </div> <div> <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES   </div> </div>
13. Empangeni Mega Housing	<p>Housing project of 10 000 units of an IRDP (Integrated Residential Development Programme) type. Installation of services has commenced.</p> <div> <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES   </div>
14. Central Industrial Area (CIA) Roads	<p>The project entails the construction of a link road between Richards Bay CBD and the Alton Industrial Area. The road construction includes the provision of stormwater infrastructure, street lighting, water and sewage reticulation as well as street lighting. The project will provide in much needed economic infrastructure and is being designed to be climate resilient "green" project.</p> <div> <div> <b>8</b> DECENT WORK AND ECONOMIC GROWTH   </div> <div> <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE   </div> <div> <b>1</b> NO POVERTY   </div> </div>

## Map 59: Strategic and Catalytic Projects



### ○ CAPITAL EXPENDITURE FRAMEWORK

A CEF (Capital Expenditure Framework) is also a core component of an SDF in terms of SPLUMA (Spatial Planning and Land Use Management Act). As such, it cannot be considered as a lone standing document but rather forms an integral part of the municipal strategic documents, i.e. SDF and IDP, and informs municipal processes, notably the budget prioritisation process. The CEF assists in spatially aligning public infrastructure investment that will lead to functional and efficient urban spaces and to ultimately unlock urban growth. The latter is in essence the fulfilment of the IUDF (Integrated Urban Development Framework).

According to the IUDF policy framework, a CEF is a comprehensive, high-level, long-term infrastructure plan that flows from a SDF, which estimates the level of affordable capital investment by the municipality over the long-term. The CEF is therefore the municipal instrument to realise the agenda of the IUDF.

*A Capital Expenditure Framework is a consolidated, high-level view of infrastructure investment needs in a municipality over the long-term (10 years) that considers not only infrastructure needs but also how these needs can be financed and what impact the required investment in infrastructure will have on the financial viability of the municipality going forward.*

*Guide to preparing an Infrastructure Investment Framework, SALGA, 2017, page 2*

Amongst others, it is the intention that a CEF will also provide a municipality with guidance in respect of:

- Not only the rolling out new infrastructure but also focus on the management, maintenance and renewal of existing infrastructure; and
- Ensuring greater value for money for the funds spent.

In support of the above planning approach, the DORA (Division of Revenue Act) now publishes a consolidated infrastructure grant, the IUDG (Integrated Urban Development Grant) that has the following clear intentions:

- Provide funding for public investment in infrastructure for the poor;
- Provide funding for public investment in infrastructure for the poor;
- Promote increased access to municipal owned sources of capital finance in order to increase funding for public investment in economic infrastructure;
- Ensure that public investments are spatially aligned with the local government development vision, and;
- Promote the sound management of the assets delivered.

The uMhlathuze Municipality finalized and adopted its first CEF during 2019. The CEF consists of the following key components:

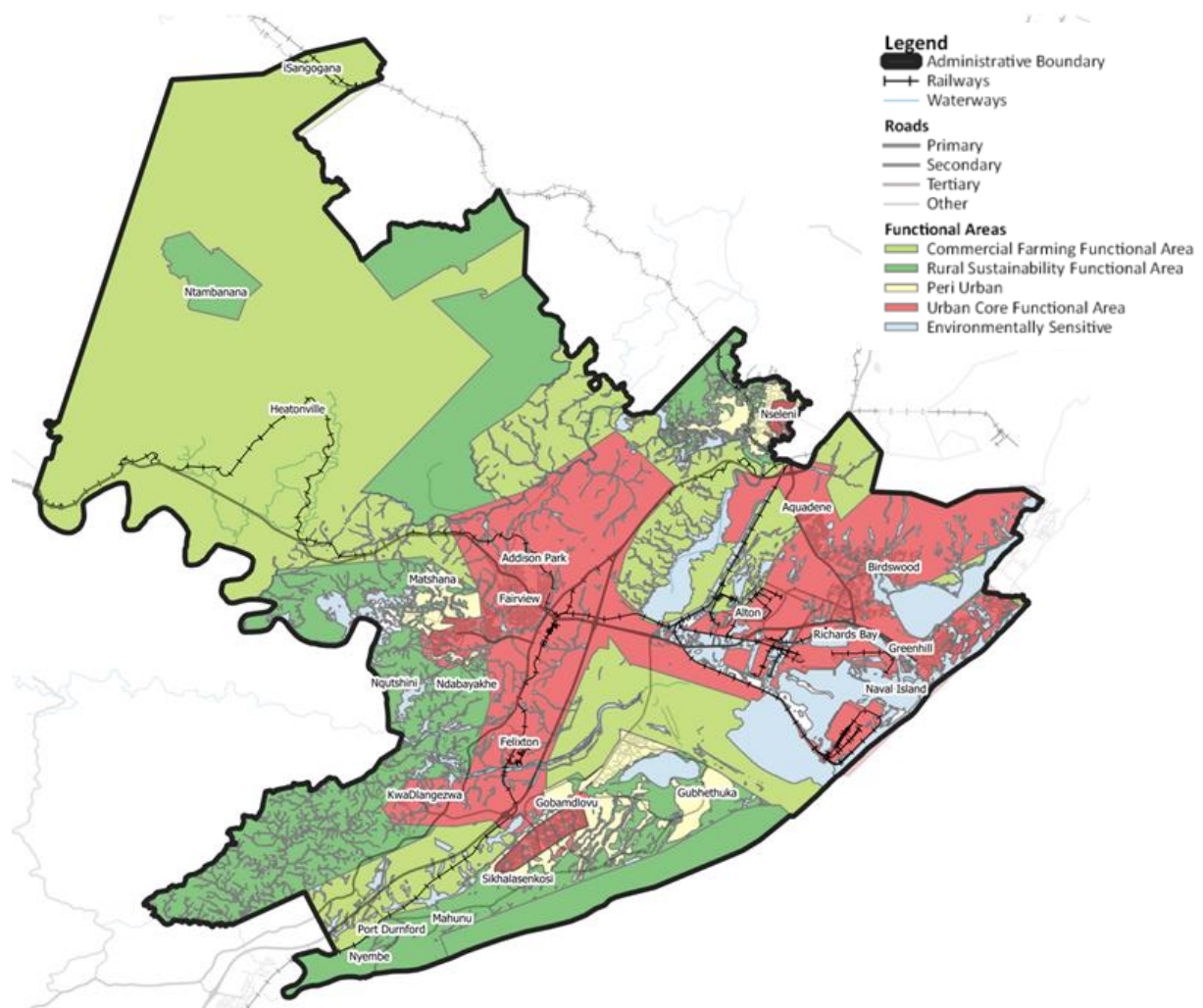
- Functional Areas and Priority Development Areas
- Demand Quantification
- Modelling Outcomes and Grant Impact Forecasts
- Planned Capital Expenditure
- Prioritisation Model and Budget Fit
- Functional Area Budget Split
- Poor versus Non-Poor Capital Expenditure Ratio
- 2019/2020 MTREF Capital Budget by Discipline-Based Service

#### ■ **FUNCTIONAL AREAS AND PRIORITY DEVELOPMENT AREAS**

Municipal boundaries describe the administrative jurisdiction area of a municipality, and Functional Areas (FAs) are the areas within the municipal boundary which exhibit homogenous function. An FA is a delineated area characterized by common (homogenic) geographical, spatial, developmental and service demand conditions, where the functioning is predominantly similar. Another method of identifying different FAs is to spatially delineate areas with similar developmental challenges. Hereunder a conceptual explanation is provided of an FA.

Priority Development Areas (PDAs) are defined within the FA boundaries. However, there is one important distinction between FA and PDA delineation – the sum of PDAs does not necessarily have to cover the extent of the FA as indicated in the following conceptual explanation.

**Map 60: Functional Areas of the City of uMhlathuze**



## ■ **DEMAND QUANTIFICATION**

Over the past two decades, the emphasis has been on extending services to poor households. At the same time, major population shifts have occurred, through accelerated urbanization and decreased growth and even population decline in rural areas. Extending access to services is regarded as one of the following three major investment areas that require attention in order to sustain or accelerate development in any municipality:

- The first investment challenge is existing households without access to services
- The second is investment required to renew (rehabilitate and maintain) existing infrastructure
- The third is the growth in households and the economy

## ■ **PLANNED CAPITAL EXPENDITURE**

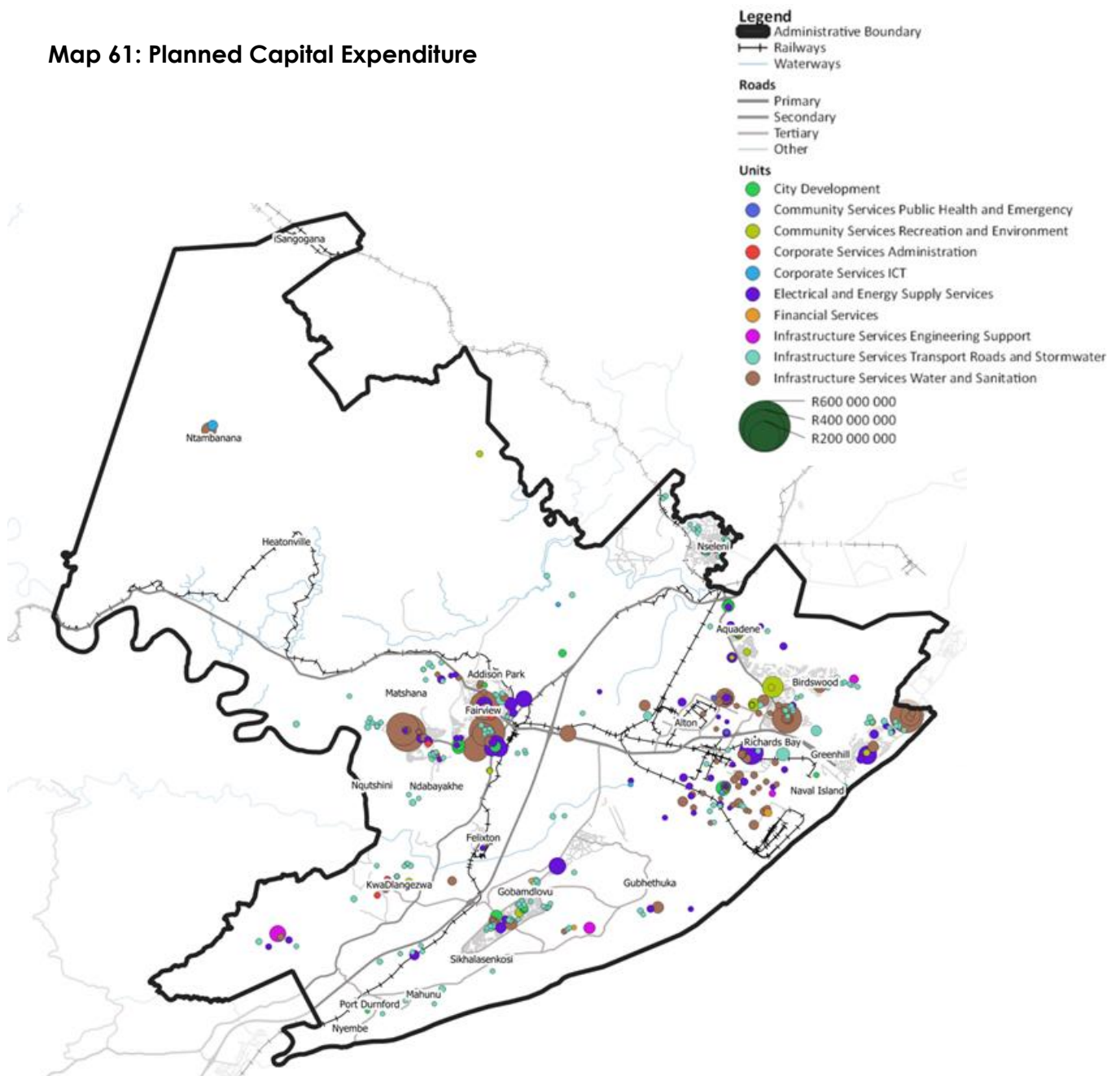
Amongst others, the following sector and master plans have informed the determination of planned capital expenditure for the first uMhlathuze CEF (2019):

- Bulk Sewer Master Plan – 2016
- Bulk Water Master plan – 2014
- Electricity Network Master Plan – 2015
- Electricity and Energy 5-year budget Presentation
- Human Settlements Programme – IDP Input
- Roads 20-year Master Plan (indicating period between 2013 – 2020)
- Water Services Development Plan – IDP Input
- Sports and Recreation 10-year Plan project List
- Solid Waste 10-year Plan project List

It should be noted that since the preparation of the CEF in 2019, a number of the above sector and master plans have been reviewed as outlined in previous sections of this report. The updated project specifics will be considered during the review of the CEF.



**Map 61: Planned Capital Expenditure**



## ■ PRIORITISATION

The reality is that the municipal affordability – funding envelope, as indicated in the Long Term Financial Plan (LTFP), is less than the capital demand as indicated in the following tables:

**Table 103: Planned Capital vs Funding Envelope**

Year	Total Planned Capital	Funding Envelope
2019/2020	R1 823 196 907	R531 998 700
2020/2021	R1 224 439 065	R550 771 500
2021/2022	R2 465 662 841	R500 000 000
2022/2023	R818 262 746	R515 000 000
2023/2024	R638 957 000	R540 750 000
2024/2025	R1 309 178 225	R567 787 500
2025/2026	R68 100 000	R596 176 875
2026/2027	R74 300 000	R625 985 719
2027/2028	R3 419 397 570	R657 285 005
2028/2029	R-	R690 149 255
<b>Total</b>	<b>R11 841 494 355</b>	<b>R5 775 844 553</b>

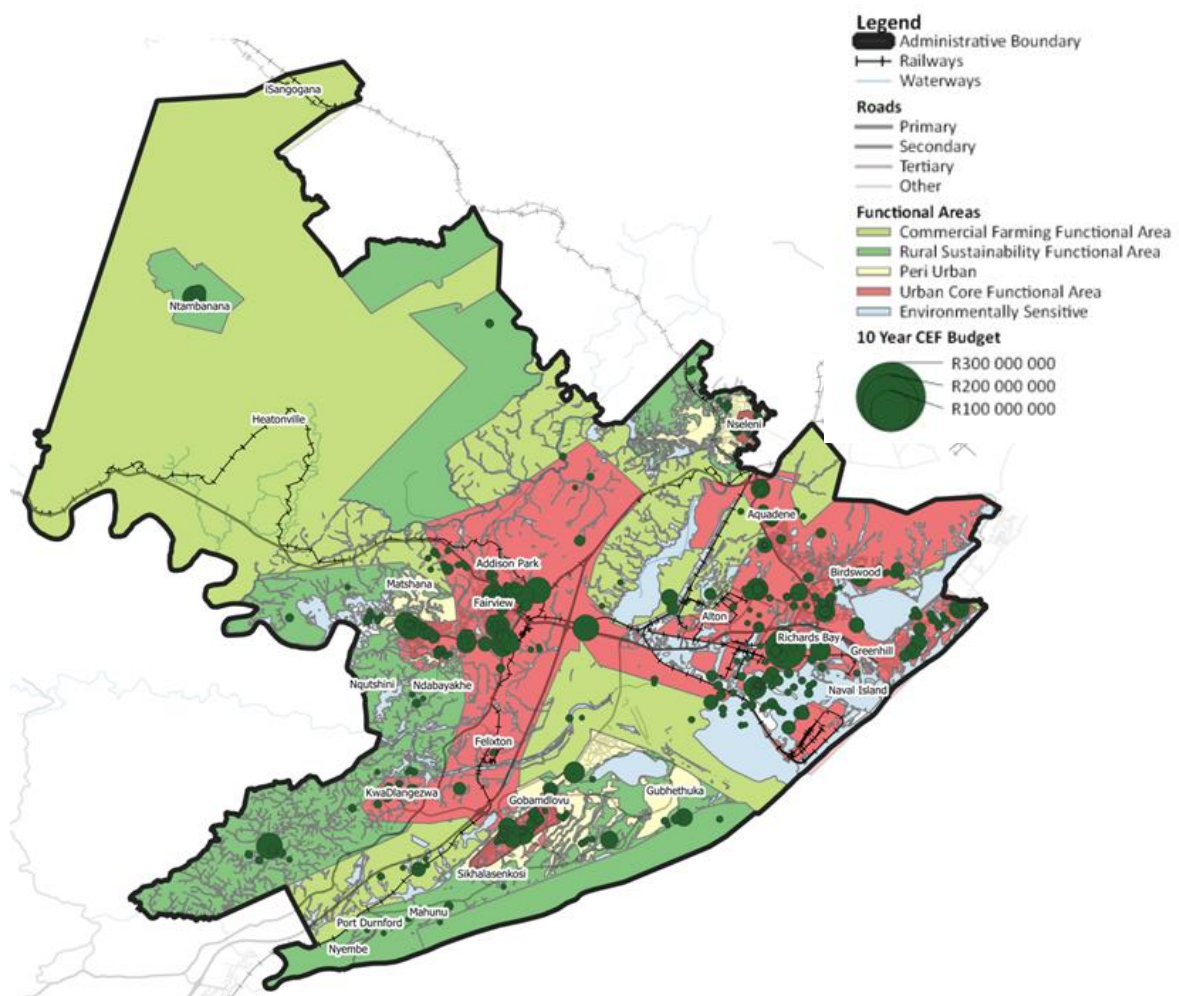
**Table 104: Programme Totals per Functional Area**

Year	Administrative HQ	City Wide	No Intersect	Not Mapped	Rural Sustainability Functional Area	Urban Core Functional Area
<b>2019/2020</b>	R44 502 300	R79 865 000	R103 252 247	R97 116 200	R63 000 000	R209 797 253
<b>2020/2021</b>	R38 498 400	R147 313 000	R146 301 774	R76 859 500	R15 000 000	R173 899 026
<b>2021/2022</b>	R36 791 700	R100 342 100	R132 663 612	R78 083 000	R15 000 000	R242 076 188
<b>2022/2023</b>	R6 053 000	R132 194 713	R68 704 098	R-	R839	R308 043 384
<b>2023/2024</b>	R4 518 300	R176 218 785	R11 177 482	R10 000 000	R33 000 000	R305 835 246
<b>2024/2025</b>	R13 019 300	R82 752 815	R103 038 909	R2 361 401	R4 726 067	R361 893 713
<b>2025/2026</b>	R30 000	R68 534 700	R50 733 924	R148 837 305	R-	R328 040 958
<b>2026/2027</b>	R-	R58 096 100	R31 472 447	R76 328 742	R-	R460 098 188
<b>2027/2028</b>	R16 435 000	R86 037 700	R18 142 314	R4 000 000	R-	R532 601 034
<b>2028/2029</b>	R44 218 200	R66 916 900	R59 650 000	R126 379 771	R-	R365 000 000
<b>Percentage</b>	<b>3%</b>	<b>17%</b>	<b>12%</b>	<b>10%</b>	<b>2%</b>	<b>55%</b>

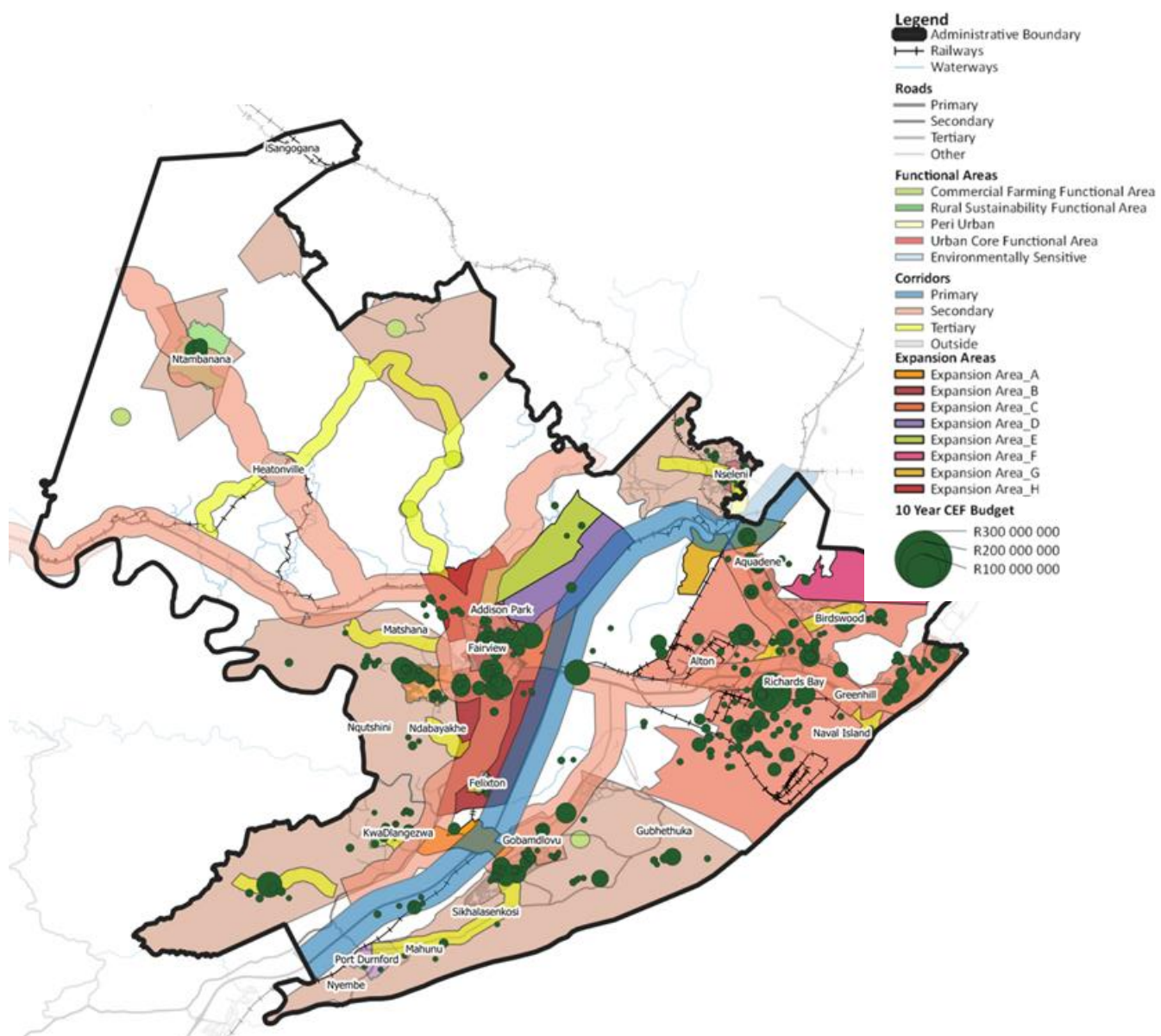
From the above it is noted that 55% of the draft capital budget over the 10-year horizon period is focused on the Urban Core Functional Areas, which are areas centred around the primary economic centres of the municipality, i.e. the primary nodes as per the SDF.



**Map 62: 10 Year CEF Budget – Functional Areas**



**Map 63: 10 Year CEF Budget – Priority Development Areas**



■ **POOR VS NON-POOR CAPITAL EXPENDITURE RATIO**

As per the following, the Poor: Non Poor capital expenditure ratio is lower than 1 in year 5 and year 7, which means that in year 5 and 7 more money is spent on the poor population with respect to the current spatial population distribution and the capital expenditure spent in the municipality excluding capital expenditure allocated to City Wide, Administrative HQ areas and projects that are not mapped. The average ratio across the analysis timeframe is 1:1,3. This means that on average, for each Rand spent on the poor, 1,3 are spent on the non-poor.

**Table 105: Poor: Non Poor Capital Expenditure Ratio**

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Administrative HQ	44 502 300	38 498 400	36 791 700	6 053 000	4 518 300	13 019 300
City Wide	79 865 000	147 313 000	100 342 100	132 194 713	176 218 785	82 752 815
No Intersect	6	7	9	3	2	7
Not Mapped	97 116 200	76 859 500	78 083 000	-	10 000 000	2 361 401
Non Poor	132 964 279	159 813 523	164 575 780	179 985 171	195 284 698	179 222 859
Poor	243 085 215	175 387 272	225 164 011	196 763 154	154 728 031	290 435 832
Total	597 533 000	597 871 702	604 956 600	514 996 040	540 749 816	567 792 214
Poor : Non Poor	1 : 1,8	1 : 1,1	1 : 1,4	1 : 1,1	1 : 0,8	1 : 1,6
	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>	<b>%</b>
Administrative HQ	30 000	-	16 435 000	13 971 000	173 819 000	3%
City Wide	68 534 700	58 096 100	86 037 700	35 220 000	966 574 913	16%
No Intersect	0	1	0	-	36	0%
Not Mapped	151 830 526	76 328 742	4 000 000	10 000 000	506 579 370	8%
Non Poor	222 665 227	252 457 482	254 633 315	188 482 828	1 930 085 163	32%
Poor	53 116 449	239 113 154	296 110 037	502 373 515	2 476 276 671	41%
Total	596 176 902	625 995 480	657 216 053	750 047 344	6 053 335 153	100%
Poor : Non Poor	1 : 0,7	1 : 0,9	1 : 1,2	1 : 2,7	1 : 1,3	

## SECTION E2: IMPLEMENTATION PLAN

PERFORMANCE INDICATORS	Annual			BUDGET 2017/2018	BUDGET 2018/2019	FUNDING SOURCE	AUDIT VERIFICATION DOCUMENT	Five Year Targets						
	Demand	Baseline	Backlog					Year 1 2017/2018		Year 2 2018/2019		Year 3 2019/2020	Year 4 2020/2021	Year 5 2021/2022
								Amended Target	Actual	Amended Target	Actual	Amended Target		
Number of Public Meetings (IDP/PMS and budget meetings)	22					Minutes of Meeting	22	11	10	12	12	12		
Number of Ward Committee Management meetings held	408				374	389	340	416	408	408	408			
Number of community meetings per ward	136				136	273	136	274	136	136	136			
Date of IDP approval	30-Jun-20				31-May-18	31-May	31-May-19	29-May-19	31-May-20	31-May-21	31-May-22			
% of Household with access to basic water	100%	85%	15,00%				94,91%	94,83%	95,73%	95,84%	96,20%	96,65%	97,56%	
Total number of Households with access to potable water	110503	93928	16575	2 000 000			104880	104787	105787	105905	106305	106805	107805	
Ensure the reduction of water losses (cumulative)	18%	20%		1 000 000			20%	22%	22%	25%	25%	23%	22%	
% of Household with access to Sanitation	100,00%	68,17%	31,83%				77,73%	78,82%	81,09%	80,94%	81,12%	82,03%	83,39%	
Number of Household with access to Sanitation	110503	75325	35178		33 473 200		85892	87103	89603	89444	89644	90644	92144	
Number of Household with access to Electricity (Municipal Area)							35301	35316	35443	35434	35536	35636	35736	
Number new Electricity connections (Municipal Area)						Number of Applications received Signed of Job cards	120	135	127	118	102	100	100	
% of Household with access to weekly waste disposal	100%	73,00%	27,00%				67,29%	67,64	69,55%	69,71%	71,52%	72,72%	74,53%	
Number of Household with access to weekly waste disposal	110503	80698	19662	1 000 000	1 700 000		74356	74856	76856	77028	79028	80356	82356	
Kilometres of rural gravel roads established (graveling)		48km				Signed Job cards	26km	83,82km	59,59km	63,45km	0Km	0Km	0Km	
Kilometres of rural gravel roads maintained (grading)		600km			Signed Job cards	600km	390,162km	312km	436,90km	600Km	600Km	600Km		
Kilometres of tarred roads established			20 772 000			3km	1,761km	1,88km	0,577km	3,722km	2km	1km		
Kilometres of tarred roads rehabilitated			38 587 500	38 200 000		8km	20,913km	18,60km	18,6km	15,4km	10km	10km		
m2 of repairs to potholes and patching on urban tarred road	11184m²						10800m²	21992,30m²	15300m²	14337,72m²	80%	80%	80%	
Re-defined to: Percentage of reported potholes fixed within standard Municipal response time														
Construction of Bus shelters and laybys			1 500 000	2 250 000		15Bus shelters		0	0	0	0	1		
Construction of Pedestrian Bridges			1 500 000	2 000 000		10		0	0	3	1	1		
Kilometres of Stormwater open drains maintained						92km	118,052km	138Km	231,58km	46Km	92Km	92Km		
Number of kerb inlets maintained					3 000 000		3076	1915	3076	1478	1020	1020	3080	
Number of Houses completed							0	0	0	0	0	0	0	
Number of Houses completed							0	0	0	0	0	0	0	
Number of Houses completed							0	0	0	0	0	100	150	
Number of Hostel Units upgraded							0	0	0	0	0	0	0	
Number of people to provide training to.														
Construction of SMME Retail Parks				8 570 000	10 000 000			1	1	0	0	0	0	1
Construction of Market Stalls					1 192 000			2	2	0	0	0	0	1
No. of upgrades /developments				780 000	900 000			10	10	5	5	6	4	3
No of facilities upgraded / hand over certification				3 000 000	2 196 000			2	2	3	3	3	3	2

## 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
<b>TABLED BUDGET</b>	<b>487 977</b>	<b>439 000</b>	<b>481 000</b>

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)
<b>TABLED BUDGET</b>	<b>3 430 794</b>	<b>3 485 274</b>	<b>(54 480)</b>

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 18<sup>th</sup> 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 106: Consolidated Overview of the 2020/2021 MTREF**

Description	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
<b>R thousands</b>				
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
<b>Surplus/ (Deficit) for the year</b>	<b>(94 280)</b>	<b>(54 480)</b>	<b>(37 077)</b>	<b>25 756</b>
<b>Total Capital Expenditure</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>
<b>TOTAL OPERATING &amp; CAPITAL BUDGET</b>	<b>3 635 642</b>	<b>3 831 780</b>	<b>4 016 015</b>	<b>4 253 020</b>

### 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 107: Budget Summary**



## uMhlathuze Local Municipality: Final IDP Review Amended (Updated Top Layer SDBIP) 2020/2021

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
<b>R thousands</b>									
<b>Financial Performance</b>									
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
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 904 214</b>	<b>2 920 660</b>	<b>2 927 545</b>	<b>3 208 768</b>	<b>3 198 114</b>	<b>3 198 114</b>	<b>3 430 794</b>	<b>3 636 785</b>	<b>3 877 900</b>
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
<b>Total Expenditure</b>	<b>2 834 188</b>	<b>2 768 618</b>	<b>3 146 732</b>	<b>3 234 247</b>	<b>3 292 395</b>	<b>3 292 395</b>	<b>3 485 274</b>	<b>3 673 862</b>	<b>3 852 144</b>
<b>Surplus/(Deficit)</b>	<b>70 025</b>	<b>152 042</b>	<b>(219 187)</b>	<b>(25 479)</b>	<b>(94 280)</b>	<b>(94 280)</b>	<b>(54 480)</b>	<b>(37 077)</b>	<b>25 756</b>
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	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>213 235</b>	<b>290 254</b>	<b>(113 386)</b>	<b>165 753</b>	<b>87 014</b>	<b>87 014</b>	<b>129 377</b>	<b>117 712</b>	<b>199 132</b>

Table 108: 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
<b>R thousands</b>									
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>
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
<b>Total sources of capital funds</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>
<b>Financial position</b>									
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
<b>Cash flows</b>									
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)
<b>Cash/cash equivalents at the year end</b>	<b>715 116</b>	<b>460 422</b>	<b>491 155</b>	<b>370 841</b>	<b>341 349</b>	<b>341 349</b>	<b>367 282</b>	<b>365 715</b>	<b>376 711</b>
<b>Cash backing/surplus reconciliation</b>									
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
<b>Balance - surplus (shortfall)</b>	<b>594 804</b>	<b>254 800</b>	<b>303 495</b>	<b>242 484</b>	<b>228 860</b>	<b>228 860</b>	<b>189 877</b>	<b>157 856</b>	<b>163 506</b>

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
<b>R thousands</b>									
<b><u>Asset management</u></b>									
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
<b><u>Free services</u></b>									
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
<b><u>Households below minimum service level</u></b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	0	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-

## Explanatory notes to Budget Summary

1. 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.

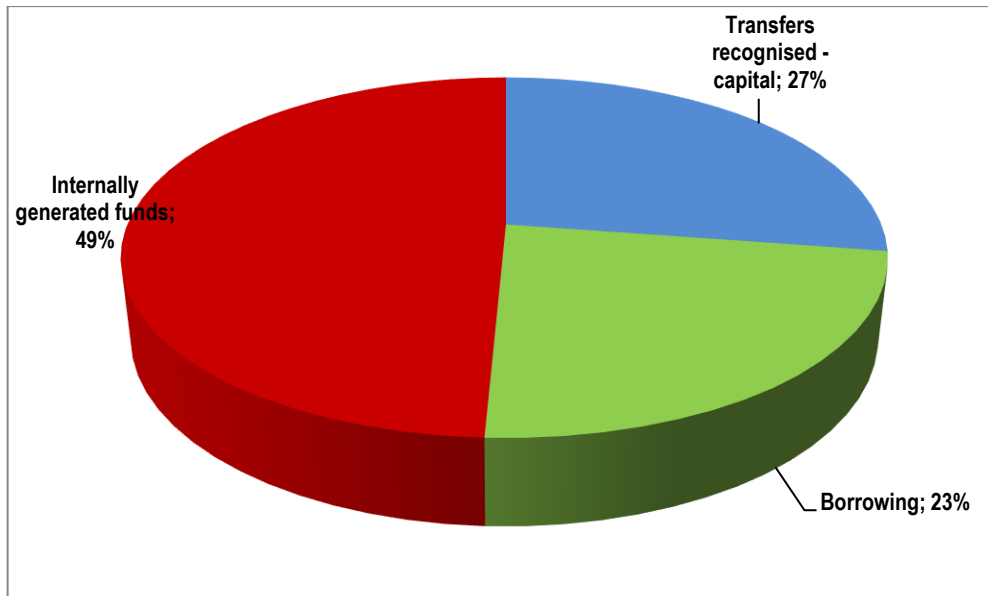
## 14. CAPITAL BUDGET SUMMARY

The following table below is a breakdown of the funding composition of the 2020/2021 medium-term capital programme:

**14.1.1 Table 109 : Medium-term outlook: capital revenue**

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
<b>Funded by:</b>									
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	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>143 210</b>	<b>138 212</b>	<b>105 800</b>	<b>191 232</b>	<b>181 294</b>	<b>181 294</b>	<b>183 857</b>	<b>154 789</b>	<b>173 376</b>
<b>Borrowing</b>	<b>204 961</b>	<b>9 969</b>	<b>265 391</b>	<b>–</b>	<b>50 608</b>	<b>50 608</b>	<b>157 000</b>	<b>143 000</b>	<b>154 000</b>
<b>Internally generated funds</b>	<b>159 738</b>	<b>352 341</b>	<b>145 489</b>	<b>406 301</b>	<b>391 004</b>	<b>391 004</b>	<b>330 977</b>	<b>296 000</b>	<b>327 000</b>
<b>Total Capital Funding</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>

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**

The projects for 2020/2021 MTREF are listed under section 18.1 as Municipal Funded Projects, also on Annexure B1 SDBIP Component 5, all municipal funded projects are listed there.

**Table 110: 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
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
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 RESOURCES	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	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>392 830</b>	<b>335 700</b>	<b>389 445</b>	<b>525 935</b>	<b>499 759</b>	<b>499 759</b>	<b>574 048</b>	<b>500 827</b>	<b>544 954</b>

**Table 111: Budgeted Capital Expenditure by vote, functional classification and funding source (continued)**

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
<b>Capital expenditure - Vote</b>									
<b>Single-year expenditure to be appropriated</b>									
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
<b>Capital single-year expenditure sub-total</b>	<b>115 079</b>	<b>164 821</b>	<b>127 235</b>	<b>71 598</b>	<b>123 147</b>	<b>123 147</b>	<b>97 786</b>	<b>92 961</b>	<b>109 422</b>
<b>Total Capital Expenditure - Vote</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>

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
<b>Capital Expenditure - Functional</b>									
<b><i>Governance and administration</i></b>	<b>81 039</b>	<b>128 345</b>	<b>121 623</b>	<b>37 500</b>	<b>58 719</b>	<b>58 719</b>	<b>34 690</b>	<b>45 271</b>	<b>50 870</b>
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	–	–	–	–	–	–	–	–	–
<b><i>Community and public safety</i></b>	<b>72 544</b>	<b>43 331</b>	<b>60 491</b>	<b>64 058</b>	<b>91 851</b>	<b>91 851</b>	<b>55 380</b>	<b>57 561</b>	<b>62 452</b>
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	–	–	–	–	–	–	–	–
<b><i>Economic and environmental services</i></b>	<b>126 626</b>	<b>97 197</b>	<b>93 770</b>	<b>144 408</b>	<b>157 172</b>	<b>157 172</b>	<b>169 926</b>	<b>117 708</b>	<b>128 357</b>
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	–
<b><i>Trading services</i></b>	<b>227 700</b>	<b>231 648</b>	<b>240 796</b>	<b>351 567</b>	<b>315 164</b>	<b>315 164</b>	<b>411 839</b>	<b>373 249</b>	<b>412 697</b>
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
<b><i>Other</i></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Functional</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>
<b><u>Funded by:</u></b>									
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	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>143 210</b>	<b>138 212</b>	<b>105 800</b>	<b>191 232</b>	<b>181 294</b>	<b>181 294</b>	<b>183 857</b>	<b>154 789</b>	<b>173 376</b>
<b>Borrowing</b>	<b>204 961</b>	<b>9 969</b>	<b>265 391</b>	<b>–</b>	<b>50 608</b>	<b>50 608</b>	<b>157 000</b>	<b>143 000</b>	<b>154 000</b>
<b>Internally generated funds</b>	<b>159 738</b>	<b>352 341</b>	<b>145 489</b>	<b>406 301</b>	<b>391 004</b>	<b>391 004</b>	<b>330 977</b>	<b>296 000</b>	<b>327 000</b>
<b>Total Capital Funding</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>

### 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.

- 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 112: 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
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
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
<b>Total current assets</b>	<b>1 297 323</b>	<b>1 043 037</b>	<b>995 310</b>	<b>884 201</b>	<b>863 046</b>	<b>863 046</b>	<b>986 925</b>	<b>1 003 968</b>	<b>1 044 930</b>
<b>Non current assets</b>									
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
<b>Total non current assets</b>	<b>5 389 214</b>	<b>6 379 251</b>	<b>6 410 820</b>	<b>5 999 134</b>	<b>6 612 937</b>	<b>6 612 937</b>	<b>6 810 198</b>	<b>6 898 428</b>	<b>7 005 878</b>
<b>TOTAL ASSETS</b>	<b>6 686 537</b>	<b>7 422 288</b>	<b>7 406 130</b>	<b>6 883 336</b>	<b>7 475 982</b>	<b>7 475 982</b>	<b>7 797 124</b>	<b>7 902 396</b>	<b>8 050 808</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
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
<b>Total current liabilities</b>	<b>852 781</b>	<b>712 303</b>	<b>600 123</b>	<b>580 268</b>	<b>559 111</b>	<b>559 111</b>	<b>554 319</b>	<b>584 412</b>	<b>629 895</b>
<b>Non current liabilities</b>									
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
<b>Total non current liabilities</b>	<b>872 144</b>	<b>614 245</b>	<b>839 077</b>	<b>799 203</b>	<b>816 348</b>	<b>816 348</b>	<b>905 070</b>	<b>965 054</b>	<b>956 148</b>
<b>TOTAL LIABILITIES</b>	<b>1 724 925</b>	<b>1 326 548</b>	<b>1 439 200</b>	<b>1 379 471</b>	<b>1 375 459</b>	<b>1 375 459</b>	<b>1 459 389</b>	<b>1 549 466</b>	<b>1 586 042</b>
<b>NET ASSETS</b>	<b>4 961 612</b>	<b>6 095 740</b>	<b>5 966 930</b>	<b>5 503 865</b>	<b>6 100 523</b>	<b>6 100 523</b>	<b>6 337 734</b>	<b>6 352 930</b>	<b>6 464 766</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
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
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>4 961 612</b>	<b>6 095 740</b>	<b>5 966 930</b>	<b>5 503 865</b>	<b>6 100 523</b>	<b>6 100 523</b>	<b>6 337 734</b>	<b>6 352 930</b>	<b>6 464 766</b>

### Explanatory notes to Table A6 - Budgeted Financial Position

- 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).
- 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.

- 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
- 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.
- 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 113: 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
<b>Capital Expenditure - Functional</b>									
<i><b>Governance and administration</b></i>	<b>81 039</b>	<b>128 345</b>	<b>121 623</b>	<b>37 500</b>	<b>58 719</b>	<b>58 719</b>	<b>34 690</b>	<b>45 271</b>	<b>50 870</b>
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	–	–	–	–	–	–	–	–	–
<i><b>Community and public safety</b></i>	<b>72 544</b>	<b>43 331</b>	<b>60 491</b>	<b>64 058</b>	<b>91 851</b>	<b>91 851</b>	<b>55 380</b>	<b>57 561</b>	<b>62 452</b>
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	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>	<b>126 626</b>	<b>97 197</b>	<b>93 770</b>	<b>144 408</b>	<b>157 172</b>	<b>157 172</b>	<b>169 926</b>	<b>117 708</b>	<b>128 357</b>
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	–
<i><b>Trading services</b></i>	<b>227 700</b>	<b>231 648</b>	<b>240 796</b>	<b>351 567</b>	<b>315 164</b>	<b>315 164</b>	<b>411 839</b>	<b>373 249</b>	<b>412 697</b>
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
<b>Total Capital Expenditure - Functional</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>
<b>Funded by:</b>									
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	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>143 210</b>	<b>138 212</b>	<b>105 800</b>	<b>191 232</b>	<b>181 294</b>	<b>181 294</b>	<b>183 857</b>	<b>154 789</b>	<b>173 376</b>
<b>Borrowing</b>	<b>204 961</b>	<b>9 969</b>	<b>265 391</b>	<b>–</b>	<b>50 608</b>	<b>50 608</b>	<b>157 000</b>	<b>143 000</b>	<b>154 000</b>
<b>Internally generated funds</b>	<b>159 738</b>	<b>352 341</b>	<b>145 489</b>	<b>406 301</b>	<b>391 004</b>	<b>391 004</b>	<b>330 977</b>	<b>296 000</b>	<b>327 000</b>
<b>Total Capital Funding</b>	<b>507 909</b>	<b>500 521</b>	<b>516 680</b>	<b>597 533</b>	<b>622 906</b>	<b>622 906</b>	<b>671 834</b>	<b>593 789</b>	<b>654 376</b>

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.

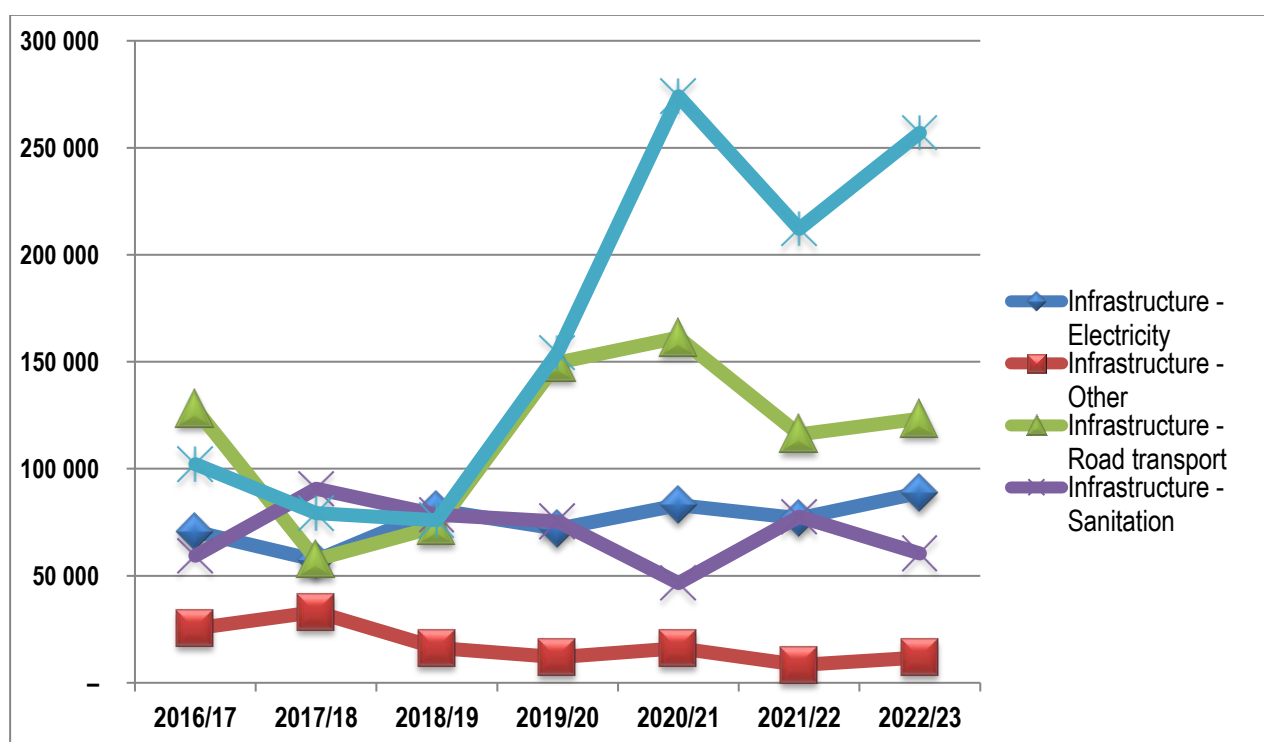
Total new assets represent 79 per cent or R 528 million of the total capital budget, asset renewal equates to 4 per cent or R 27 million and upgrade of existing assets 4 per cent or R 25 million.

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):

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
<b>R thousand</b>									
<b>Revenue By Source</b>									
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
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 904 214</b>	<b>2 920 660</b>	<b>2 927 545</b>	<b>3 208 768</b>	<b>3 198 114</b>	<b>3 198 114</b>	<b>3 430 794</b>	<b>3 636 785</b>	<b>3 877 900</b>

**Table 114 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	%
<b>Revenue By Source</b>								
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%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 198 114</b>	<b>100%</b>	<b>3 430 794</b>	<b>100%</b>	<b>3 636 785</b>	<b>100%</b>	<b>3 877 900</b>	<b>100%</b>
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 115 : 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
<b>R thousand</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>275 248</b>	<b>314 327</b>	<b>339 463</b>	<b>377 106</b>	<b>377 044</b>	<b>377 044</b>	<b>411 846</b>	<b>443 307</b>	<b>482 868</b>
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	–	–	–	–	–	–	–
<b>Provincial Government:</b>	<b>10 017</b>	<b>12 652</b>	<b>13 762</b>	<b>13 570</b>	<b>12 975</b>	<b>12 975</b>	<b>12 797</b>	<b>13 185</b>	<b>13 781</b>
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	–	–	–	–	–	–	–
<b>District Municipality:</b>	<b>318</b>	<b>100</b>	<b>130</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Beach Festival	–	–	–	–	–	–	–	–	–
Refuse Removal Grant	318	–	–	–	–	–	–	–	–
Beach Protection	–	–	130	–	–	–	–	–	–
Speakers Funeral	–	100	–	–	–	–	–	–	–
<b>Other grant providers:</b>	<b>319</b>	<b>2 359</b>	<b>(495)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
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	–	–	–	–	–	–
<b>Total Operating Transfers and Grants</b>	<b>285 902</b>	<b>329 438</b>	<b>352 860</b>	<b>390 676</b>	<b>390 019</b>	<b>390 019</b>	<b>424 643</b>	<b>456 492</b>	<b>496 649</b>

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 stipulates the Property Rates Policy exemptions and rebates summary:

**Table 116 : New and Current General Valuations values**

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
<b>Grand Total</b>	<b>38 684 190 161</b>	<b>45 856 382 000</b>

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

**Table 117 : Property Rates Policy exemptions and rebates**

<b>Rates Category</b>	<b>Rebates, Exemptions and reductions</b>
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



**Table 118: 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 119 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 120 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 1<sup>st</sup> 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;

**Table 121 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 1<sup>st</sup> 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.

**Table 122: 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									

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

**Table 123 Comparison between current sanitation charges and increases, single dwelling-houses**

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

### 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 124 Comparison between current waste removal fees and increases**

Tariff Code	Detail	2019/20		2020/21		2021/22		2022/23		%
		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%

## **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 125 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
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
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
<b>sub-total</b>	<b>2 358.72</b>	<b>2 472.57</b>	<b>2 639.52</b>	<b>2 940.26</b>	<b>2 940.26</b>	<b>2 940.26</b>	<b>2.0%</b>	<b>3 000.41</b>	<b>3 144.42</b>	<b>3 295.35</b>
VAT on Services	263.89	273.20	312.56	342.01	342.01	352.81	–	370.43	388.21	406.84
<b>Total large household bill:</b>	<b>2 622.61</b>	<b>2 745.77</b>	<b>2 952.08</b>	<b>3 282.27</b>	<b>3 282.27</b>	<b>3 293.07</b>	<b>2.7%</b>	<b>3 370.84</b>	<b>3 532.63</b>	<b>3 702.19</b>
<b>% increase/-decrease</b>		<b>4.7%</b>	<b>7.5%</b>	<b>11.2%</b>	<b>–</b>	<b>0.3%</b>		<b>2.4%</b>	<b>4.8%</b>	<b>4.8%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
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
<b>sub-total</b>	<b>1 536.94</b>	<b>1 620.31</b>	<b>1 732.66</b>	<b>1 931.72</b>	<b>1 931.72</b>	<b>1 931.72</b>	<b>2.0%</b>	<b>1 969.98</b>	<b>2 064.53</b>	<b>2 163.63</b>
VAT on Services	168.21	175.18	200.87	227.31	227.31	227.31	–	239.11	250.59	262.62
<b>Total small household bill:</b>	<b>1 705.15</b>	<b>1 795.49</b>	<b>1 933.53</b>	<b>2 159.03</b>	<b>2 159.03</b>	<b>2 159.03</b>	<b>2.3%</b>	<b>2 209.09</b>	<b>2 315.12</b>	<b>2 426.25</b>
<b>% increase/-decrease</b>		<b>5.3%</b>	<b>7.7%</b>	<b>11.7%</b>	<b>–</b>	<b>–</b>		<b>2.3%</b>	<b>4.8%</b>	<b>4.8%</b>
<b>Monthly Account for Household - 'Indigent'</b>										
<b>Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
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
<b>sub-total</b>	<b>524.99</b>	<b>567.44</b>	<b>605.32</b>	<b>670.28</b>	<b>670.28</b>	<b>670.28</b>	<b>2.6%</b>	<b>687.49</b>	<b>720.49</b>	<b>755.07</b>
VAT on Services	55.10	59.20	68.97	78.65	78.65	78.65		83.36	87.36	91.56
<b>Total small household bill:</b>	<b>580.09</b>	<b>626.64</b>	<b>674.29</b>	<b>748.94</b>	<b>748.94</b>	<b>748.94</b>	<b>2.9%</b>	<b>770.85</b>	<b>807.85</b>	<b>846.62</b>
<b>% increase/-decrease</b>		<b>8.0%</b>	<b>7.6%</b>	<b>11.1%</b>	<b>–</b>	<b>–</b>		<b>2.9%</b>	<b>4.8%</b>	<b>4.8%</b>



## 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 126 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
<b>Expenditure By Type</b>									
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	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>2 834 188</b>	<b>2 768 618</b>	<b>3 146 732</b>	<b>3 234 247</b>	<b>3 292 395</b>	<b>3 292 395</b>	<b>3 485 274</b>	<b>3 673 862</b>	<b>3 852 144</b>

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.

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.

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

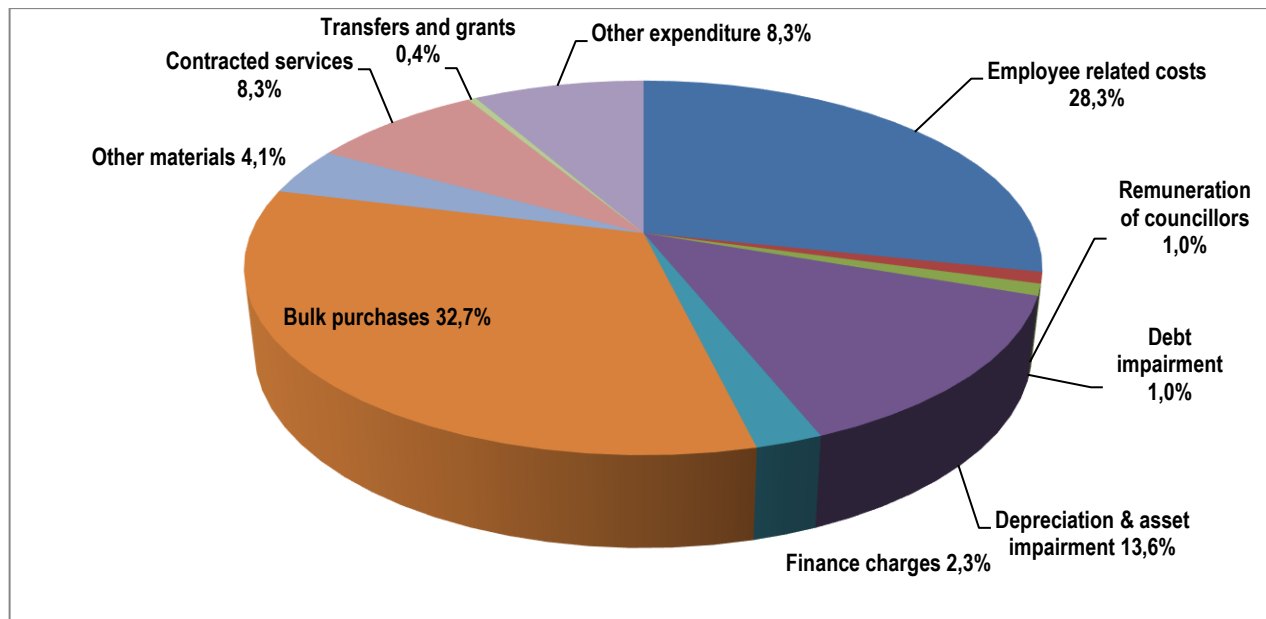


Figure 87: Main operational expenditure categories for the 2020/2021 financial year

- **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 127: Operational repairs and maintenance

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
<b>Repairs and Maintenance by Expenditure Item</b>									
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
<b>Total Repairs and Maintenance Expenditure</b>	<b>369 221</b>	<b>379 822</b>	<b>417 124</b>	<b>608 208</b>	<b>620 158</b>	<b>620 158</b>	<b>682 598</b>	<b>720 127</b>	<b>759 497</b>

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 128: Repairs and maintenance per asset class**

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
<b>Infrastructure</b>	<b>247 665</b>	<b>302 041</b>	<b>318 005</b>	<b>486 649</b>	<b>481 050</b>	<b>481 050</b>	<b>520 369</b>	<b>545 966</b>	<b>564 304</b>
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	–	–	–
<b>Community Assets</b>	<b>59 882</b>	<b>73 421</b>	<b>68 308</b>	<b>112 239</b>	<b>94 276</b>	<b>94 276</b>	<b>100 095</b>	<b>105 075</b>	<b>109 393</b>
<b>Heritage assets</b>	<b>–</b>	<b>103</b>	<b>–</b>	<b>113</b>	<b>113</b>	<b>113</b>	<b>120</b>	<b>126</b>	<b>131</b>
<b>Other assets</b>	<b>25 097</b>	<b>250</b>	<b>9 387</b>	<b>5 355</b>	<b>22 952</b>	<b>22 952</b>	<b>24 314</b>	<b>25 520</b>	<b>26 573</b>
<b>Computer Equipment</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 010</b>	<b>142</b>	<b>142</b>	<b>10 374</b>	<b>10 872</b>	<b>10 851</b>
<b>Furniture and Office Equipment</b>	<b>–</b>	<b>527</b>	<b>–</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>
<b>Machinery and Equipment</b>	<b>17 225</b>	<b>1 308</b>	<b>4 664</b>	<b>21 413</b>	<b>23 054</b>	<b>23 054</b>	<b>26 399</b>	<b>27 664</b>	<b>28 628</b>
<b>Transport Assets</b>	<b>29 954</b>	<b>39 474</b>	<b>42 525</b>	<b>55 793</b>	<b>55 693</b>	<b>55 693</b>	<b>58 967</b>	<b>61 880</b>	<b>63 515</b>
<b>Total Repairs and Maintenance Expenditure</b>	<b>379 822</b>	<b>417 124</b>	<b>442 889</b>	<b>682 598</b>	<b>677 307</b>	<b>677 307</b>	<b>740 665</b>	<b>777 131</b>	<b>803 425</b>
<b>R&amp;M as a % of PPE</b>	<b>7.3%</b>	<b>6.7%</b>	<b>7.1%</b>	<b>11.9%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>11.2%</b>	<b>11.6%</b>	<b>11.8%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>13.4%</b>	<b>15.1%</b>	<b>14.1%</b>	<b>21.1%</b>	<b>20.6%</b>	<b>20.6%</b>	<b>21.3%</b>	<b>21.2%</b>	<b>20.9%</b>

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 billings.

#### 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 2020/21 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 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.

### **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 finalising the third 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.

**Table 129: 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		
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
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 and 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 130: Reconciliation between the IDP strategic objectives and budgeted revenue (continued)**

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											
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	1 351	3 649	2 406	14	17	17	790	898	979
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 131: 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
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	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 132: 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
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation											
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	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 Immovable Property Management	To ensure fair valuation of properties	6.2.1	3 289	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	Effective Management of Council owned Immovable 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

**Table 133: 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
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	815	20	171	-	-	-	51	50	55
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	-	-	-	-	-	-	-	-	-
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	-	73 168	66 073	11 131	9 144	9 144	6 023	5 876	6 438
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To promote Access to Information and Accountability	1.1.5	49 093	-	-	-	-	-	-	-	-
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To bring the organisation to an enabled risk maturity level	1.1.6	-	48	-	-	-	-	-	-	-
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	Ensure reliability and maintain independence of internal audit activity	1.1.7	72	-	-	-	-	-	-	-	-
National KPA 2: Basic Services and Infrastructure Provision											
								-			
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local	2.1.1	331 878	344 970	376 552	512 005	517 211	517 211	448 934	338 585	397 163
2.1 Efficient and integrated infrastructure and services	To promote the achievement of a non-racial, integrated society, through the development of sustainable human	2.1.2	-	(206)	-	-	-	-	-	-	-
2.1 Efficient and integrated infrastructure and services	To ensure effective Fleet Management	2.1.3	2 149	53 693	53 404	27 533	27 812	27 812	8 000	8 632	9 981
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	29 686	-	-	-	-	-	-	-	-
3.1 Viable Economic Growth And Development	Enhanced sectoral development through trade investment and business retention)	3.1.2	-	18 805	479	43 364	65 178	65 178	3 090	88	96
3.1 Viable Economic Growth And Development	To create enabling environment for the informal economy	3.1.3	-	54	327	500	500	500	-	-	-
3.1 Viable Economic Growth And Development	Clear City identity	3.1.4	54 157	-	-	-	-	-	-	-	-
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	-	395	275	-	-	-	305	238	264
3.2 Public Safety and Security	To ensure Provision of fire and rescue services	3.2.2	5 910	6 926	358	2 500	2 500	2 500	900	884	1 119
3.3 Safe and Healthy Living Environment	Efficient and effective waste management services	3.3.1	-	-	-	-	-	-	-	-	-
3.3 Safe and Healthy Living Environment	To ensure air quality management	3.3.2	174	701	222	-	-	-	-	-	-
3.3 Safe and Healthy Living Environment	Cater for alternate future burial option	3.3.3	-	305	83	-	-	-	-	-	-
3.4 Social Cohesion	To promote social cohesion	3.4.1	26 076	-	16 686	-	-	-	-	-	5 858

## 18. FUNDED PROJECTS

### 18.1 List of Major Municipal Capital Projects for 2020/2021

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	WARD LOCATION	WARD BENEFITING	MTSF	IUDF	NKPA	IDP GOAL	IDP OBJECT IVE	IDP STRATE GY	PLANNED START DATE OF PROJECT	PLANNED COMPLET ION DATE OF PROJECT	TABLED 2020/21
1	DESIGN AND CONSTRUCTION OF SMME RETAIL PARKS (ESIKHALENI) - PHASE 1	21	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-20	Jun-25	3 048 000
3	DESIGNS AND PLANS FOR WATERFRONT AREA	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.2	3.1.2.1	Jul-20	Jun-25	3 000 000
4	CONSTRUCTION PLANS FOR EMPANGENI BUSINESS HUB CONCEPT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-20	Jun-25	2 863 000
5	FIRE STATION :UPGRADING AND TILING OF CONTROL ROOM	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	11	03	3	3,2	3.2.2	3.2.2.1	Jul-20	Jun-25	200 000
6	DISASTER MANAGEMENT BUILDING FURNITURE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	10	01	6	6,3	6.2.3	6.2.3.1	Jul-20	Jun-25	220 000
7	REFUSE TRUCKS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-20	Jun-25	8 000 000
8	FIRE FIGHTING EQUIPMENT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	11	03	3	3,2	3.2.2	3.2.2.1	Jul-20	Jun-25	700 000
11	UPGRADING OF ALTON TRANSFER STATIONS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-20	Jun-25	1 104 000
12	SKIPS	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-20	Jun-25	2 500 000
48	KWADLANGEZWA SWIMMING POOL	30	30	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	27 847 000
76	NETWORK INFRASTRUCTURE UPGRADE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1,1	1.1.4	1.1.4.5	Jul-20	Jun-25	5 500 000
79	AQUADENE DEVELOPMENT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	6 428 700
81	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 1	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	10 407 100
82	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 1	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	37 915 100
84	MV ELECTRICAL NETWORK REFURBISHMENT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	4 476 900
85	REPLACEMENT OF NON-ENERGY EFFICIENT ELECTRICAL EQUIPMENT (EEDS)	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	5 000 000
86	132 kV STATION REFURBISHMENT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 000 000
87	132/11KV POLARIS SUBSTATION REFURBISHMENT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 000 000

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DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	WARD LOCATION	WARD BENEFITTING	MTSF	IUDF	NKPA	IDP GOAL	IDP OBJECT IVE	IDP STRATE GY	PLANNED START DATE OF PROJECT	PLANNED COMPLETI ON DATE OF PROJECT	TABLED 2020/21
132/11KV SCORPIO SUBSTATION REFURBISHMENT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 000 000
132/11KV 30MVA CYGNUS TRANSFORMER INSTALLATION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 500 000
132KV OIL FILLED CABLES IN THE SOUTH DUNES BETWEEN HYDRA AND CAPELLA SUBSTATIONS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 500 000
ENERGY SAVING INITIATIVE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	5 000 000
HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	15-19,30	15-19,30	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	6 000 000
INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 186 000
REPLACEMENT VEHICLES	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	13 292 800
INSTALLATION OF APN CONNECTIVITY SYSTEM	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	828 000
INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	924 500
JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	572 900
RICHARDS BAY CIVIC - STRUCTURAL REPAIRS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	2 500 000
RICHARDS BAY CIVIC - AIRCON COOLING TOWERS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	650 000
RICHARDS BAY CIVIC - AIRCON NEW INSTALLATIONS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	2 000 000
RICHARDS BAY CIVIC - FIRE EXTRACTION SYSTEM	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	2 227 000
RICHARDS BAY CIVIC - REPLACEMENT OF FIRE DETECTION SYSTEM	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	500 000
RICHARDS BAY CIVIC - REPLACEMENT OF LIFTS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 300 000
RICHARDS BAY CIVIC - REMOVE PARTITIONING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	500 000
RICHARDS BAY CIVIC - LIGHTNING PROTECTION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	250 000
EMPANGENI CIVIC - AIRCON	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	400 000



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DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	WARD LOCATION	WARD BENEFITTING	MTSF	IUDF	NKPA	IDP GOAL	IDP OBJECT IVE	IDP STRATE GY	PLANNED START DATE OF PROJECT	PLANNED COMPLETI ON DATE OF PROJECT	TABLED 2020/21
EMPANGENI CIVIC 2 - REPLACEMENT OF LIFTS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 300 000
ALTON DEPOT - FENCING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	3 300 000
ALTON DEPOT - GENERATORS (SOLAR PANELS)	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	270 000
ALTON DEPOT - CAR PORTS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	300 000
HLANGANANI OFFICES - FENCING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	500 000
EMPANGENI CIVIC 1 - LIGHTNING PROTECTION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	100 000
EMPANGENI CIVIC 2 - LIGHTNING PROTECTION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	100 000
DESIGN & DRAWINGS - RENOVATIONS TO EMPANGENI CIVIC 1 & 2	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	2 500 000
REPLACEMENT OF FURNITURE FOR ENGINEERING SERVICES	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.2	3.1.2.1	Jul-20	Jun-25	90 000
MANDLAZINI - PHASE 1B	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	13 100 000
ENSELENI KWAKHOZA - PHASE 1	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	6 360 600
MANDLAZINI AGRI VILLAGE SEWER	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	10 000 000
RURAL SANITATION - VIP	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	21 954 900
EMPANGENI OUTFALL SEWER	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	12 500 000
MZINGAZI SEWER	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	150 000
MKHWANAZI NORTH - ZONE U	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	11 500 000
MKHWANAZI NORTH - ZONE R	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	15 000 000
MKHWANAZI NORTH - ZONE B	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	500 000
MKHWANAZI NORTH - ZONE C	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	500 000

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EMPANGENI CIVIC 2 - REPLACEMENT OF LIFTS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 300 000
ALTON DEPOT - FENCING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	3 300 000
ALTON DEPOT - GENERATORS (SOLAR PANELS)	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	270 000
ALTON DEPOT - CAR PORTS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	300 000
HLANGANANI OFFICES - FENCING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	500 000
AQUADENE BULK SERVICES (ROADS & STORMWATER)	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	28 000 000
ANNUAL KERB REPLACEMENT CONTRACT	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	500 000
ANNUAL WALKWAY REHABILITATION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	1 500 000
BUS SHELTERS & LAYBYES - ALL AREAS	4,5,7,8,18,23,27	4,5,7,8,18,23,27	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	1 000 000
COASTAL EROSION PROTECTION	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	4 000 000
ESIKHALENI INTERSECTION	14,16,21	14,16,21	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	3 285 000
MZINGAZI/TUZI GAZI STEEL BRIDGE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	7 500 000
PEDESTRIAN BRIDGES	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	4 000 000
ROADS RESEALING	1,2,4,7,9, 17,23,28	1,2,3,4,6,7, 8,9,14,15,16, 17,18,19,20,21, 22,23,24,26,	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	19 280 000
SUSTAINABLE RURAL ROADS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	9 500 000
TRAFFIC CALMING	3,7,16,19,23,26,27, 28	3,7,16,19,23,26,27,28	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	500 000
UPGRADE & NEW BULK SERVICES FOR DMV HOUSING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	7 000 000
UPGRADE & NEW BULK SERVICES FOR AQUADENE HOUSING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	7 000 000
UPGRADE & NEW BULK SERVICES FOR MEGA HOUSING	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	1 500 000
DESIGN AND CONSTRUCTION OF CENTRAL INDUSTRIAL AREA LINK ROAD AND SERVICES	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	50 000 000

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WALKWAYS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	500 000
DETAIL DESIGN OF ALKANTSTRAND STAIRCASE	1	1	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 600 000
RURAL ROADS OFFICES	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 500 000
3 x 10 TON TIPPER TRUCK (1 PER YEAR)	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	1 500 000
UPGRADE & SIGNALISE OF INTERSECTION WITHIN THE CITY OF UMLATHUZE TASSELBERRY AND URA LINK	1	1	06	02	2	2,1	2.1.1	2.1.1.5	Jul-20	Jun-25	800 000
3 X TLB 4 X 4 (URBAN WATER & SANITATION) PER YEAR	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	4 288 100
SECURITY FENCE FOR PUMPSTATIONS	2	1,2,3,4	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	2 000 000
SECURITY FENCE FOR WASTE WATER TREATMENT WORKS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	05	04	4	4,1	4.1.1	4.1.1.3	Jul-20	Jun-25	2 000 000
NGWELEZANE MADLEBE RESERVOIR UPGRADE OF WATER WORKS ELECTRICAL INFRASTRUCTURE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	5 000 000
PIERCE CRESCENT UPGRADE OF WATER PUMPSTATION ELECTRICAL INFRASTRUCTURE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	7 500 000
VULINDLELA UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	4 000 000
NSELENI UPGRADE OF WATER PUMPSTATION ELECTRICAL INFRASTRUCTURE	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	6 500 000
200 STATIC TANKS	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	500 000
NTAMBANANA WATER RETICULATION	31,32,33,34	31,32,33,34	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	146 592 900
REDUCTION OF NON-REVENUE (WSIG)	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	10 000 000
MEERENSEEPIPE REPLACEMENT (WSIG) (PHASE I)	2	1,2,3,4	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	5 000 000
VELDENVLEI PIPE REPLACEMENT (WSIG) (PHASE I)	2	2,3,4,5	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	10 000 000
SECURITY FENCE FOR WATER TREATMENT WORKS	23	23	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	2 000 000
EMPEMBENI BULK AND RETICULATION	13,14	13,14							Jul-20	Jun-25	40 000 000
EMPEMBENI RESERVOIR	13	13,14,15	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	2 500 000
REPLACEMENT BULK WATER METERS	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY							Jul-20	Jun-25	4 000 000
NEW WATER METERS	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-25	3 000 000

## 18.2 IDZ Signed Investment

No	Investment	Investment Value	Job (C)	Job (P)
1.	Logistics and Heavy Equipment moving	R20 m	10	7
2.	Manufacturing of plastic piping for bulk water transportation	R300m	110	87
	Paint manufacturing company	R16 m	50	50
4.	Chemical plant	R500m	300	100
5.	Generation of 60 MW electricity from biomass and 2000 MW from LNG	R2 Billion/9.4 billion	260	70
6.	Chemical Plant	R250m	250	58
7.	Titanium Dioxide Pigment	R4.5 Billion	800	300
8.	Manufacturing of solar panels	R650 m	200	600
9.	Manufacturing of MGRP pipes for water , gas, oil distribution	R400 m	100	100
10.	Manufacturing of aluminum canisters	R260 m	tbd	126
11.	Manufacturing of Energy system and LED Light	R150 m	200	100
12.	Manufacturing of low to medium voltage cables	R150 m	200	100
13.	Manufacturing Kraft paper	R1.2 billion	600	239

## 18.3 ESKOM Project

Project Name	Project type	TOTAL Planned Connections 2020/2021	DoE TOTAL Planned CAPEX Incl 15% VAT 2020/2021
Port Dunford	Households	200	R 3 885 496.00
Port Dunford (Link Line)	Infrastructure Link Line		R 5 024 470.00

## 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 Birdswood. Proposed land uses include Commercial, Office, Filling Station, Community Facilities, Hospital, Frail care, Worship and Pre-School, High School, Primary Schools, Retirement village.

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

#### **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

	2014/2015 Y1	2015/2016 Y2	2016/2017 Y3	2017/018 Y4	2018/2019 Y5
uMhlathuze Municipality	<b>Clean Audit emphasis of matter</b>	<b>Clean Audit emphasis of matter</b>	<b>Clean Audit emphasis of matter</b>	<b>Unqualified Audit Opinion with a matter</b>	<b>Unqualified Audit Opinion with a matter</b>

#### 19.2 Summary of Auditor General's Report on 2018/2019 Financial Statements

The Auditor general has expressed an unqualified opinion with emphasis on matter.

##### Opinion

1. I have audited the financial statements of the City of uMhlathuze set out on pages ....to.... which comprise the statement of financial position as at 30 June 2019, 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 2019, 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 2019 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:

No	Matter	Department	Action Plan	Completion date	Implementation Status
1.	<u>Procurement and Contract Management:</u>  Public invitation for competitive bids – bids advertised for less than the	Financial Services (Mxolisi Kunene)	The Accounting Officer will fully state the reasons whenever he	Ongoing	

No	Matter	Department	Action Plan	Completion date	Implementation Status
	required number of days and the reasons not justifiable or reasonable.		decides to reduce the number of days and ensure that the regulations are followed as prescribed.		

## **SECTION G: ANNUAL OPERATIONAL PLAN –SDBIP**

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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.

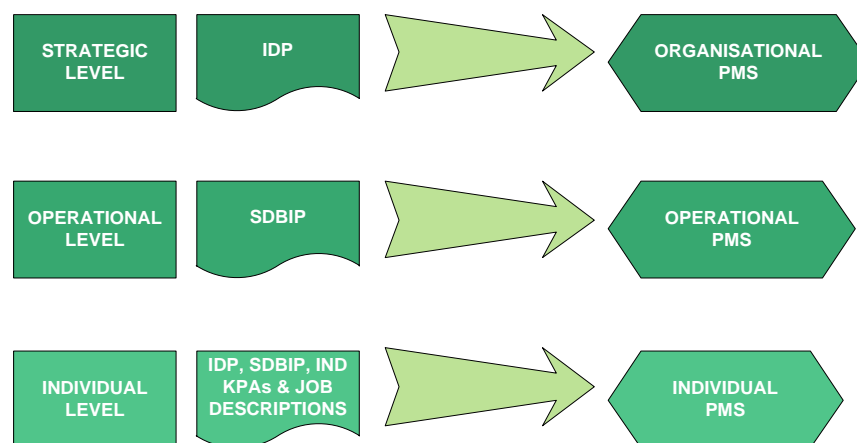
The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg 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](http://www.umhlathuze.gov.za) under the “Performance Management” link).

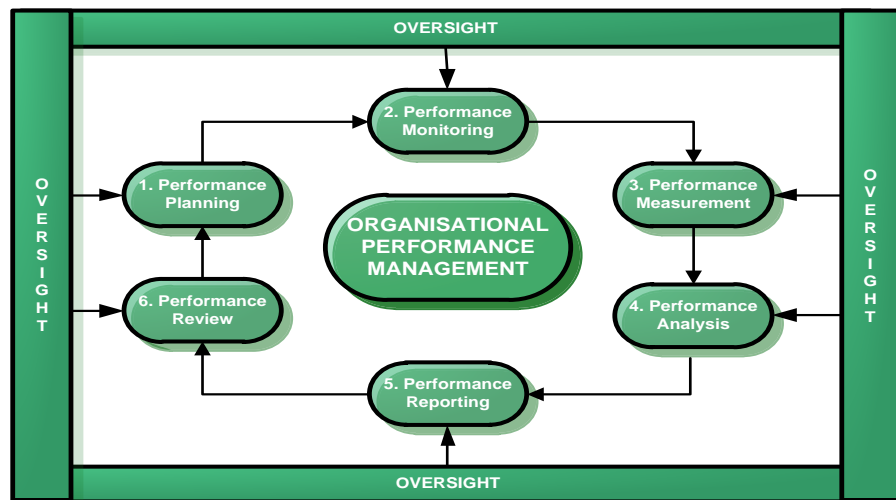
The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees,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



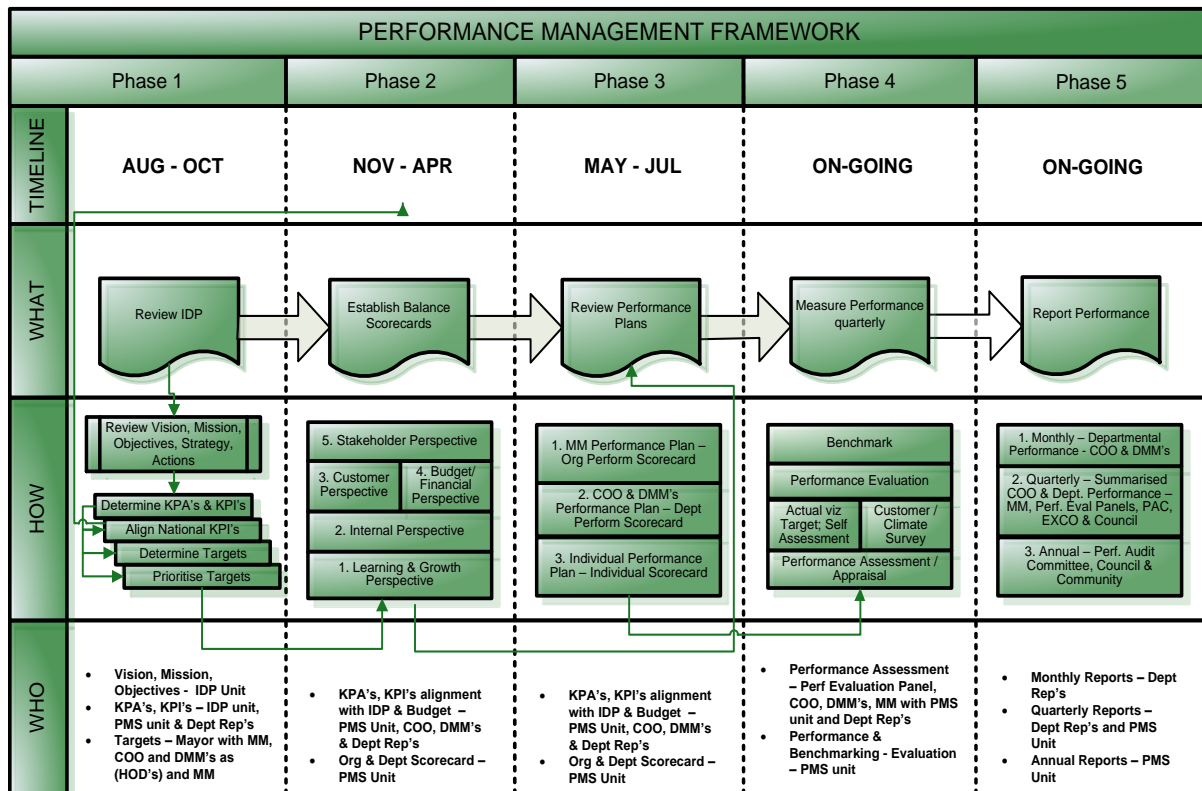
The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:



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 88: 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 Sibiyi (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."

<b>Cllr M G Mhlongo</b>	<b>Mayor/Chairperson</b>
<b>Cllr KD Sibiya</b>	<b>Member of the Executive Committee</b>
<b>Ms. M J Ndlovu</b>	<b>Chairperson of the Performance Audit Committee</b>
<b>Cllr S W Mgenge</b>	<b>Mayor from another Municipality (uMfolozi)</b>
<b>Mr. E S Luthuli</b>	<b>Ward Committee member</b>

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."

<b>Dr. N J Sibeko</b>	<b>Chairperson</b>
<b>Cllr KD Sibiya</b>	<b>Member of the Executive Committee</b>
<b>Ms. M J Ndlovu</b>	<b>Chairperson of the Performance Audit Committee</b>
<b>Mr. K E Gamede</b>	<b>Municipal Manager from another Municipality (uMfolozi)</b>

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

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 is in a process of appointing external service providers to conduct a customer satisfaction survey. The process was affected by the lockdown regulations. After all operations has resumed, the process will proceed and innovative ways will be employed in conducting the 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 2020/2021 (following table) will be finalized in July 2020, once the actual achievements for the completed 2019/2020 financial year has been reported, which is forming the baseline for the following term of the Integrated Development Plan.



## 21. ORGANIZATIONAL PERFORMANCE SCORECARD (2020/2021)

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline Annual 2019/2020	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
KPA1: Good Governance and Public Participation											
T1.1	1.1.4.3	Deepen democracy through a refined Ward Committee model	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 IDP/PMS and Budget Public participation meetings	6	12	0	6	1	5
T1.2	1.1.4.1			Facilitate the Functionality of Ward Committees through continuous capacitation	Percentage of Ward Committees with 6 or more Ward Committee members (excluding Ward Councillor)	98%	90%	90%	90%	90%	90%
T1.3	1.1.4.1				Average number of Councillor-convened community meetings per ward	74%	80%	80%	80%	80%	80%
T1.4	1.1.4.2			Development of a Credible Integrated Development plan within prescribed legislative guidelines	Approval of a credible IDP by 31 May 2021	100%	100%	5%	50%	75%	100%
T1.5	1.1.4	Implement diff approach to Municipal financial, planning and support		Improve Council functionality	Number of agenda items deferred to the next council meeting	0	0	0	0	0	0

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline Annual 2019/2020	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
KPA2: Basic Service Delivery and Infrastructure Development											
T2.1	2.1.1.1	Improving access to basic services	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	Percentage Households with access to basic water	96,11%	96,56%	96,15%	96,24%	96,33%	96,56%
T2.2	2.1.1.1				Total number of Households with access to basic water	106201	106701	106251	106351	106451	106701
T2.3	2.1.1.1				Number of new water connections meeting minimum standard	296	500	50	100	100	250
T2.4	2.1.1.1				Number of Households with access to free water service	10846	10846	10846	10846	10846	10846
T2.6	2.1.1.1				Ensure the reduction of water losses (cumulative/progressively)	22%	21%	22%	22%	22%	21%
T2.7	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%)	99,78%	>95%	>95%	>95%	>95%	>95%
T2.8	2.1.1.3			Eradicate Sanitation services backlogs through provision of basic sanitation services	Percentage Households with access to sanitation	80,94%	81,12%	80,95%	80,99%	81,03%	81,12%
T2.9	2.1.1.3				Number of Household with access to Sanitation	89444	89644	89454	89494	89544	89644
T2.10	2.1.1.3				Number of new sewer connections meeting minimum standard (Construction of VIP's)	0	200	10	40	50	100
T2.11	2.1.1.3				Number of Households with access to free sanitation (VIP's) service & Indigent	61353	61553	61363	61403	61453	61553

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline Annual 2019/2020	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
T2.13	2.1.1	Improving access to basic services	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	Wastewater Quality compliance of ≥90% as per Green Drop standard	81,60%	≥90%	≥90%	≥90%	≥90%	≥90%
T2.14	2.1.1.2				Number of dwellings provided with connections to the mains Electricity supply by the Municipality	35548	35628	35558	35573	35598	35628
T2.15	2.1.1.2				Number of new households provided with new Electricity connections (Municipal supply)	114	80	10	15	25	30
T2.18	2.1.1				Ensure that non-technical electricity losses are kept within 8%.	5,8%	8%	8%	8%	8%	8%
T2.19	2.1.1				Ensure that 90% of general street lighting faults are restored within 72 hours (excluding cable faults or stolen equipment)	75%	90%	90%	90%	90%	90%
T2.20	2.1.1				Number of Households with access to free Electricity (Municipal Area)	521	521	521	521	521	521
T2.21	2.1.1.4			Provide a weekly domestic solid waste removal service to the community	Percentage Households with access to waste disposal	71,55%	73,36%	71,68%	72,13%	72,45%	73,36%
T2.22	2.1.1.4				Number of Households with access to waste disposal	79060	81060	79210	79710	80060	81060
T2.23	2.1.1.4				Number of new Households with access to waste disposal	2032	2000	150	500	350	1000
T2.24	2.1.1.4				Number of Household with access to free waste disposal	35994	37994	36144	36644	36994	37994

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline Annual 2019/2020	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
T2.25	2.1.1.5	Improving access to basic services	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 gravel roads maintained <i>(Both re-gravelling and grading)</i>	380,98	600	150	150	150	150
T2.26	2.1.1.5				Kilometres of gravel roads upgraded to surfaced road <i>(New tarred roads)</i> <i>(Mzingazi Phase3, KwaKhoza Phase 3 and Sustainable rural road)</i>	7,13	18,985	5,747	2,869	5,700	4,669
T2.27	2.1.1.5				Kilometres of paved municipal road which has been resurfaced and resealed	0	12,50	3,00	5,00	4,50	0,00
T2.28	2.1.1.5				Percentage of reported potholes fixed within standard Municipal response time <i>(Re-defined from m² of repairs to potholes and patching on urban tarred roads)</i>	87,69%	80%	80%	80%	80%	80%
T2.29	2.1.1.7			Strive to improve reliability and service life of Municipal Infrastructure, facilities and assets	Construction of Pedestrian Bridges	3	1	0	0	1	0
T2.30	2.1.1.6			Provision and maintenance of storm water and costal engineering infrastructure	Kilometres of Stormwater open drains maintained	5,62	20	5	5	5	5
T2.31	2.1.1.6				Number of manholes maintained <i>(Incl kerb inlets)</i>	726	1020	130	350	150	390

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline <i>Annual 2019/2020</i>	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
T2.32	2.1.1.5	Improving access to basic services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Provision of public transport infrastructure facilities	100% Maintenance on municipal owned railway sidings resulting from monthly inspections	100%	100%	100%	100%	100%	100%
T2.33	2.1.2.1			Improve community standard of living through accelerated development of integrated human settlement	Number of subsidised housing units completed	0	130	0	35	45	50
T2.34	2.1.2.1				Number of Pre 1994 Old - Housing stock and Post 1994 Housing stock transferred	160	208	12	45	60	91
KPA 3: Local Economic Development											
T3.3	3.1.5.3	Actions supportive of the human settlement outcome	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	Community development skills training programmes (number of Unemployed Youth reskilled)	8	80	20	20	20	20
T3.4	3.1.5.1			Promote economic growth by successful implementation of EPWP community based projects	Number of jobs created through EPWP and other related programmes (Cumulative) (Infrastructure; Environment and Culture; Social and Non State Sectors)	899	712	100	300	550	712

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline Annual 2019/2020	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
KPA 4: Municipal Transformation and Institutional Development											
T4.1	4.1.1.2	Implement differentiated approach to municipal financing, planning and support	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)	47	20	5	10	5	5
T4.2	4.1.1.2				Number of Youth employed by the municipality (Number of new appointments)	63	30	5	10	5	10
T4.3	4.1.1.2				Disability related programmes (workshops/awareness campaigns) Redefined indicator	0	2		1	0	1
T4.4	4.1.1.2				Top Management stability (% of days in a year that all S57 positions are filled by full-time, appointed staff not in an acting capacity).	62,50%	100%	60%	80%	100%	100%
T4.5	4.1.1			Improved municipal capital capability	Workplace Skills training programmes/courses enrolled for by staff and councillors	142	130	35	35	35	25
T4.6	4.1.1.4				Percentage Budget Spent on Workplace Skills Plan (cumulative)	55%	96%	25%	50%	75%	96%
T4.7	4.1.1.1				Percentage Operating Budget spent on implementing Workplace Skills Plan	0,83%	0,80%	0,80%	0,80%	0,80%	0,80%

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020/2021											
Indicator Number	IDP Ref	Outcome 9	Objective	Strategies	Performance Indicator	Baseline Annual 2019/2020	Annual Target 2020/2021 Output	Q1 Output Target	Q2 Output Target	Q3 Output Target	Q4 Output Target
KPA 5: Financial Viability and Financial Management											
T5.1	5.1.1.4	Implement differentiated approach to municipal financing, planning and support	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)	$\frac{2\,714\,530}{152\,532} = 17.80$	$\frac{3\,006\,151}{175\,991} = 17.08$	$\frac{751\,538}{175\,991} = 4.27$	$\frac{1\,503\,076}{175\,991} = 8.54$	$\frac{2\,254\,613}{175\,991} = 12.81$	$\frac{3\,006\,151}{175\,991} = 17.08$
T5.2	5.1.1.4			Outstanding service debtors to revenue	Outstanding service debtors / revenue actually received for services	$\frac{586\,609\,381}{2\,408\,257\,369} = 0,24$	$\frac{594\,500\,000}{2\,715\,567\,936} = 0,2189$	$\frac{595\,500\,000}{678\,891\,984} = 0,8757$	$\frac{595\,000\,000}{678\,891\,984} = 0,8764$	$\frac{593\,100\,000}{678\,891\,984} = 0,8736$	$\frac{598\,600\,000}{678\,891\,984} = 0,8817$
T5.3	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)]	$\frac{532\,312}{234\,936} = 2,26$	$\frac{367\,282}{247\,975} = 1.48$	$\frac{767\,242}{247\,975} = 3.09$	$\frac{666\,295}{247\,975} = 2.69$	$\frac{674\,453}{247\,975} = 2.72$	$\frac{367\,282}{247\,975} = 1.48$
T5.4	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	$\frac{348\,840\,841}{618\,146\,800} = 56\%$	$\frac{537\,467\,280}{671\,834\,100} = 80\%$	$\frac{33\,591\,705}{671\,834\,100} = 5\%$	$\frac{201\,550\,230}{671\,834\,100} = 30\%$	$\frac{403\,100\,460}{671\,834\,100} = 60\%$	$\frac{537\,467\,280}{671\,834\,100} = 80\%$

## 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	27 May 2020	Annual Reviews
2.	Water Service Delivery Plan	Yes	Yes	29 May 2019	-
	Energy Sector Plan	Yes	Yes	27 May 2020	Annual Reviews
4.	LED Strategy [Economic Transformation roadmap]	Yes	Yes	October 2016	2021/2022
5.	Tourism Strategy	Yes	Yes	DMS 925775 22 April 2014 2014-2018	-
6.	Pavement Management System	Yes	No	To be adopted	-
7.	Integrated Human Settlement Plan	Yes	Yes	May 2020	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 Master Plan	Yes	Yes	27 May 2020	-
12.	Integrated Waste Management Plan	Yes	Yes	27 May 2020	Annually

### 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 2020/2021	Yes	YES



<b>“C”</b>	LED Plan [Road Map] 2016		Yes
<b>“D”</b>	Water Service Delivery Plan 2018		Yes
<b>“F”</b>	Electricity Master Plan 2020		Yes
<b>“G”</b>	Integrated Waste Management Plan 2020/202021		Yes
<b>“H”</b>	Informal Economy Policy		Yes
<b>“I”</b>	Indigent Policy		Yes
<b>“J”</b>	Integrated Human Settlement Plan 2020/2021		Yes
<b>“K”</b>	Roads Maintenance Plan		Yes
<b>“L”</b>	Water and Sanitation Maintenance Plan		Yes
<b>“M”</b>	Full Municipal Organogram		Yes
<b>“N”</b>	Public Participation Report 2020/2021		Yes
<b>“O”</b>	Ward Based Plans	Saved on separate disc	
<b>“P”</b>	Batho Pele Customer Care Policy , Service Charter and Standards		Yes
<b>“Q”</b>	Revenue Raising Strategy		Yes
<b>“R”</b>	Agricultural Support Plan		Yes
<b>“S”</b>	‘Tourism Marketing Strategy		Yes
<b>“T”</b>	Expanded Public Works (EPWP) Policy		Yes
<b>“U”</b>	UMhlathuze Bulk Water Master Plan		Yes
<b>“V”</b>	UMhlathuze Bulk Sewer Master Plan		Yes
<b>“W”</b>	Electricity Operations and Maintenance Plan		Yes

<b>"X"</b>	Supply Chain Management Policy		Yes
<b>"Y"</b>	Indigent Register		Yes
<b>"Z"</b>	Investment Register		Yes
<b>"AA"</b>	Batho Pele Service Delivery Plan		Yes
<b>ÄB</b>	Audit Improvement Plan 2020		Yes
<b>"AC"</b>	Capital Expenditure Framework		Yes
<b>"AD"</b>	Employment Equity Plan		Yes
<b>AE</b>	ICT Policy		Yes
<b>AF</b>	Batho Pele Budget – MTREF 2020-2021		Yes
<b>AG</b>	Service Commitment Charter		Yes
<b>AH</b>	Integrated Public Safety Plan		Yes
<b>AI</b>	Self-Assessment Template		Yes
<b>AJ</b>	UMhlathuze Draft Asset Management Plan		Yes
<b>AK</b>	Energy Sector Plan 2020		Yes
<b>AL</b>	Asset Management Plan for Electricity		YES