



DRAFT IDP REVIEW

2019/2020

2nd Review of the 2017/2022 IDP

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LIST OF ACRONYMS

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

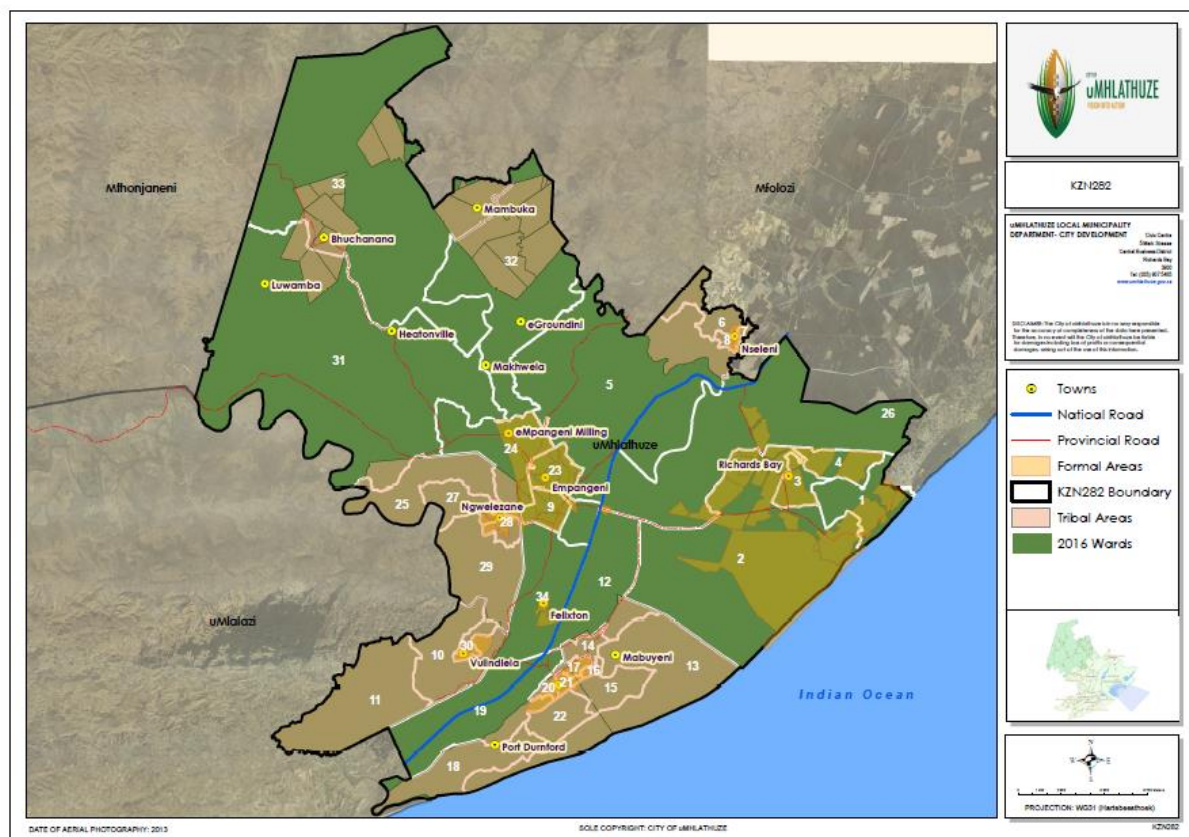
LED	Local Economic Development
LUMF	Land Use Management Framework
LUMS	Land Use Management System
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium-Term Revenue and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

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

SECTION A: EXECUTIVE SUMMARY

1. Who are we?

Map 1: uMhlathuze Locality Map



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

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

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

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

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

2. How was this plan developed?

The Draft IDP Review 2019/2020 was mainly informed by addressing the MEC comments as raised in the 2018/2019 IDP in line with the draft IDP Assessment criteria for 2019/2020. The following table indicates municipal interventions on the issues raised:

MEC Comment	Intervention/ Improvement
Municipal Transformation and Institutional Arrangements	
Develop Human Resource Plan	Human Resource Plan has been drafted, it the process of receiving inputs from relevant stakeholders before submission to Council for Approval.
Filling of vacant posts to decrease the vacancy rate of 28.1%.	The vacancy rate has increased to 28,1% as at February 2018, this is due to reprioritisation and filling of only critical/funded positions. The implementation of work study will determine positions that are critical to service delivery and those that must be removed from the organogram.
Enforcement of Retention Strategies.	The City has a talent Management Strategy adopted by Council in 2016, which takes into account succession and retention mechanism. Council has a draft review retention strategy currently being workshopped with relevant structures and will subsequently be adopted in May 2019 by Council.

Status of adoption for the Municipal Organogram	The IDP Review 2019/2020 incorporates the Municipal Organogram as adopted by Council on 20 June 2017 (RPT 162533).
Local Economic Development	
MEC Comment	Intervention/ Improvement
Total Number of jobs created in the sectors of the economy	This information will be updated in the Final IDP Review 2019/2020 as the municipality does not have such a complex database, information has been requested from STAT SA and Provincial Treasuries
SWOT Analysis of the Local Economy	A standalone SWOT analysis for the economy has been extracted from the Economic Roadmap and incorporated into the IDP
Budget for research and development on Local Economic Development	The Local Economic Development unit does not have an allocated budget for research programs.
Basic Service Delivery	
MEC Comment	Intervention/ Improvement
IDP to provide a link between WSDP to the water and Sanitation's website.	The link is provided in the draft 2019/2020 IDP Review.
Development and inclusion of the Comprehensive Integrated Transport plan.	The municipality is in a process of developing a Comprehensive Integrated Transport Plan.
Review of Human Settlement Plan to align with KZN Master Spatial Planning.	The Human Settlement Plan Review takes into consideration the KZN Master Spatial Planning, a Human Settlement chapter will be included in the Draft IDP Review 2019/2020.
Status on the Establishment of a Municipal Pound	A Service Level Agreement (SLA) with the service provider was signed and finalized on November 2018. In compliance with the Act, the Municipality in the absence of its own Animal Pound will transport the cattle to the closest pound facility which is located in Eshowe. The specialized trailer and drawing vehicle were procured and operationally ready. Public participation exercises were executed via the Municipality IDP programs during 2018. Further public engagement are planned beyond and above the IDP engagements
Financial Viability and Management	
MEC Comment	Intervention/ Improvement
Inclusion of Investment Register	Assessment error - Information is on the IDP
Code Budgeted Projects New or Ongoing	Assessment error – Information is on the IDP
Comprehensive Capital Funding and Expenditure	Assessment error – Information is on the IDP
Financial ratios for past three years with calculations.	Assessment error – Information is on the IDP

Monitoring Mechanism for budget allocated to PWD	To be updates upon completion of the Draft 2019/2020 MTREF
Policy decisions dealing with debt	Assessment error – Information is on the IDP
Asset Renewal Plan	Infrastructure Department – In the process of developing one
Indications of Repairs and Maintenance percentages	Assessment error – Information is on the IDP
Financial Viability information in a tabular format	Assessment error – Information is on the IDP
Indication of capability of municipality to repay loans/borrowings	Assessment error – Information is on the IDP
Indicate plans to sustain audit outcome	AG letter and Management letter have been included in the Draft IDP Review 2019/2020
MTEF Allocations inclusive of Sector Departments allocations	Budget for project by sector department is included in the IDP under the Project Section
Table on budget assumptions with alignment to DORA	To be incorporated upon completion of the draft MTREF
CROSS CUTTING KPA	
MEC Comment	Intervention/ Improvement
SDF to be aligned to SDF Guidelines 2017 by DRDLR	DRDLR guides the development of a SPLUMA compliant SDF and cognisance is taken thereof. Process of alignment and compliance with DRDLR guidelines is ongoing. Main elements being attended to as part of the SDF Review is the spatial visioning and CEF (Capital Expenditure Framework).
Review EMF for the IDZ	The King Cetshwayo District Municipality is undertaking an EMF and information from this process will be included in the uMhlathuze SDF
Include in SDF and IDP projects from (RID) and (REID)	Will be incorporated upon submission by the Department of Rural Development, if there are any for uMhlathuze Municipality.
Develop and Implement Disaster Management Plan	The municipality is in a process of developing a new Disaster Management Plan. The Disaster Management Framework has been prepared and accordingly the plan will be finalized by 2018/2019.
Disaster Risk Mapping in the SDF	Will be done as part of the development of the Disaster Management Plan
Population growth estimates for the next five years depicted spatially	Updated population data has been sourced as part of the CEF process and estimates for the next five years will be depicted spatially in the final SDF Review.
Estimates of economic activity and employment trends	Information not readily available and to be sourced.
Identify ,quantify and provide locational requirements of	The Municipality is in the process of preparing a 10-year Capital Expenditure Framework (CEF).

engineering infrastructure and service provision for existing and future development needs for the next five years	Also, sector plans are in the process of being updated. More updated information to be available for inclusion into the final SDF Review.
<p>SDF Review to include:</p> <ul style="list-style-type: none"> • Long term spatial vision • Development strategy • Capital Investment Framework (CIF) • Capital Expenditure Framework (CEF) for five years with <p>Inclusion of projects from other sector departments, mapped with allocated budgets</p>	<p>As part of the ICM Support Programme of the IUDF, work is in progress on the following core components of an SDF:</p> <ol style="list-style-type: none"> 1. Spatial Visioning 2. Compilation of a Capital Expenditure Framework (CEF) <p>The compilation of a draft CEF is underway for submission to the Department of Cooperative Governance by the end of March 2019. More details to inform the CIF to be sourced for inclusion into the final SDF Review where if available.</p>
Provide the spatial expression of the co-ordination alignment and integration of sectoral policies of all municipal departments	The Municipality is in the process of preparing a 10-year Capital Expenditure Framework (CEF). The prioritisation mechanism of the CEF is anticipated to assist with the coordination, alignment and integration of sector plans/interventions within the Municipality until such time as an Integrated Infrastructure Plan is prepared.

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

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

Council engaged with all relevant stakeholders to solicit views and inputs for the IDP Review (2019/2020). Below is council approved schedule for the public participation meetings held in September 2018, further engagements will be held in April 2019 for the Draft IDP and Budget.

Table 1: IDP and Budget Public Participation Meetings

CLUSTER	WARDS	VENUE	DATE	TIME
Ward Committees	All Wards	Empangeni Civic Centre Town Hall	04 September 2018 (Tuesday)	12:00
Amakhosi	Traditional Councils	Council Chambers, Richards Bay Civic Centre	06 September 2018 (Thursday)	11:00
Wards	1, 2, 3, 4, 5, 6, 7, 8 and 26	Mzuvukile Sports Ground	09 September 2018 (Sunday)	12:00
OSS	OSS	Auditorium	11 September 2018 (Tuesday)	11:00
Wards	9, 23, 24, 25, 27, 28, 29, 31, 32 and 33	Ngwelezane Sports Ground	16 September 2018 (Sunday)	12:00
Wards	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 30 and 34	eSikhaleni TVET Sports Ground	23 September 2018 (Sunday)	12:00
Stakeholder engagement	All Stakeholders	Council Chambers, Richards Bay Civic Centre	27 September 2018 (Thursday)	15:00

3. What are our Key Challenges?

3.1 UMhlathuze Municipality Identified Challenges

National KPA: Municipal Transformation and Organisational Development		
Nr.	Key Challenge	Description
1.	Low skills levels and limited skills development	The Municipality has a responsibility to facilitate the improvement of literacy levels of the community and to ensure adequate skills base to foster enterprise growth and job creation. Scarce skills need to be developed and transferred through partnership with industries and the different organizations that exist in the area.
National KPA: Local Economic Development and Social Development		
Nr.	Key Challenge	Description
2.	High rate of unemployment and sluggish economic growth	Considering the current economic climate and global recession, significant strides have been made to address the key development challenges in the Municipality. Different departments are engaging with different sector departments and agencies in search of sustainable economic development solutions

		that will assist in improving economic growth and creation of jobs.
3.	High levels of poverty and inequalities	The current high levels of poverty and inequalities in the municipality reflect the national status quo. This is further exacerbated by lack of skills, unemployment and sluggish economic growth. It is therefore necessary to come up with strategic objectives that will enable job opportunities and economic development.
4.	Increased incidents of HIV/AIDS prevalence and communicable diseases	HIV/AIDS is an epidemic which is increasing at an alarming rate and affects communities negatively. Interventions through Operation Sukuma Sakhe are essential to ensure continuous support for efficient and effective service delivery in terms of health related issues. Provision of basic health services and effective healthcare infrastructure, increased financial and human resources in healthcare, awareness and education and poverty alleviation programmes will reduce the increased incidents of HIV/AIDS and communicable diseases.

National KPA: Basic Service Delivery and Infrastructure Management

Nr.	Key Challenge	Description
5.	Aging municipal infrastructure	Aging municipal infrastructure results in continuous service failures and breakdowns thus affecting effective and efficient delivery of services to communities. It is therefore critical that the municipality work towards managing useful life of assets, ensure life cycle management of infrastructure, and adequate repairs and maintenance.
6.	Lack of water security of supply	The growing demand for water by industries and residents coupled with limited water sources is a major challenge for the municipality. Lack of water supply is further aggravated by unprecedented drought affecting the municipality. It is therefore critical that the municipality implement alternative solutions as part of water conservation and water demand management. Alternative water sources such as desalination, water re-

		use, rainwater harvesting, etc. should be considered to improve water supply mix.
National KPA: Cross Cutting		
Nr.	Key Challenge	Description
7.	Unsustainable development practices and human settlements	The Municipality faces a challenge of reacting to urban sprawl, which, in turn, results in increased informal settlement, overcrowded schools, ill health, marked spatial disparities, higher cost of providing infrastructure and services, disturbed ecosystems and environmental resources, changes in air quality, change in aesthetics and urban form, as well as loss of land for economic and agricultural services. Our spatial policies and development have not have not helped in the reconstruction and integration processes.
8.	Negative impact of climate change	Escalating greenhouse gas emissions contribute towards climate change and will ultimately impact on human health, food security, natural resources, sea level rise, land loss and coastal infrastructure. As such climate change runs the risk of undoing all of the development gains of the last one and a half decades, and climate change adaptation in all sectors will have to become one of the Municipality's top development priorities.
9.	High levels of crime	High levels of crime have a negative impact on the municipality's quest to become an investment destination of choice. Crime also affects social wellbeing of communities. Strategies for addressing crime including both reactive strategies to respond to crime and proactive strategies aimed at stopping crime before it happens are required. The response requires an integrated and multifaceted approach that includes working closely with the different stakeholders such as communities, National and Provincial Government, other stakeholders and private security firms in all areas of crime prevention.
National KPA: Financial Viability and Management		

Nr.	Key Challenge	Description
10.	Limited revenue sources and non-payment for services.	The growing demand for services and limited revenue sources as well as non-payment for services affects the municipality's ability to provide services in line with its developmental mandate. The unresolved issue of rural areas not paying for rates remains a serious threat to sustainable revenue collection and extension of basic services to rural areas. The municipality should maintain favourable credit balance, enhanced rate base by supporting high density developments and identify new revenue streams.
11.	Unsustainable municipal demarcation practices and escalating cost of extending basic services to the newly incorporated wards.	Continuous re-determination of municipal boundaries creates a challenge for the municipality in terms of escalating cost of extending basic services to newly incorporated areas. In most instances incorporated areas do not pay municipal rates thus affecting the ability of the municipality to extend basic services. Furthermore, there is no clear system of financial support by government for municipalities whose boundaries have been re-demarcated to incorporate additional wards.

4. What is our long term Vision?

The Vision

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

Mission Statement:

The City of uMhlathuze commits itself to:

- Job creation and inclusive economic growth through accelerated economic development and transformation;
- Enhancing industry based skills development and strategic support to education priority programmes;
- Community based initiatives to improve quality of citizen's health and well-being;

- Creating safer city through integrated and community based public safety;
- Planned and accelerated rural development interventions;
- Promotion and maintenance of spatial equity and transformation;
- Optimal management of natural resources and commitment to sustainable environmental management;
- Use of Information, Communication and Technology Systems (ICT) to improve productivity and efficiencies in line with Smart City principles; and
- Good governance, capable and developmental municipality.

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

5.1 UMhlathuze – Development Goals

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

5.2 Spatial Vision and Development

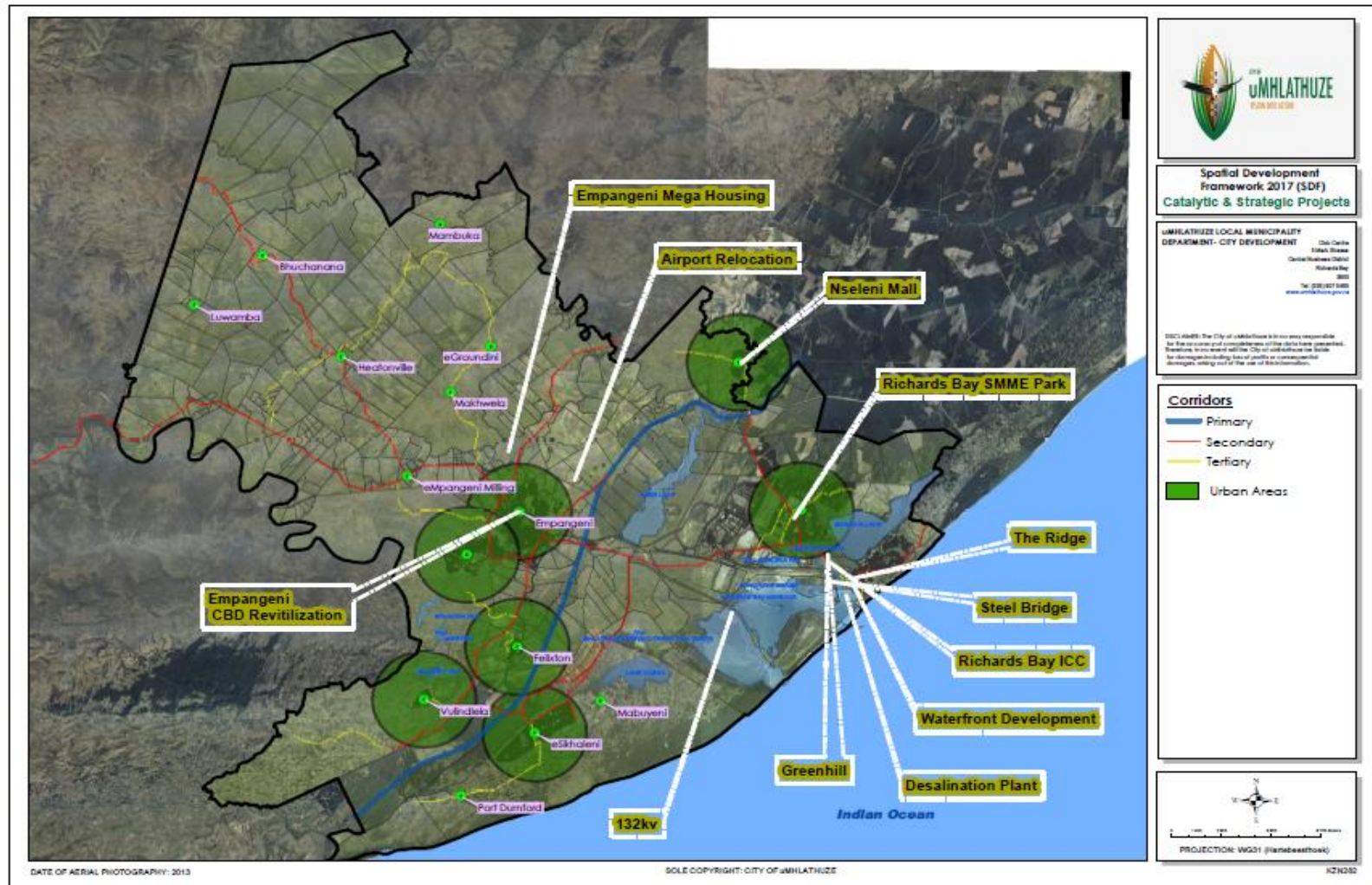
In Support of the above Municipal wide (IDP) vision, the uMhlathuze Municipal Spatial Development Framework Vision is:

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

5.3 Development Interventions

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

Map 2: Interventions in the Municipal Nodes



6. How will our progress be measured?

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

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

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

SECTION B1: PLANNING AND DEVELOPMENT PRINCIPLES

6.1 PGDS Spatial Planning Principles

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

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

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

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

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

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

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

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

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

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

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

6.2 SPLUMA principles

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

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

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

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

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

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

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

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

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

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

- v. policies, legislation and procedures must be clearly set in order to inform and empower members of the public.

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

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

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

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

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

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

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

“address historical spatial imbalances in development”

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

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

SECTION B2: GOVERNMENT PRIORITIES

6.3 Sustainable Development Goals

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

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

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

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
1.	End Poverty in all its forms everywhere.	Viable Economic Growth And Development.	<ul style="list-style-type: none"> • Operation Sukuma Sakhe (War Rooms)
2.	End Hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Stimulate key sectors that promote economic growth and create jobs	<ul style="list-style-type: none"> • Roll out of the Agricultural Development Plan • King Cetshwayo District Fresh Produce Market • Strategic Support to small scale farmers

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
3.	Ensure Healthy Lifestyles and promote well-being for all at all ages.	Safe and Healthy living environment	<ul style="list-style-type: none"> • Partnership with Private Sector/ Public entities – Phelo Phepha • Healthy lifestyles campaigns, such as walks, aerobics, outdoor gyms • Health screening of communities in partnership with the Department of Health • Established and Functional HIV/AIDS Council • providing support to community health care workers • Promotion of Senior Citizens sporting activities
4.	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Improving Citizens Skills levels and Education	<ul style="list-style-type: none"> • Skills development initiatives • Career Expo for the community • Mayoral Back to School fund • Mayoral Bursary Fund • Mayoral Programme supporting destitute learners with full school uniform in partnership with Private Sector • Strategic partnership with the Institutions of higher learning (signed MOU's)

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
5.	Achieve gender equality and empower all women and girls.	Promoting economic growth by providing employment opportunities for women and youth.	<ul style="list-style-type: none"> • Established and Functional Women's Forum • People With Disabilities Forum • Campaigns in support LGBTI • Preferential Procurement Set aside for Women (40%), Youth (40%) and PWD's (20%) • Internship prioritizing young girls • Targeted skills development programs
6.	Ensure availability and sustainable management of water and sanitation for all.	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> • Water Demand Management • Water re-use initiatives • Sea Water Desalination • Water conservation • Long term infrastructure investment plan • Roll out of RDP Standard sanitation projects (VIP) targeting rural areas
7.	Ensure access to affordable, reliable and modern energy for all.		<ul style="list-style-type: none"> • Energy Master Plan • Target reduction of 30% of coal powered stations by 2030 • 2000MW Gas to Power • Renewable Energy Efficiency initiatives • Waste to Energy Project

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
8.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Viable Economic Growth and Development	<ul style="list-style-type: none"> Investment in strategic economic infrastructure Implementation of catalytic projects "game changers" One stop shop for youth development Richards Bay Industrial Zone Investment in SMME Business support centers and incubation Roll out support infrastructure for SMME (Market Stalls, Trading facilities) Preferential Procurement Policy
9.	Build resilient infrastructure promote inclusive and sustainable industrialization and foster innovation.	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project) Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno Hub) Industrialisation through special economic zones (RIBDZ) and Port Expansion
10.	Reduce inequality within and among countries.	Viable economic growth and development	<ul style="list-style-type: none"> Strategic Implementation of Spatial Development Framework

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
		Integrated Urban and Rural Development	<ul style="list-style-type: none"> to foster spatial equity (restructuring zones) City of uMhlathuze Strategic Roadmap for Economic Development, Transformation and Job Creation
11.	Make cities and human settlements inclusive, safe, resilient and sustainable.	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlement.	<ul style="list-style-type: none"> Spatial Transformation Projects Crime Prevention Strategy Integrated Human Settlement Plan Waste Reuse, Reduce and Recycle
12.	Ensure sustainable consumption and production patterns.	Safe and Healthy living environment	<ul style="list-style-type: none"> Urban Air Quality Management Agricultural Support Plan
13.	Take urgent action to combat climate change and its impacts.	Optimal management of natural resources and commitment to sustainable environmental management.	<ul style="list-style-type: none"> Climate Change Adaptation and Mitigation Programme Accelerating low emission development Responding with adaption initiatives Urban Air Quality Management Signed Global Compact of Mayors Gas to Power Project Water Reuse Project

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
14.	Conserve sustainably use of oceans, seas and marine resources for sustainable development.		<ul style="list-style-type: none"> • Estuary Management Plan • Green Drop
15.	Protect, restore and promote sustainable use of terrestrial ecosystem, sustainable manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.		<ul style="list-style-type: none"> • Environmental Services Management Plan • UMhlathuze Open Space Management System (UOSPM) • Environmental Management Framework
16.	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels.	Democratic responsible, transparent , objective and equitable municipal governance	<ul style="list-style-type: none"> • City of uMhlathuze Crime Prevention Strategy • Community Policing Forums • OSS War Rooms
17.	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	Democratic responsible, transparent , objective and equitable municipal governance	<ul style="list-style-type: none"> • Concluded international Relations and twinning arrangement with strategic cities • Membership of international organisations • Trade missions

NO	SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT THEREOF	CoU INTERVENTIONS
			<ul style="list-style-type: none"> • Host international delegations and diplomats

6.4 Climate Change Resolution

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

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

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

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

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

Climate Change Resolutions		
Nr.	Key Points	Resolution
		<ul style="list-style-type: none"> Acknowledges the need to cooperate and enhance the understanding, action and support in different areas such as early warning systems, emergency preparedness and risk insurance.
5.	Support	<ul style="list-style-type: none"> The EU and other developed countries will continue to support climate action to reduce emissions and build resilience to climate change impacts in developing countries. Other countries are encouraged to provide or continue to provide such support voluntarily. Developed countries intend to continue their existing collective goal to mobilise USD 100 billion per year until 2025 when a new collective goal will be set.

6.5 Habitat 3 human settlement new urban agenda

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

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

Table 2: New Urban Agenda

Nr.	Priority	Description
1.	Provide basic services for all citizens	These services include: access to housing, safe drinking water and sanitation, nutritious food, healthcare and family planning, education, culture and access to communication technologies.
2.	Ensure that all citizens have access to equal opportunities and face no discrimination	Everyone has the right to benefit from what their cities offer. The New Urban Agenda calls on city authorities to take into account the needs of women, youth and children, people with disabilities, marginalized groups, older persons, indigenous people, among other groups.
3.	Promote measures that	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,

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

6.6 National Plan Priorities

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

Table 3: National Plan Priorities

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

6.7 14 National Outcomes

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

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

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

6.8 5 National Priorities

The Five National and Six Provincial Priorities include the following:

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

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

No.	PGDS Strategic Goal	KCDM DGDP Goals	COU Strategic Goals	CoU Interventions aligned to PGDP and DGDP Strategic Objectives
1	Inclusive Economic Growth	Inclusive Economic Growth	Viable economic growth and development	<ul style="list-style-type: none"> • Roll out of the Agricultural Development Plan • King Cetshwayo District Fresh Produce Market • Strategic Support to small scale farmers • investment in strategic economic infrastructure • Implementation of catalytic projects “game changers” • One stop shop for youth development • Richards Bay Industrial Zone • Investment in SMME Business support centers and incubation • Roll out support infrastructure for SMME (Market Stalls, Trading facilities) • Preferential Procurement Policy • Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project) • Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub) • Industrialisation through special economic zones (RIBDZ) and Port Expansion
2	Human Resource Development	Human Resource Development	Municipality that is resources and committed to attaining the vision and mission of the organisation.	<ul style="list-style-type: none"> • Skills development initiatives • Career Expo for the community • Mayoral Back to School fund • Mayoral Bursary Fund • Mayoral Programme supporting destitute learners with full school uniform in partnership with Private Sector

				<ul style="list-style-type: none"> • Strategic partnership with the Institutions of higher learning (signed MOU's)
3	Human and Community Development	Human and Community Development	Viable economic growth and development	<ul style="list-style-type: none"> • Operation Sukuma Sakhe (War Rooms) • Partnership with Private Sector/ Public entities – Phelo Phepha • Healthy lifestyles campaigns, such as walks, aerobics, outdoor gyms • Health screening of communities in partnership with the Department of Health • Established and Functional HIV/AIDS Council • providing support to community health care workers • Promotion of Senior Citizens sporting activities • Established and Functional Women's Forum • People With Disabilities Forum • Campaigns in support LGBTI • Preferential Procurement Set aside for Women (40%), Youth (40%) and PWD's (20%) • Internship prioritizing young girls • Targeted skills development programs • City of uMhlathuze Crime Prevention Strategy • Community Policing Forums • OSS War Rooms
4	Strategic Infrastructure	Strategic Infrastructure	Integrated infrastructure and efficient services	<ul style="list-style-type: none"> • Water Demand Management • Water re-use initiatives • Sea Water Desalination • Water conservation • Long term infrastructure investment plan

				<ul style="list-style-type: none"> • Roll out of RDP Standard sanitation projects (VIP) targeting rural areas • Energy Master Plan • Target reduction of 30% of coal powered stations by 2030 • 2000MW Gas to Power • Renewable Energy Efficiency initiatives • Waste to Energy Project
5	Environmental Sustainability	Environmental Sustainability	Optimal management of natural resources and commitment to sustainable environmental management	<ul style="list-style-type: none"> • Climate Change Adaptation and Mitigation Programme • Accelerating low emission development • Responding with adaption initiatives • Urban Air Quality Management • Signed Global Compact of Mayors • Gas to Power Project • Water Reuse Project • Estuary Management Plan • Green Drop • Environmental Services Management Plan • UMhlathuze Open Space Management System (UOSPM) • Environmental Management Framework
6	Governance and Policy	Governance and Policy	Democratic, Responsible, Transparent, Objective and Equitable Municipal Governance and Social Cohesion	<ul style="list-style-type: none"> • Concluded international Relations and twinning arrangement with strategic cities • Membership of international organisations • Trade missions • Host international delegations and diplomats

7	Spatial Equity	Spatial Equity	Integrated urban and rural development	<ul style="list-style-type: none"> • Implementation of Integrated Urban Development Framework (CoU as Secondary Cities pilot project) • Smart City Initiatives (Enterprise Resource planning, broadband connectivity, Richards Bay Techno hub) • Strategic Implementation of Spatial Development Framework to foster spatial equity (restructuring zones) • City of uMhlathuze Strategic Roadmap for Economic Development, Transformation and Job Creation
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6.10 Strategic Integrated Projects

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

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

6.11 UMhlathuze Vision 2030 Strategic Roadmap

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

The following strategic initiatives were agreed upon:

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

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

Table 4: Vision 2030 Strategic Roadmap Programmes

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

Programme 8: Investment and Development Funding	<p>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.</p>
SOCIAL REGENERATION AND UPLIFTMENT	
Programme 9: Strategic Learning and Growth Initiative	<p>The purpose of the initiative is to:</p> <ul style="list-style-type: none"> ○ create interfaces between industry and educational institutions in order to determine skills supply and demand balances ○ reconcile learning content priorities between educational institutions and industry to engineer relevance and connectedness ○ forecast new skill requirements and facilitating expedited acquisition of such skills through defined partnership agreements and other means ○ mobilise and connect the youth of the city with industry and to drive learning, innovation and solutions in line with gainful opportunities
Programme 10: uMhlathuze City Sports and Arts Initiative	<p>To advance the brand stature, social balance and cohesion of the city through coordinated sports, arts and recreation strategic initiatives</p>
Programme 11: Safety and Security Mobilisation Programme	<p>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.</p>
Programme 12: Social Regeneration and Engagement Intervention	<p>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.</p>

CREATE ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT	
Programme 13: Climate Change Intervention Programme	<p>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</p>

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

6.12 Integrated Urban Development Framework (IUDF)

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

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

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

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

The IUDF has its premise on the following nine levers:

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

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

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

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

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

The above support programme has commenced.

6.13 Back to Basics aligned with Area Based Management

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

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

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

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

Key Performance Areas for the Back-to-Basics Approach

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

Back to Basics Implementation Programmes

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

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

Area Based Management

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

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

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

- a) *To bring service delivery and customer service closer to the residents / citizens, so as to address service delivery failures by providing a citizen-interface channel to coordinate; monitor, evaluate and enforce efforts by the City and its service delivery machinery to realize the objectives of quality and efficiency, sustainability, impact and customer satisfaction;*
- b) *To respond to people's needs not only through communication, but through the actual delivery of services;*
- c) *To develop effective solutions to local problems and improve customer satisfaction;*
- d) *To effectively deal with community complaints and dissatisfaction on service delivery related issues by facilitating well integrated service delivery response solutions;*
- e) *To work with other spheres and agents of government to deliver effective services;*
- f) *To coordinate, monitor and enforce the delivery of all municipal services in all zones; and*
- g) *To contribute to the physical, social and mental wellbeing and development of communities - building "liveable and sustainable communities.*

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

Anticipated outcomes

- Reduction in service failures

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

6.14 State of the Nation Address (SONA) 2019

The State of the Nation Address is important for all South Africans because it outlines government's Programme of Action for the year ahead. The Programme of Action is government's plans for the country and people of South Africa. This was President Ramaphosa's Second State of the Nation Address (SONA) to the joint sitting of the two houses of Parliament since his election on the 15th of February 2018. The theme for this year's event was: **"Following up on our commitments: Making Your Future Work Better"**. The following is a summary of the country's focus areas and action plan for the 2019/2020 which is also an election year: -

Key Point/Announcement	Action Plan
Corruption	<ul style="list-style-type: none"> Government will enact accountability measures against those implicated in corruption. Directorate will bring together a range of investigatory and prosecutorial capacity from within government and in the private sector under an investigation director reporting to the NDPP
Economy	<ul style="list-style-type: none"> The goal in the next three years is to ensure that South Africa enters the Top 50 mark within the high performing countries
Foreign investment	<ul style="list-style-type: none"> provincial governments to identify investable projects and ensure that they build investment books for each of the nine provinces to present to potential investors A team from the Presidency, Invest SA, National Treasury and the Department of Planning, Monitoring and Evaluation will address the policy, legal, regulatory and administrative barriers that frustrate investors
Eskom and SOEs	<ul style="list-style-type: none"> economy Government concede with the generous tariff increase for a set number of years. Eskom would receive the help it needs to get back on its feet, as it is regarded as the most critical structure to the stabilisation of the economy Government also plans to "immediately embark" on a process of establishing three separate entities – Generation, Transmission and Distribution – under Eskom Holdings.
Youth unemployment	<ul style="list-style-type: none"> There is pleasing progress with an initiative which aims to create 250 000 jobs a year for the youth.

A requirement for work experience will be dropped in the public sector	<ul style="list-style-type: none"> government would, therefore, do away with entry-level work experience requirement in the public sector
Release of state-owned land for human settlements	<ul style="list-style-type: none"> as part of accelerated land reform, the government identified land parcels owned by the state for redistribution Strategically located land will be released to address human settlements needs in urban and peri-urban areas
Introduction of eVisa regime	<ul style="list-style-type: none"> The South African government will introduce a "world class" eVisa regime in 2019 to assist in growing the local tourism sector The goal is reach 21 million tourists by 2030, up from 10 million in 2018.
New gas and oil legislation after the Brulpadda boon	<ul style="list-style-type: none"> government will develop legislation to ensure that the "world-class" oil and gas recently rediscovered at the Brulpadda field off the coast of South Africa, is properly regulated for the interests of all concerned
New infrastructure implementation model	<ul style="list-style-type: none"> cabinet has adopted a new infrastructure implementation model to ensure projects are implemented government has committed to contribute R100 billion into the Infrastructure Fund over a 10-year period and use this to leverage financing from the private sector and development finance institutions
Eradicate unsafe school toilets within 3 years	<ul style="list-style-type: none"> Government identified that nearly 4,000 schools require appropriate sanitation, and hopes to eradicate unsafe sanitation by 2022
Compulsory early development for all children	<ul style="list-style-type: none"> The responsibility of early childhood development centres are being migrated from the social development department to basic education during the migration the government will proceed with the process towards two years of compulsory early childhood development for all children before they enter grade 1
Access to a tablet for every pupil by 2025	<ul style="list-style-type: none"> several new technology subjects and specialisations will be introduced into basic education such as technical mathematics and technical sciences, maritime sciences, aviation studies, mining sciences, and aquaponics. Transformation of Several "ordinary" state schools into technical high schools

A new bank for housing	<ul style="list-style-type: none">• A new human settlements development bank will be established to leverage both public and private sector financing to aid in housing delivery.• 500,000 housing units will be constructed in the next five years
No taverns, shebeens and liquor outlets near schools	<ul style="list-style-type: none">• complete shutdown of all taverns, shebeens and liquor outlets near schools as the country deals with extremely high levels of substance abuse
A war room for public health	<ul style="list-style-type: none">• The National Health Insurance Bill will soon be submitted to Parliament• War Room' in the presidency has been established to improve public health.

6.15 State of the Province Address (SOPA) 2019

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

The Premier of KwaZulu Natal, Premier Willies Mchunu delivered the State of the Province address on the 27th of February 2019, at the Pietermaritzburg Royal Sports grounds under the theme **"We are ready to hand over, towards even better and faster growth and development of our Province and it's people"** The focus of this State of the Province Address Was mainly on providing an overview of how the Provincial legislature has moved the Province forward during its term, and what challenges were faced and what it is that the legislature will recommend to the new leadership that will be inaugurated after the National elections.

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

PGDP GOALS	PROGRESS AND INTERVENTIONS
Growing a more inclusive economy	<ul style="list-style-type: none"> • 2.635 million people employed, compared to 2.536 million people at the same time last year • adopted Operation Vula as a strategy aimed at utilising the public procurement process to address deep seated and persistent racial inequalities still prevalent in our economy • six commodities/sectors, namely infrastructure development, agricultural produce, bakery, uniforms, furniture, and toilet papers are identified for targeted procurement • KwaZulu-Natal Bulk Buying and Warehousing Programme is an initiative aimed to transform and revitalize township and rural economies in order to foster inclusive growth • strategic partnerships concluded with the Department of Trade Industry (DTI) focusing on promoting the Black Industrialists Programme • expanding direct air access to Durban's King Shaka International Airport giving major boost to international tourism • development of the Cato Ridge Intermodal Freight and Logistics Hub • "Biodiversity Economy" a national initiative to develop Black game farmers and to transform the wildlife industry

	<ul style="list-style-type: none"> • linking the Dube and Richards Bay SEZ successes to regional industrial hubs remains a challenge • more than 722000 work opportunities have been created through Expanded Public Works Programme
Transform our rural areas	<ul style="list-style-type: none"> • reduction of spatial inequalities and increased spatial access to goods and services remains a priority of the province • Inkululeko Development Programme at Ndumo concluded and Dukuduku Project progresses as part of an integrated and targeted service delivery model • rehabilitated 52 Traditional Authorities Centres (TACs) in the last five years and the rehabilitation of a further 15 TACs should be completed by the end of this financial year 2018/2019 • supported all District Municipalities with the establishment of District Development Agencies(DDAs) • approximately 30000 jobs will be created by the uMhlathuze Macadamia project
Ensure decent living conditions and sustainable human settlements	<ul style="list-style-type: none"> • provision of access to sanitation improved from 53% in 2011 to 61% in 2016 • Access to water decrease by 1% from 86% to 85% in 2016 • access to electricity improved from 78% in 2011 to 89% in 2016 • access to solid waste removal services increased from 78% in 2011 to 89% in 2016. • R84.1 million spent for the construction of Municipal Disaster Management Centres • installed 2347 lightning conductors within the province • 114,803 quality houses with basic services have been built • mega or catalytic human settlement development projects to yield more than 125000 housing units in the next coming few years
Improve and expand education and training	<ul style="list-style-type: none"> • Good progress has been made with the provision of access to Grade R at 74% in 2017 • 6.5% improvement in National Senior Certificate results since 2014 • more than 47 000 learners in 320 schools from across the Province, benefitted from learner transport programme • awarded bursaries to more than 16 000 students between 2014 and 2018 at a total cost of R1.8 billion

Ensure quality healthcare for all	<ul style="list-style-type: none"> • life expectancy at birth increased over the last five years from 56.9 years in 2014 to 60.7 years in 2018; • successful implementation of the 90-90-90 Strategy • construction the Dr Pixley ka Isaka Seme Memorial Hospital as the first Regional Hospital to be constructed in the Province post 1994
expand Comprehensive Social Security	<ul style="list-style-type: none"> • established 44 Community Nutrition Development Centres across the Province • successful implementation of OSS
Fight Crime and Corruption	<ul style="list-style-type: none"> • Ministerial Task Team deployed by President Ramaphosa, to assist us in addressing rampant scourge of political killings • 560 Community police forums, 42 Community safety forums and 298 Ward safety committees established in the Province • Communities in Dialogue Programme(CiDP), successfully intervened to resolve conflicts within the taxi industry conflicts, farm conflicts and hostel conflicts • launched the Advance Social Justice in Farming Communities Programme to mediate conflict in farming communities
Build a United Nation and Promote Social Cohesion	<ul style="list-style-type: none"> • establishment of a Social Cohesion and Moral Regeneration Council for the Province

Table 5: Municipal Intervention to government imperatives

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

SECTION C: SITUATIONAL ANALYSIS

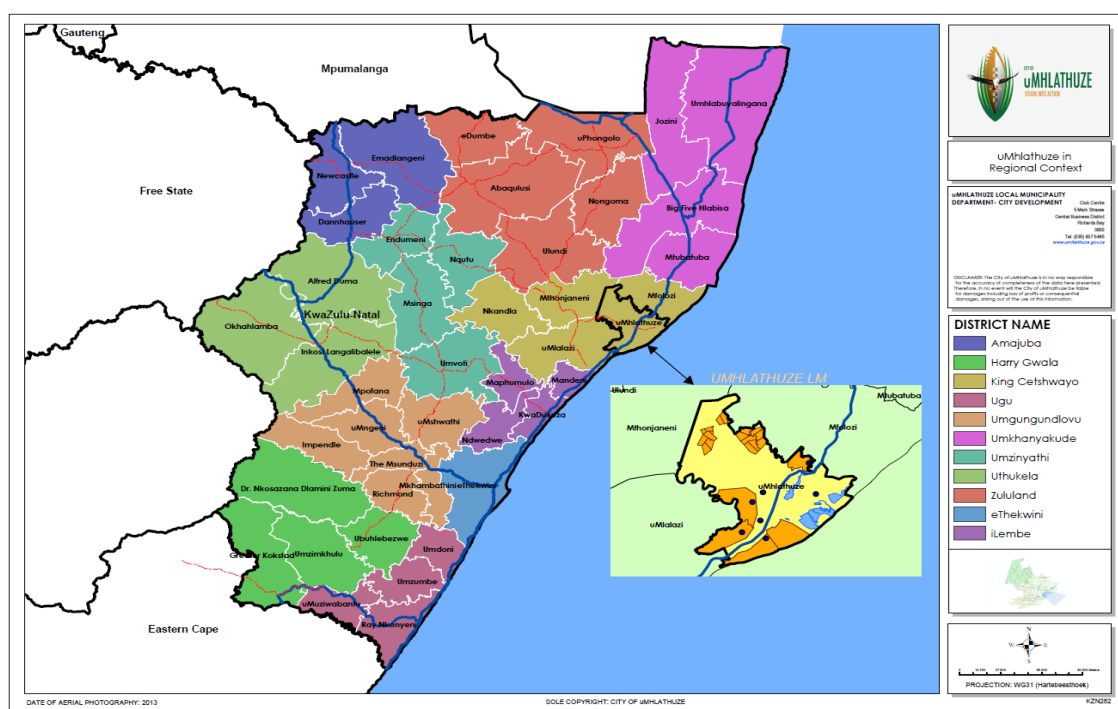
7. Spatial Analysis

7.1 Regional Context

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

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

Map 3: uMhlathuze in Regional Context



uMhlathuze's climate is characterized by a warm to hot and humid subtropical climate, with warm moist summers. Average daily maximum temperatures range from 29 °C in January to 23 °C in July, and extremes can reach more than 40 °C in summer.

The average annual rainfall is 1 228 mm and most (~80%) of the rainfall occurs in the summer, from October to March, although rainfall also occurs in winter ~20%).

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

7.2 Administrative entities

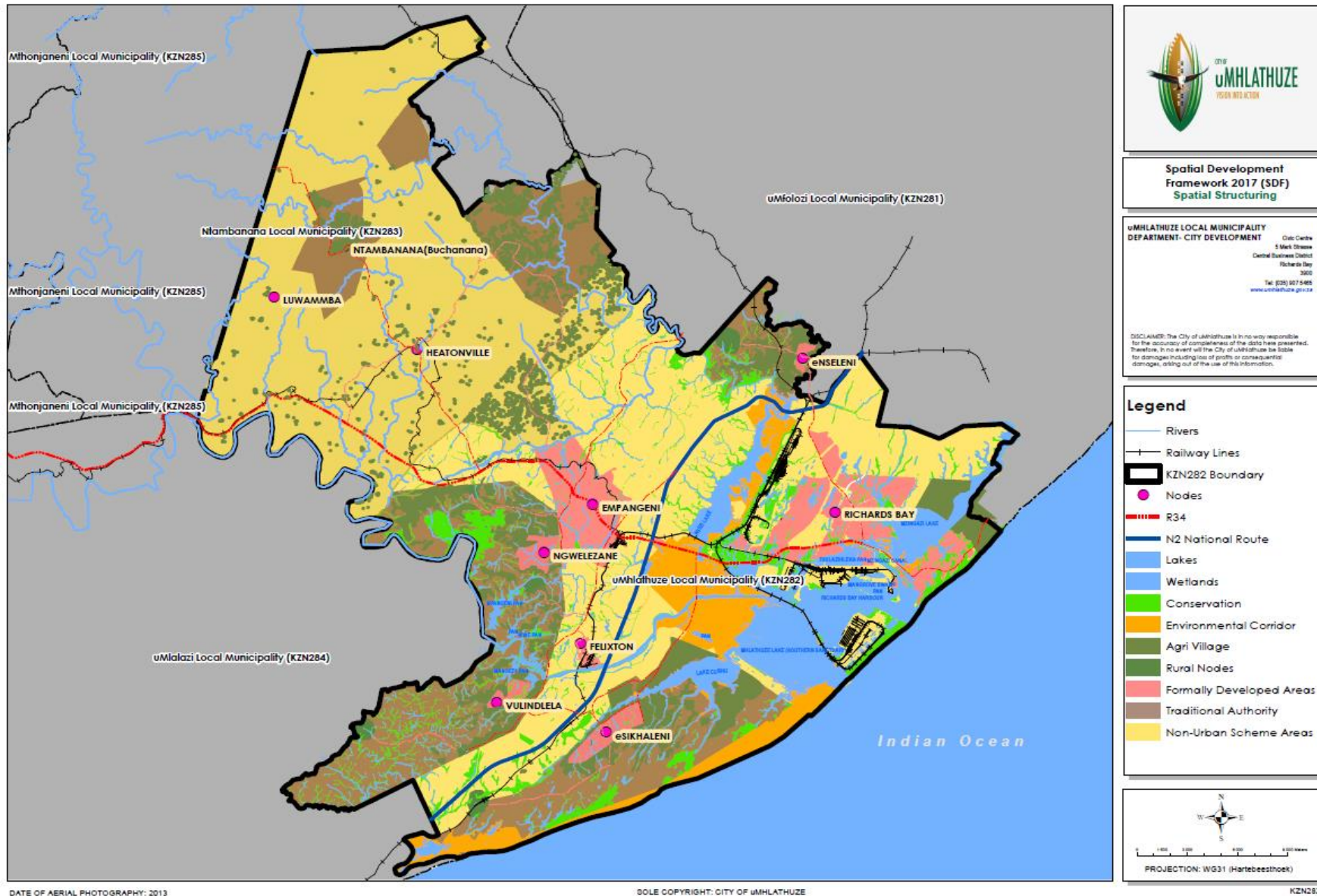
The uMhlathuze Municipality was established on 5 December 2000 after the demarcation process and the local government elections of that date. As such it encompasses the towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton as well as the Traditional Authority areas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

7.3 Structuring Elements

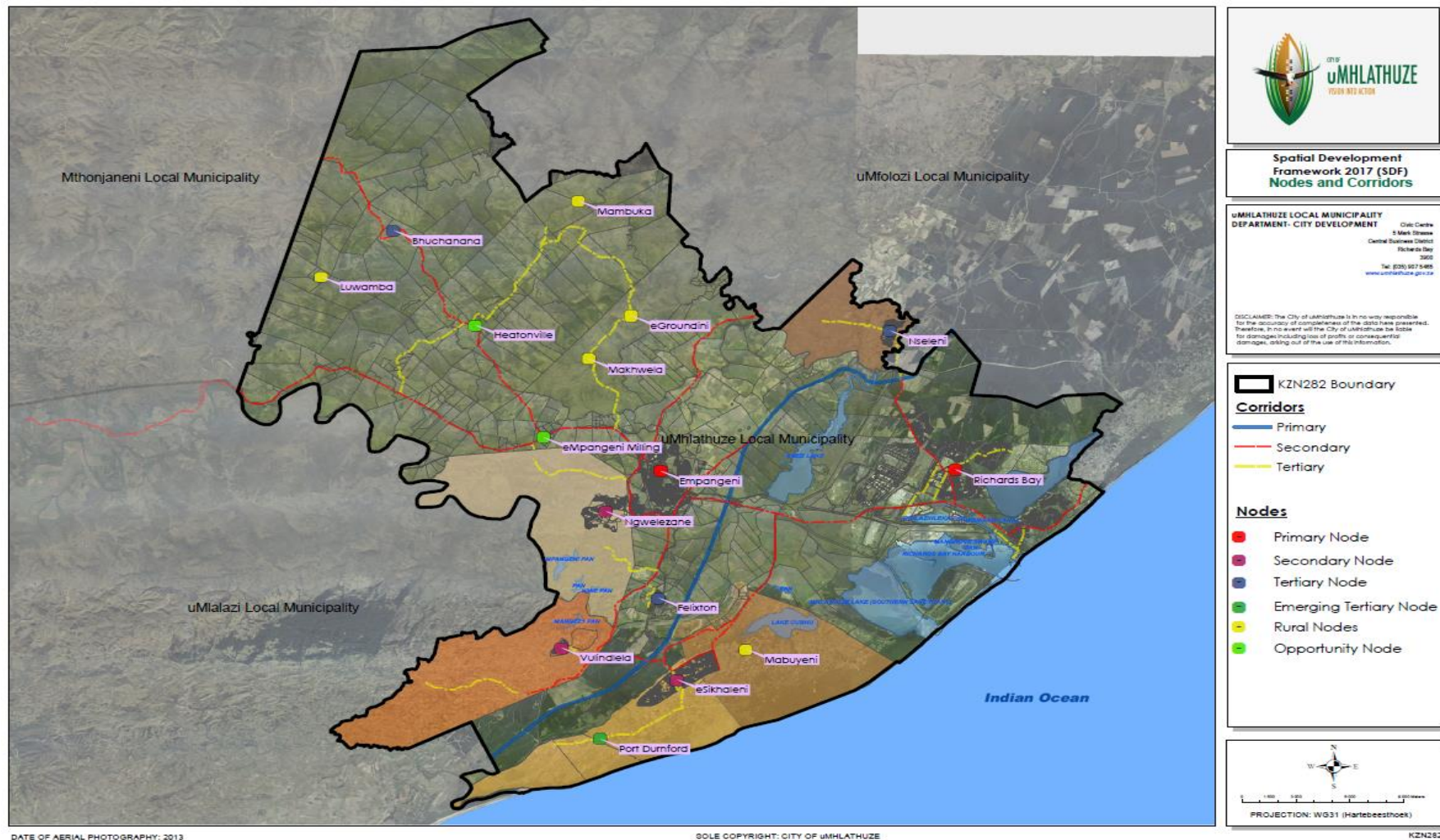
There are a number of natural and man-made phenomena that have shaped and continue to shape the uMhlathuze Municipality. The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the Mhlathuze and Nsezi. The main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

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

uMhlathuze Local Municipality: Draft IDP Review 2019/2020
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

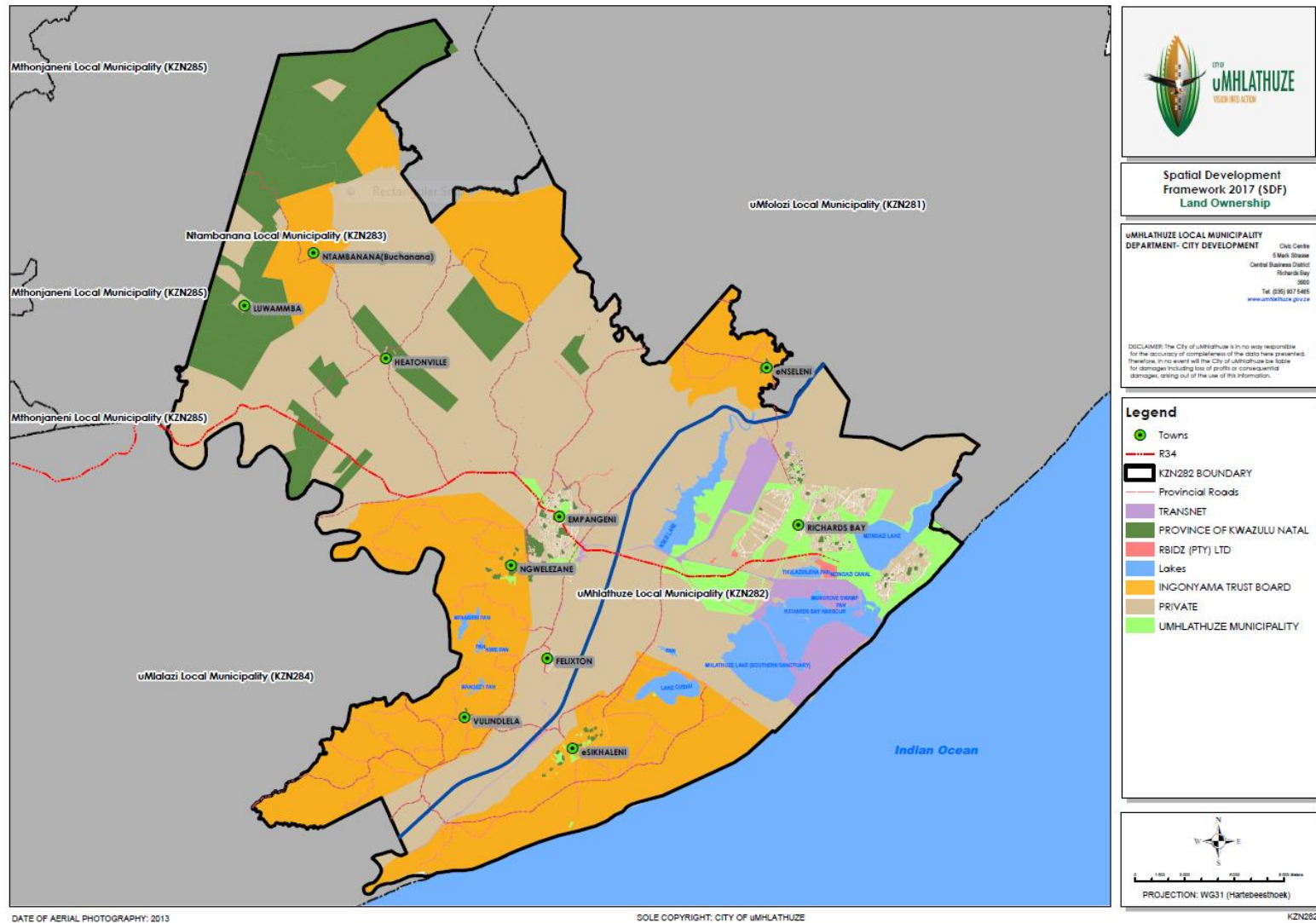
The following table provides a breakdown of the land ownership in terms of hectares

Table 6: Land Ownership Breakdown

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

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

Map 6: Land Ownership in uMhlathuze



7.6 Land Claims

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

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

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

2. Claim filed by the Mkhwanazi Traditional – ESikhaleni Area

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

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

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

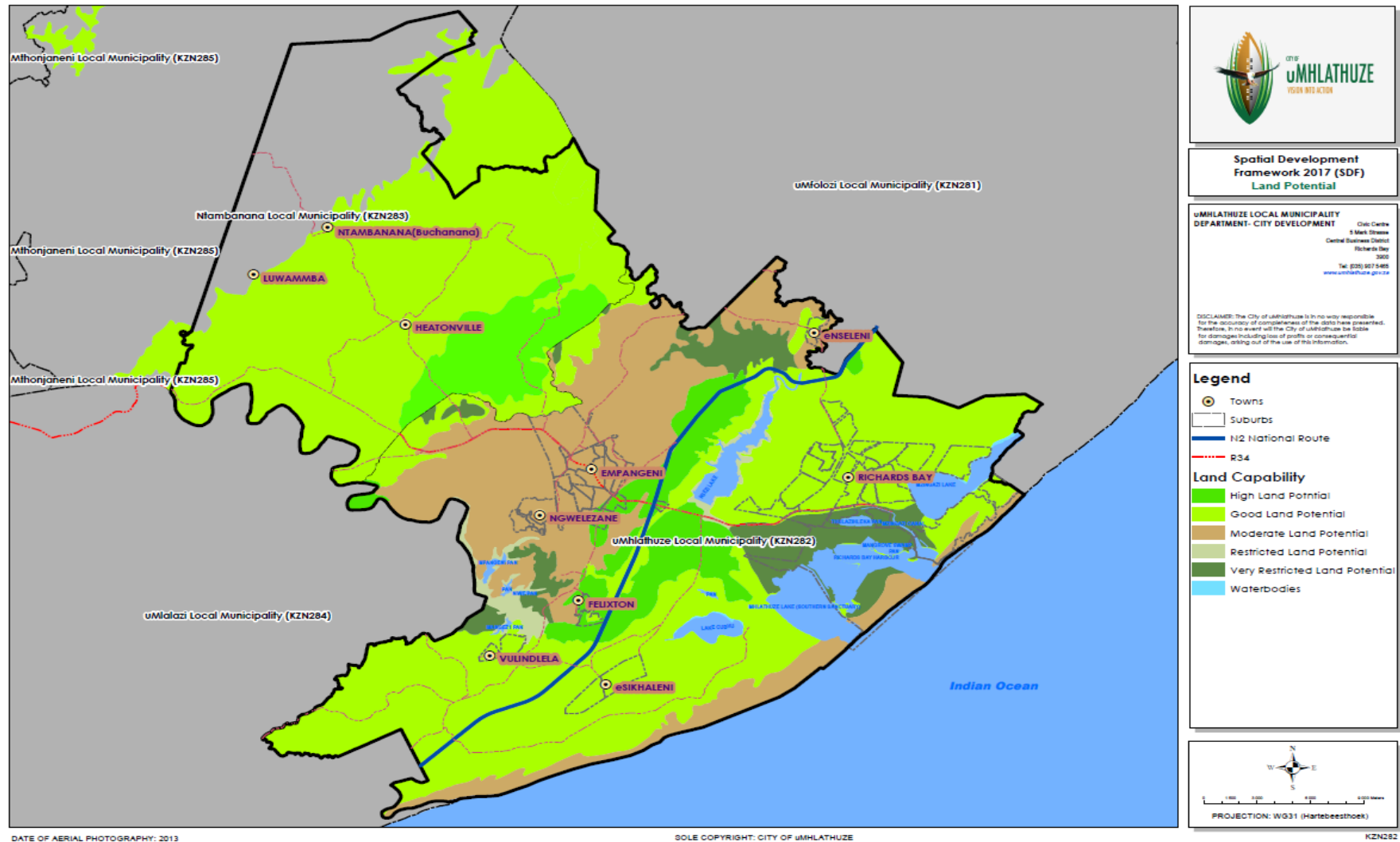
Resolved land claims

- 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 7: Land Capability Breakdown

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

7.8 Private Sector Developments

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

7.8.1 Zulti South

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

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

7.8.2 SAPPI Housing Development

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

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

7.8.3 Westview Residential

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

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

7.8.4 Carsdale

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

7.9 Environmental Analysis

7.9.1 Geomorphology

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

7.9.2 Climate

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

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

7.9.3 Biodiversity

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

7.9.4 Water Resources

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

7.9.5 Heritage

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

7.9.6 Environmental Assets

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

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

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

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

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

7.9.7 Threats to Ecosystem Goods and Services

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

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

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

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

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

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

7.9.8 Environmental Priorities and Objectives

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

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

7.9.9 Comparative and Competitive Advantages of the Municipality

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

Table 8: Competitive and Comparative Advantages

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

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

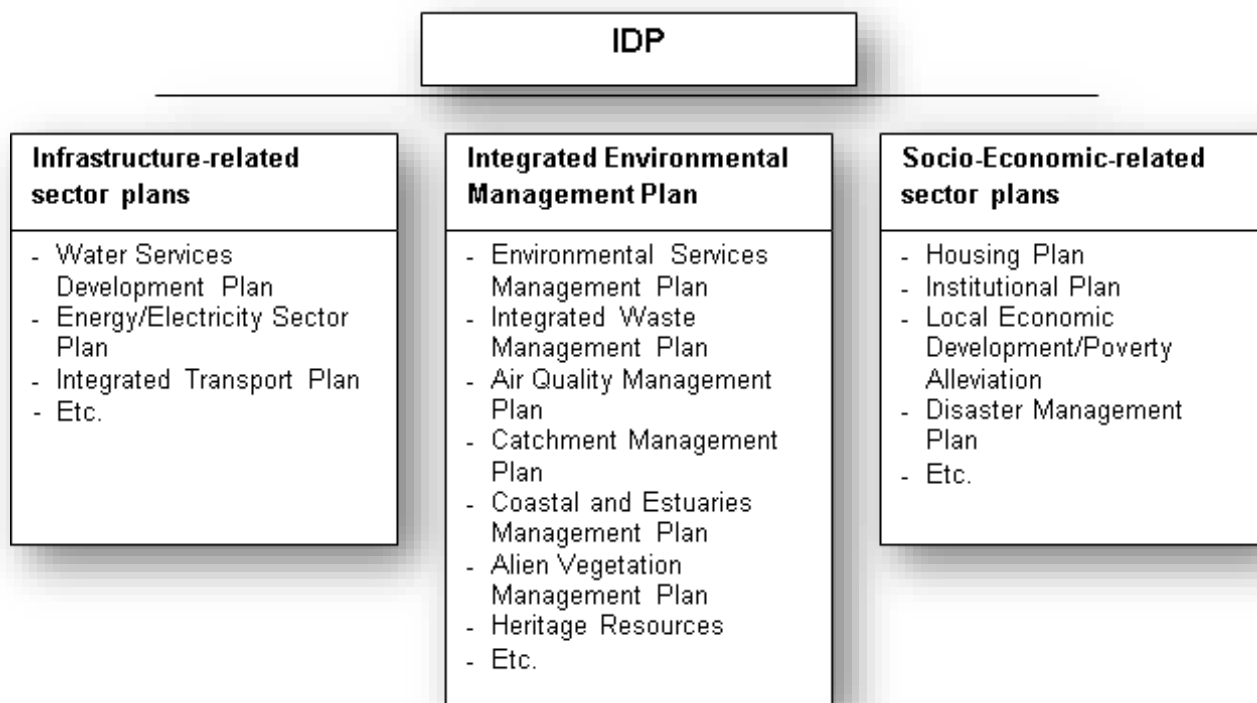
LANDSCAPE FACTORS: LAND USE	
Community health and wellbeing	<p>Reducing poverty and unemployment and inequalities are national and provincial priorities.</p> <p>The city's IDP defines the associated priorities based on the needs of urban vs. rural communities. Safety and security, employment creation, 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> <p>The IDP gives special attention to sport and recreation in order to "develop provide and maintain suitable sport and recreation facilities and amenities in an organised, effective and cost-efficient manner with the co-operation of all role-players whilst utilising available resources efficiently and effectively". There are important natural assets that are valued by communities in the north of the study area for their recreational value.</p> <p>The City's Disaster Management Plan aims to protect the public, public property, infrastructure and services from the risk of disaster potential through prevention and mitigation. There are low-lying areas in the study area (within flood lines) which may be exposed to risk.</p> <p>The health of all communities is a concern due to the prevailing air pollution levels but this is not acknowledged in local plans.</p>
Vulnerable communities	<p>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.</p>

7.9.10 Environmental Governance

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

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

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



Public participation and engagement during environmental planning

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

Environmental Policy and Bylaws

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

- Beach
- Cemetery
- Electricity Supply

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

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

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

Accountability towards Environmental Performance

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

Table 9: Tools for Measuring Environmental Performance

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

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

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

7.9.11 Environmental Services Management Plan

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

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

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

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

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

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

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

7.9.12 Air Quality

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

The City of uMhlathuze is known to be one of the highly industrialized areas in the country, consisting of various types of industries including smelters, pulp and paper mills, chemicals, harbour, iron steel, fertiliser, coal exporters, mineral mining, forests, cement, blasting, sugar cane and expanding industrial development zone (IDZ).

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

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

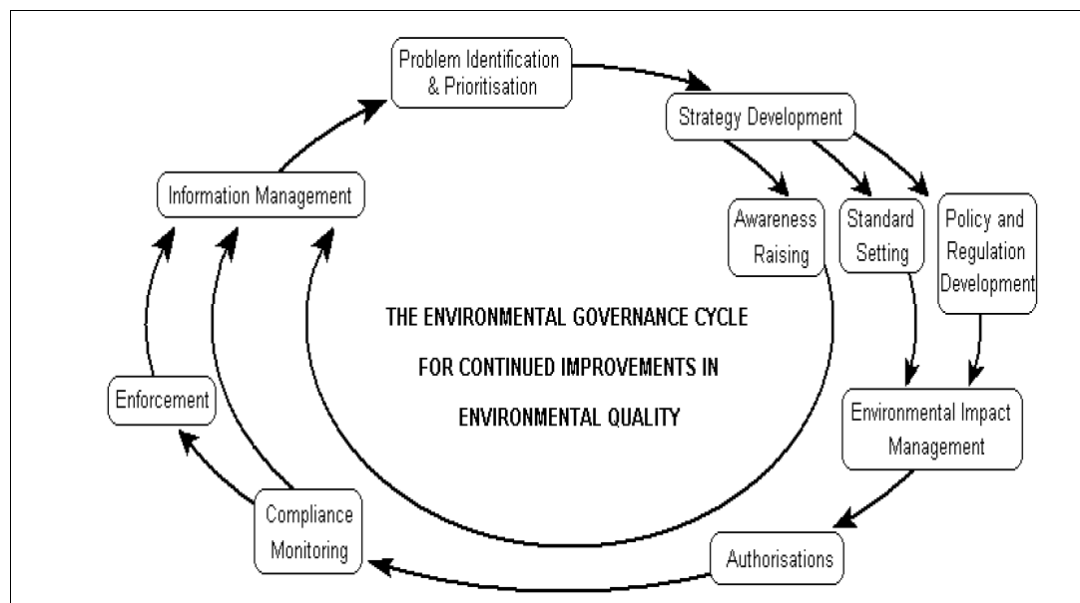
The Department Agriculture and Environmental Affairs in Kwa-Zulu Natal (DAEA) in partnership with the City of uMhlathuze in 2011, appointed Gondwana Environmental Solutions to conduct a study to describe the range of ambient exposures of criteria pollutants through ambient monitoring systems. This study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

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

Approach to Air Quality Governance

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

Figure 1: Environmental Governance Cycle for Continued improvements in Environmental Quality



Awareness Raising

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

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

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

Compliance Monitoring

Section 2 (12) of Chapter two (2) of NEM: AQA mandates the local municipalities to monitor the ambient air in order to determine the pollutants and their concentration

and come up with strategies of reducing emissions. In response to NEM: AQA, the City of uMhlathuze purchased three (3) ambient monitoring stations and strategically placed them in three different areas of concern. These stations are located at eSikhaleni, Arboretum and Brackenham Cemetery. The data collected by these stations are continuous.

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

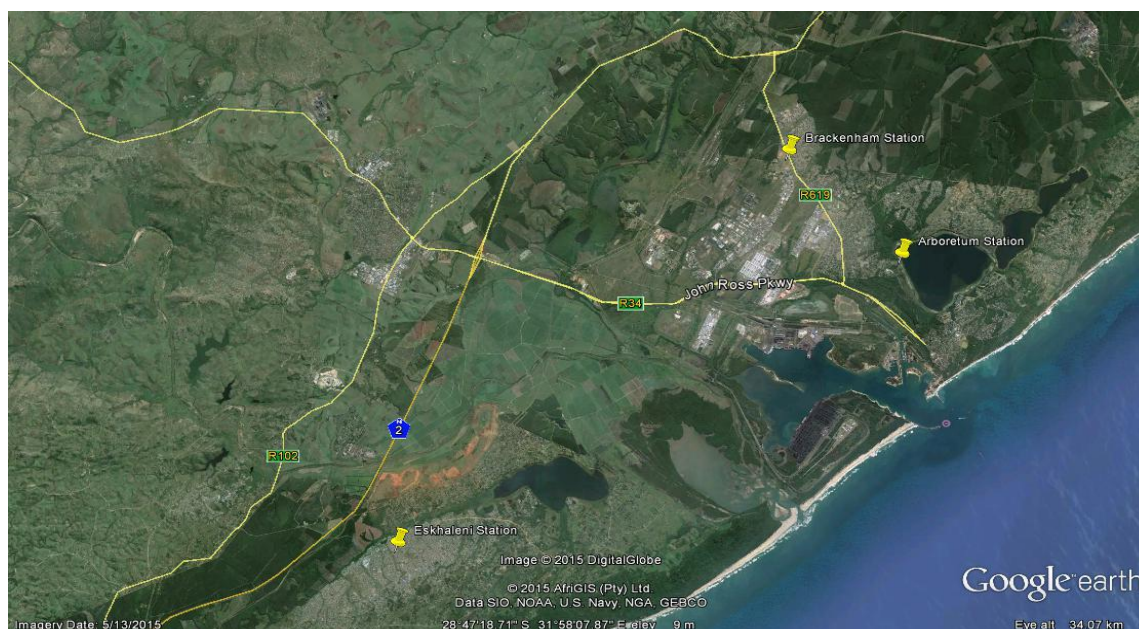


Table 10: Ambient Air Quality Monitoring Stations Co-ordinates

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

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

Table 11: Shows pollutants measured in each monitoring station

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

eSikhaleni	√	√	√	√	√
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Table 12: Shows meteorological station and parameters that are monitored

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

Enforcement

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

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

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

Table 14: Intermediate Action

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

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

ITEM	ACTION
Stricter Air Quality Management Standards	To be developed after implementation of by-laws

Table 15: Long-Term Action

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

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

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

7.9.13 Coastal Issues

Coastal Management:

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

Coastal Erosion:

As is the case with most coastal municipalities in KwaZulu-Natal, the Municipality has encountered severe coastal erosion, which requires a management response that would prevent further loss of beaches, damage to property and infrastructure. Being predisposed to disruption of natural wave action because of the Port entrance, Alkanstrand beach at Richards Bay requires a reliable sand bypassing scheme. In the absence of sand budget on the Northern beaches, the municipality has to implement soft engineering techniques to mitigate against an eroding coastline. Any further development of the coast is furthermore required to take cognizance of the Coastal setback lines adopted by the municipality.

Coastal access:

Sanctioned by the National Environmental 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 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.

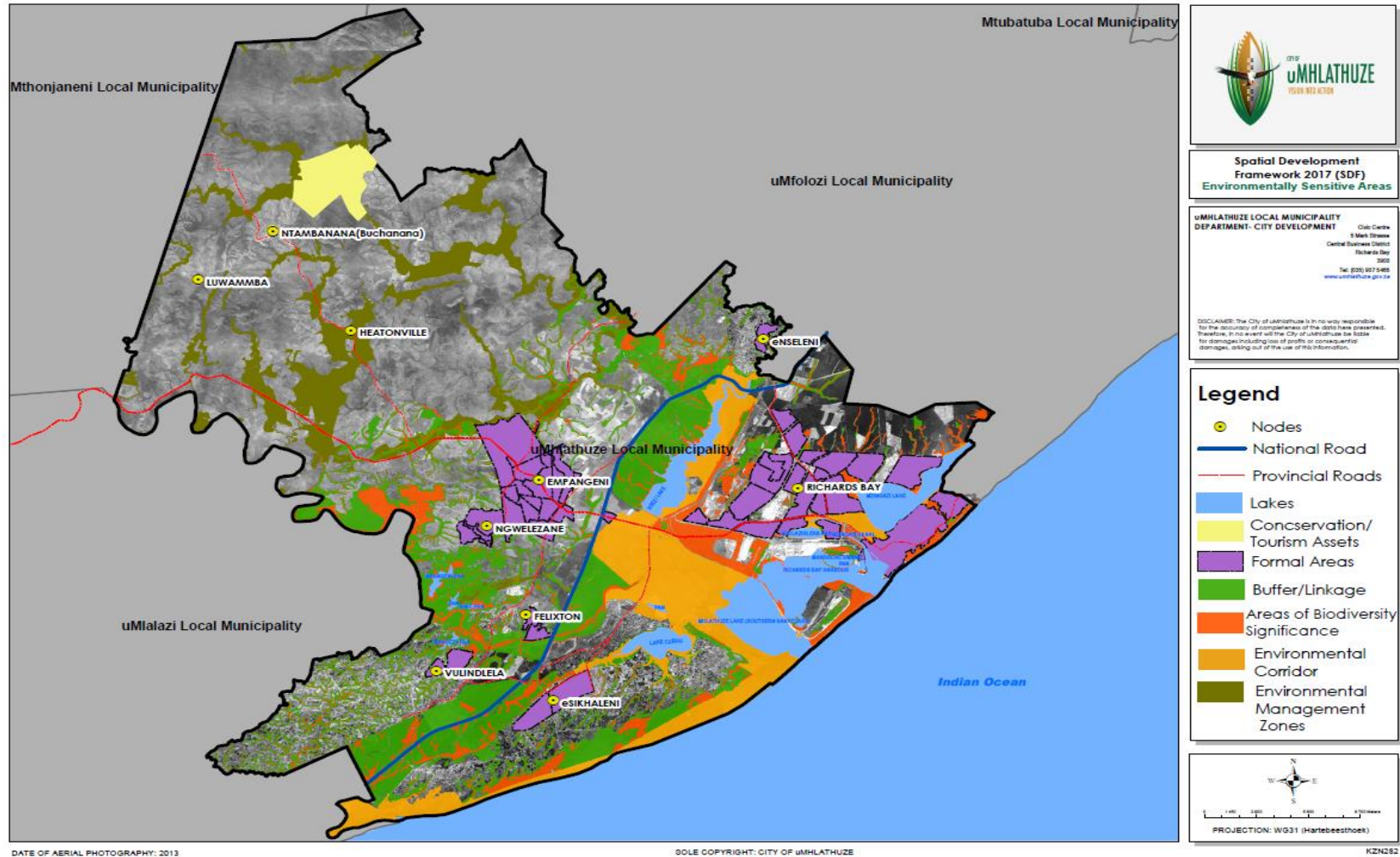
Table 16: Biodiversity Significance

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

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

Environmental Sensitive areas as discussed are mapped at overleaf:

Map 9: Environmental Sensitive Areas

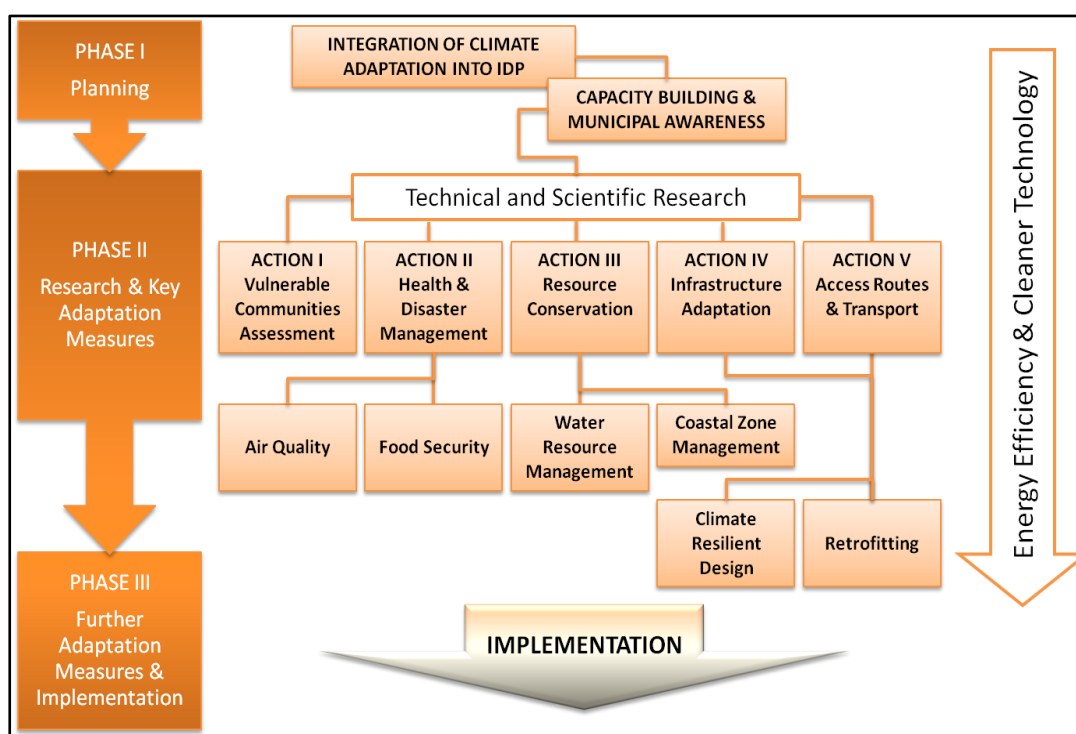


7.9.15 Response to Climate Change

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

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

Figure 2: Phased Approach to Municipal Action Plan



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

Table 17: Phased Approach to Municipal Action Plan

Phase 1	<p>Integration into the IDP</p> <p>The long term vision of the municipality is to mainstream all sector plans within the IDP and within decision-making procedures to allow for protection of resources and communities, in line with the Climate Change Strategy.</p> <p>Appointment of a Climate “Champion”</p> <p>The climate champion would ensure that the Municipality's projects and activities are carried out in accordance with local and international</p>
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	<p>environmental legislation and policy, and within the Integrated Development Plan (IDP). In summary, this role would be included as a performance area of the Department: City Development, which would involve:</p> <ul style="list-style-type: none"> o Awareness creation in terms of local climate change impacts o Development of climate change mitigation and adaptation plans o Ensure integration into IDP o Initiating international fundraising for climate change related projects; which would utilise existing personnel <p>Municipal Awareness Programme</p> <p>The process of mainstreaming climate change issues into municipal planning should begin within the Municipality itself, with the aim of disseminating this knowledge to decision makers. This should be initiated through a brief awareness campaign for various departments (perhaps through a presentation by the climate champion within branch meetings), and provision of a communicative pamphlet or brief. This should serve, at a minimum, to initiate climate thinking within Municipal structures.</p> <p>Climate Change Working Group</p> <p>The establishment of a Climate Change Working Group or partnership will encourage communication between Municipal departments, industry and NGO role-players for open discussion of climate impacts and solutions from various points of view.</p>
<p>Phase 2</p> <p>Adaptation Actions</p>	<p>Vulnerable Communities Assessment</p> <p>It is recommended that the Municipality undertake a vulnerability profile of the area in order to determine geographically where climate-related health impacts are likely to be exacerbated by differential vulnerability. The results of this assessment will provide maps indicating areas of concern and priority with regard to climate change impacts in the Municipality – an example may be communities living within flood line areas, which would be vulnerable to floods.</p> <p>Health and Disaster Management</p> <p>A two-step response to Health and Disaster management is recommended:</p> <ul style="list-style-type: none"> o An assessment of health care facilities in the Municipality in terms of capacity and facilities. Identification of obvious shortcomings or priority areas. o Completion of the Disaster Management Plan taking into account the need for responses to climate change induced flood or storm events and/or disease outbreaks. This Plan furthermore requires communication and dissemination to the Municipality and public.

	<div data-bbox="384 226 812 264" data-label="Section-Header"> <h3>Agriculture and Communities</h3> </div> <div data-bbox="384 293 1450 544" data-label="Text"> <p>Food security of Municipal residents, particularly in peri-urban and rural settlements, is a long-term concern for the Municipality. Although responsibility in terms of food security for the public is not considered to lie with the Municipality, but rather with government, it is important that the Municipality assess agricultural concerns and is aware of the need to alleviate climate-induced pressure on food security. Some examples include:</p> </div> <div data-bbox="384 580 1450 759" data-label="List-Group"> <ul style="list-style-type: none"> ○ Launching of marketing campaigns for local fresh produce ○ Establishment of food production partnerships within the communities (CBOs) ○ Knowledge sharing regarding crop type and yield assessment for future initiatives </div> <div data-bbox="384 792 1450 904" data-label="Text"> <p>This may lead to longer term research projects into crop viability and livelihoods assessment. The Municipality could potentially apply for international funding for such initiatives.</p> </div> <div data-bbox="384 940 724 978" data-label="Section-Header"> <h3>Resource Conservation</h3> </div> <div data-bbox="384 1008 1450 1128" data-label="Text"> <p>Water resources are of extreme importance within South Africa, and water quality is of particular concern in the uMhlathuze area. The following responses to this issue are recommended:</p> </div> <div data-bbox="432 1158 1450 1733" data-label="List-Group"> <ul style="list-style-type: none"> ○ The Municipality, in conjunction with UMhlathuze Water should evaluate the existing infrastructure to determine the sustainability of that infrastructure to supply water in an uncertain climatic future. The investigation should prepare a "Future's demand" profile for the city in terms of water requirements which should be evaluated in terms of climate influenced rainfall. ○ The Municipality forming a partnership with the Catchment Management Forum to allow for reporting and assessment of water quality testing and management. ○ Make improvements to urban drainage, the use of sustainable drainage systems, schemes that 'make space for water' ○ Stormwater retention/detention ponds and constructed wetlands ○ Incorporation of extreme precipitation events into storm sewer design, land use planning and zoning to avoid locating structures and buildings in flood/landslide prone areas (these will need to be mapped as a component of re-setting the city 1:50 year flood lines). </div> <div data-bbox="384 1769 553 1807" data-label="Section-Header"> <h3>Biodiversity</h3> </div> <div data-bbox="384 1836 1450 1957" data-label="Text"> <p>Through discussions with local stakeholders, the development of an Invasive Species Management Plan was seen as significant in addressing of biodiversity and conservation concerns within the Municipality</p> </div> <div data-bbox="384 1989 748 2027" data-label="Section-Header"> <h3>Infrastructure Adaptation</h3> </div>
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A culture of 'climate resilient' infrastructure design and construction needs to be instilled within the Municipality's decision makers, engineers and architects. In terms of city buildings, roads and water management structures, the Municipality may respond through the 'retrofitting' of facilities (widening of storm water channels, fitting of cooling devices, etc.) or through the proactive construction of new infrastructure with climate change impacts in mind. Dialogue with engineers and architects are required to disseminate climate change modelling data and to discuss the implications, both practically and economically, and to allow for discussions around the best possible action.

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

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

Transport Planning

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

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

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

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

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

7.10 Spatial and Environmental SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ Proximity of the municipal area to the N2 highway that traverses the Municipality in a north-east direction towards the Swaziland border and south-west towards Durban. ○ Good road accessibility ○ The municipality borders a coastline that spans approximately 45 kilometres ○ The municipality borders a coastline that spans approximately 45 kilometres ○ Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. ○ High level of species diversity. ○ The beaches are significant tourism assets for the municipality. 	<ul style="list-style-type: none"> ○ Funding challenges to implement Alien Invasive and Greening Strategy. ○ The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the uMhlathuze and Nsezi. These water systems offer opportunities but also limit development opportunities. ○ Gaps in availability of data on the local heritage. ○ A remarkable concentration of Red Data Species is one of the main reasons that the remaining percentage of the municipal surface area under indigenous cover is considered largely irreplaceable by KZN Wildlife for meetings its conservation objectives in the province.

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

7.11 Disaster Management

7.11.1 Status of Municipal Institutional Capacity

Disaster Management Framework

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

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

Disaster Management Plan

The City of UMhlathuze is in a process of developing a new Disaster Management Plan, an external service provider has been appointed to compile the plan, because of the extensive research that needs to be conducted the plan will unfortunately not be adopted in May 2019 with the IDP, however a draft plan will be ready by December 2019 as per the work plan. The municipality took an approach to begin with the Disaster Management Framework which has been finalise.

Disaster Management Center

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

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

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

Disaster Management Advisory Forum

UMhlathuze Municipality has established and has a fully functional Disaster Advisory Forum as per the requirements of the ct. This is a body in which the municipality and other disaster management role-players consult one another and coordinate their actions on matters relating to disaster management within the area of jurisdiction of the municipality. At least the following persons/organizations serve on the above forum:

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

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

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

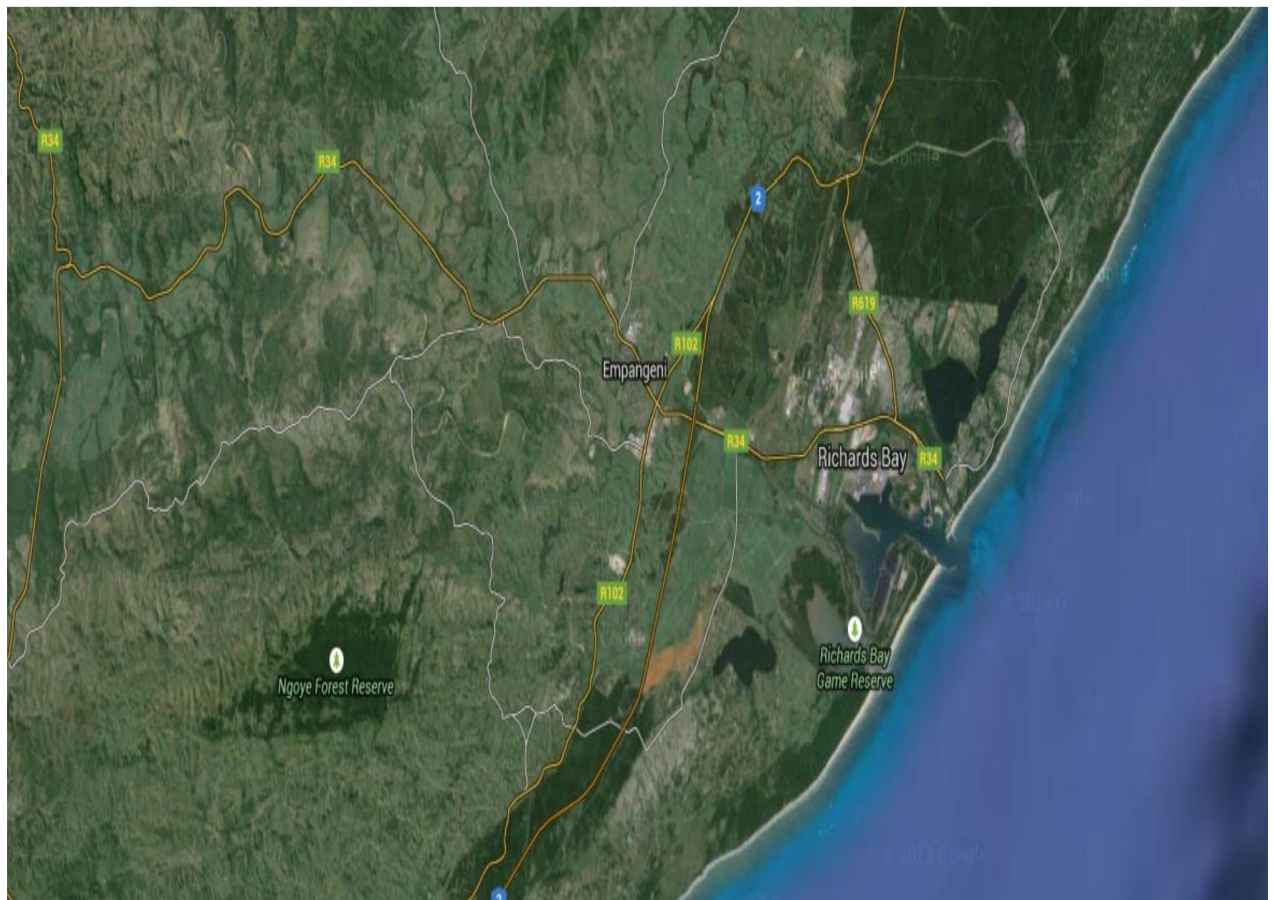
7.11.2 Disaster Risk Assessment

Table 18: Priority Risks.

Risks	Areas Of Occurrence	Frequency	Magnitude	Early Warning	Capacity
Piet Fires	Ward1,3,4 plantation	Throughout the year	5% plantation	Uncontrolled burnings	82% fire services
Veld Fires		Once in a year, 2 or 3 days	60% open field and plantation	Weather services, wind speed, dry veld, fire danger index	82% fire services
Structural Fires	Nseleni, ESikhaleni, Ndabayakhe, Ngwelezane, Dumisani Makhaye	Throughout the year	45% households and other buildings	Load shading, illegal electric connections, unmonitored used of candles	82% fire services

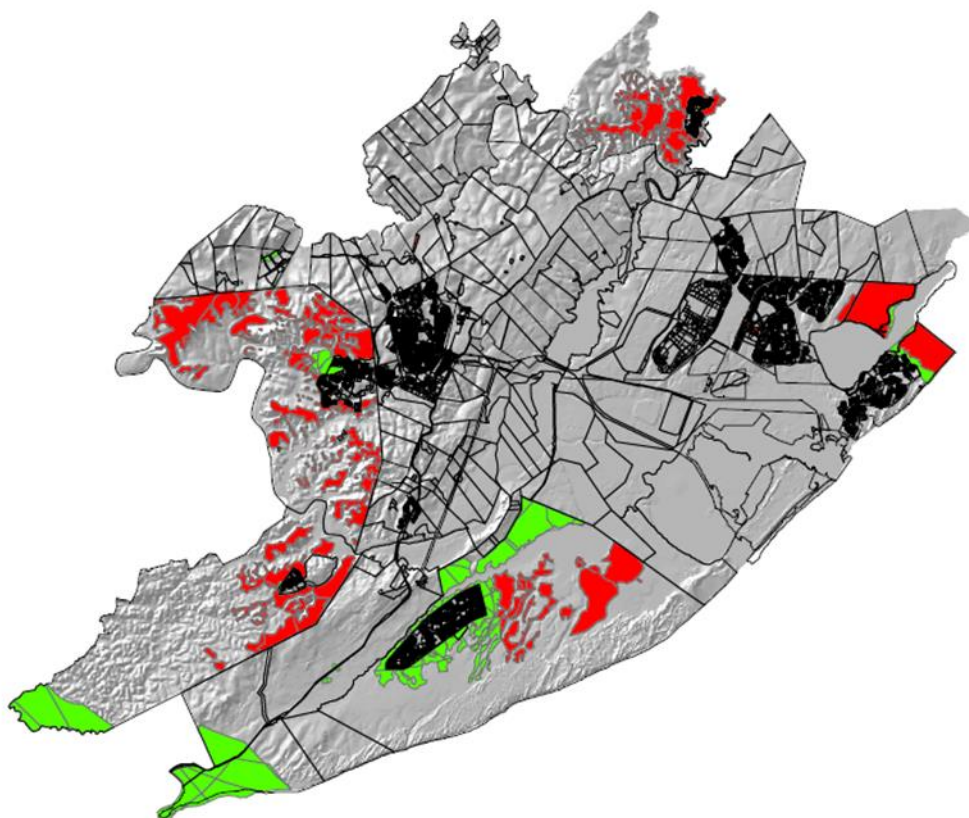
Risks	Areas Of Occurrence	Frequency	Magnitude	Early Warning	Capacity
Vehicle Accidents	N2 and John Ross Highway	Throughout the year		Over speeding, reckless driving, un-road worthy vehicles	Fire services, traffic officers, EMRS, SAPS
Flooding	ESikhaleni, Nseleni, Mabuyeni, Matshane, Ngwelezane	During heavy rains		Weather services, blocked drains, uncleansed water drainage, water measuring poles	Fire and rescue, Environmental Health, SAPS, EMRS, Agriculture, storm water and rural roads, clinics
Strong Winds	Matshane, Ndabayakhe, ESikhaleni, Nseleni, Niwe, Empangeni, Richards Bay		70%	Weather services	
Air Pollution	Richards Bay industries, Nseleni, Bay Stone, Felixton	Throughout the year	30%	Smoke, smell, dust	
Illegal Dumping	Richards Bay open velds, eSikhaleni, Nseleni, eMpangeni,	Throughout the year	40%	High grass and tree next to the settlements	
Draught	Entire uMhlathuze	Severe climate change	78%	Severe heat, dry rivers and dams, no rain	
Epidemics	Close to the rivers and contaminated foreigners with diseases from other countries	When there is an out-break	70%	News, number of casualties	
Crime	House breakings. Rape, Hijackings, Arm robbery	Throughout the year	55%	Level of unemployment and poverty, rate of school leavers and substance abuse, hide away places	

Map 10: Hazards Map



Map 11 : Disaster Management Vulnerability Map

Legend



Source: Disaster Management Plan, 2006

7.11.3 Disaster Risk Reduction

Hyogo framework of action as a planning tool

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

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

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

Table 19 : Disaster Management Programmes

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

		Commemoration of International Disaster Management		Communities, Schools, Private Sector, Government Departments, NGOs and all other stakeholders converging together and emergency services showcasing
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7.11.4 Disaster Response and Recovery

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

7.11.5 Training and Awareness

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

The City of uMhlathuze is committed in ensuring that, during 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

7.11.6 Funding Arrangements

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

7.11.7 Municipal Cross-Boundary Cooperation

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

7.12 Business Continuity Management

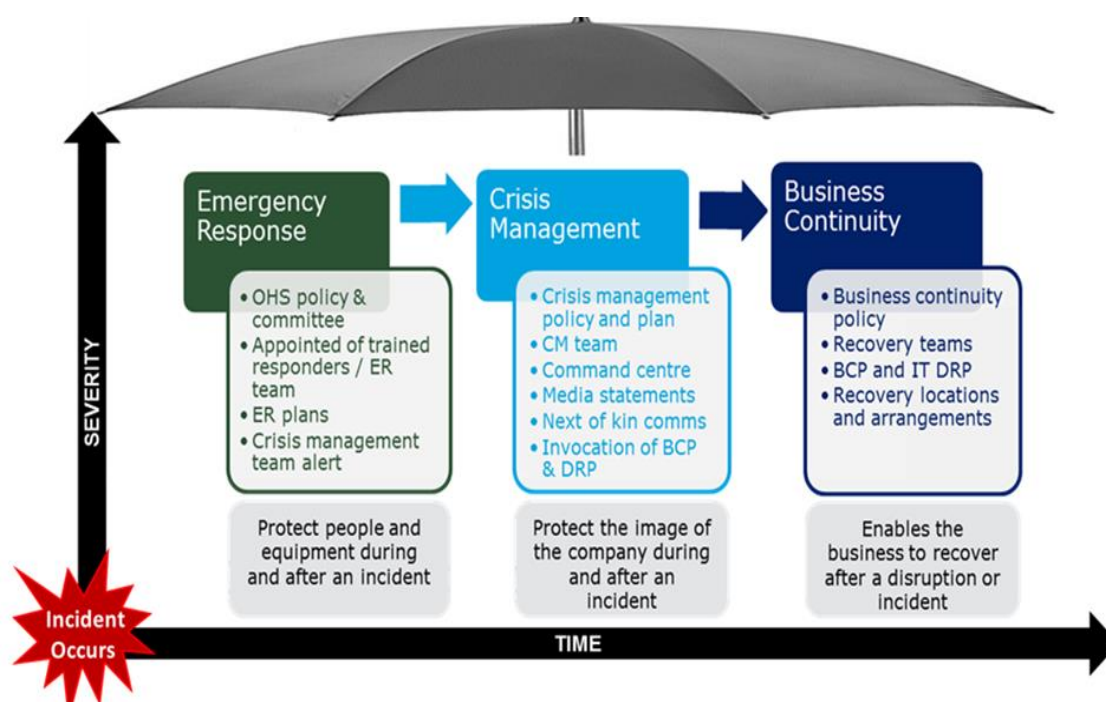
In the event of a material disruption to its critical activities, the City of uMhlathuze is committed to ensuring the continuity of the Municipality by:

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

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

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

Figure 3: BCM Overview



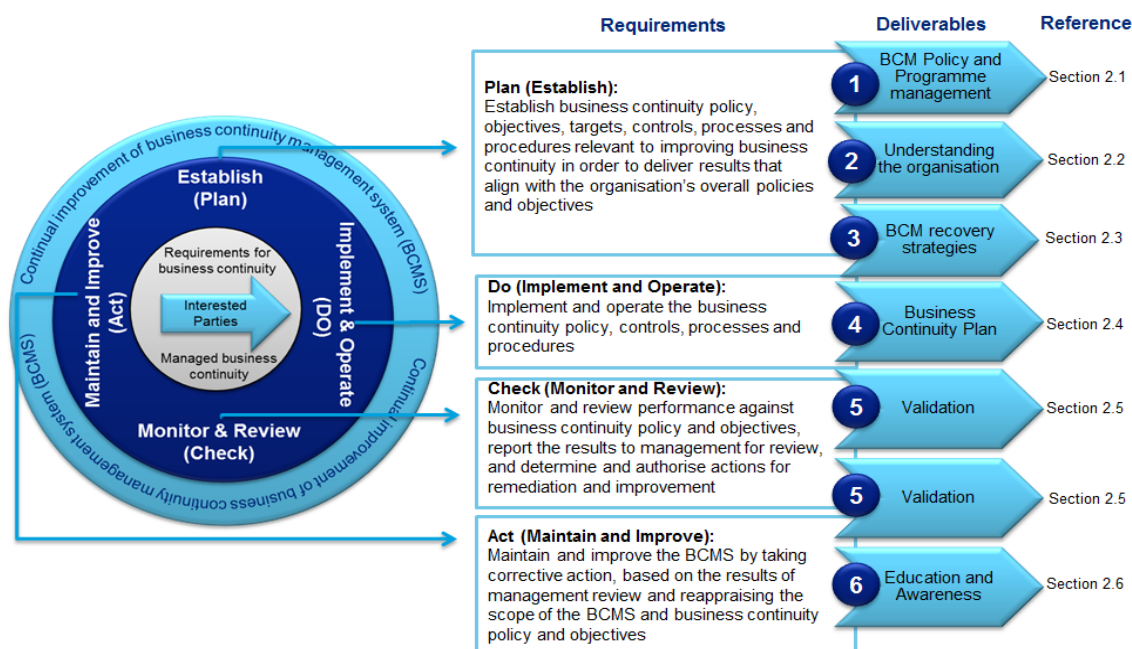
The objectives of uMhlathuze's BCM programme are to:

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

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

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

Figure 4: BCM lifecycle (left) and project phases (right)



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

7.12.1 Disaster Management: SWOT Analysis

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

8. DEMOGRAPHIC CHARACTERISTICS

8.1 Demographic Indicators

8.1.1 Population and Household Numbers

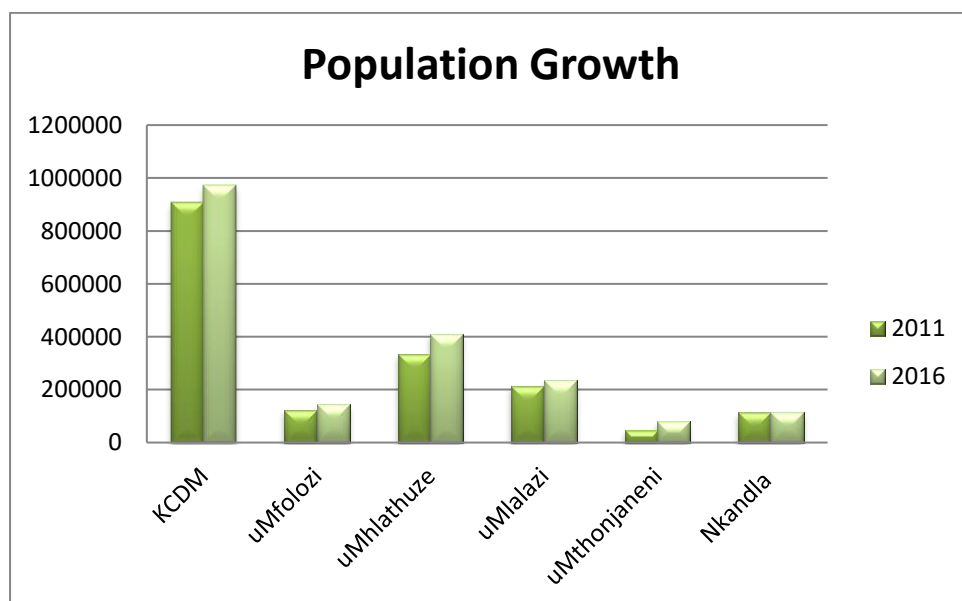
UMhlathuze Municipalities is located in King Cetshwayo District. The population increase in King Cetshwayo District, broken down per municipality is indicated in the table and explanatory figure herewith.

Table 20: Population Numbers

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

Source: Statistics SA, Census 2011 and Community Survey 2016

Figure 5: Population Growth



Source: Statistics SA, Census 2011 and Community Survey 2016

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

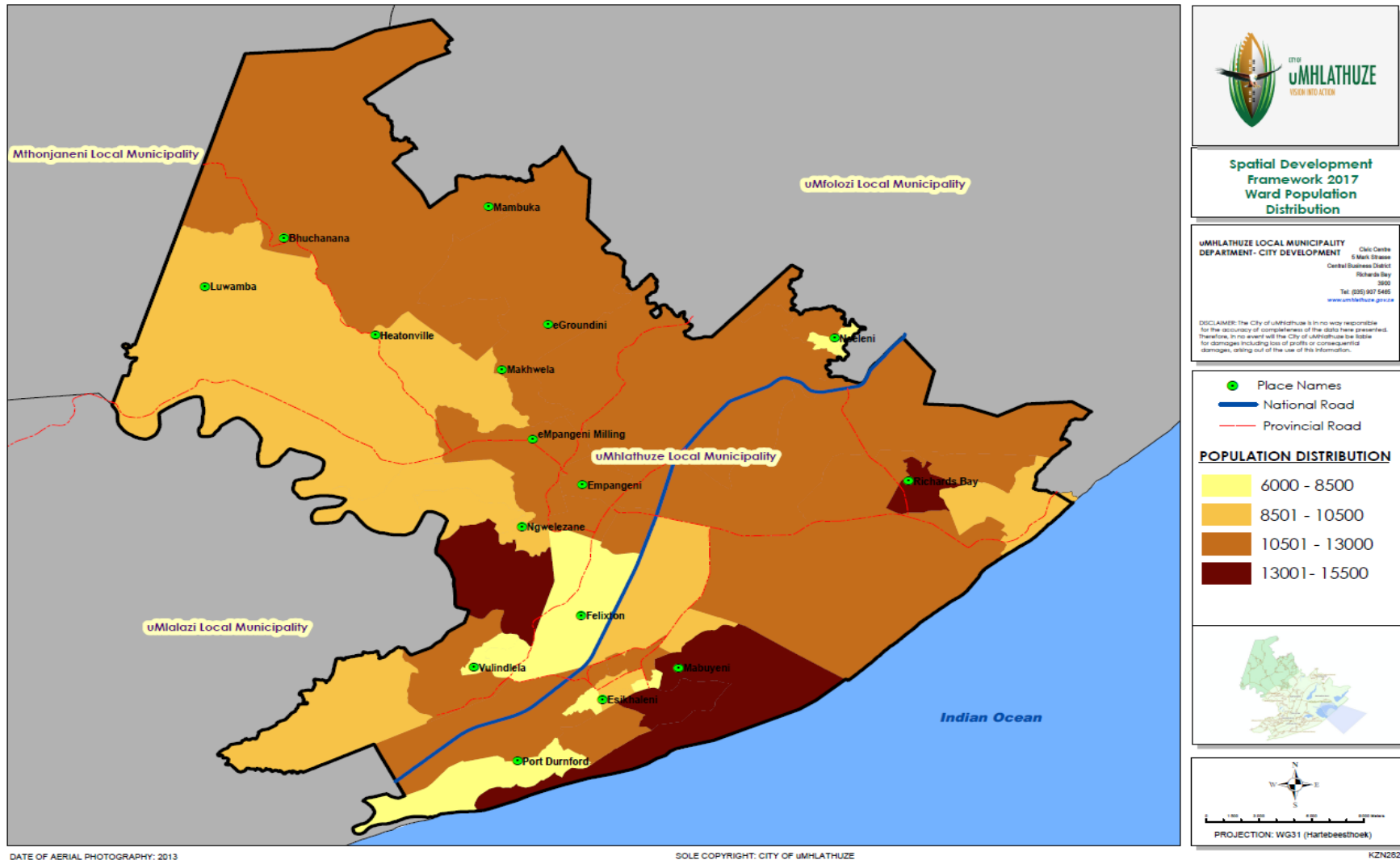
In context of the above, it has to be borne in mind that a portion of the population increase is the result of an enlarged municipal area following the inclusion of three (3) wards from the former Ntambanana post the 2016 Local Government Elections.

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

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

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

Map 12: Population Distribution



Source: uMhlathuze SDF 2017

Table 21: Population Growth Scenarios from 2016 to 2030

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

From the above, the following is highlighted:

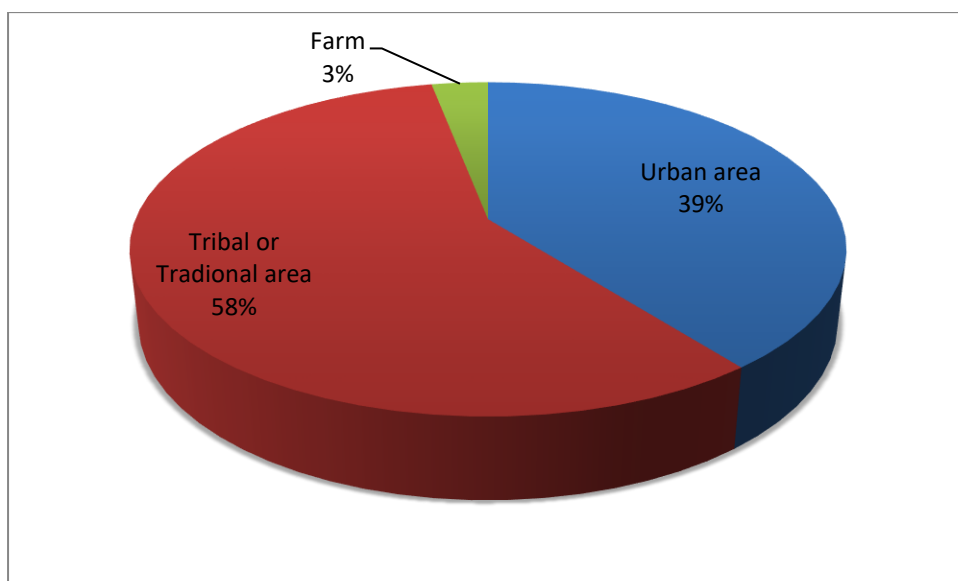
- At a steady population increase of 1,5% per annum, the municipal population will surpass 500 000 people by 2030.
- The municipality will reach a population of 500 000 before 2021 if a population growth rate of 5% takes place over the next few years.
- At such a 5% per annum population growth rate the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

Table 22: Household Numbers and Sizes

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

Source: Statistics SA (Census 2011)

Figure 6: Geo Type



Source: Statistics SA (Census 2011)

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

8.1.2 Population Gender Breakdown

Table 23: Population and Gender per Ward

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

Source: Statistics SA, (Census 2011)

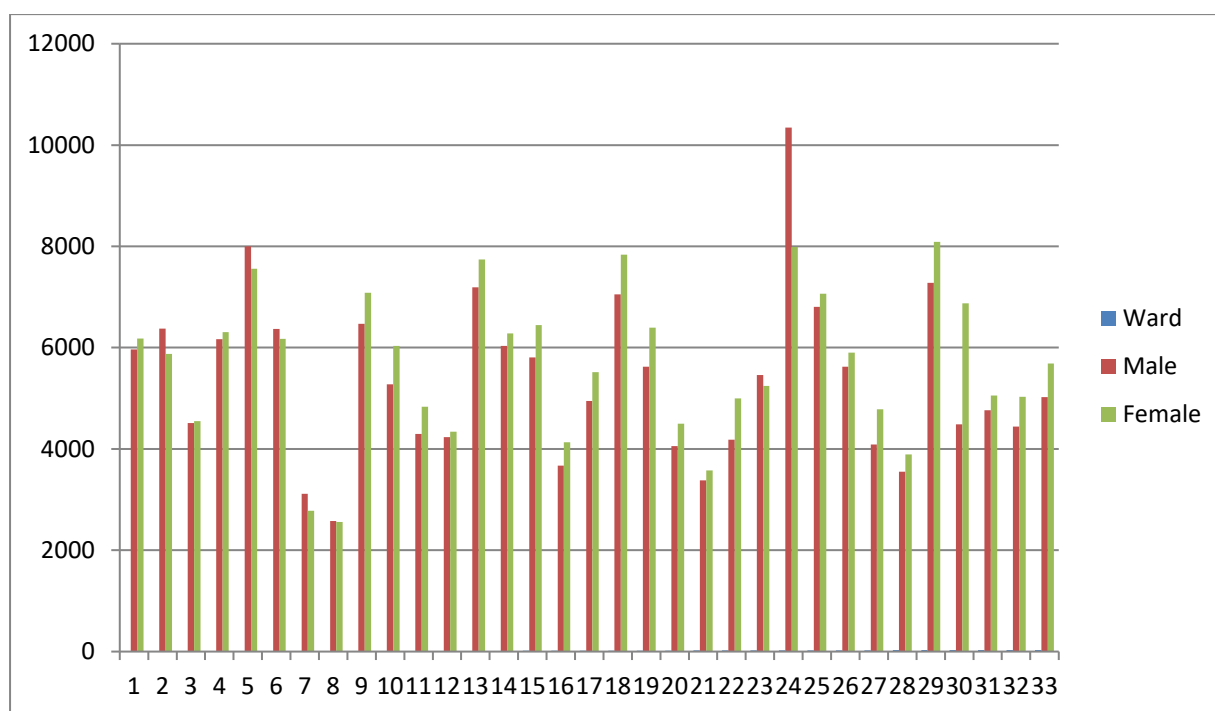
The municipal wards that have the highest population numbers are wards 5, 13, 18, 24, 25 and 29.

In line with national and provincial trends, there are more females than males in the Municipality, i.e. 187 287 females and 177 175 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.

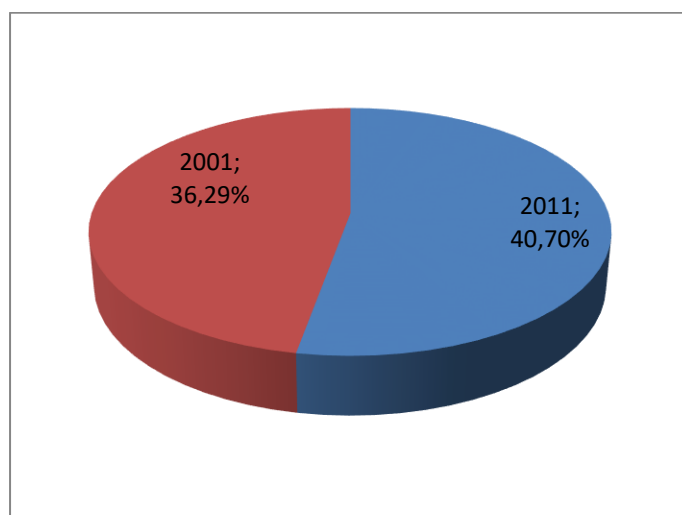
As this affects the municipal planning, the City is in engagements with the Statistics SA to assist with a methodology for conducting own survey and a validation criteria of outcomes.

Figure 7: Gender Breakdown per Ward



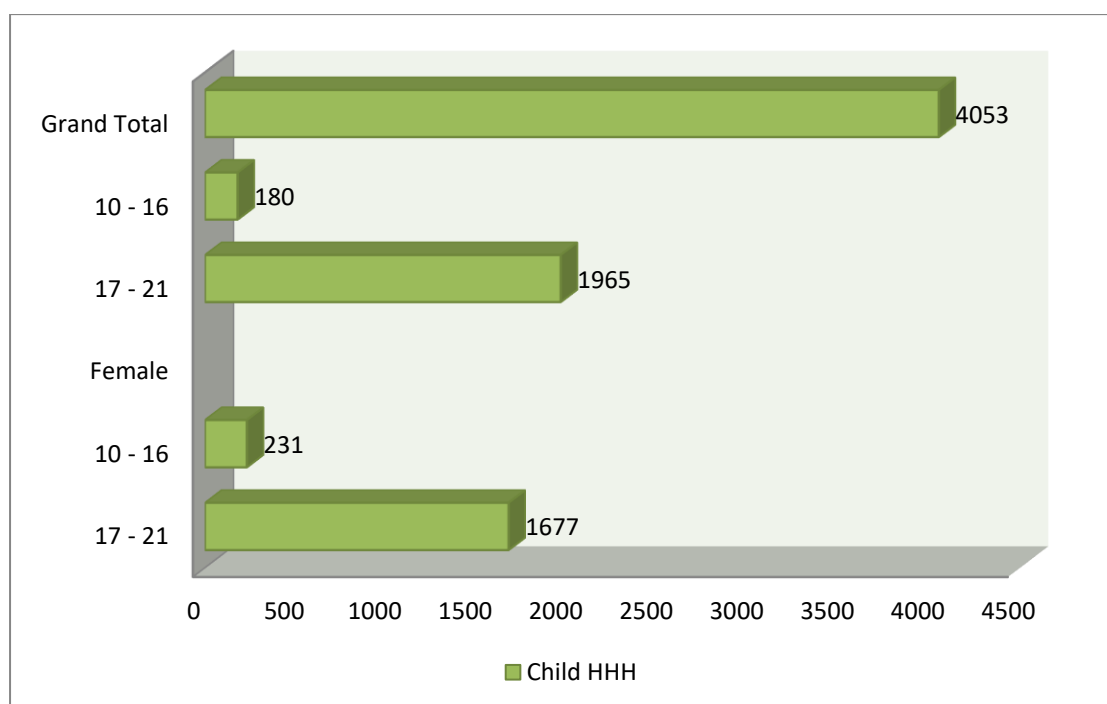
Source: Statistics SA, (Census 2011)

Figure 8: Female Headed Households



Source: Statistics SA, (Census 2011)

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

Figure 9: Child Headed Households

Source: Statistics SA, (Census 2011)

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

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

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

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

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

8.1.3 Age Breakdown

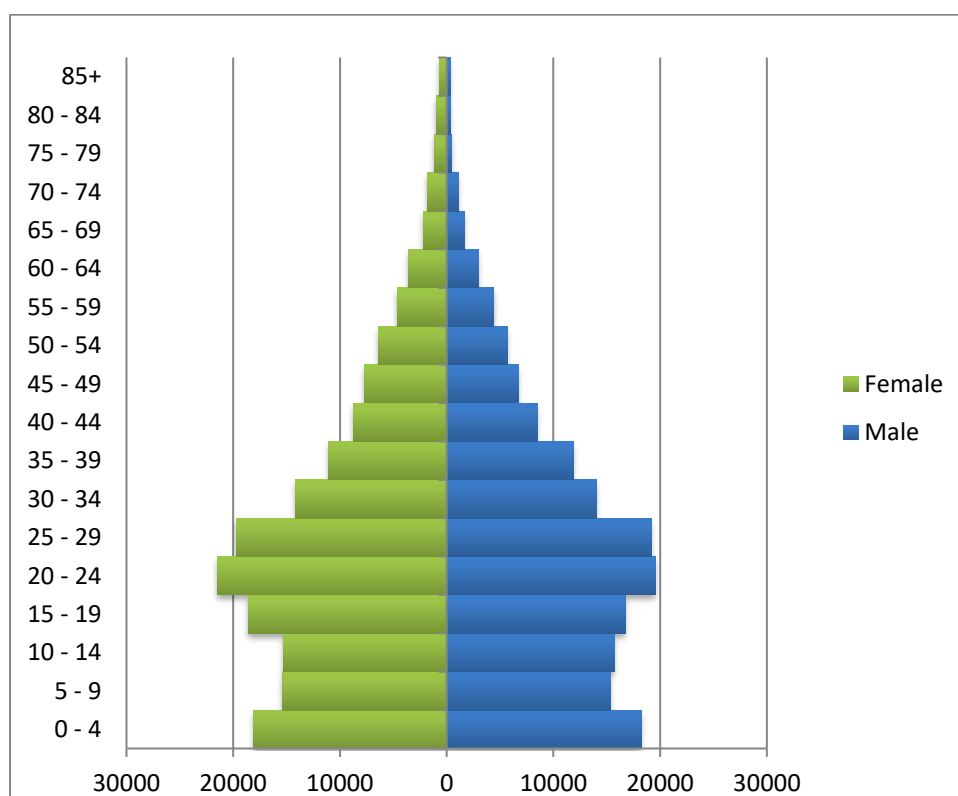
The population age cohort <15 has been declining at the district and uMhlathuze Local Municipality level while the population cohort for the 15-64 age group has shown an increase at both the district and local municipality level between 2001 and 2011. The latter could be indicative of increased perceptions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

Table 24: Population Age Structure

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

Source: Statistics SA, (Census 2011)

Figure 10: Age in Completed Years by Gender



Source: Statistics SA, (Census 2011)

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

8.1.4 Life Expectancy

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

8.1.5 Education

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

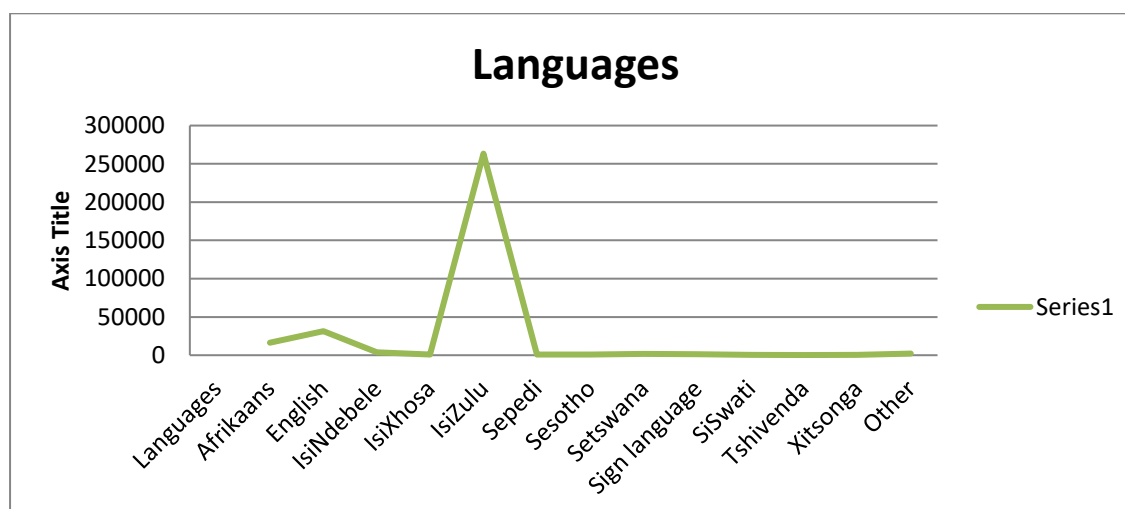
Table 25: Comparative Education Levels

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

Source: Statistics SA, Census 2011

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

Figure 11: Language for Persons Weighted in uMhlathuze

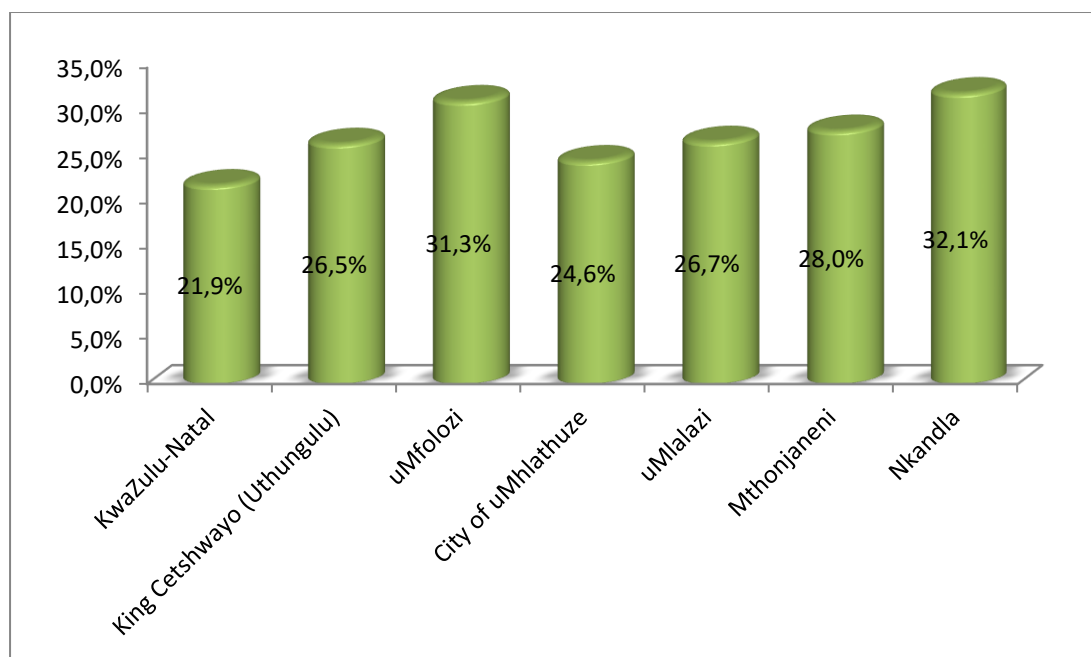


Source: Statistics SA, Census 2011

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

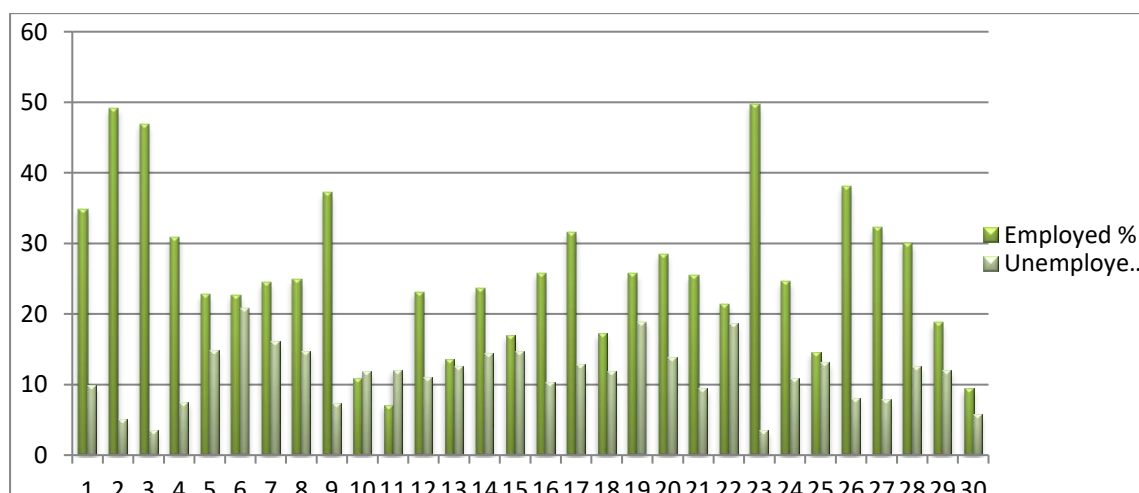
8.1.6 Employment

Figure 12: Total Employment within KwaZulu Natal



Source: Global Insights 2017

Figure 13: Percentage Employment per Ward



Source: Statistics SA, (Census 2011)

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

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

8.1.7 Income and Dependency

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

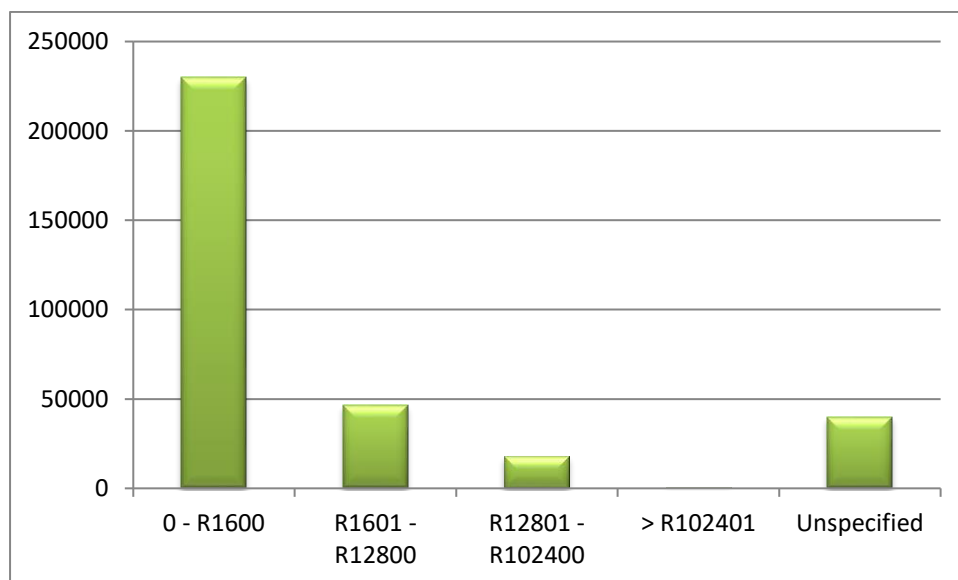
Table 26: Individual Monthly Income at Ward Level

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

Source: Statistics SA, (Census 2011)

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

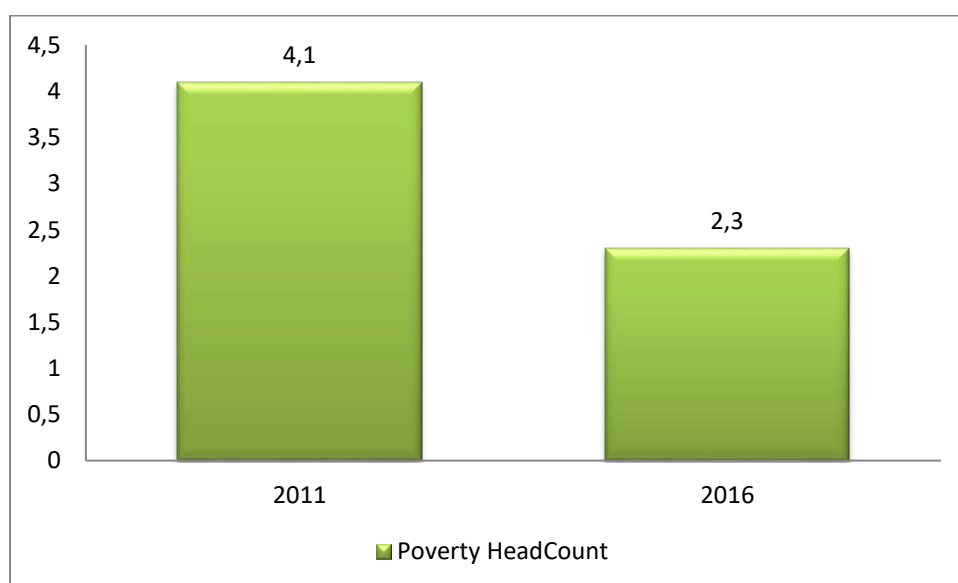
Figure 14: Monthly Individual Income in uMhlathuze



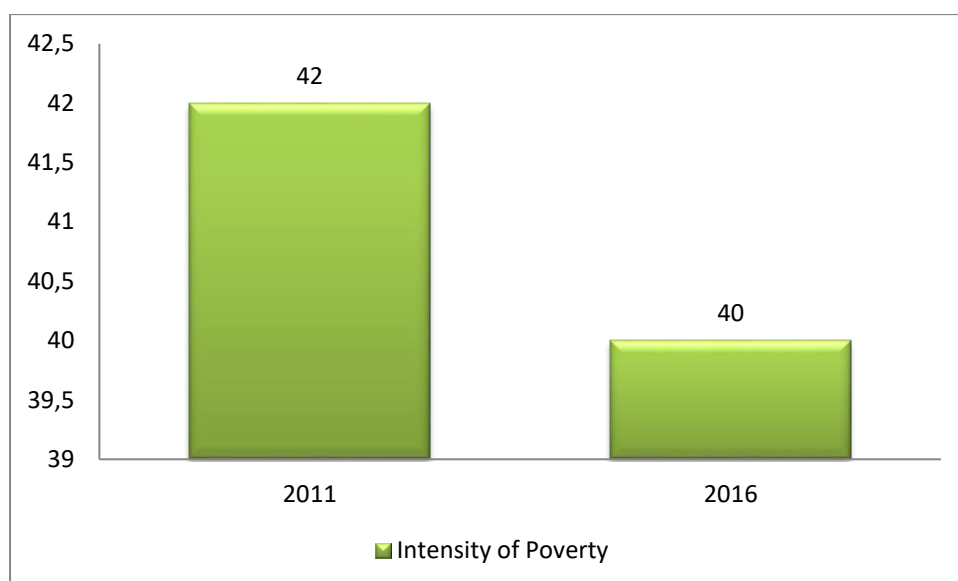
Source: Statistics SA, Census 2011

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

Figure 15: Poverty Head Count



Source: Statistics SA, Census 2011 and Community Survey 2016

Figure 16: Intensity of poverty

Source: Statistics SA, Census 2011 and Community Survey 2016

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

Table 27: Comparative Dependency Ratio

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

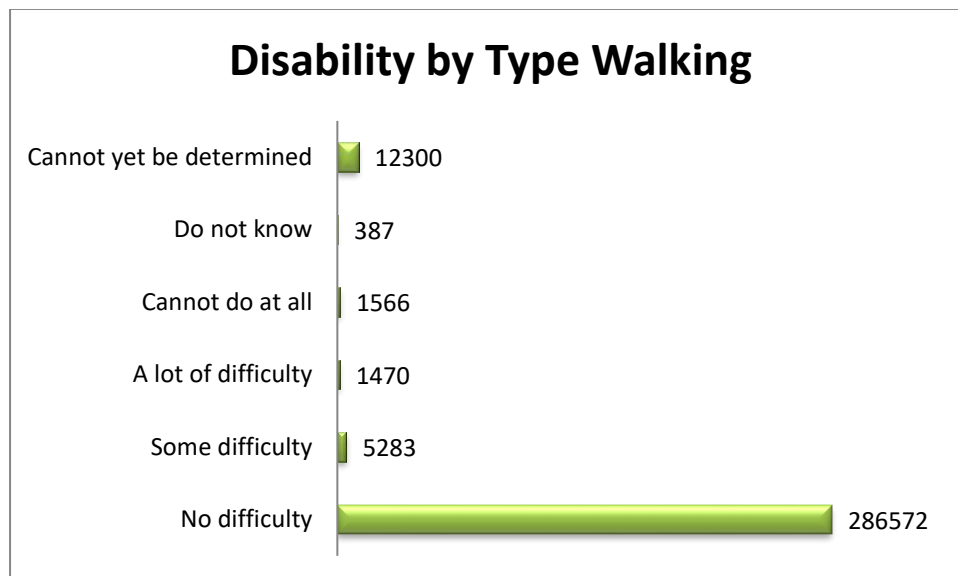
Source: Statistics SA, Census 2011

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

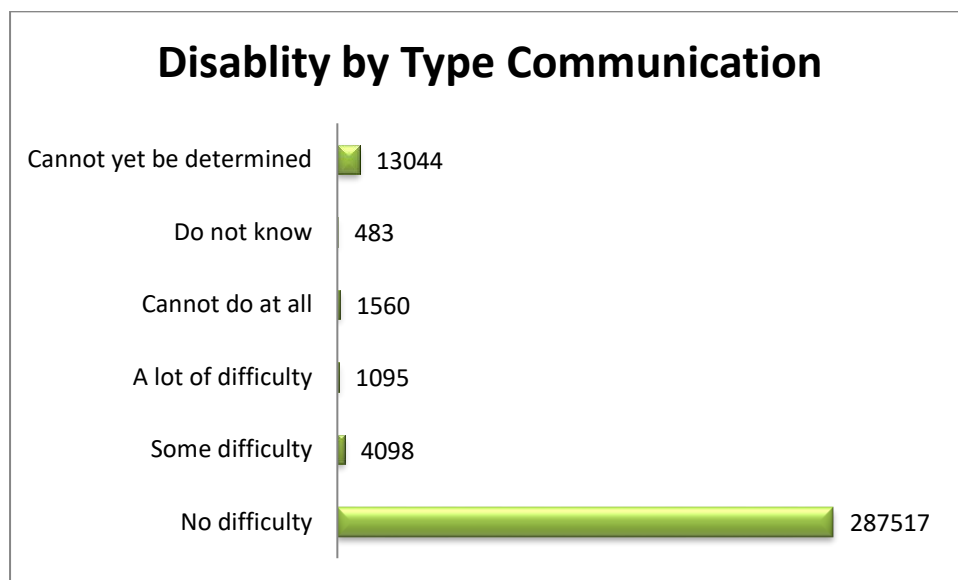
The following figures will indicate the number of people that live with different types of disabilities within in uMhlathuze Municipality.

Figure 17: Disability by Type Walking



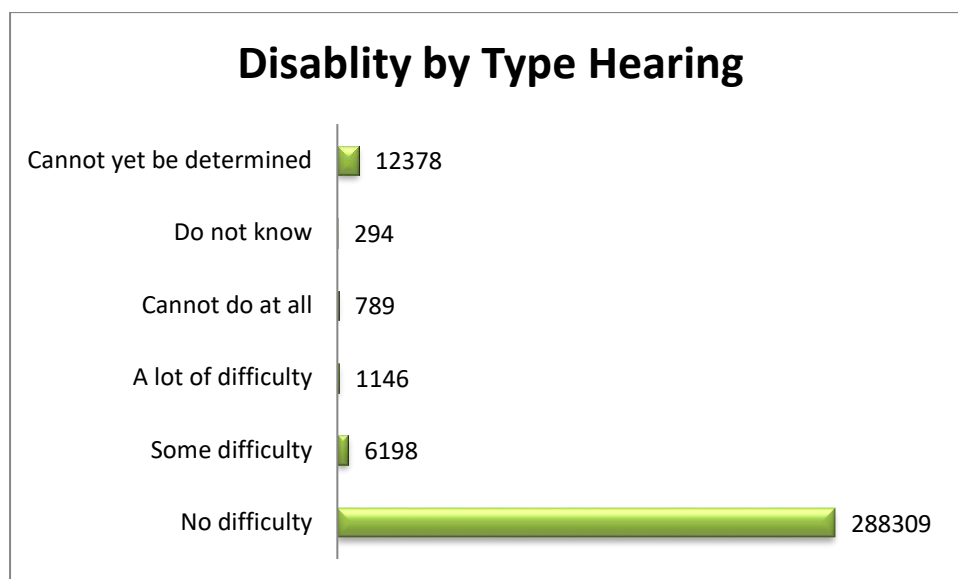
Source: Statistics SA, Census 2011

Figure 18: Disability by Type Communication



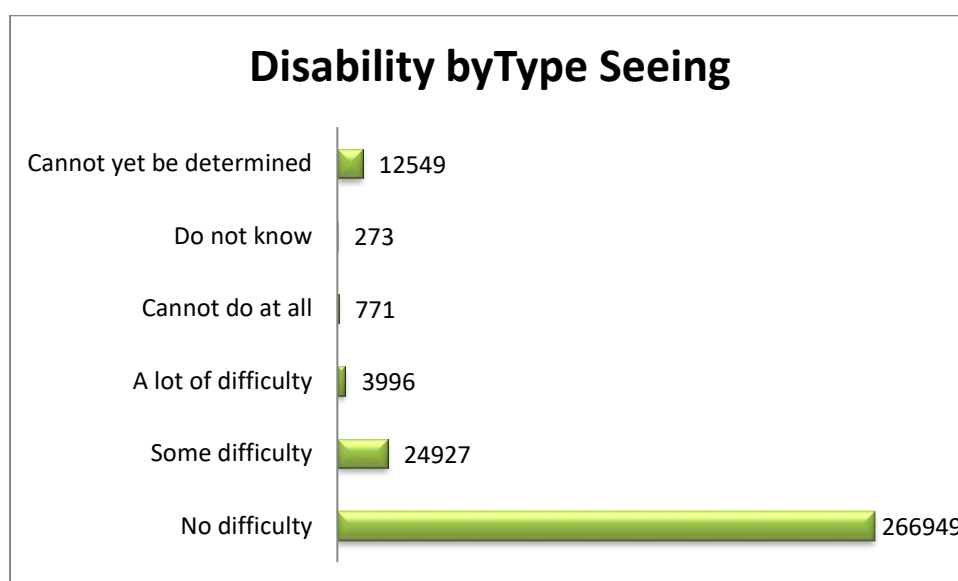
Source: Statistics SA, Census 2011

Figure 19: Disability by Type Hearing



Source: Statistics SA, Census 2011

Figure 20 : Disability by Type Seeing



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 21 : HIV/AIDS Statistics

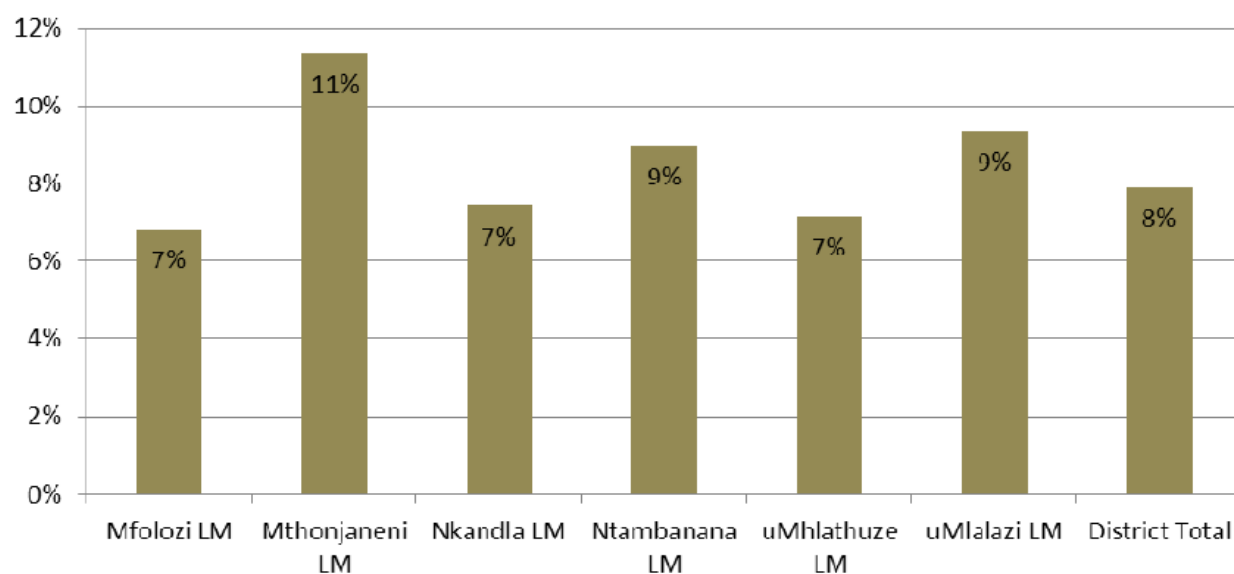
	Number of people living with HIV			Proportion of people living with HIV as the total size of population			Number of AIDS Deaths estimates		
	2007	2012	2017	2007	2012	2017	2007	2012	2017
KwaZulu-Natal	1 565 260	1 641 759	1 814 099	15,7	15,7	16,3	86 320	65 084	34 009
King Cetshwayo	147 802	146 893	158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

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

8.1.10 Fertility Rates/Recorded Live Births

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

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



Source: 2017/2018 King Cetshwayo District IDP

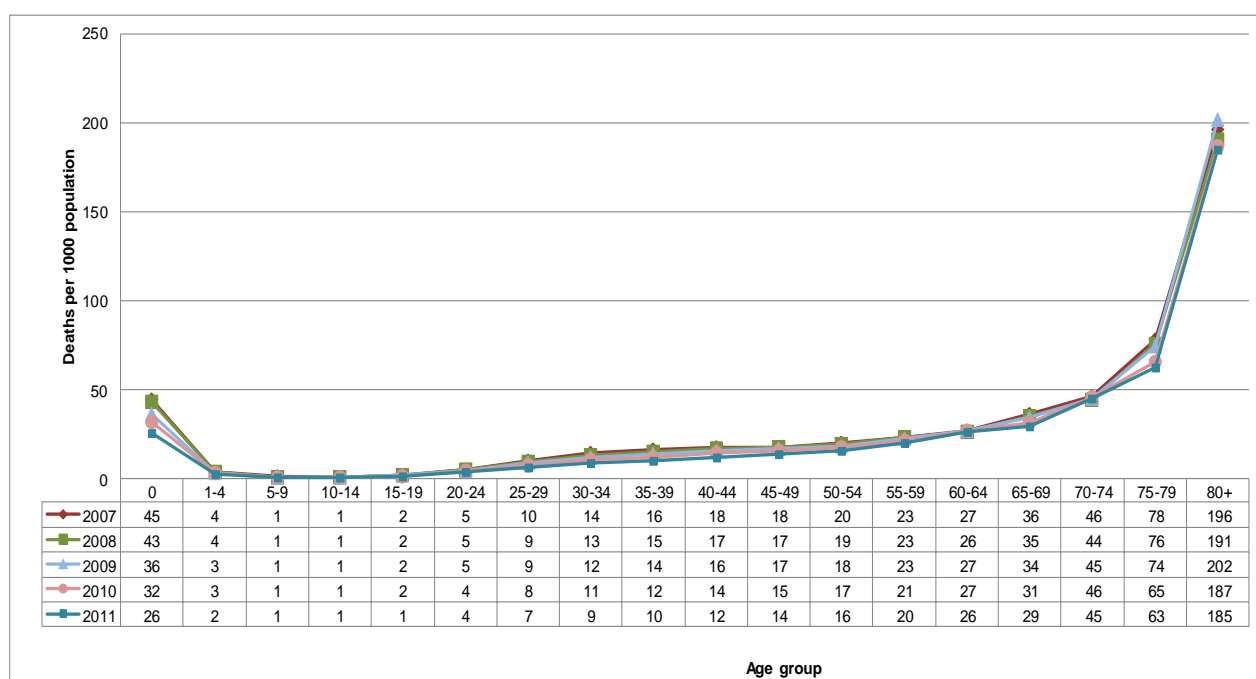
8.1.11 Mortality Rates

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

Age group	2010				2011			
	Male	Female	Unsp.	Total	Male	Female	Unsp.	Total
0	18 235	16 045	376	34 656	14 637	12 956	492	28 085
1-4	6 978	6 070	43	13 091	5 217	4 662	46	9 925
5-9	2 538	2 089	5	4 632	2 299	1 983	7	4 289
10-14	2 420	2 112	3	4 535	2 064	1 776	5	3 845
15-19	4 397	3 955	18	8 370	4 054	3 496	25	7 575
20-24	9 400	10 640	33	20 073	8 433	8 767	80	17 280
25-29	16 440	19 397	61	35 898	14 682	15 850	141	30 673
30-34	22 321	21 352	67	43 740	19 251	17 498	133	36 882
35-39	24 680	20 314	46	45 040	22 061	17 175	104	39 340
40-44	23 246	17 573	44	40 863	20 559	15 247	93	35 899
45-49	22 836	16 305	56	39 197	20 607	14 683	58	35 348
50-54	21 910	15 164	30	37 104	20 754	14 117	66	34 937
55-59	20 874	14 274	33	35 181	20 039	14 024	47	34 110
60-64	20 017	14 744	26	34 787	20 079	14 707	57	34 843
65-69	17 224	14 560	21	31 805	16 725	14 061	24	30 810
70-74	15 802	16 644	13	32 459	16 260	16 586	21	32 867
75-79	11 741	16 083	8	27 832	11 541	16 257	18	27 816
80-84	9 909	16 187	11	26 107	9 834	16 511	14	26 359
85-89	5 758	10 485	5	16 248	5 895	11 020	13	16 928
90+	4 078	10 713	8	14 799	4 325	11 259	7	15 591
Unspecifi	818	230	259	1 307	1 253	602	546	2 401
Total	281 622	264 936	1 166	547 724	260 569	243 237	1 997	505 803

Source: 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 22: King Cetshwayo District - Age Specific Death Rates by year of death 2007-2011

Source: Census 2011

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

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

King Cetshwayo (uThungulu)		No.	%
1	Tuberculosis (A15-A19)**	1 270	14,5
2	Influenza and pneumonia (J09-J18)	501	5,7
3	Other viral diseases (B25-B34)	462	5,3
4	Cerebrovascular diseases (I60-I69)	442	5,0
5	Human immunodeficiency virus [HIV] disease (B20-B24)	418	4,8
6	Other forms of heart disease (I30-I52)	397	4,5

7	Diabetes mellitus (E10-E14)	364	4,2
8	Intestinal infectious diseases (A00-A09)	330	3,8
9	Hypertensive diseases (I10-I15)	237	2,7
10	Certain disorders involving the immune mechanism (D80-D89)	184	2,1
	Other natural causes	3 287	37,5
	Non-natural causes	866	9,9
	All causes	8 758	100,0

Source: 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 R1 600 per month.
- The dependency ratio on KZN was higher in 2001 and remains higher in 2011 than that of the country. The situation is also worse in uThungulu than in the province. The dependency in uMhlathuze is lower than that of the country.

9. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT ANALYSIS

PGDS GOAL: HUMAN RESOURCE DEVELOPMENT

9.1 Municipal Powers and Functions

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

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

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

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

More specifically, the objectives of local government are: -

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

- Fencing and Fences
- Local Amenities
- Local Tourism
- Municipal Airports
- Municipal Planning
- Municipal Public Transport
- Storm Water Management
- Local Sport Facilities
- Markets Stalls / Trade Areas
- Municipal Abattoirs
- Municipal Parks and Recreation

9.2 Municipal Transformation

9.2.1 Employment Equity Plan

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

The number and levels of employees from designated and non-designated groups (as at February 2019) is provided in the following table:

Figure 23: Designated and Non-Designated Employment Numbers and Levels as at January 2019

OCCUPATIONAL LEVEL	JOB LEVEL	MALES				FEMALES				TOTAL EMPLOYEES
		AFRICAN	COLOURD	INDIAN	WHITE	AFRICAN	COLOURD	INDIAN	WHITE	
TOP MANAGEMENT	26	5	0	0	0	3	0	0	0	8
	25									
	24									
	23									
SENIOR MANAGEMENT	22	23	1	1	6	8	0	0	5	44
	21									
	20									
	19									
MIDDLE MANAGEMENT	18	43	0	5	5	23	1	2	7	86
	17									
	16									
	15									
JUNIOR MANAGEMENT	14	175	1	13	22	121	2	14	24	372
	13									
	12									
	11									
SEMI-SKILLED	10	521	1	10	17	295	6	15	16	881
	9									
	8									
	7									
UN-SKILLED	6	329	1	0	4	216	0	1	0	551
	5									
	4									
	3									
PERMANENT TOTAL	2	1096	4	29	54	666	9	32	52	1942
	1									

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

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

9.2.2 Employment of Disabled Employees

As per the requirement from the Department of Labour, employers are required to employ a total of 2% disabled persons, meaning that Council needs to employ a minimum of 44 disabled persons. Council currently has eleven (11) permanently employed and known disabled employees, which translates to 0.4%. 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.

9.2.3 Labour Relations

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

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

The Labour Relations section is also responsible for the following:

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

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

9.3 Organisational Development

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

- Uniformity
- Security
- Accessibility
- Transparency

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

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

9.3.1 Institutional Arrangements

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

Table 30: Council Committees

<ul style="list-style-type: none"> ○ Bylaws ○ Standing Orders ○ uMhlathuze Public Transport Liaison Committee ○ Public Participation Committee 	Section 79 Committees
<ul style="list-style-type: none"> ○ Corporate Services ○ Community Services <ul style="list-style-type: none"> ○ Geographical Naming Committee ○ Financial Services ○ City Development <ul style="list-style-type: none"> ○ Aesthetics ○ Mandlazini Trust 	Section 80 Committees

<ul style="list-style-type: none"> ○ Mzingazi Joint Steering Committee ○ Social Compact ○ SPLUMA ○ Infrastructure and Technical Services 	
○ Municipal Public Accounts Committee (MPAC)	Established in terms of Municipal Structures Act, Municipal Systems Act and Municipal Finance Management Act
○ Section 62 Appeals Committee	Established in terms of Local Government Municipal Systems Act, 32 of 2000.
○ Local Labour Forum	Established in terms of the Organisational Rights Agreement
<ul style="list-style-type: none"> ○ Audit Committee ○ Performance Audit Committee ○ Performance Evaluation Panel (Section 57 Employees) ○ Performance Evaluation Panel (Municipal Manager) 	Performance Audit, Performance Evaluation Panels
○ Board of Trustees	
<ul style="list-style-type: none"> ○ Bid Specification ○ Bid Evaluation ○ Bid Adjudication 	Supply Chain Management Committees

9.3.2 Organizational Structure

uMhlathuze Municipality is the third largest Municipality in KwaZulu Natal hence it has large number of workforce. Below is the profile of uMhlathuze Municipality's workforce as indicated in the Employment Equity Plan, As at 31 January 2019

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

The vacancy ratio slightly decreased when compared to the previous financial year, from 28, 10% to 27, 75%. In 2017 Council took a decision to commission a work study that will determine the number of positions and levels that the city needs to fill in order to ensure its continued productivity and efficiency on the delivery of services

The organizational structure of the Municipality was adopted by **Council on 20 June 2017**, 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 31: Personnel Numbers

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

Source: uMhlathuze Municipality's Draft 2019/2020 MTREF

Figure 24: Senior Management (Adopted 2017)

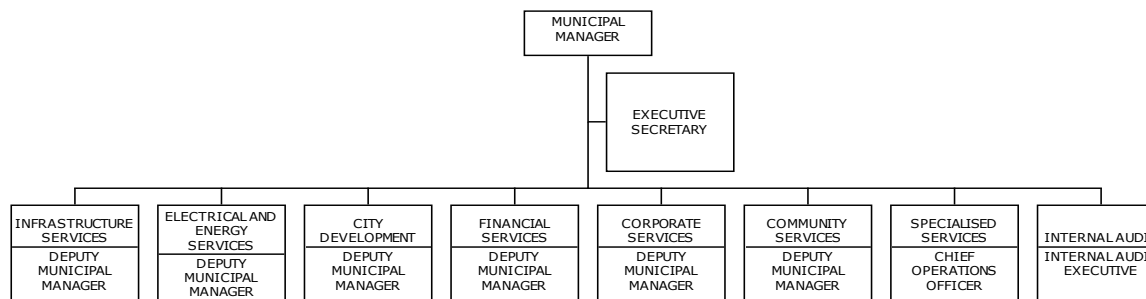


Figure 25: Office of the Municipal Manager (Adopted 2017)

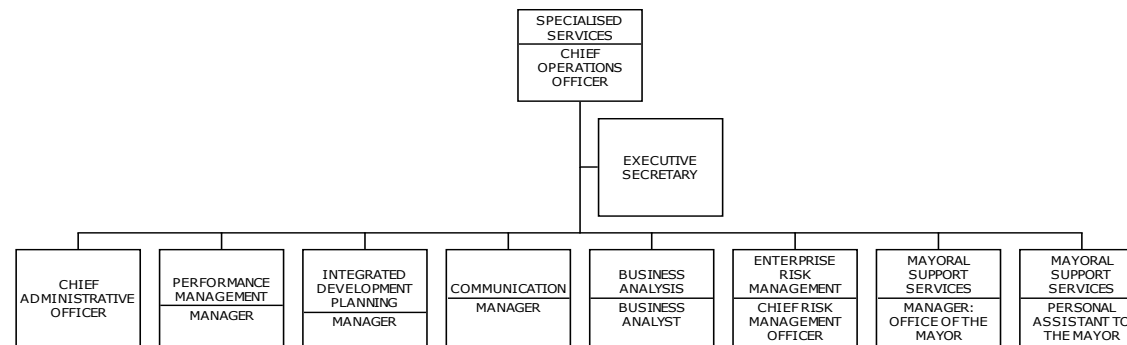


Figure 26: Corporate Services Department (Adopted 2017)

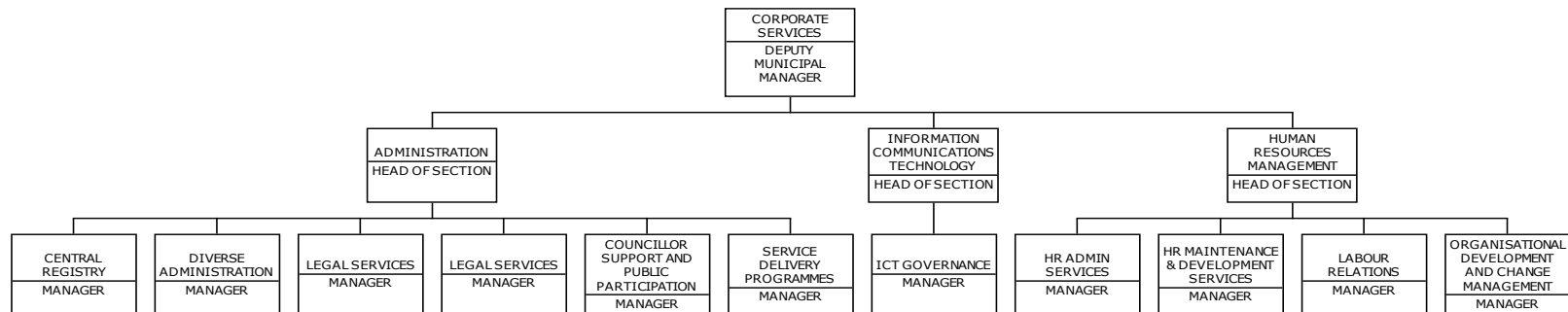


Figure 27: City Development Department (Adopted 2017)

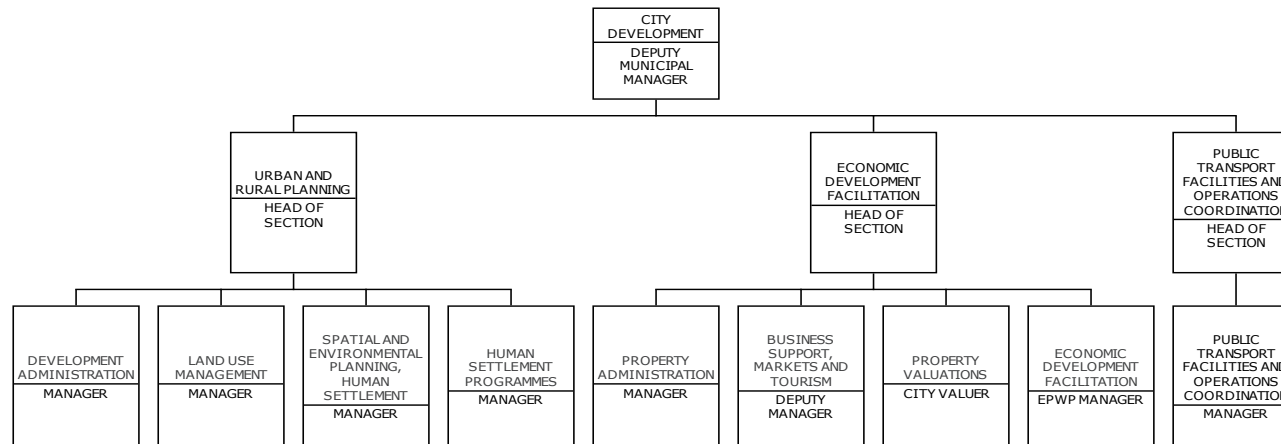


Figure 28: Financial Services (Adopted 2017)

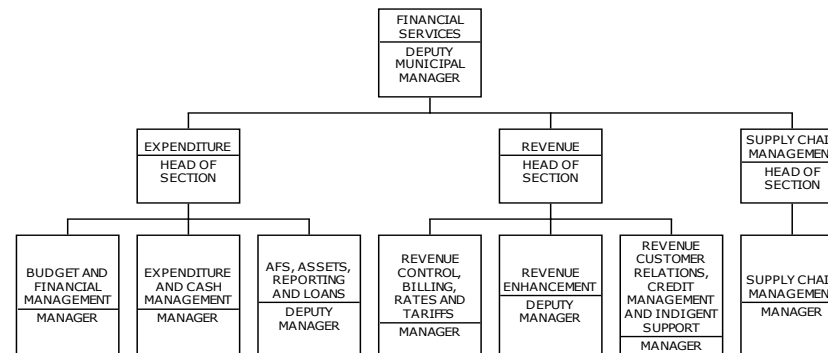


Figure 29: Community Services (Adopted 2017)

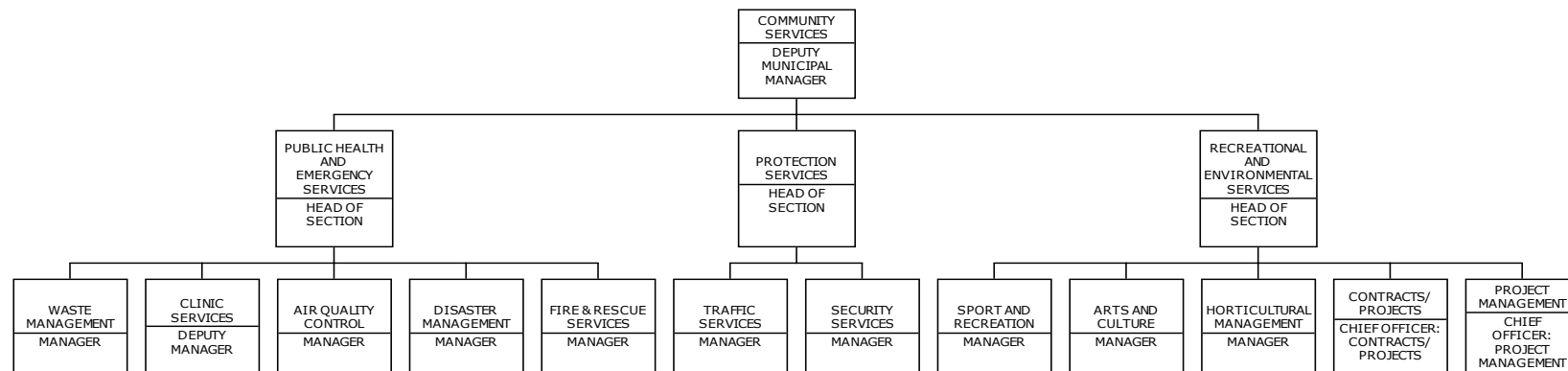


Figure 30: Energy Services (Adopted 2017)

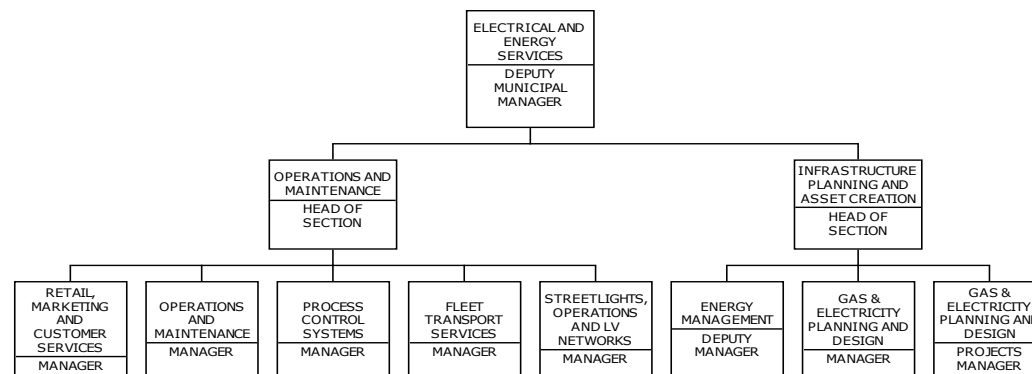
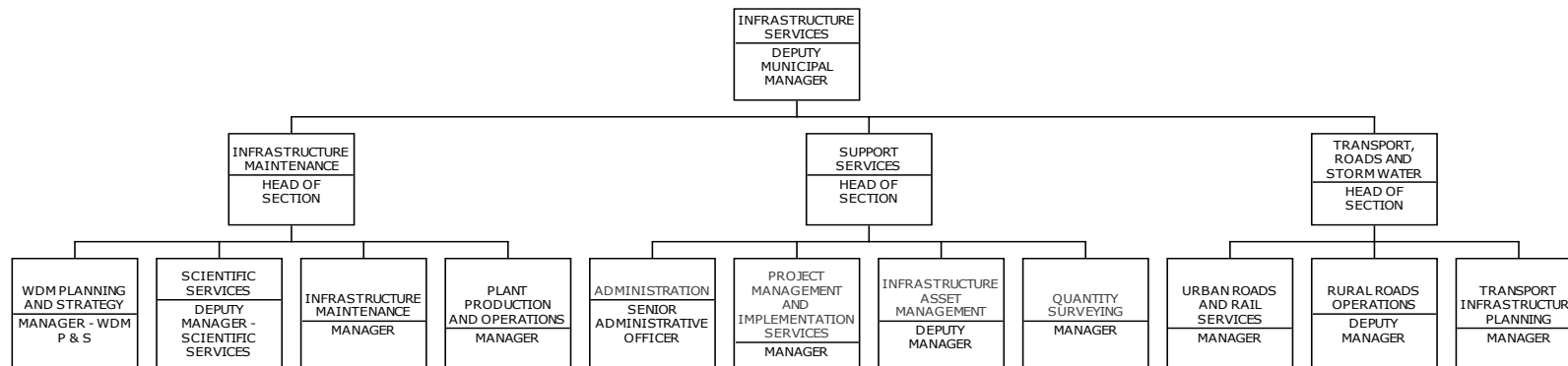


Figure 31: Infrastructure Services (Adopted 2017)



9.3.3 Municipal Institutional Capacity and critical posts

10.3.3.1 Critical Posts

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

10.3.3.2 Municipal Institutional Capacity

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

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

9.3.4 Employment Equity Plan

9.3.5 Human Resource Strategy

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

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

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

10.3.4.1 Workplace Skills Plan - Training and Development

The vision of the Training and Development sub – section of Human Resources is to ensure that Council has a skilled and capable workforce to support inclusive growth and development of skills within the City. This is achieved through co-ordinating and providing quality assured skills development and training interventions to 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) as indicated below have taken place during the period 1 July 2018 to 28 February 2019:

- Induction for new employees;
- Computer Induction;
- Driver's License Examiners Training;
- Business Administration Skills Programme;
- Human Resource Policies Workshop;
- MS Excel (Intermediate);
- Project Management Skills Programme;
- Project Management Learnership;
- Training on how to operate a Lawnmower / Push mower;
- Swimming Pool Award Training for Lifeguards;
- Beaches Lifeguard Award Training for Lifeguards;
- Training on how to operate a Cherry – Picker;
- MSCOA Training;
- SAP Navigation Training;
- Plumbers Trade Test Preparation and Trade Test;
- Training on how to operate a TLB;
- Introduction to Computers;
- Quad Bike Training for Lifeguards;
- Jet Ski Training for Lifeguards;
- MFMP Training (Minimum Competencies);
- Bricklaying Skills Programme;
- OHS Legal Liability Training;
- EAP Financial Literacy Training;
- First Aid Training;
- Combined Assurance Workshop;
- Training for the Local Labour Forum;
- SALGA Municipal Leaders and Stakeholder Engagement Programme;
- Customer Care Training for Call Centre;
- Training For Traffic Wardens;
- Training For Supervisors;
- Continuous Trauma Management Workshop;
- Customer Care Training for Waste Management.

The Training Programmes (for Councillors) as indicated below have taken place during the period 1 July 2018 to 28 February 2019:

- Certificate in Public Administration (UKZN);
- Council Policies Workshop;
- MFMP Training (Minimum Competencies), and;
- Assessor Training.

Work - Integrated Learning

A Memorandum of Agreement (MoA) was signed between the City of uMhlathuze and the UMfolozi TVET College where the agreement proposed that Council shall provide opportunities to UMfolozi TVET College students to gain the workplace experience in order to graduate. In the 2018/2019 financial year, Council has hosted 81 learners on internships / apprenticeships / learnerships and In-service Training from various Tertiary Institutions and SETA's.

Grant funded Training

During the 2018/2019 financial year, Council also trained employees in a bricklaying skills programme. This intervention was funded through the Construction SETA (CETA). Municipal Officials also attended a Business Administration Skills Programme funded by the Services SETA.

9.3.6 Talent Management Strategy

9.3.6.1 Retention Strategy

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

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

Employee Assistance Programme (EAP)

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

EAP is a work based intervention programme aimed at an early identification and resolving of the employees personal and work related problems, which may have an

adverse effect in their work performance. The vision of the City of uMhlathuze is to “improve quality of life for all its citizens through sustainable development”. The employees form an integral part of the citizens, thus the Municipality has recognized that employees are indeed the most valuable assets and resources.

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

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

Proactive Programmes

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

Reactive Programmes

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

Attending EAP is free of charge to all employees of uMhlathuze municipality and assistance is available during the working days. EAP section is also working together with other local resources like SANCA (to refer Alcohol and drug abuses cases), Lifeline and SABCOHA (South African Business Coalition against HIV/AIDS) In addition to the above mentioned programmes EAP section has mandated itself to give back to the University of Zululand Psychology and Human Resources students by conducting EAP and HR (in

collaboration with other HR sections) information sharing workshop sessions (on request by the University) where Employee Assistance programme content and other HR sections duties and functions are shared.

Table 32: Human Resource Policies

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

No.	Policy Name		Council Resolution
13.	Policy on the Utilisation of Council Vehicles for Certain gatherings	Conditions for the Utilisation of Council Vehicles for Certain gatherings	8596
14.	Rapid Advancement Policy	Conditions for the Rapid advancement of Council employees in identified posts	8211
15.	Notch Increase Policy	Conditions for notch increases	8688
16.	Relocation and Moving Expense Policy	Processes and criteria for the relocation and moving expenses of the newly appointed employee.	8597
17.	Employment Equity Plan		9665 (DMS 785445)
18.	Employment Equity Policy		9438
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)

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

9.3.7 ICT Governance Framework

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

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

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

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

- uMhlathuze Municipality has an approved 5-year ICT Strategy document
- ICT maintains the ICT Risk Register in document number as part of Enterprise Risk Management.
- ICT organisational structure indicating the roles and responsibilities.
- The ICT Service performance must be periodically reviewed against targets. Performance reports must be submitted to the ICT Steering Committee, Corporate Services Portfolio and the Audit Committee.
- ICT projects are approved by the ICT Steering Committee through a formalised process.
- All ICT equipment acquisitions and contractor appointments are conducted in accordance with the approved City of uMhlathuze Supply Chain Management Policy.

Table 33: ICT Projects 2018/2019-2019-2020

Project Name		Project Info	Budget	Status
1	ERP – Enterprise Resource Planning Solution (Tender 8/2/1/UMH02-15/16)	Enterprise Resource Planning System (ERP) Phase 2 currently underway. Phase 1 of the project (Feasibility Study) was completed on 30 June 2017). Tender award amount R 91 974 916.13 Original budget 18/19 – R57 372 000 Revised budget 18/19 – R34 602 500 (FX5001007/632_147/00071)	R 30 000 000	In progress: Tender has been awarded and implementation of SAP ERP Solution is underway. This is a multi-year project over a 5 year period Project Plan: DMS1334048 & 1334047 Project Status Report: DMS1334046
2	Fraud Detection and Security Management Solution (SITA procurement)	Procurement and implementation of a Fraud Detection and Security Management Solution through the State Information Technology Agency (SITA) Paid in 2017/2018 (FX5001007/532_276/00075)	R 3 100 000	In Progress: Phase I completed Phase II planning in progress. Purchased days used to execute project. No further cost to organisation to complete project.

Project Name		Project Info	Budget	Status
		PO34930 R3 393 106 excl VAT.		
3	Delegate System for EXCO Room, Auditorium and Empangeni Council Chamber (Tender 8/2/1/UMH155-17/18)	<p>Replacement of Audio-Visual Equipment (Delegate System) at EXCO Room, Richards Bay Auditorium and Empangeni Council Chamber.</p> <p>Tender award amount R 278 777.84 Project: 00085</p> <p>RFQ Exco Project: 00083 RFQ eMpangeni Council Chamber Project: 00084</p>	R 780 000	<p>Completed:</p> <p>FX5001007/536_136/00083, 84,85</p> <p>UMH155 PO40393 R 278 777.84</p> <p>UMH155 PO45167 (VARIATION) R 22 385.27</p> <p>Exco: PO29857 R 128 571.26</p> <p>eMpangeni Council Chamber: PO29859 R 144 992.37</p>
4	Emergency Services System	Replacement of the Emergency Service System (ESS) for Traffic Section and Fire and Rescue Services	R 500 000	Pending:
5	Cabling Upgrade for Empangeni Civic Centre 1 and 2 (8/2/1/UMH146 - 17/18)	<p>Replacement of old CAT5 cabling with the new CAT6 cabling at the Empangeni Civic 1 and 2</p> <p>Tender Award amount: R529 251.94</p>	R 1 020 000	<p>Completed:</p> <p>FX5001007/536_139/00089 PO41799 PO25689 PO39746</p>

9.3.8 Change Management

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

- Organisational design refers to the process of aligning the structure of the organisation with its objectives, with the ultimate aim of improving the efficiency and effectiveness of the organisation.
- Managing change and transition cuts across all the phases of the organisational structuring process. It includes communication and consultation with staff and key stakeholders. How effectively change and transition are managed has a

major impact on the final outcome of the organisational structuring processes or any other changes the organisation have to deal with.

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

9.4 Municipal Transformation and Organisational Development: SWOT Analysis

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

10. SERVICE DELIVERY AND INFRASTRUCTURE ANALYSIS

10.1 Introduction

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

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

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

The Municipality has reviewed the WSDP and the draft WSDP which is a supporting sector plan to the IDP is adopted together with the Draft 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.

10.2 Water and Sanitation

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

- (a) Supply of water through communal water services i.e. Standpipe.
- (b) Supply of uncontrolled volume of water to a household where a water meter is installed.

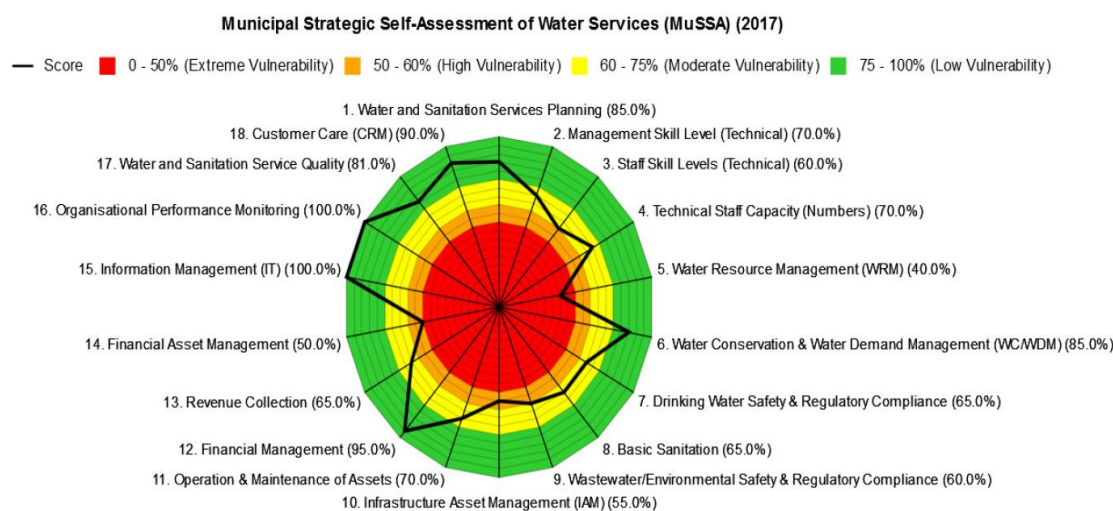
In formalised urban areas a waterborne system is implemented and in rural areas Ventilated Improved Pit (VIP) Latrines are installed. In peri-urban areas or dense settlements adjacent to urban areas, which are close to a Water Resource, the municipality promotes the installation of shallow sewers to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

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.

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

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

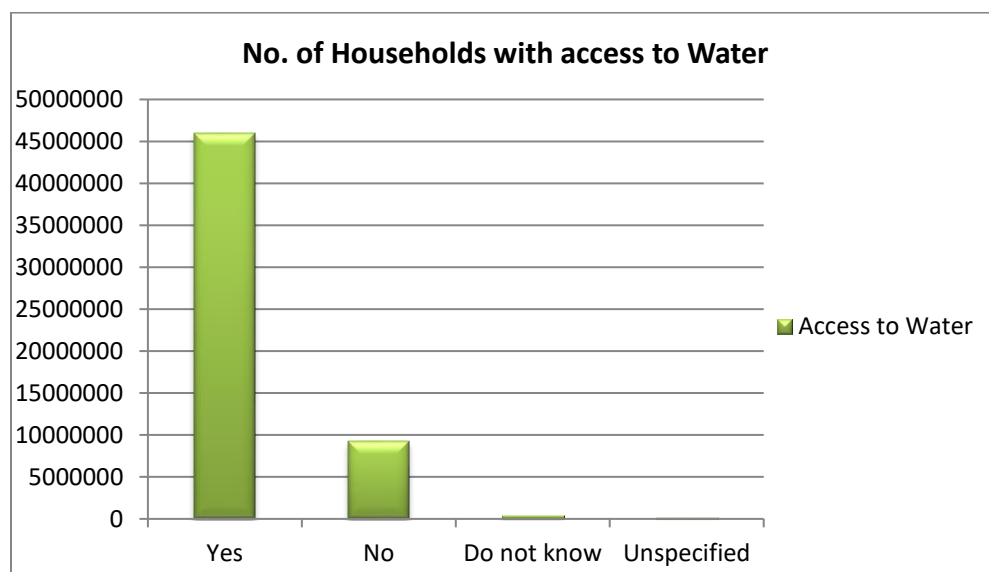
Figure 32: Institutional Vulnerability Assessment



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 33: 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 34: 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

10.2.2 Water Backlogs

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

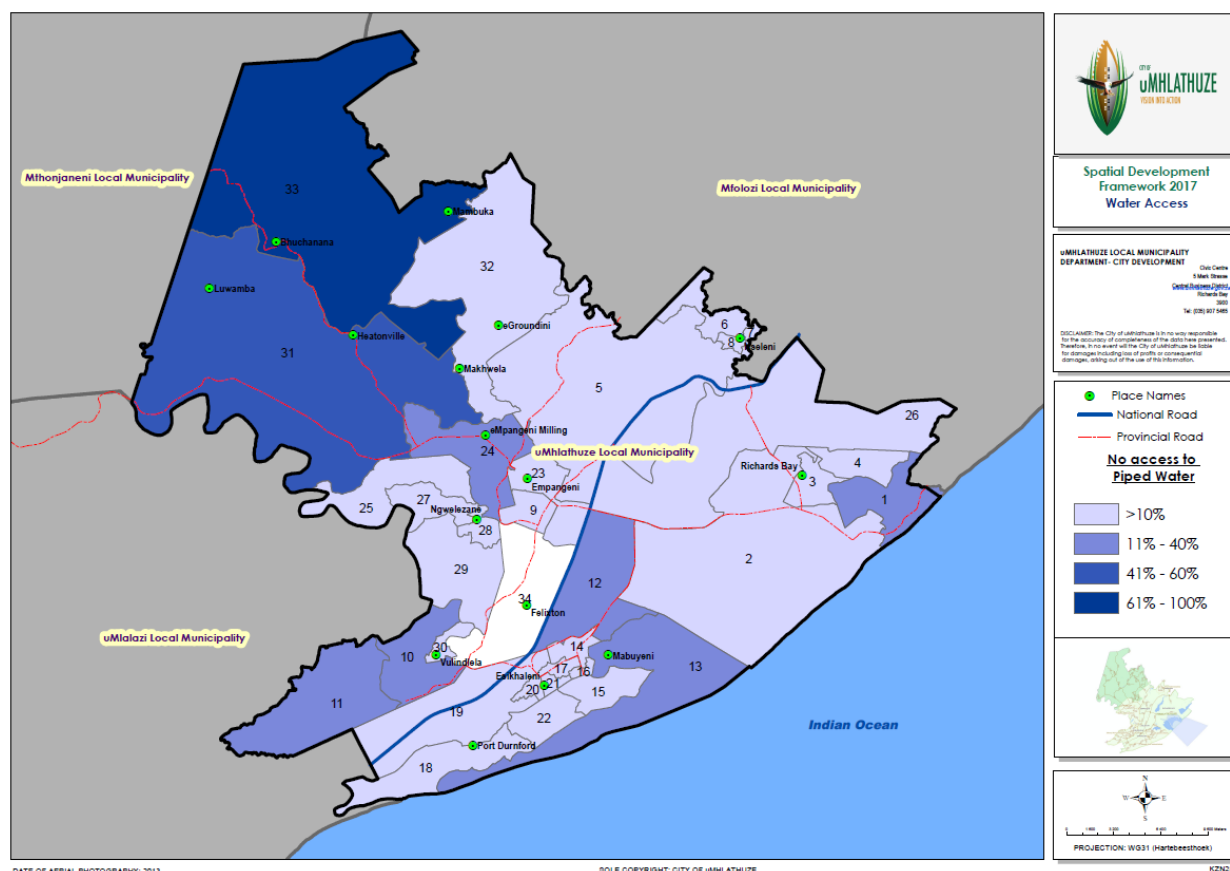
Table 34: Water Backlogs

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

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

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

Map 13: Access to Water



Source: uMhlathuze SDF Review (2017)

10.2.3 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.

o Sample Management

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

Table 35: Total samples from July 2017 to Jan 2018

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

○ **Drinking Water and Wastewater Systems**

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

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

○ **Water Pollution Management**

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

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

Sample types being monitored by the WQMP

10.2.4 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.

10.2.5 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 now is to zoom in to the individual zones as has been established by the consulting team.

Table 36: March 2016 Water Balance Summary for City of uMhlathuze

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

10.2.6 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 37: Design and Operating Capacities of Treatment Plants

Name	Design Capacity (ML/day)	Operating Capacity (ML/day)	Challenges
Mzingazi WTW	65	60	<ul style="list-style-type: none"> Increased rural demand for King Cetshwayo
ESikhaleni WTW	36	31	<ul style="list-style-type: none"> High demand compared to capacity No alternative power supply during Eskom power outages Night restrictions
Ngwelezane WTW	8	8	<ul style="list-style-type: none"> Breakdown on raw water pumps due to sand in the river High raw turbidity when raining High demand and need Magazulu supplementary Flooding during summer season
ESikhaleni WWTW	12.5	6.5	-
Ngwelezane WWTW	5.8	2.9	<ul style="list-style-type: none"> Community members are building houses on the ponds Aerators need to be replaced Flooding of the plant when it rains
Nseleni WWTW	3	1.2	-
Empangeni WWTW	14.5	9	<ul style="list-style-type: none"> Degritter to be replaced Digesters to be repaired Drying beds to be rehabilitated Ponds to be rehabilitated
Vulindlela WWTW	2.8	1	<ul style="list-style-type: none"> Flooding of the plant when it rains

10.2.7 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

10.2.8 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.

10.3 Sanitation

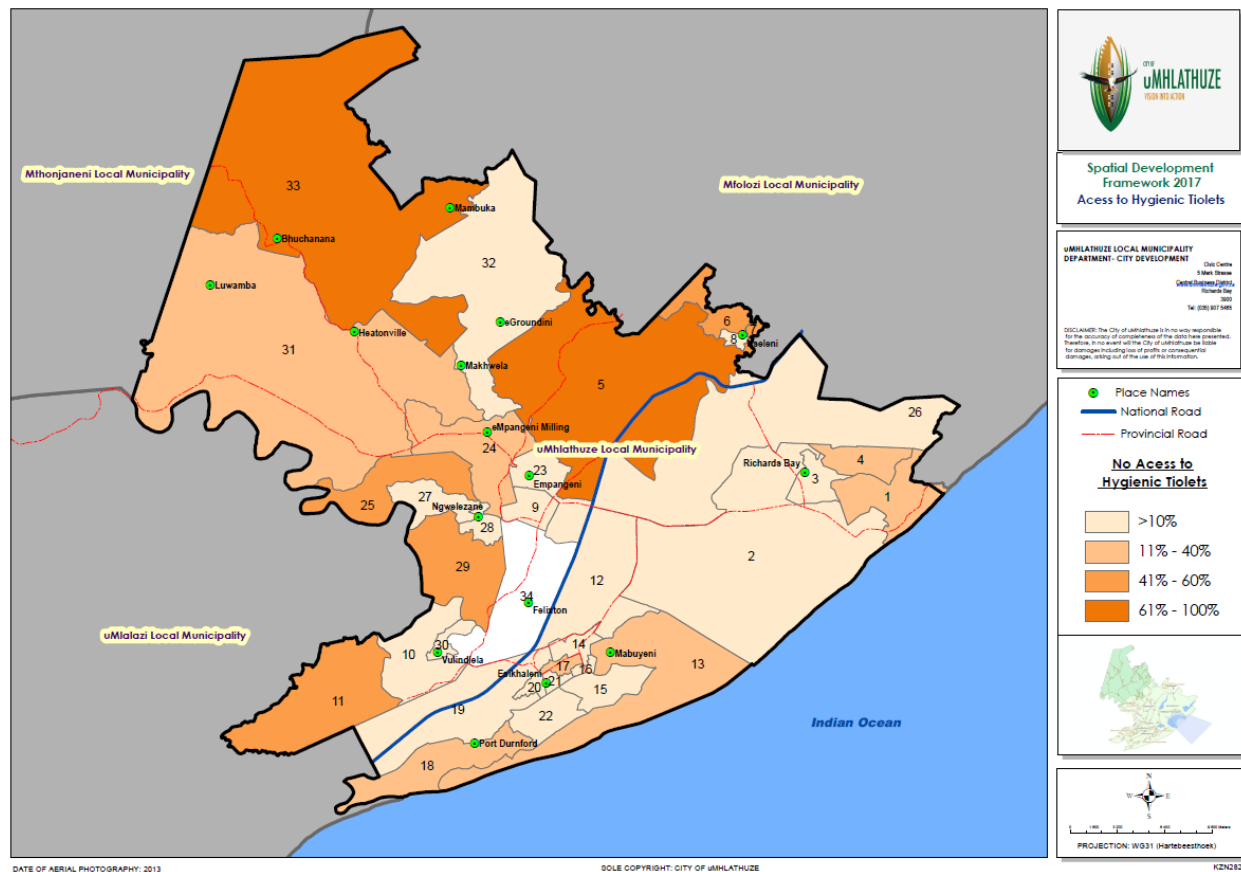
At commencement of the financial year a total of **78.82%** households had access to the basic level of service for sanitation as at 30 June 2018. The basic (RDP) level is one VIP toilet per household. The target for 2018/2019 for basic RDP level of sanitation service is set at **80.87%**. The approved target for 2018/2019 financial year of VIP toilets to be constructed is **2 500**. The changes in the number of households with backlogs are due to the addition of new households from the new wards that were under King Cetshwayo District Municipality.

Table 38: Municipality Calculated Sanitation Backlogs

Service Level	Baseline (2017/2018)	2018/2019 Target	Stats Ending December 2018
Total households = 110 503 (2016 Stats SA)	Households with access to sanitation	Amended Targets based on 2016 Community Survey	Households with access to sanitation
ACCESS TO SANITATION	86 865	89 365	88 206
Waterborne Sewerage	43 068	43 068	43 068
VIP Toilets	43 797	46 297	45 138
Backlogs	23 638	21 138	19 797
New Installations (VIP)	3 177	2 500	Actual Q1 = 971 Actual Q2 = 370

Access to Sanitation as at 31 December 2018 is **79.82%** and the Sanitation backlog is **20.18%**. The 300 target for Quarter 2 has been and over achieved.

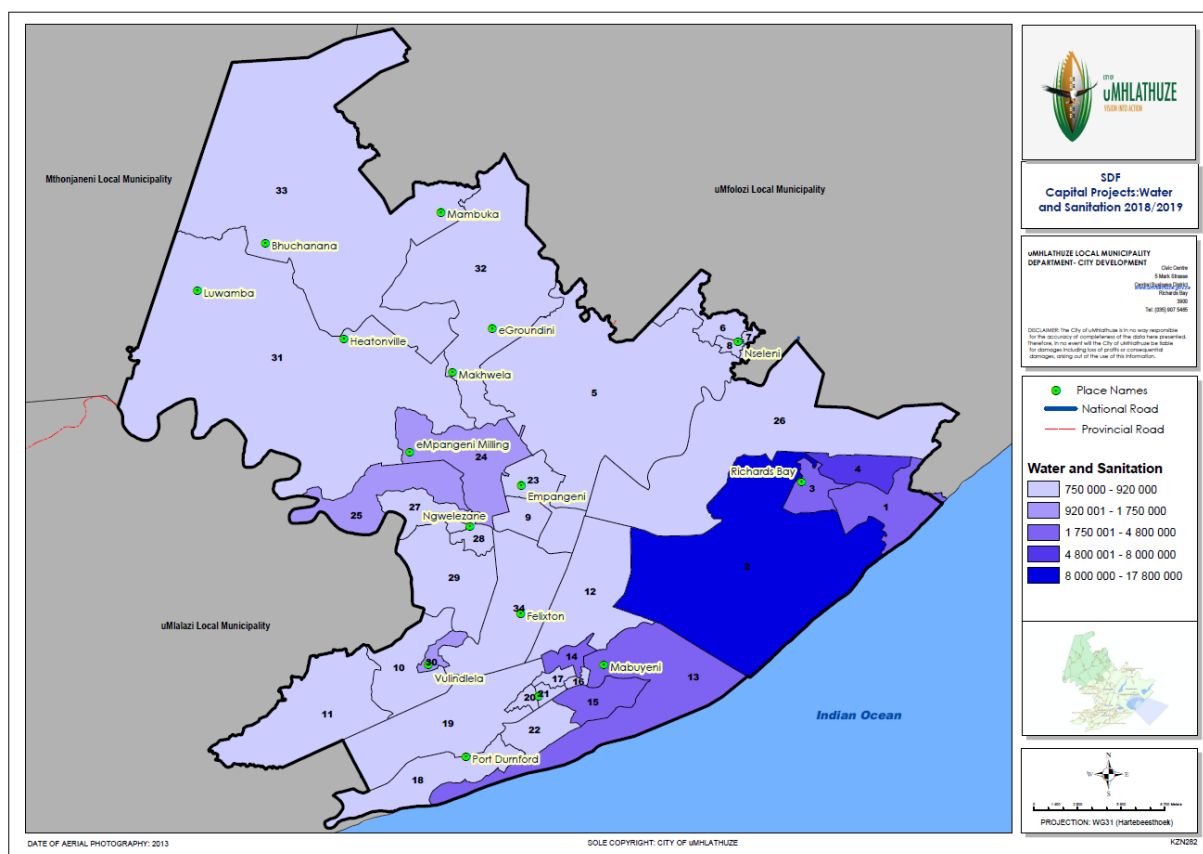
Map 14: Access to hygienic toilets



Source: uMhlathuze SDF Review 2017

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

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



Source: uMhlathuze SDF 2018/219

10.3.2 Operations and Maintenance

The municipality has adopted operations and maintenance plans for water and sanitation; however, because of the thickness of the plan due to different activities in the section it is impossible to include it in IDP. The approval of maintenance plans is delegated to the affected Deputy Municipal Managers. Soft copies of the O& M plans will be attached as an annexure to the Final IDP Review 2019/2020.

10.3.3 Water and Sanitation Projects

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

10.4 SOLID WASTE MANAGEMENT

10.4.1 Waste Collection

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

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

10.4.2 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, Birdswood, Felixton, Brackenheim, 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, Brackenheim 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 35: Hierarchy

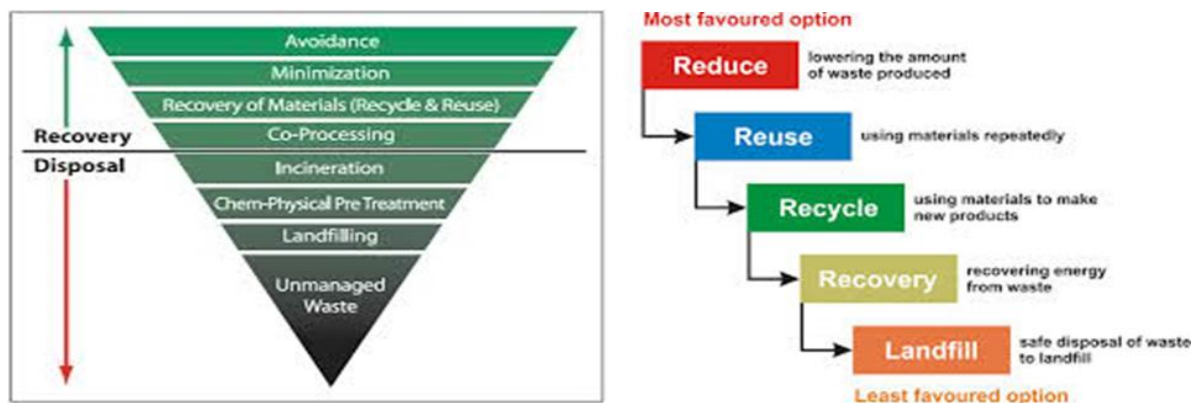


Table 39: different waste streams recycled as at February 2019

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.

10.4.3 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

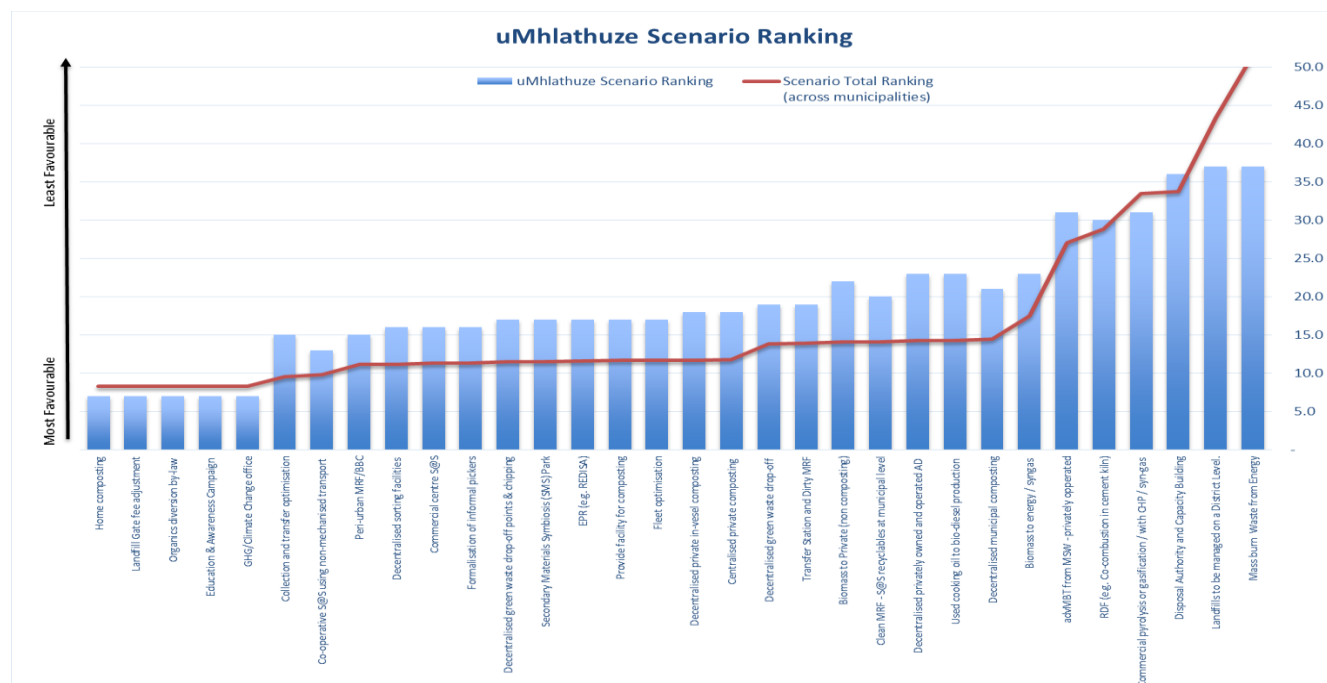
The City of uMhlathuze has conducted a feasibility study on alternative treatment of waste in partnership with National Department of Environmental Affairs. The pre-feasibility has been approved by Council which is looking at food waste as the best option to for soil enhancement.

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 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 36: Scenario Ranking



Home composting, the economisation of municipal waste collection, co-operative involvement in separation at source, and various low tech sorting, material recovery, and “buy-back” centres prevailed, with waste to energy being the least preferred/ worse

option. It is imperative that any investment and intervention in terms of diverting waste away from landfill site be in line with the scenario stated above.

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

Goal 4: Ensure that People are aware of the impact of Waste on their Health, Well-Being and the Environment.

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

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

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

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

Goal 5: Achieve Integrated Waste Management Planning.

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

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

Goal 6: Ensure Sound Budgeting and Financial Management For Waste Services.

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

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

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

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

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

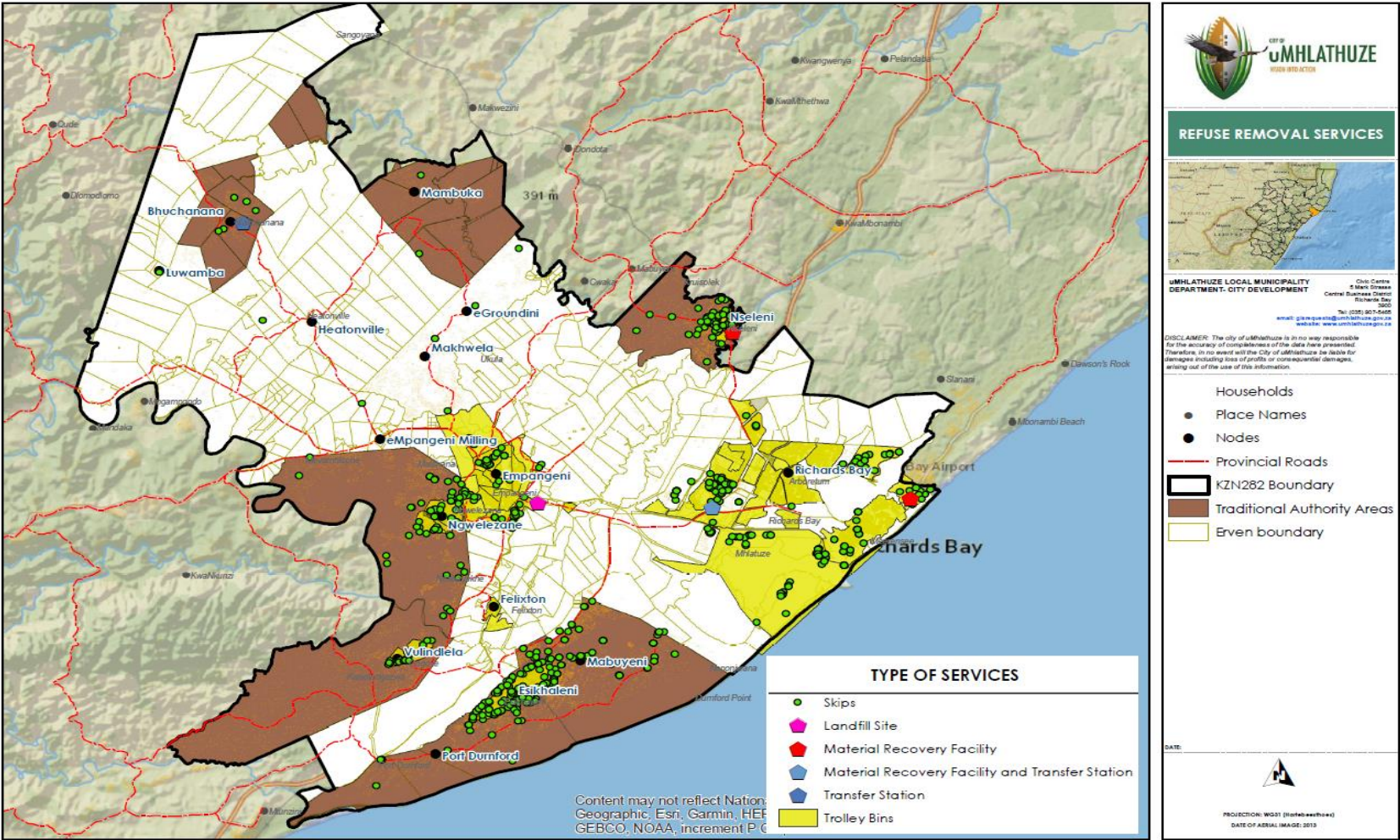
Goal 7: Provide Measures to Remediate Contaminated Land.

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

Goal 8: Establish Effective Compliance with and Enforcement of the Waste Act.

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

Map 15: Access to Refuse Removal



Source: uMhlathuze IWMP 2019

Table 40: Solid Waste Management Indicators and targets

CITY OF UMHLATHUZE REFUSE REMOVAL									
Objective	Strategies	Performance Indicator	2016/2017	2017/2018	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
			Actual 2016/2017 Baseline	Amended Annual Target incl. 2016 Survey	Actual 2018/2019 Baseline	Annual Target	Annual Target	Annual Target	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

10.5 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:

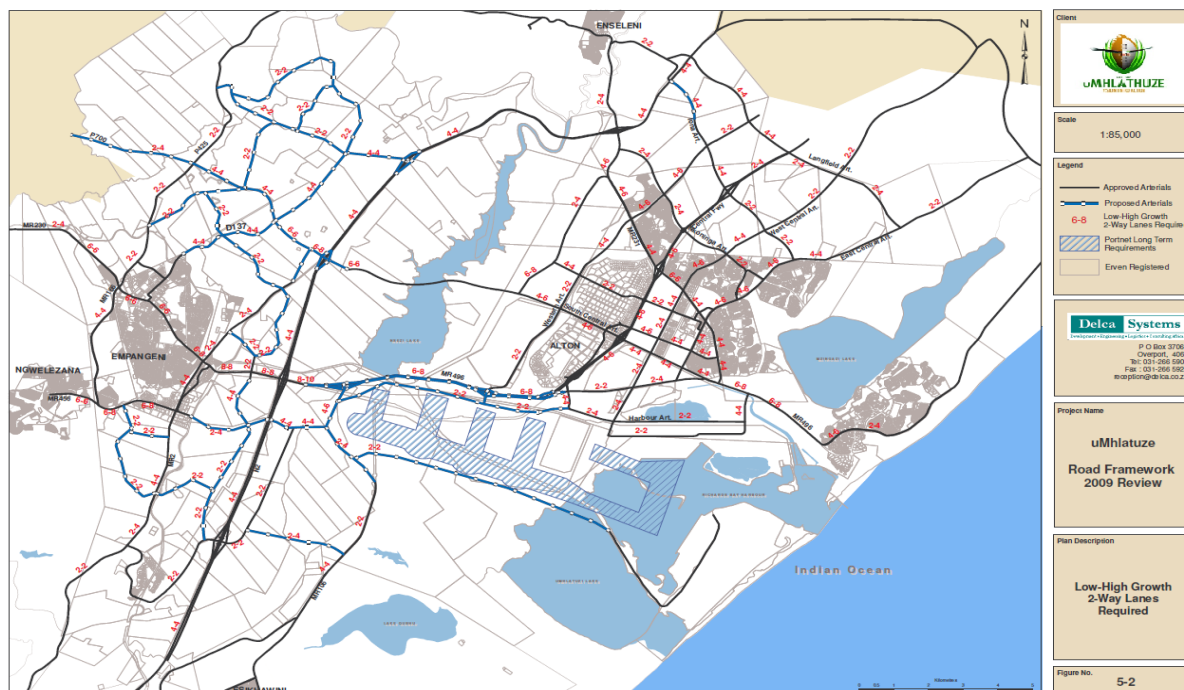
- Urban Roads, Rail and Road Markings
- Transportation Planning and Traffic Signs
- Rural Roads and Stormwater
- Stormwater Coastal Management

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.

10.5.1 Integrated Transport Plan

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

Map 16: Arterial Road Framework Plan



10.5.2 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 41: 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

Area	Suburb	Length of Road (km)
	Kuleka	11
	Noordsig	3.8
	Nyala park	13.3
	Richem	6.1
	uMhlathuze Village	10.1
	ZSM Industrial	0.82
	Carsdale	0.4
	Hillview	2.7
	Panorama	6.5
	Zidedele Village	1.4
Ngwelezane	Unit A	17.8
	Unit B	15.1
ESikhaleni	Unit H	48.5
	Unit J	33.7
Felixton		9.8
Nseleni		22.2
Vulindlela		7.9
Not available		15.36
TOTAL		571.419

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

Figure 37: Condition of the Structure

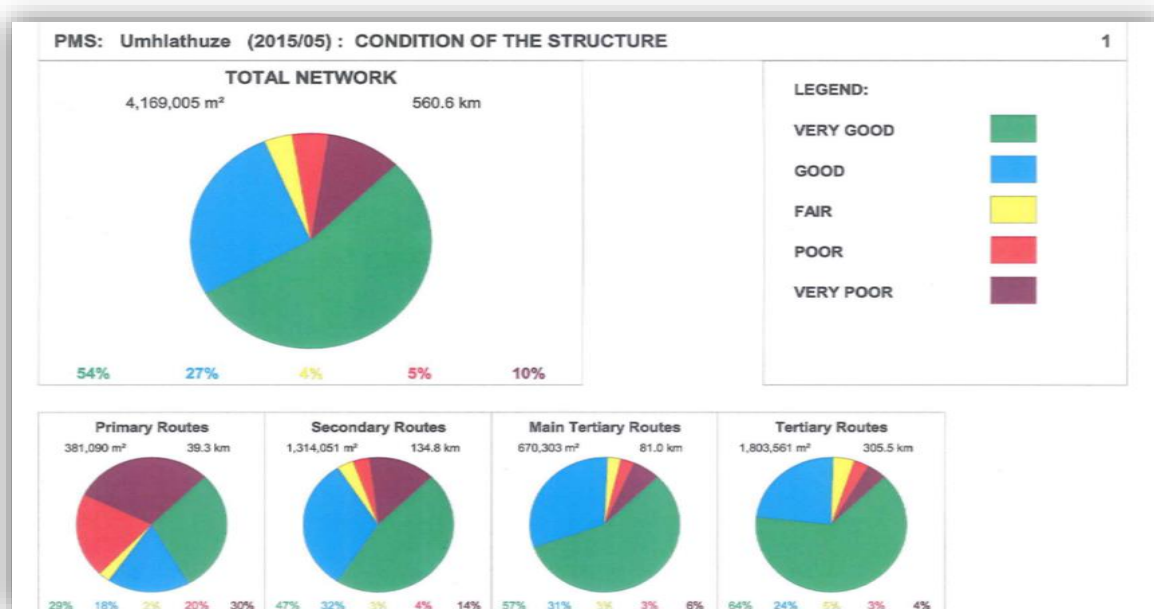
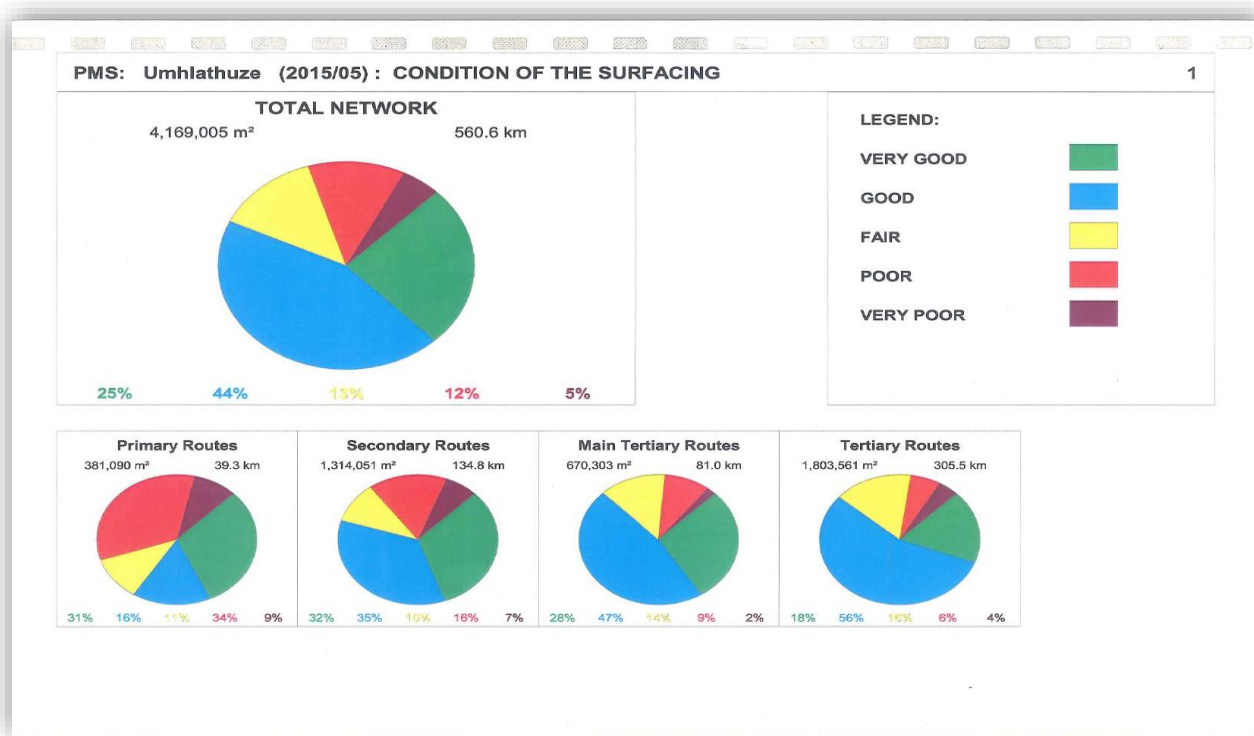


Figure 38: Condition of the Surfacing



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

10.5.3 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).

10.5.4 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.

10.5.5 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:

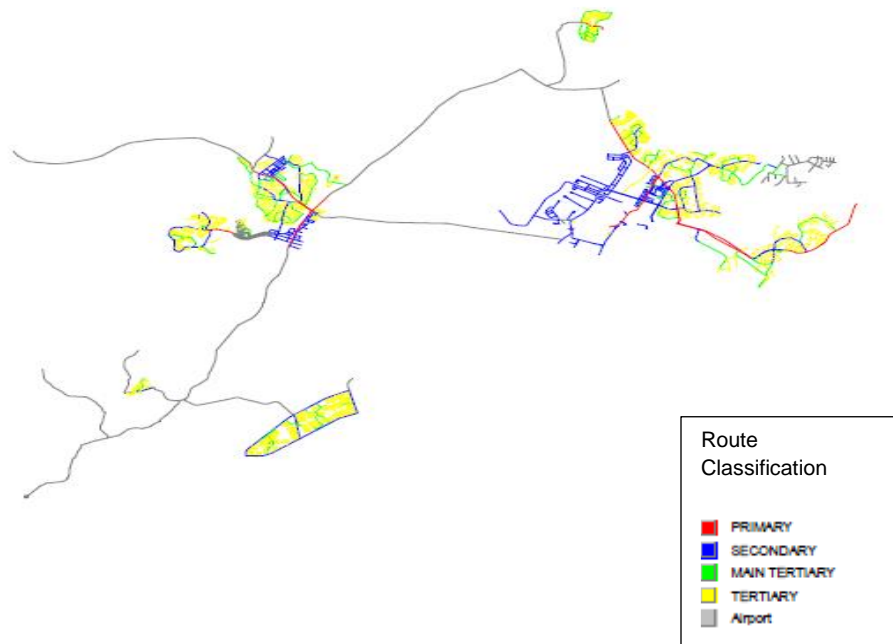
- Repair of Mzingazi River Salt Water Barrier Weir at John Ross Highway Bridge to prevent ingress of salt water through the weir into the fresh water course.
- Community Awareness Project for a Stream Clean-up crossing Saligna Road between John Ross College and Via Cassandra Road.
- Replacement of all 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.

10.5.6 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.

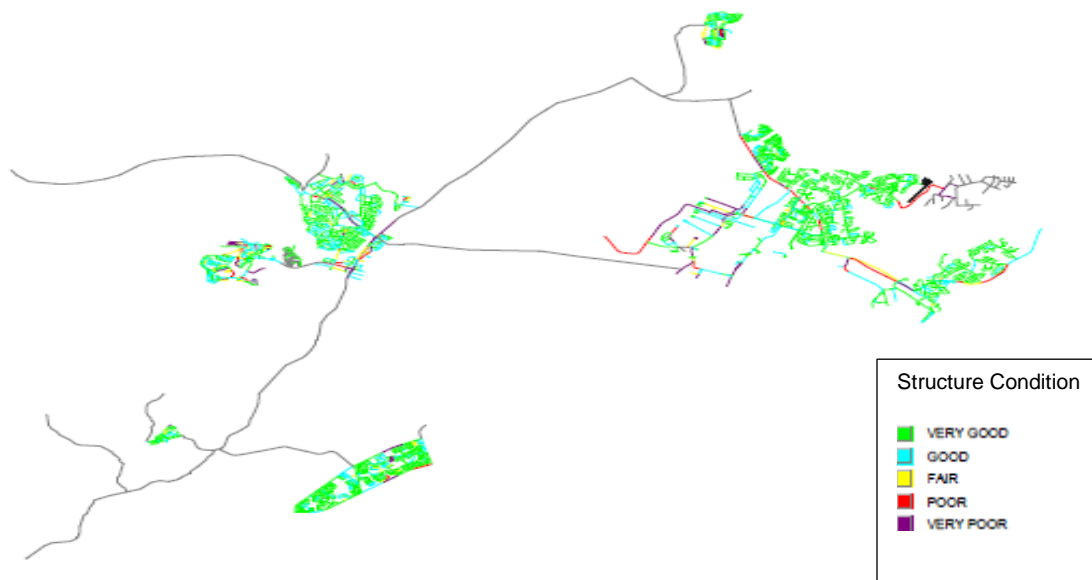
The following maps are sourced from the PMS; they indicate spatially projects and status of the resurfacing, rehabilitation, structure and condition, and route classification:

Map 17: Route Classification



Source: uMhlathuze PMS 2017

Map 18: Structure Condition



Source: uMhlathuze PMS 2017

Map 19: Rehabilitation Projects



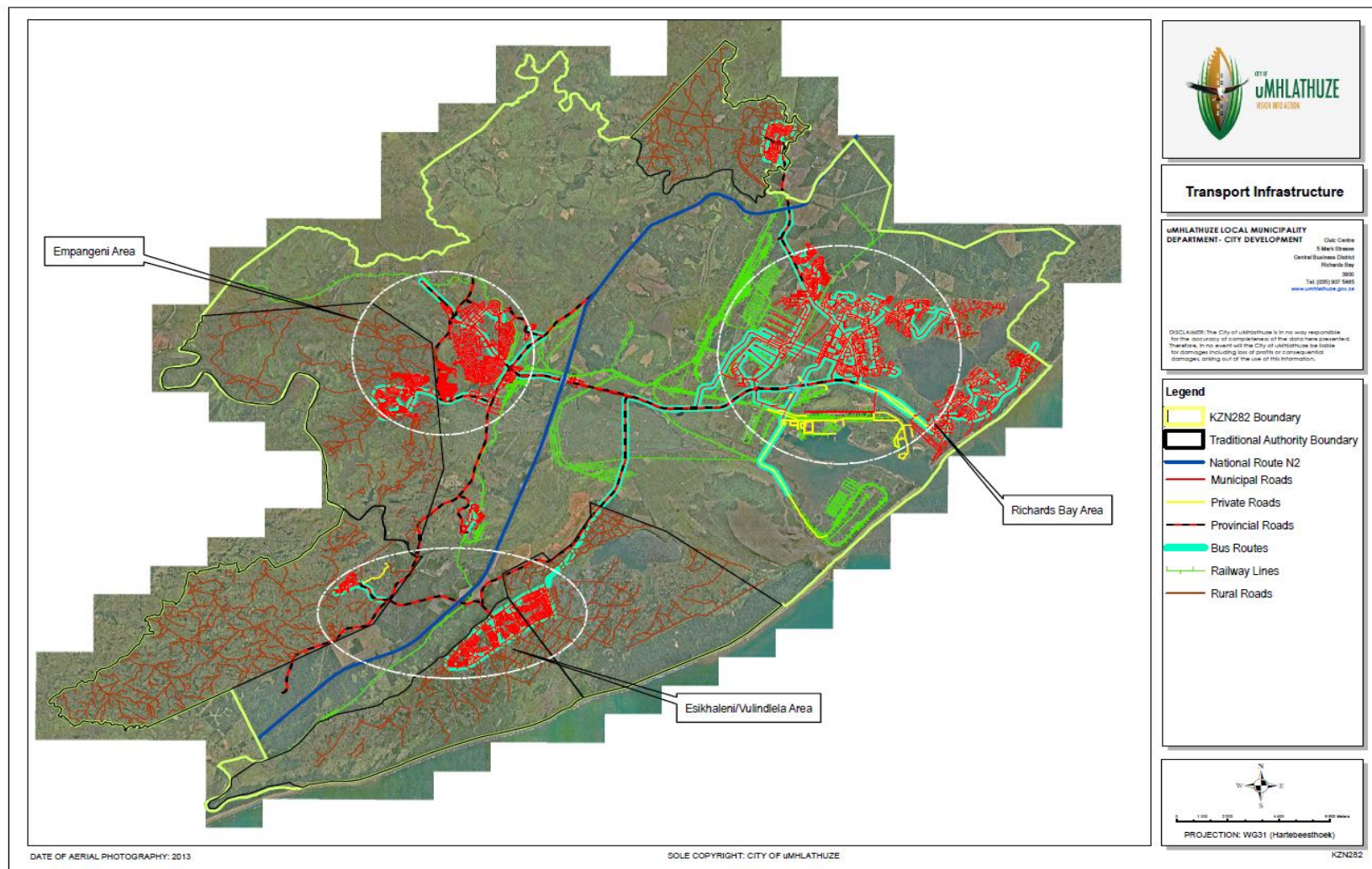
Source: uMhlathuze PMS 2017

Map 20: Resurfacing projects



Source: uMhlathuze PMS 2017

Map 21: 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.**

10.6 Energy

10.6.1 Introduction

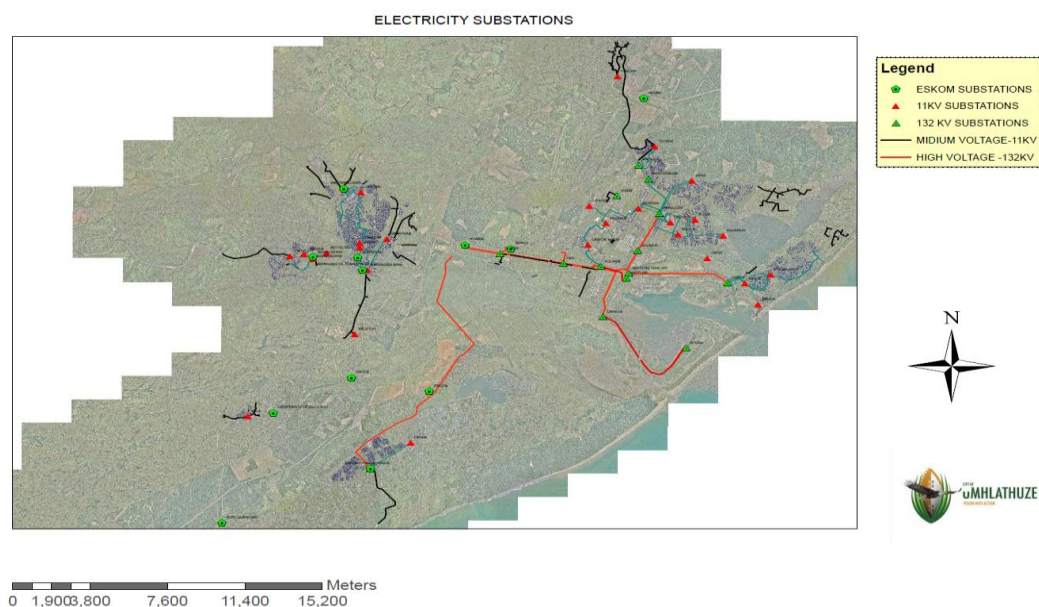
uMhlathuze Municipality has developed an electricity master plan in 2016, which is currently in implementation. The city of uMhlathuze is a licensed electricity provider, however in rural areas electricity is still supplied by ESKOM. The main objective of Energy Sector Plan is to provide a background and basis for the development of an Energy and Climate Change Strategy for the City of uMhlathuze so as to provide and sustain bulk infrastructure services for anticipated development. This is achieved by delivering the following key outputs:

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

10.6.2 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 22: Electricity Infrastructure



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 42: Notified Maximum Demand and Recorded Peak

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

10.6.3 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.

10.6.4 Electrical Networks Operations and Maintenance

Operations & Maintenance constantly seek to deliver reliable electricity supply to customers by maintaining the network to avoid outages, and by responding promptly to outages when they occur. Hence, uMhlathuze's network reliability is measured by the frequency and duration of power interruptions in the network. Most of power interruptions that customers experience reflects faults or failures of the medium voltage (MV) network.

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

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

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

SAIDI => System Average Interruption Duration Index.

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

Formula

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

SAIFI => System Average Interruption Frequency Index

Definition: Average frequency that the customers supply is interrupted

Formula

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

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

10.6.5 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

10.6.6 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.

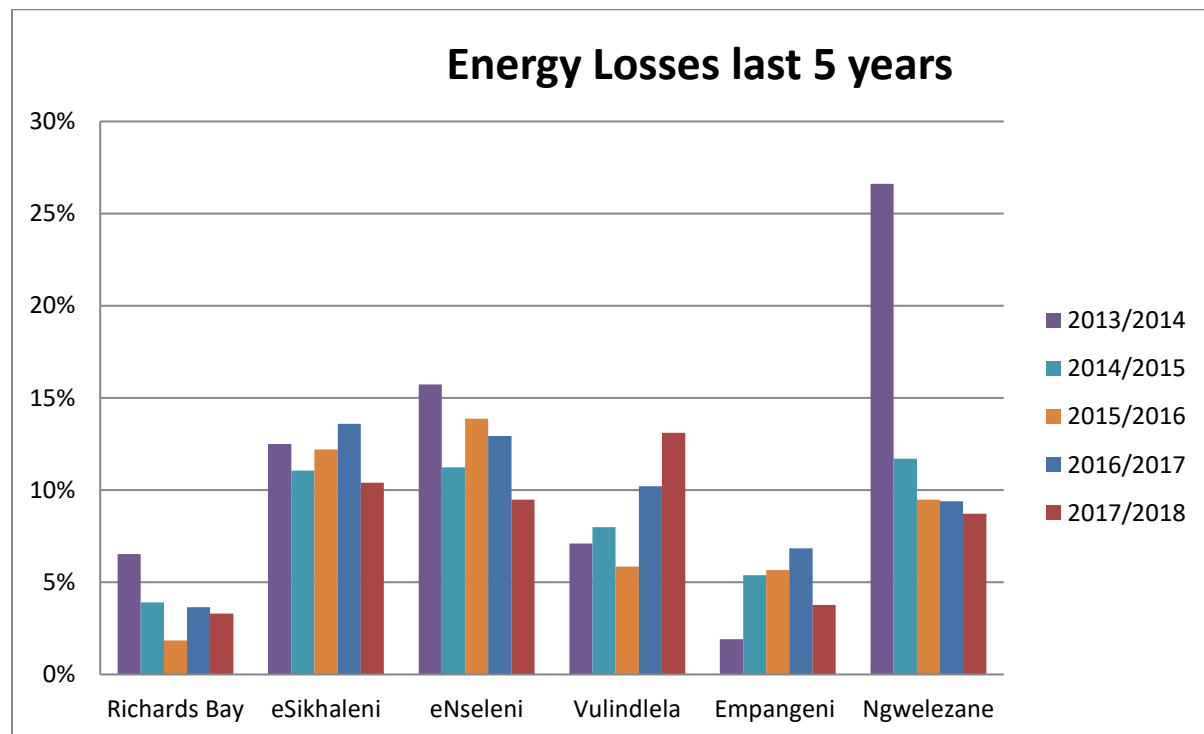
10.6.7 N2 Corridor and Non-Island Areas

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

10.6.8 Energy Losses

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



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

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

10.6.9 Electricity Maintenance Plan

The City of uMhlathuze is a utility for distribution of electricity to an area of **825** km². To effectively and safely distribute electricity to residential, commercial and industrial customers, maintenance is critical, as it will always cost much more to replace equipment that is not properly maintained. There is currently a manual maintenance plan that was developed to outline the maintenance strategy.

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

Maintenance strategy

- **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



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.

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

10.7 Access to Community Facilities

Cemeteries

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

Museum

uMhlathuze Municipality has one Museum situated in Empangeni town. This museum is the storehouse of the heritage of our city and its peoples. It also serves as the educational and cultural awareness centre for youth and for all that has interest. The main aim of the established museum it is to protect and preserve uMhlathuze's heritage for future generations.

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

Access to Community Facilities

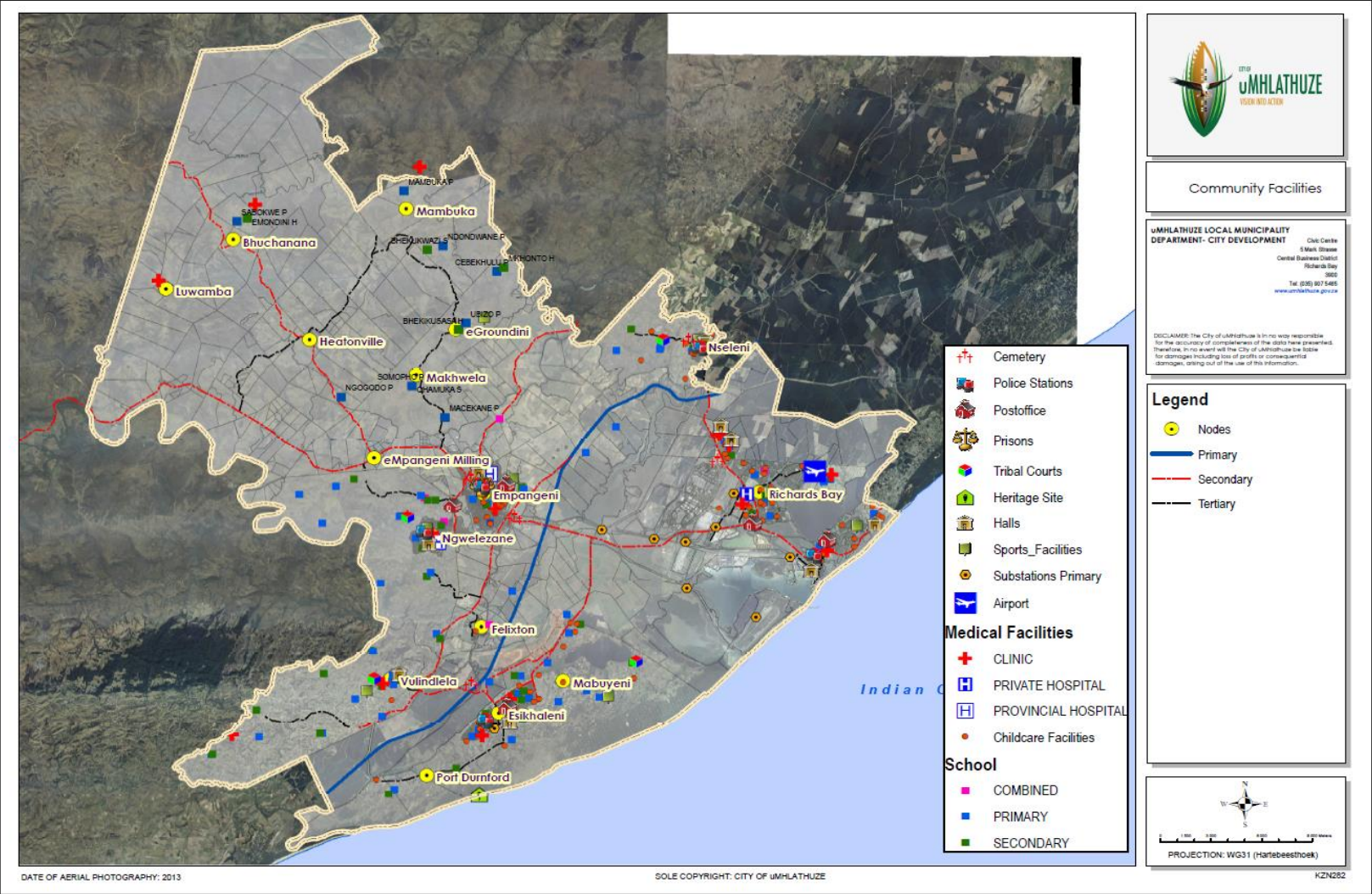
The table below sets out the number of facilities per municipal ward

Table 43: Distribution of Community Facilities

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

The map below indicates the number of facilities within the municipality

Map 24: Community Facilities

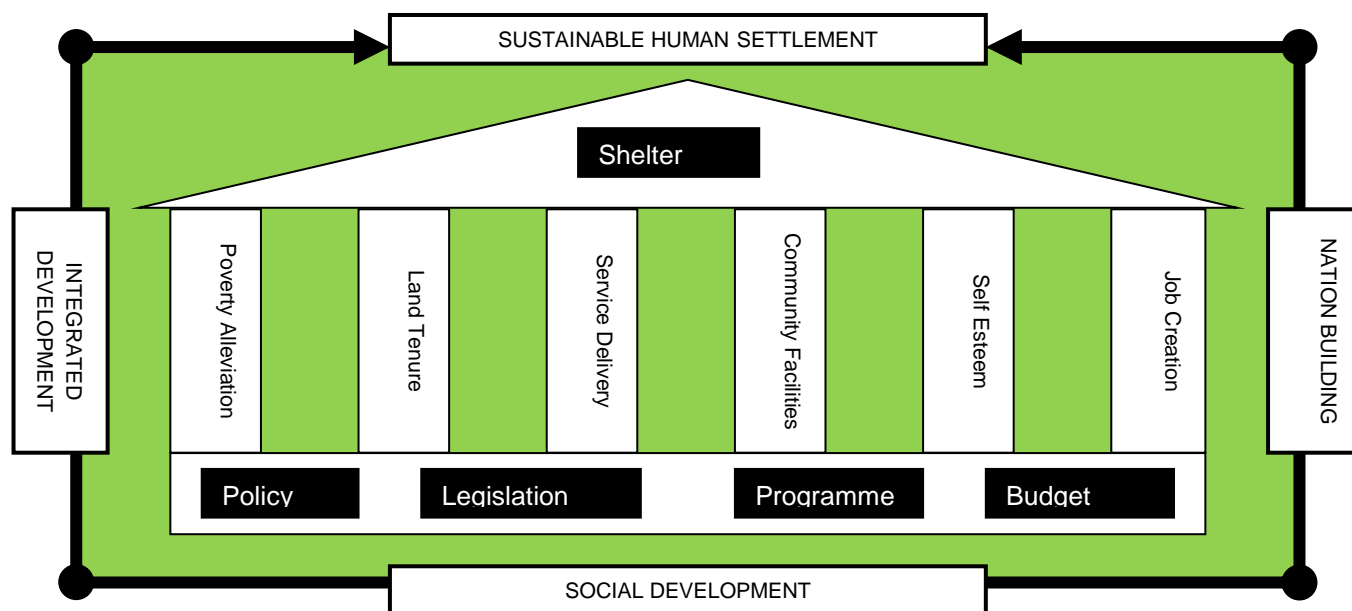


Source, uMhlathuze IDP 2018/2019

10.8 HUMAN SETTLEMENTS/HOUSING CHAPTER

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

Figure 39: Housing Concept



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

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

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

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

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

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

The Human Settlements Sector plan for the City of uMhlathuze is founded or guided in the context of National, Provincial and Municipal directives. All the three spheres of government have their own vision, mission and strategies. The uMhlathuze Municipality developed a comprehensive Housing Chapter/Sector Plan that will be adopted by Council in May 2019. For more detailed information, reference should be made to the Final Municipal Housing Sector Plan 2018/19. The Final 2019/2020 Municipal Human Settlements Plan will be adopted by Council in May 2019 together with the Final IDP 2019/2020.

10.8.1 Vision, Mission and Strategies for Different Spheres of Government

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

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

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

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

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

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

10.8.2 KZN Provincial Department of Human Vision, Mission and Strategy

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

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

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

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

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

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

10.8.3 King Cetshwayo District Vision, Mission and Strategy

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

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

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

10.8.4 National Development Plan

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

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

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

10.8.5 National Spatial Development Perspective

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

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

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

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

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

10.8.6 Provincial Human Settlements Master Spatial Plan

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

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

10.8.7 National Development Agreement: Outcome 8

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

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

10.8.8 KZN Delivery Agreement: Outcome 8

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

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

Figure 40: 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	Number of house built	927

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

10.8.9 City of uMhlathuze's Strategic Approach to Housing Delivery

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

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

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

10.8.10 Housing Demand and Prioritisation

Urbanization and Population Growth

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

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

Source: Stats'SA, 1996, 2001, 2011

Ways of Determining Housing Demand/Need

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

Waiting List

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

National Housing Needs Register

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

Census

The current preferred method of calculating housing demand is through the use of statistical data collected in census 2001-2011. Census data on household income levels can be used to determine areas of greatest need based on poverty levels while census

data on housing typologies which indicate the number of informal dwellings per ward can be used to determine are of greatest need based on housing backlog.

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

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

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

10.8.1 Prioritisation

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

10.8.2 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 44: Land Suitable for Housing Development - SDF Expansion Areas

AREA	LOCATION	LAND OWNERSHIP	PROJECT TYPE	BULK INFRASTRUCTURE AVAILABILITY
Expansion Area A	ESikhaleni-Vulindlela Corridor	State (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 45: The table below indicated identified State owned land that is suitable for housing development

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

10.8.3 UMWHLATHUZE 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.

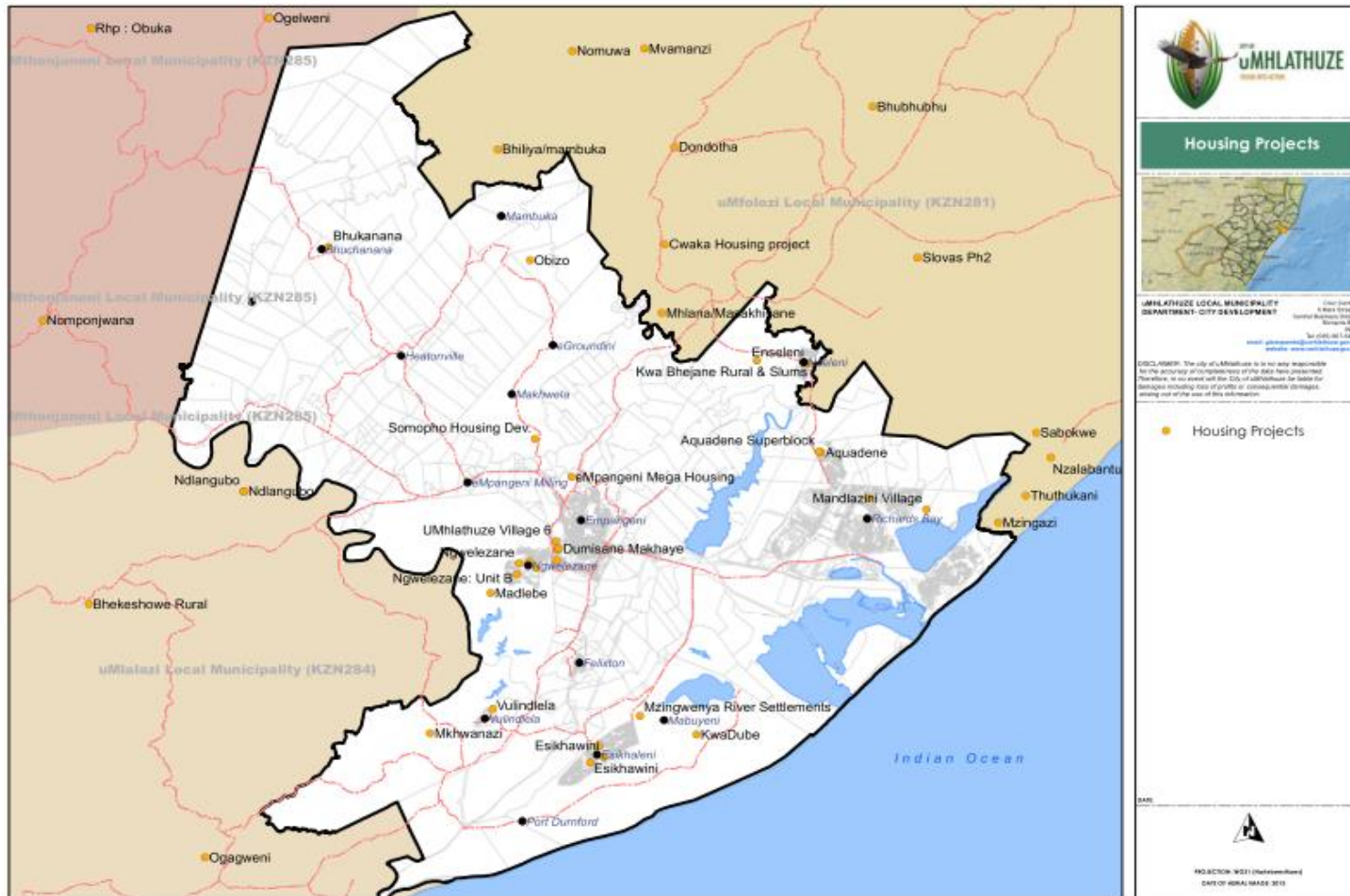
The municipality is committed to ensure that the constitutional right to have access to adequate housing and access to land is realized. This is seen through the municipal housing delivery plan that the municipality is implementing and also will be implementing in the coming years. The delivery plan 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.

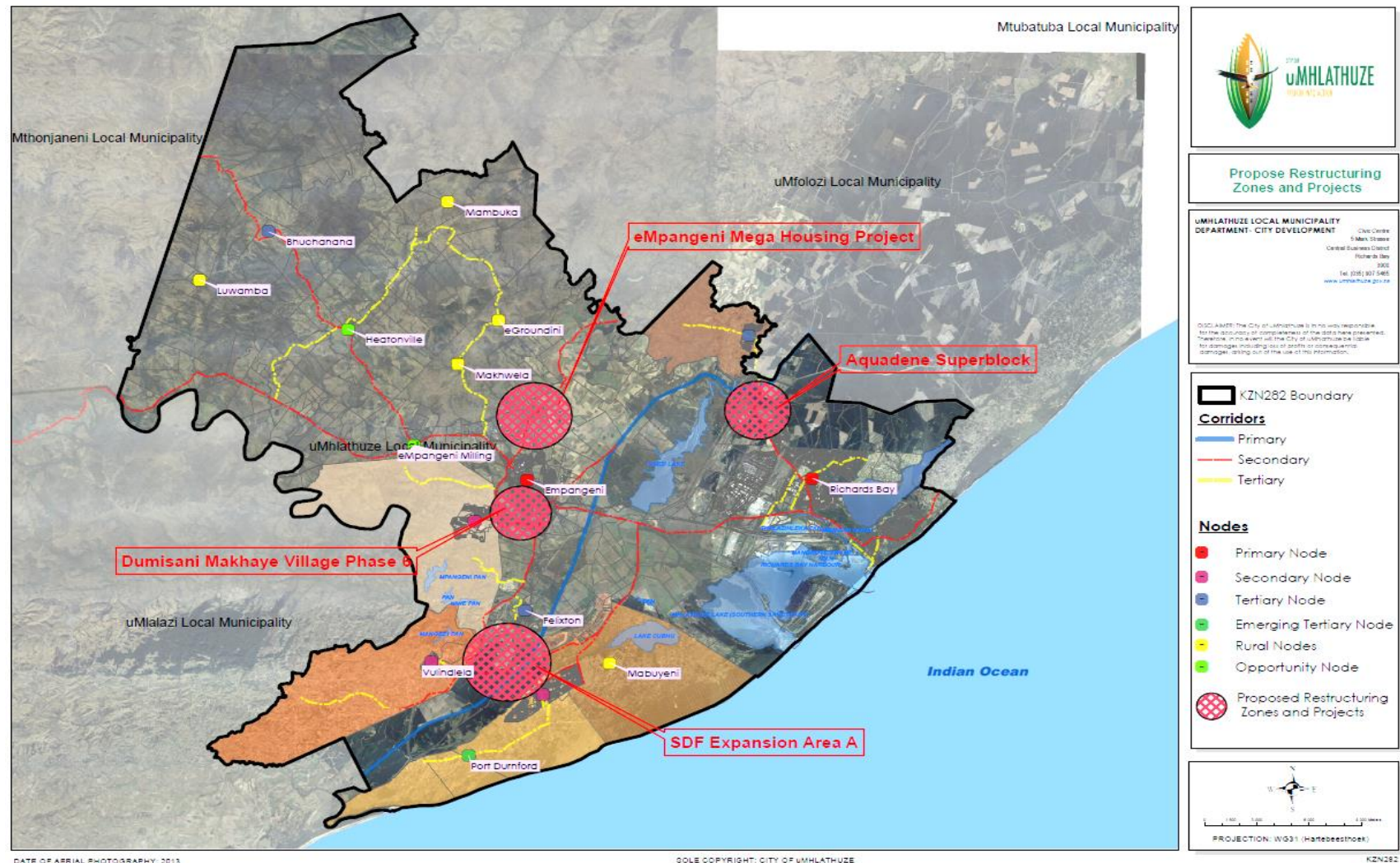
- **Operation Sukuma Sakhe Intervention:** The OSS initiative prioritises households that need urgent interventions. The programme prioritises the poorest of the poor, mostly falling within the definition of "vulnerable groups" these includes the indigents, women, children and disabled persons.

Map 25: Human Settlement Projects



Source: uMhlathuze Integrated Human Settlement Plan 2019

Map 26: Integrated Residential Development Program /Projects



Source: uMhlathuze SDF Review 2019/2020

Table 46: Urban Projects

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

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

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

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

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

Table 47: 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 48: 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 49: 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 50: Eradication of Title Deeds Backlog (Pre and Post-1994 Housing Stock)

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

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

Challenges:

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

10.8.4 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.

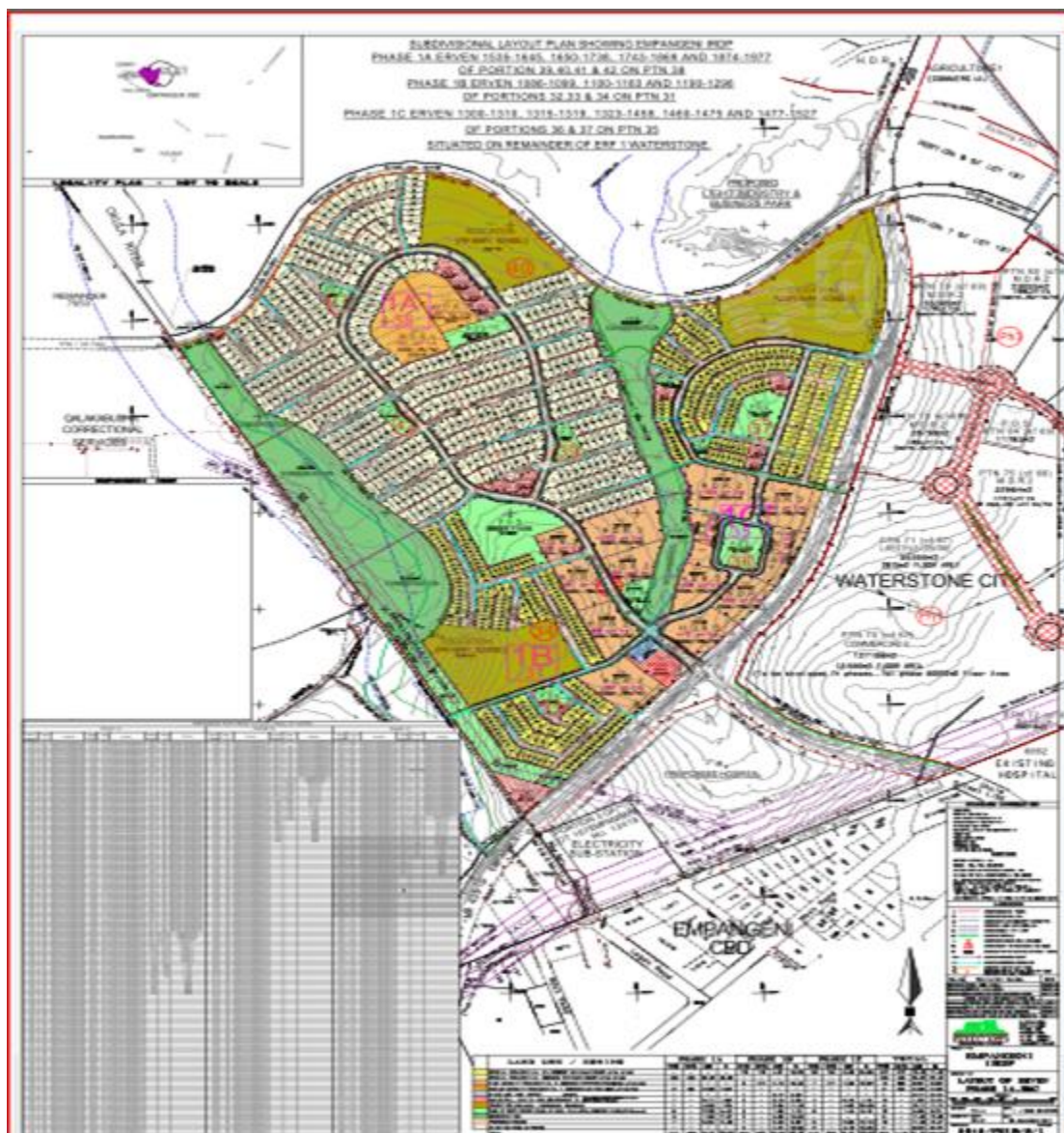
Figure 41: OSS Intervention Reality



Table 52: 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 43: 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 53: Units per Phase for Empangeni Mega Housing

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

Table 54: 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 44: Dumisani Makhaye Village Phase 6 & 8

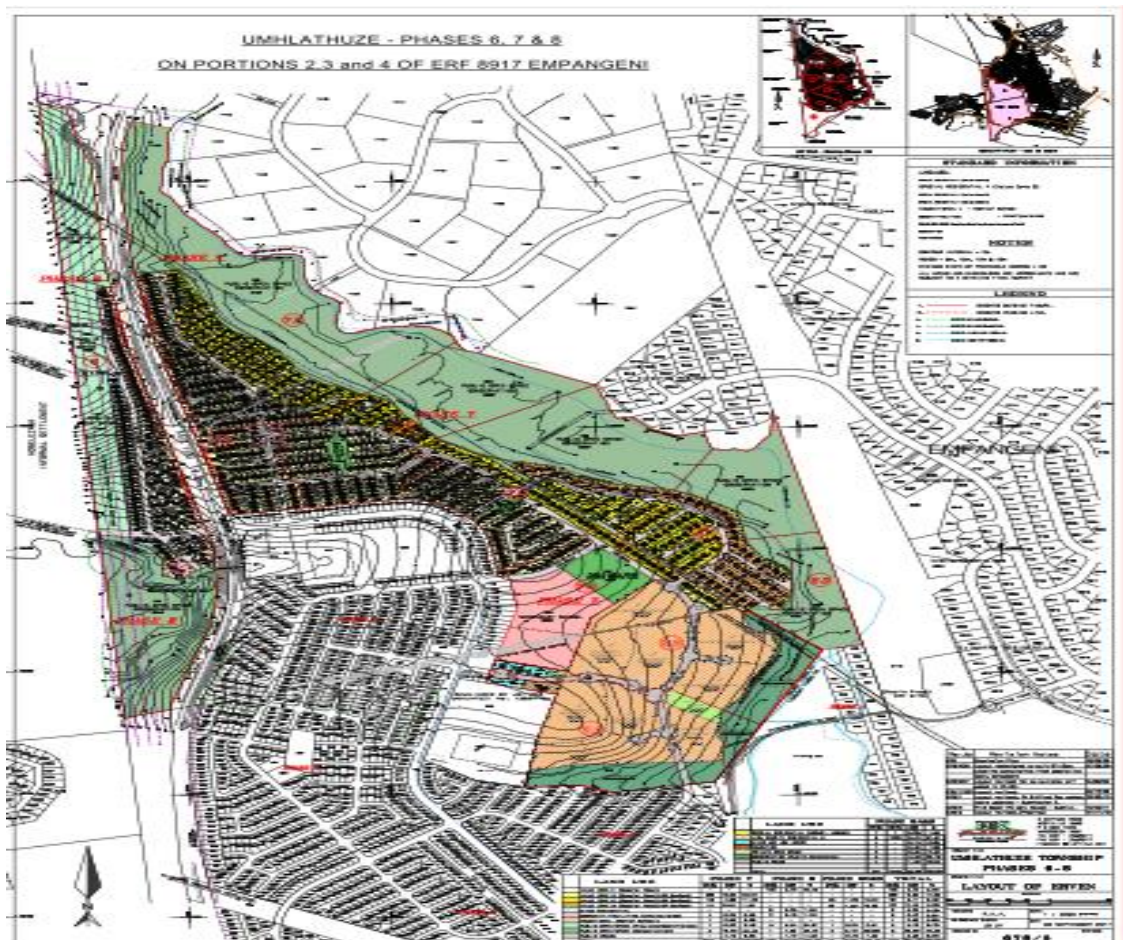


Table 55: Units per Phase for DMV

Phases	Number	Housing Instrument
Phase 6	1102	Flisp and Social Housing
Phase 8	133	RDP

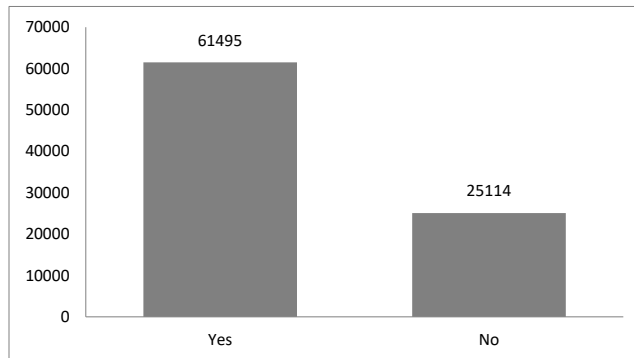
Table 56: Other sites provided in Phase 1

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

10.9 Telecommunications

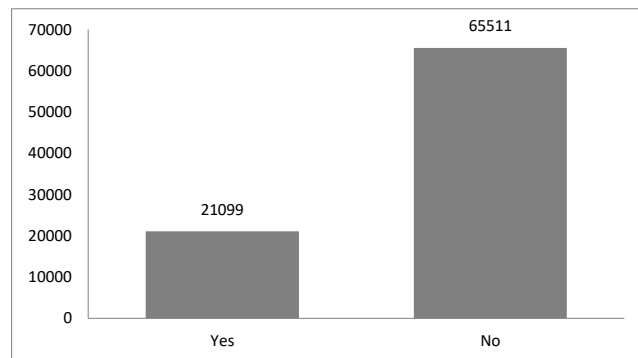
The 2011 census results indicate the following in respect of telecommunications.

Figure 45: Household Access to Radio



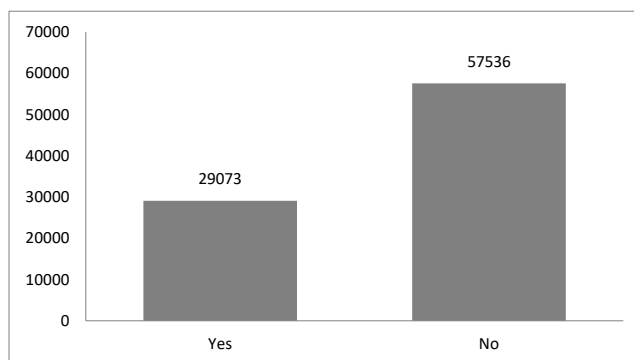
Source: 2011 Census

Figure 46: Household Access to Computer



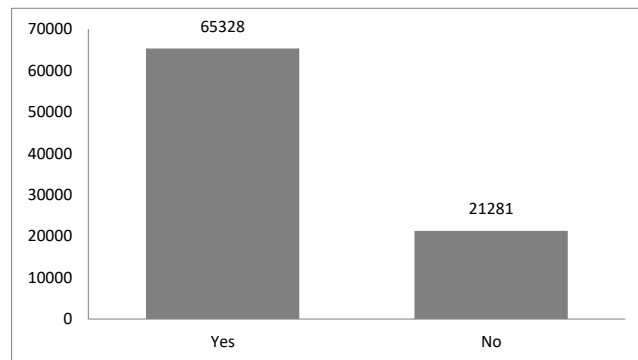
Source: 2011 Census

Figure 47: Household Access to Satellite Television



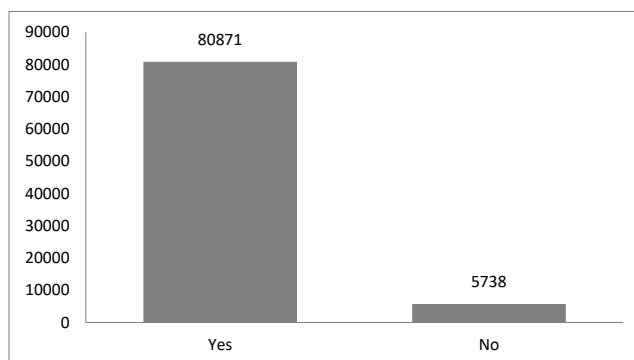
Source: 2011 Census

Figure 48: Household Access to Television



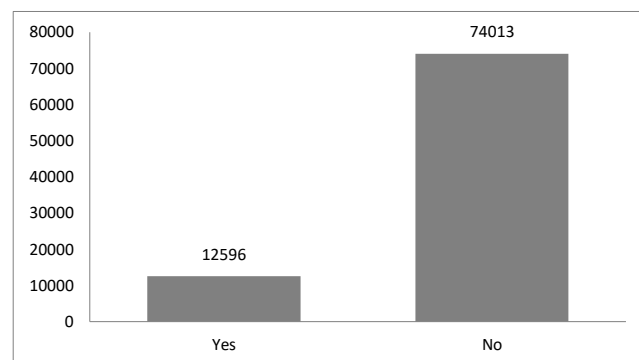
Source: 2011 Census

Figure 49: Household Access to Cellphone



Source: 2011 Census

Figure 50: Household Access to Landline

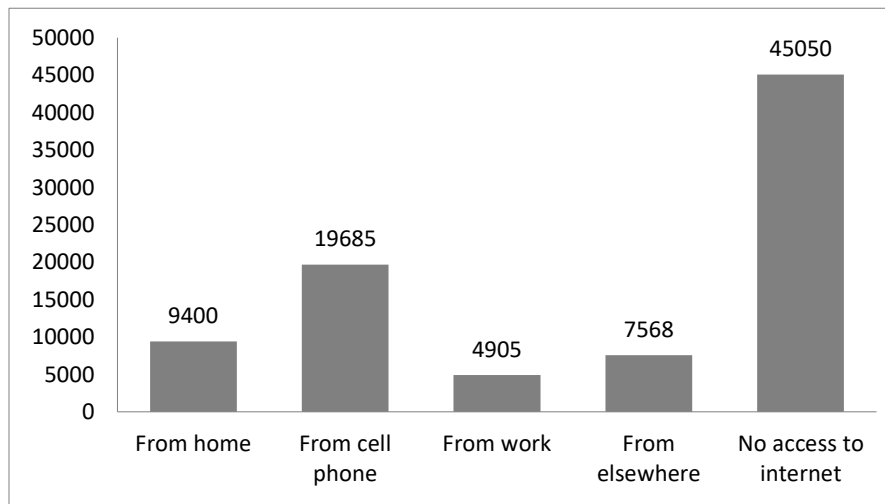


Source: 2011 Census

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.

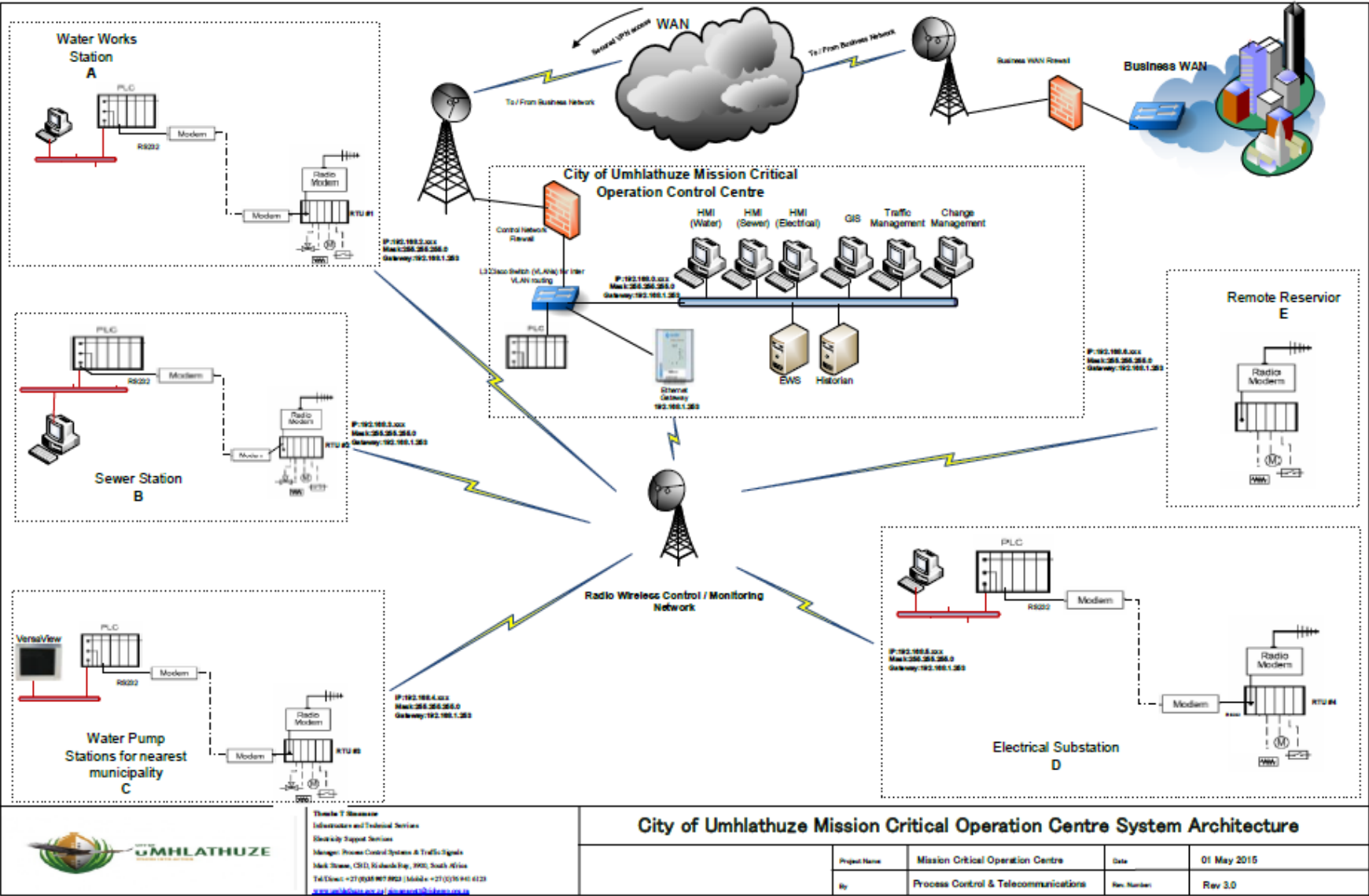
Figure 51: Household Access to Internet



Source: 2011 Census

10.9.1 Broadband

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



10.10 Service Delivery and Infrastructure: SWOT analysis

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

11. LOCAL ECONOMIC AND SOCIAL DEVELOPMENT ANALYSIS

11.1 Introduction

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

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

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

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

11.2 Local Economic Development Analysis

LED is intended to maximize the economic potential of municipal jurisdictions throughout the country and, within the context of sustainable development, to spur macro-economic growth through economic growth, employment creation, and development initiatives at the local level. The “local” in local economic development underscores the belief that a local jurisdiction is often the most appropriate arena for economic intervention as local government enjoys legitimacy deriving from its being a democratically elected body accountable to the local community.

11.2.1 uMhlathuze's Economic Profile

Functional age groups indicate the level of the potential work force in the region. Therefore, the key age group relates to individuals aged 15 to 64 years. The following tables provide a comparison between the 2007, 2012 and 2017 in respect to economic active population in s for uMhlathuze and the other municipalities in the King Cetshwayo District.

Table 57: Economic Population

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

Source: IHS Markit, 2018

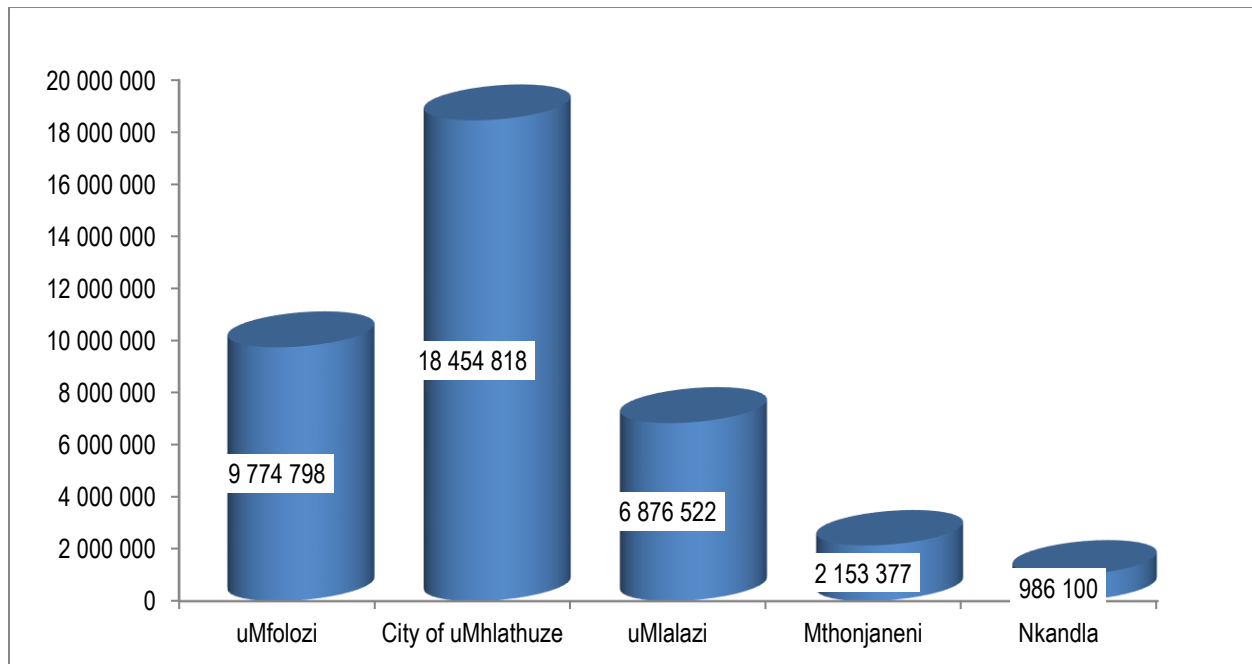
11.2.2 Economic Realities

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

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

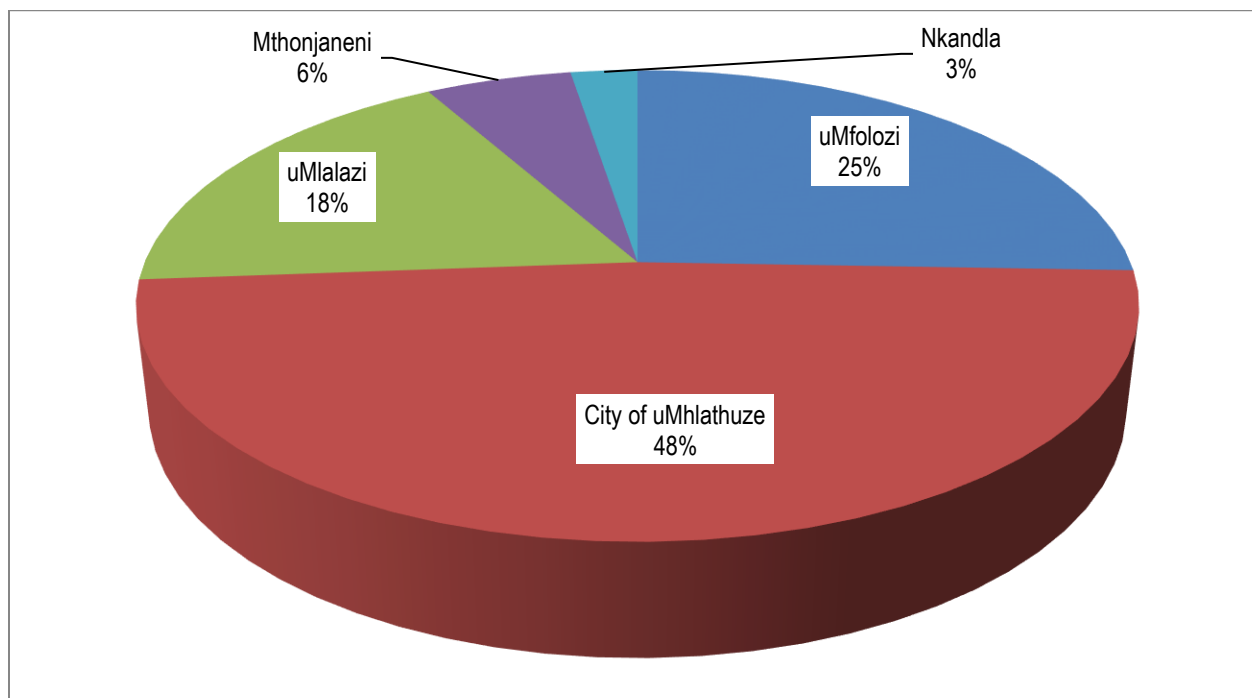
The following bar chart indicates the GDP contribution by uMhlathuze Municipality comparing to other local municipalities within King Cetshwayo District. It is evident that uMhlathuze remain the strong contributor to the district GDP, with 48% contribution.

Figure 52: GDP Contributions



Source: Global Insight 2015

Figure 53: % GDP Contribution



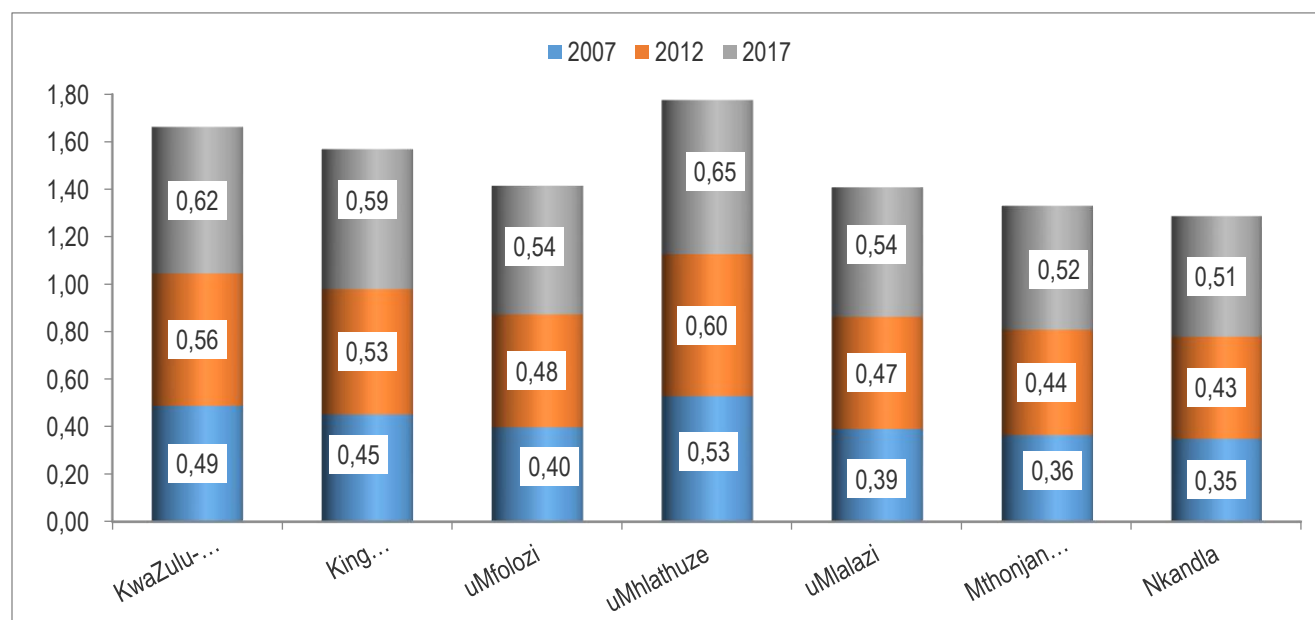
Source: Global Insights 2015

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.

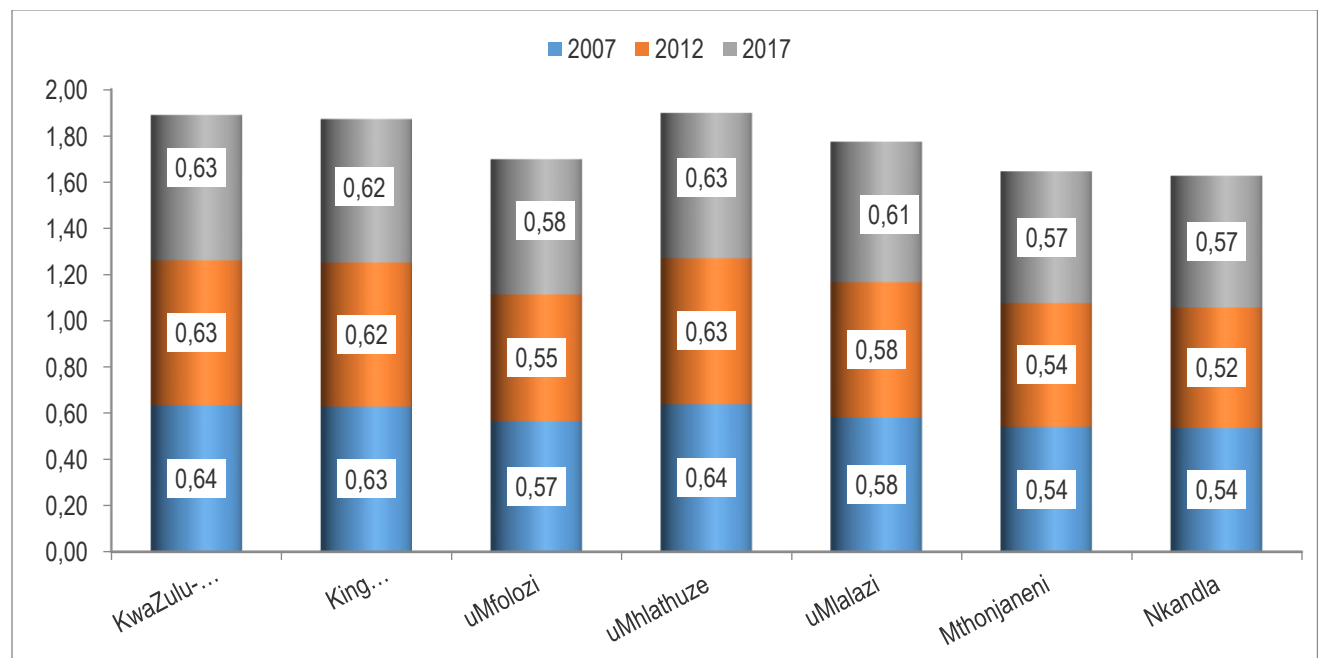
The following table and figure provides the HDI for uMhlathuze Local Municipality over a given period of time.

Figure 54: Human Development Index



Source: IHS Markit, 2018

Figure 55: Gini Coefficient



Source: IHS Markit, 2018

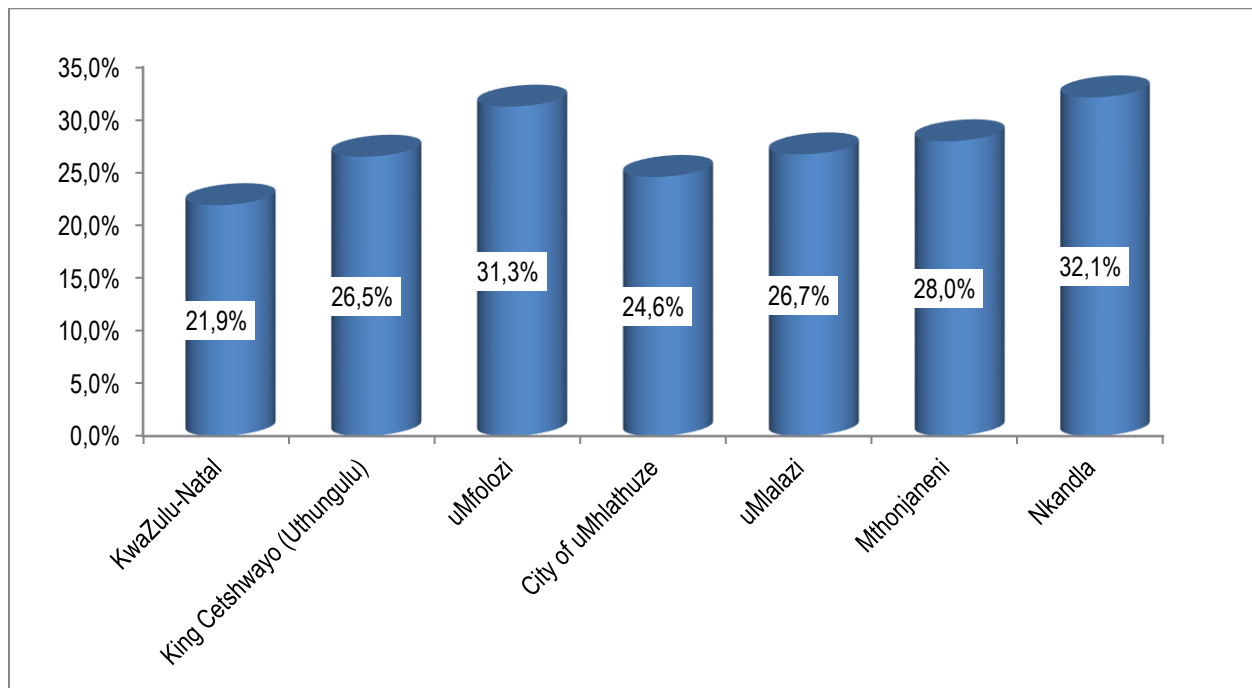
Income inequality is indicated by the Gini-coefficient. Income inequality in the King Cetshwayo District and Province has become less equal over time – from 0.64 in 2007 and decreased to 0.63 in 2012 up to 2017 in uMhlathuze Municipality.

11.2.3 Employment and Income Levels

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

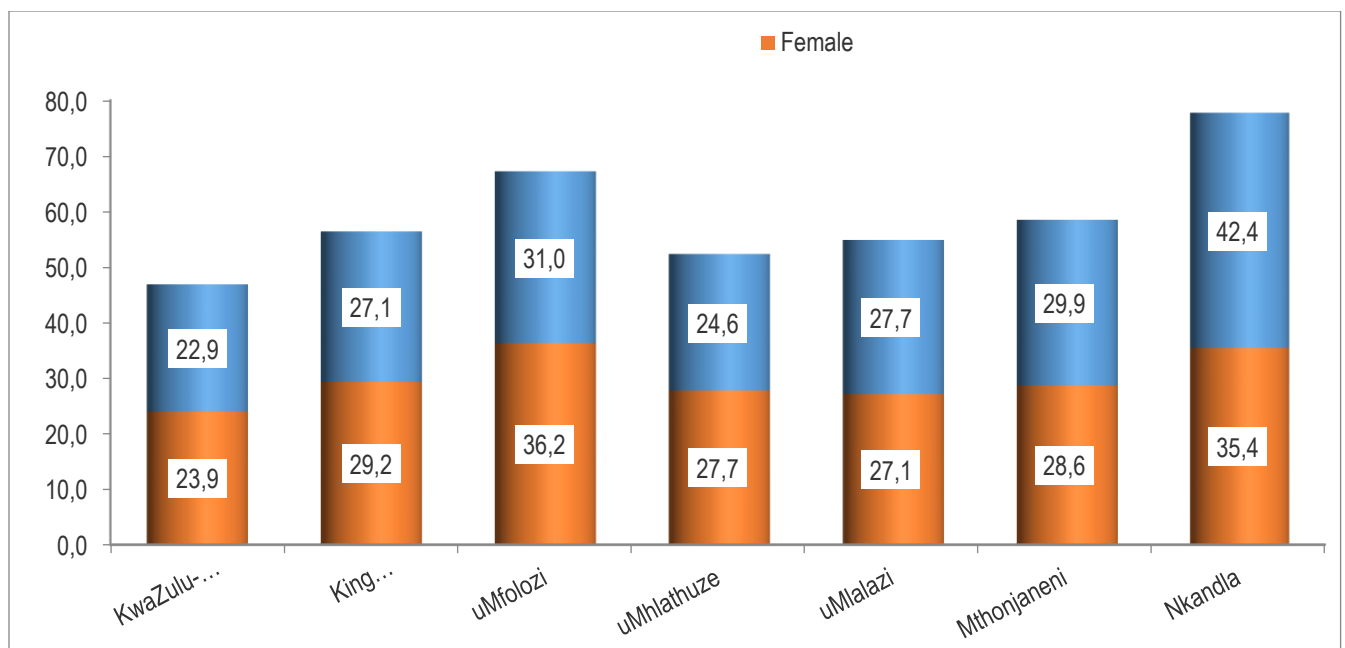
Job creation is not the core competency of the municipality however City of uMhlathuze is committed to radical economic transformation which entails making the environment conducive for investors.

Figure 56: Regional Unemployment



Source: Global insight 2015

Figure 57: Unemployment by Gender

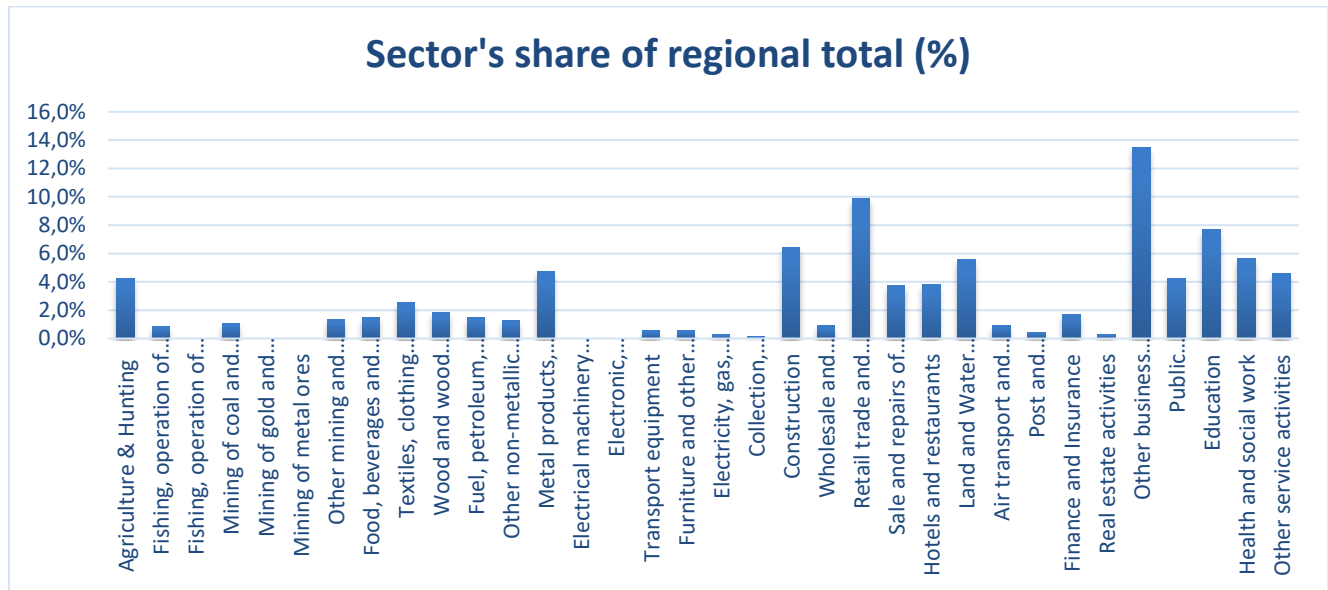


Source: IHS Markit, 2018

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 58: Employment by Sector



Source: IHS Markit, 2018

Table 58: 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 59: Formal and Informal Employment per Sector

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

Source: IHS Markit, 2018

11.2.4 Performance of Broad Economic Sectors

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

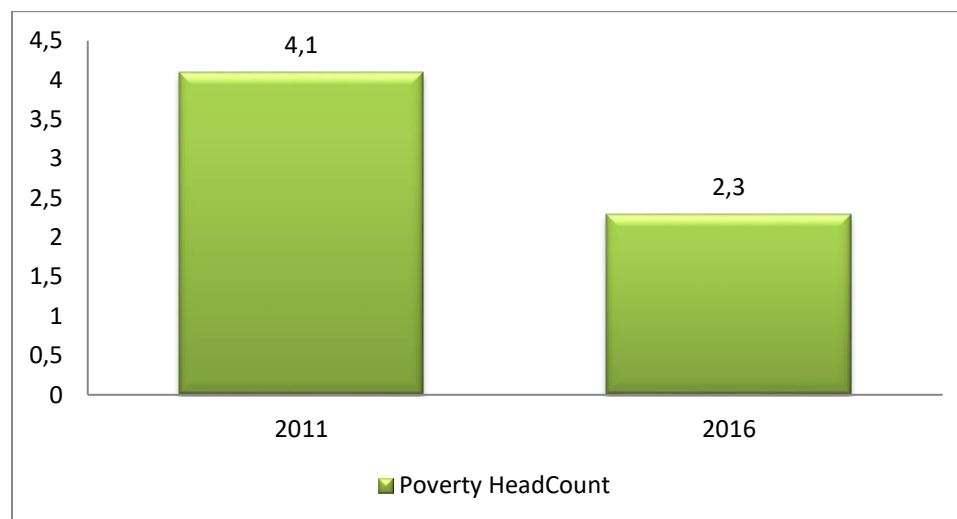
Source: IHS Markit, 2018

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.

11.2.5 Income and Dependency

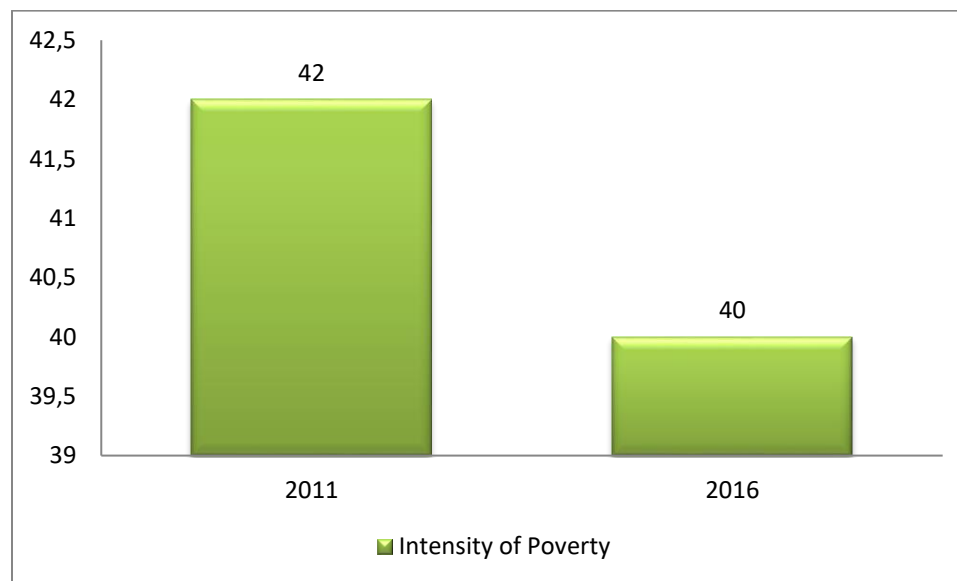
Income levels and the number of dependents have a significant impact on the ability of an employed person to meet the financial needs of his/her dependents. The number of dependents on a salary has a significant impact on the ability of the salary to meet basic needs. The following table provides the official Census 2011 dependency ratios for South Africa, KwaZulu-Natal, King Cetshwayo District as well as the Local Municipalities in the King Cetshwayo District.

Figure 60: Poverty Head Count



Source Global Insight 2015

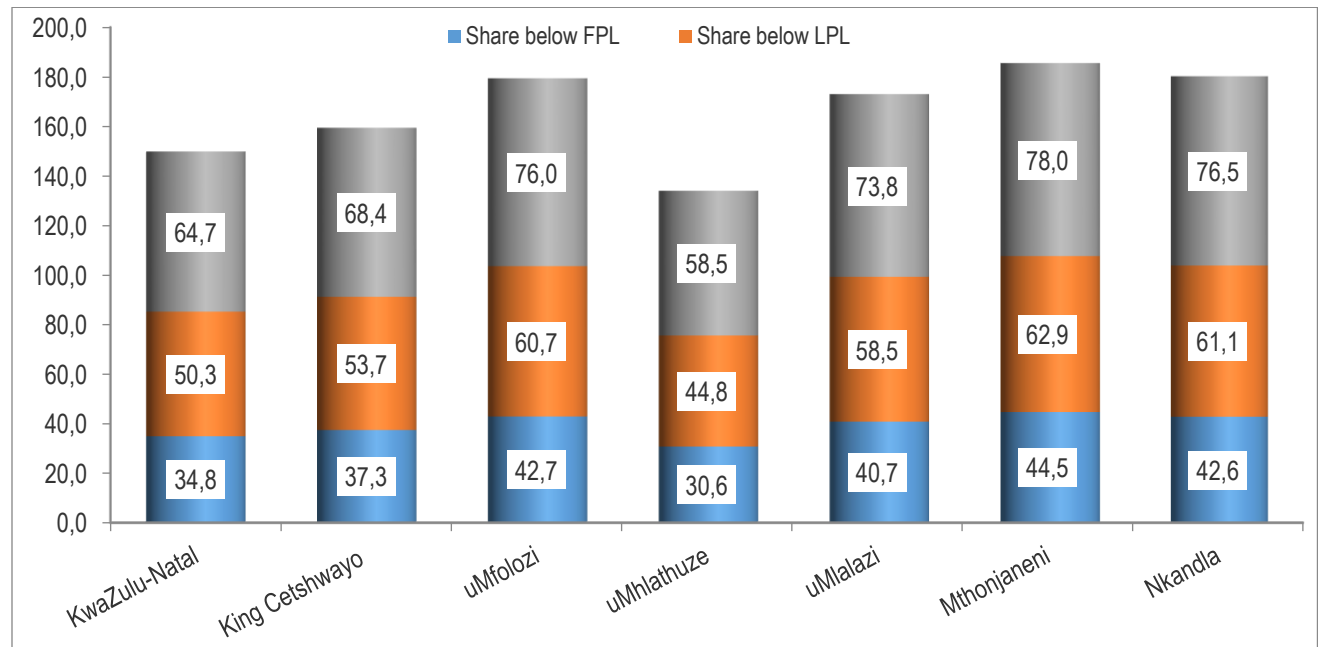
Figure 61: Intensity of poverty



Source: Global insight 2015

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

Figure 62: Poverty Development Indicators



Source: IHS Markit, 2018

Table 59: Comparative Dependency Ratio

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

Source: Census 2011

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

11.3 National Development Plan

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

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

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

Objective 1:

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

- a. City of uMhlathuze economic development partnership program

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

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

- b. City of uMhlathuze Events Program

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

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

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

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

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

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

Craft Cluster

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

Agri-business Cluster

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

Manufacturing Cluster

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

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

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

Services Cluster

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

d. Small Business Centre Program

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

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

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

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

Objective 2

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

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

a) Fibre-optic network programme

The broadband fibre-optic network programme will construct a fibre-optic communication network within the City of uMhlathuze to realise service delivery as well as social and

economic benefits by providing access to affordable telecommunication infrastructure on an open-access basis.

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

Objective 3

Provide social protection through the creation of job

a) Expanded Public Works Program (EPWP)

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

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

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

11.4.1 Local Economic Development Plan [Economic Transformation Roadmap]

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

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

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

- Job creation
- Improving citizen's skills levels/ education
- Increased competitiveness and investment in the city
- Transformation within the Public and Private sector
- Economic growth through job creation
- Stimulate rural development
- Sustainable Environmental Management
- Consistent spatial Development Framework
- Improved productivity and resource management
- Strengthened collaboration amongst key industry partners that will grow and sustain the city's job creation, economic growth and transformation efforts, in a collective manner

11.4.2 Implementation Plan - Local Economic Development plan

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

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

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

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

The key industries identified are:

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

Table 60: Tabulated below is the Roadmap - Local Economic Development implementation plan with clear targets aligned to PGDP and DGDP,

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

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

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

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

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

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

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

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

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

Tourism							
KCD - DGDG 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
Enterprise Development							
1.	Single-window tourism business support portal			x			
Access to markets							
1.	Marketing plan for tourism promotion		x				
2.	Eventing Business Case and Implementation Model			x			
Tourism Infrastructure Development							
1.	Establishment of Task Team or remodelling existing structures		x				
2.	Heritage infrastructure audit and integration into the tourism mix		x				
Product Packaging							
1.	Customized tourism packages		x				
Institutional strengthening							
1.	Capacity build CTO		x				
2.	Capacity-build tourism forum		x				

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

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

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

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

Mining beneficiation							
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
Localisation of mining value chain							
1.	Develop and implement support mechanism for priority mining & expansion projects				x		
2.	One-stop shop for business support					x	
3.	Conclude partnership with Department of Mineral Resources and other stakeholders on key minerals exported/ imported for beneficiation				x		

ICT and Innovation							
DGGP Goal: Job Creation PGDS Goal: Inclusive Economic Growth							
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
Infrastructure Development							
1.	ICT Industry based Strategic Team to drive ICT investment, advancement and innovation		x				
Skills Development							
1.	Virtual Economic Options and Priority Areas for the City				x		
ICT as an enabler for innovation							
1.	Innovation and implementation strategy			x			

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

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

11.4.3 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

SMMEs

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

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

Informal Trading

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

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

The following principles should underscore the said policy:

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

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

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

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

11.4.4 Expanded Public Works Programme (EPWP)

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

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

EPWP policy framework

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:

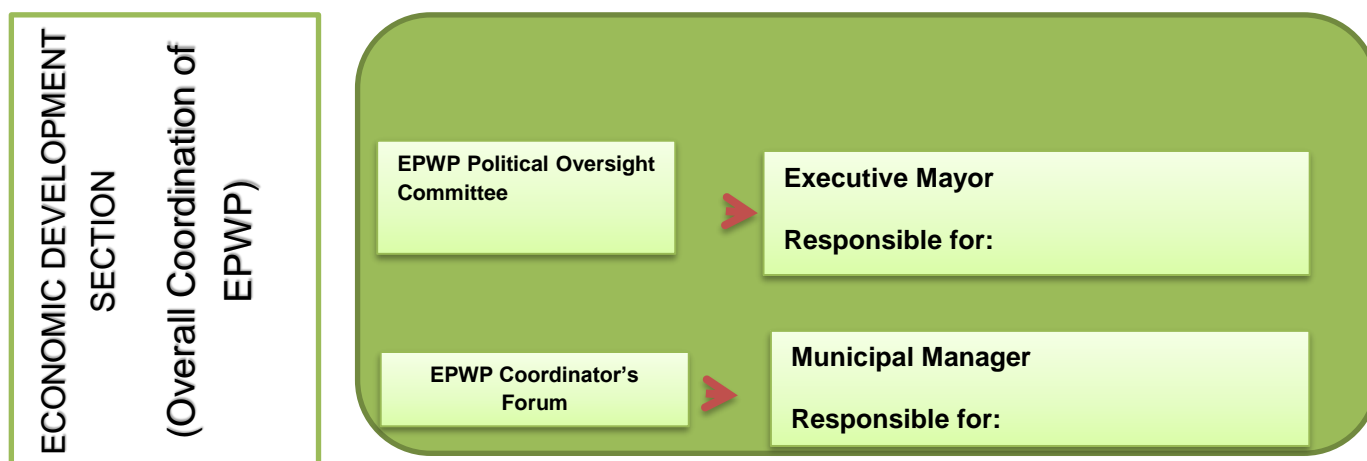
- The South African Constitution, 1996;
- The City of uMhlathuze Integrated Development Plan (IDP);
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997);
- Employment Equity Act, 1998 (Act No. 55 of 1998);

- 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 coordinating structure



11.4.5 Agriculture

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

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

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

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

- o Food security and food sovereignty should be promoted.
- o 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.
- o 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.
- o Small-scale farmers should be encouraged to add value to their produce.

11.4.6 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.

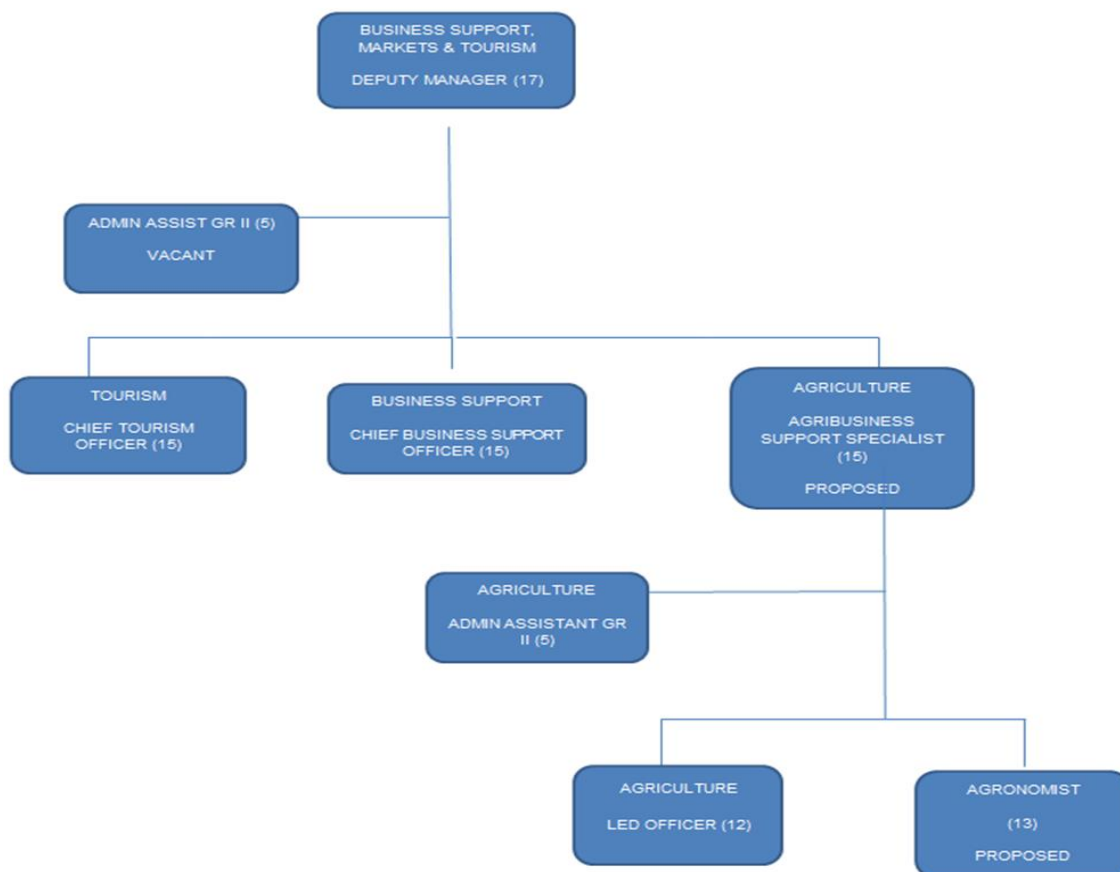
The stakeholder engagement

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 63: Agricultural Institutional Arrangements



11.4.7 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:

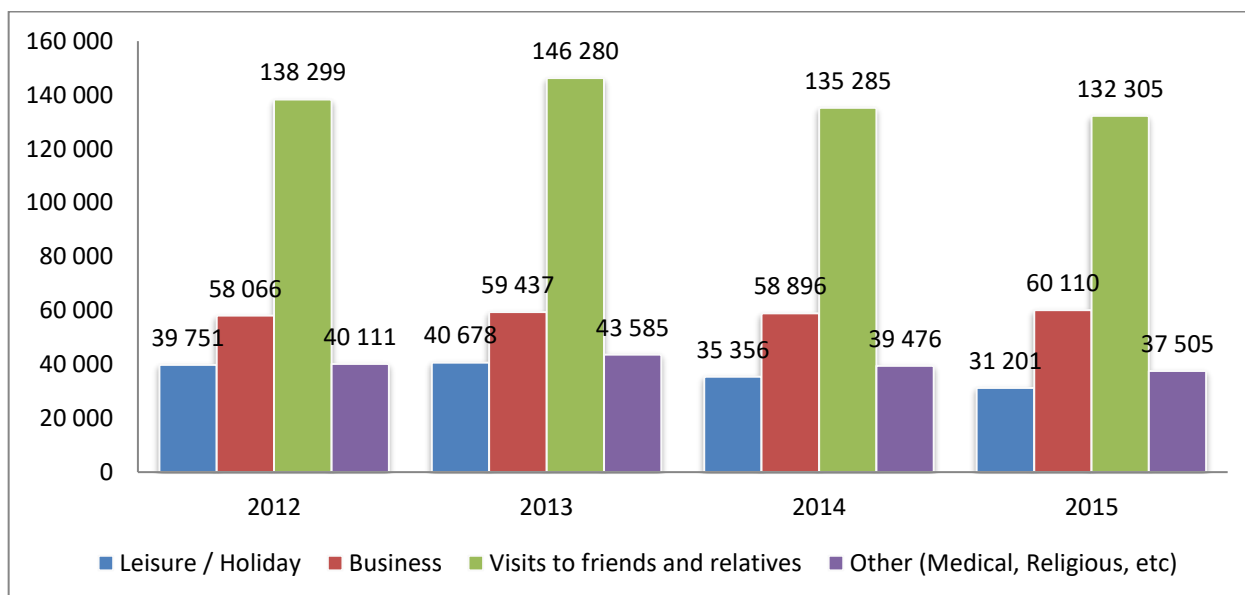
- The Harbour

- 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 64: 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 65: Tourism Spend

March 2019

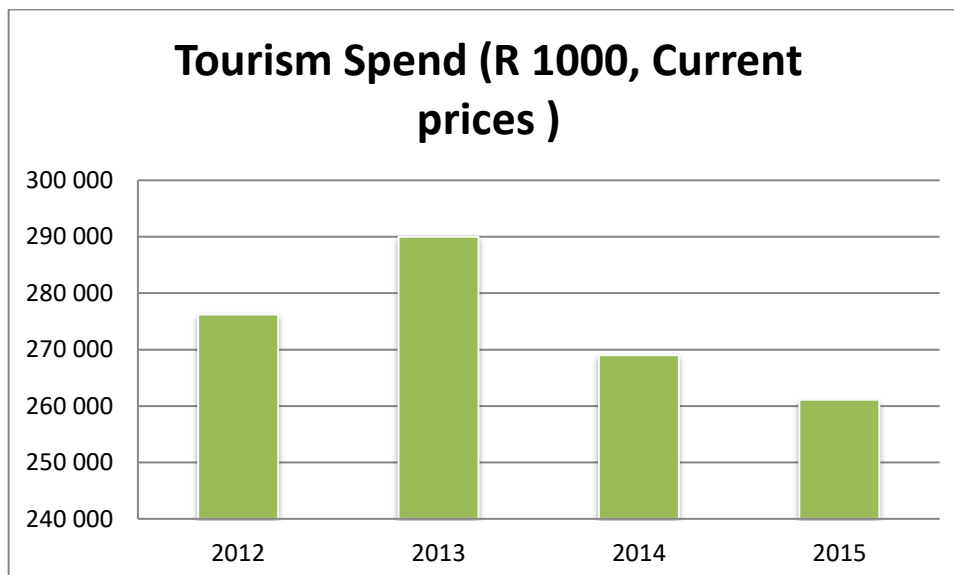
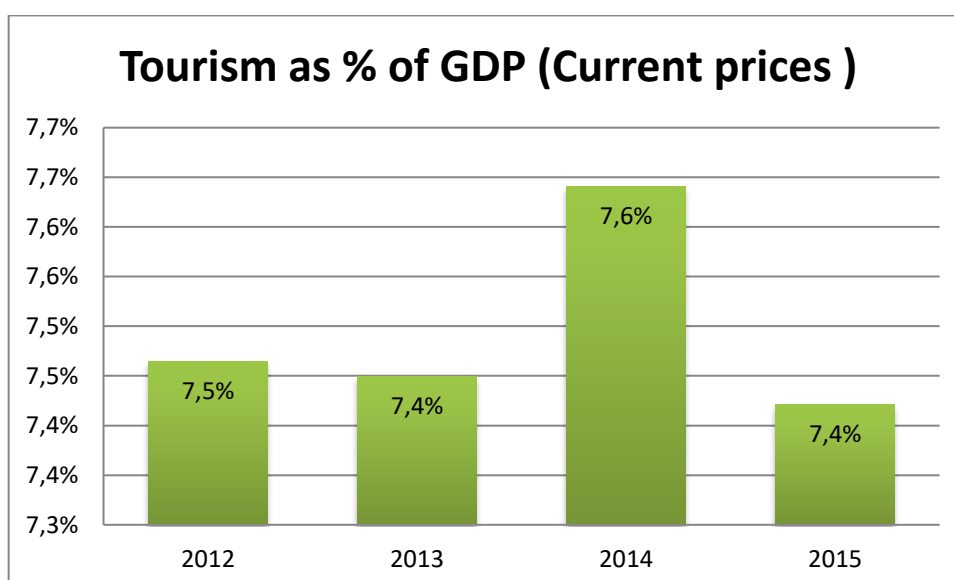


Figure 66: Tourism as % of GDP



UMhlathuze Tourism Marketing Strategy

Council has adopted a Tourism Marketing Strategy with an overall goal to provide coordinated guidance to the economic role players and stakeholders for the future marketing of the tourism products to ensure economic development of the municipal area that will lead to local employment creation, income generation and investment into economic assets, further placing uMhlathuze as the front runner for Tourism in Northern KwaZulu-Natal

Alignment with Strategies and Policies							
	National Tourism Sector Strategy	Domestic Tourism Strategy	KZN Tourism Master Plan	TKZN Tourism Strategic Plan	King Cetshwayo District Tourism Strategy	uMhlathuze Tourism Strategy	uMhlathuze Tourism Marketing Strategy
Strategy	To position South Africa as a globally recognised tourism destination brand	Increased domestic Tourism Expenditure	Managing strategic direction, product offering and investment opportunities	Increase the number of business, sports and leisure events in the Province.	Encourage Cruise Ship Tourism in Richards Bay	Prioritise research and marketing in the tourism sector to realise maximum benefits	To provide coordinated guidance to the economic role players and stakeholders for the future marketing of the tourism products to ensure economic development of the municipal area that will lead to local employment creation, income generation and investment into economic assets
Vision	To be a top 20 tourism destination in the world by 2020.	Growing domestic tourism for a sustainable tourism economy	To be a top 20 tourism destination in the world by 2020.	To position the province of KwaZulu-Natal as Africa's leading tourism destination, nationally and internationally.	To develop and market holistic tourism products that utilise the competitive advantages that uThungulu (King Cetshwayo) District enjoys in ecological/wildlife and cultural/heritage attractions in such a way as to appeal to a broad, and international in scope, tourism market, creating new flows of tourists in the region and also capturing a substantial share of the existing tourism trade which currently passes through the district and to ensure that tourism contributes toward local economic development through the active involvement of communities in tourism projects and the strengthening of linkages with the SMME Sector.	To build partnerships within uMhlathuze's Tourism sector in order to develop and implement innovative and effective programs and initiatives which will expand tourism and increase economic impact and jobs within a responsible environmental management framework.	To place uMhlathuze as the front runner for Tourism in Northern KwaZulu-Natal.

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

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

International Tourist Arrivals

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

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

	2015	2016	2017	Average a year	Projection 2017* (issued January)
			Jan-June	2005-2016	Between
World	4.5%	3.9%	6.4%	3.9%	+3% and +4%
Europe	4.7%	2.1%	7.7%	2.8%	+2% and +3%
Asia and the Pacific	5.4%	8.6%	5.7%	6.5%	+5% and +6%
Americas	5.9%	3.6%	3.0%	3.7%	+4% and +5%
Africa	-2.9%	8.0%	7.6%	4.7%	+5% and +6%
Middle East	0.7%	-3.4%	8.9%	4.3%	+2% and +5%

Tourism in KwaZulu-Natal

In KwaZulu-Natal, tourism total contribution to GDP is recorded at about R28,2 billion which is about 6.4% of the provincial economy. The province currently attracts about 908 277 foreign visitors and 7,1 million domestic tourism trips on an annual basis. The province has wonderful natural tourism attractions and is thus well positioned to take advantage of the continued growth in international and domestic tourism.

Tourism in uMhlathuze

The City of uMhlathuze is one of the primary driving forces in the tourism sector in KwaZulu-Natal. The municipality offers a rich diversity of tourism offerings making it an ideal holiday destination for local and international visitors. Tourism in uMhlathuze is largely dominated by the domestic market with minimal visits from the international market. The city is well known for its sports and business activities. Due to its warm Indian Ocean adjacent to Richards Bay and the Industrial Hub located inland, the city receives tourists all year round. However, the footfall numbers fluctuate in each month. Furthermore, there is a dearth of tourism specific research conducted on uMhlathuze and the demand for such is high.

uMhlathuze generally has a good climate and is well endowed with natural resources whose comparative advantages are, a good climate creates avenues for productive agricultural tourism development. Agriculture with irrigation infrastructure is in place and a scenic environment and the coastal terrain thus creating more opportunities for tourism development. uMhlathuze Municipality has a high potential for tourism, however, this potential has not been optimised due to poor coordination, and poor documentation. Tourism awareness in uMhlathuze is relatively low and the poor integration in the tourism products also adds to the problem. An example of such includes the poorly developed and uncoordinated Cultural heritage tourism in the municipal area. The highly undeveloped Religious heritage is also no exception.

The cost of flights to and from Richards Bay is highly expensive which therefore makes family trips unaffordable and consequently, not viable. uMhlathuze's tourism industry is the gateway to Zululand whether the historical Eshowe, or the culturally rich Ulundi Municipality. uMhlathuze Municipality is also well linked to eThekweni Municipality through the N2 freeway. uMhlathuze is a growing city, and therefore possesses great potential to expand the tourism sector with the available extensive land for development. The city lies in close proximity to some of the KZN province's most popular eco-tourism attractions such as Hluhluwe-Umfolozi, Sodwana, the Isimangaliso Wetland Park and also close proximity to cultural and historical attractions such as the battlefields of Ulundi as well as Gingindlovu and the Shakaland Cultural Centre.

However, the mentioned poor coordination and the lack of formalised linkages form a barrier for tourism growth within this city. The city's tourism marketing efforts also date far back and are minimal. Despite this lack of maintained marketing efforts, there is a visible change in tourist behavioural patterns within the area. The decline in international tourist arrivals to South Africa did not have an impact on total share of international arrivals in the uMhlathuze area. Nevertheless, the impact is seen in the overall tourist expenditure for 2016.

Market Assessment

- o Existing market

The core tourist market of uMhlathuze comprises of largely the **corporate market**. This is significantly due to the high concentration of large industries located within Richards Bay which, consequently, generate profuse investment and business opportunities. uMhlathuze is also known as the Playground area for its frequent sporting activities and miscellaneous events. Thus, **the leisure market** and the **Sports market** are also at the forefront.

- o The potential /target market

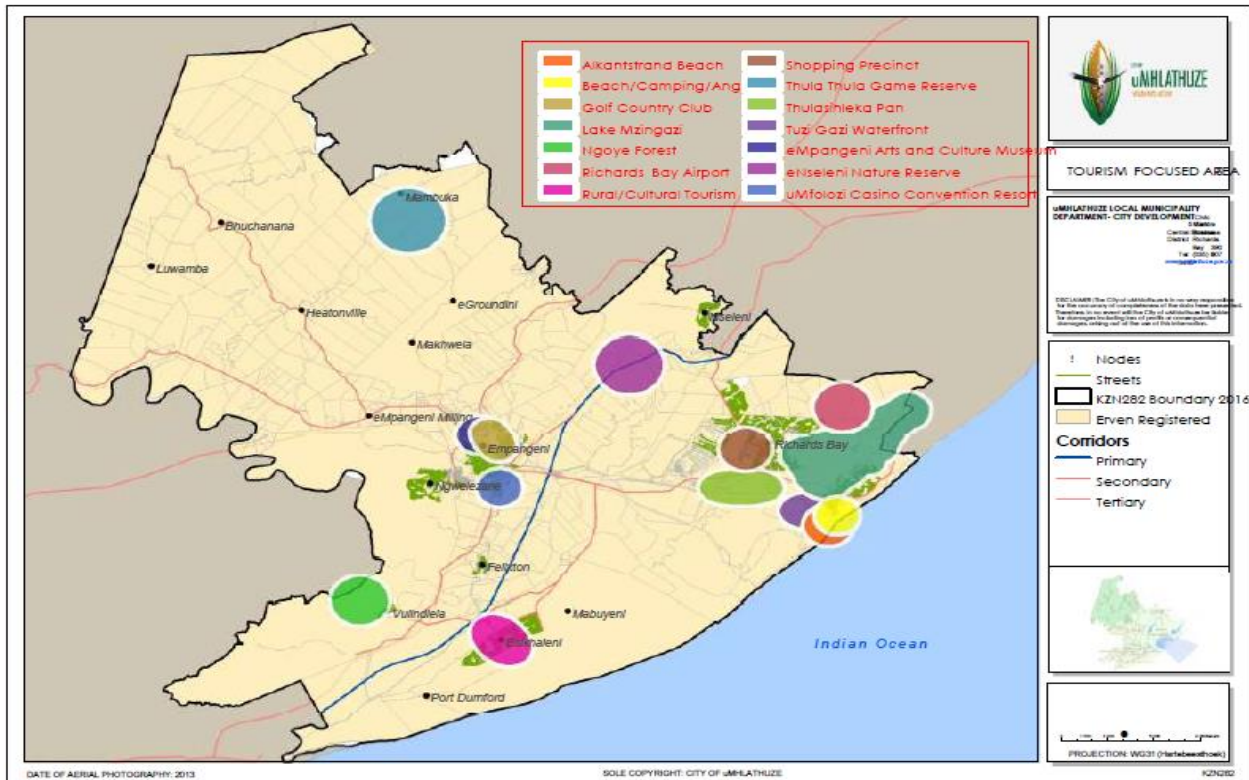
With the varied number of Events hosted in this area, the **Entertainment market** appears to be the largest market one can tap into. The city does not consist of the biggest shopping centres in the province; however, with effective marketing tools implemented the available retail outlets may have potential to draw in a pool of individuals who travel from the nearby countries such as Mozambique just for shopping. With the warm beaches and ideal facilities for family vacations, the city has the potential to become the home for the Family Holiday seekers.

The Industrial Zone also has enormous potential to draw in large school groups for educational tours. uMhlathuze is now essentially the home of the Big 4 which ultimately also has an added advantage in strengthening the growth of tourist markets in the region. Foreseen potential growth in international tourist visits will not only boost tourism in uMhlathuze

but also have a positive impact on the City's economy. The potential market should inevitably become the target market for uMhlathuze.

The Map below highlights the tourism offering that uMhlathuze has as well as possible areas of tourism development and expansion:

Map 27: Tourism Focused Areas



uMhlathuze Community Tourism Organisation (UCTO)

Currently, uMhlathuze has a functional Community Tourism Organisation (UCTO) which comprises of local tourism stakeholders whose role is to ensure that all tourism activities and implementation processes run smoothly. The UCTO also has the responsibility of ensuring growth and expansion in the tourism's current status quo. Tourism sites located within the Municipality, including events, beaches, entertainment hubs and different aspects of nature tourism are identified in this report.

Institutional Arrangements

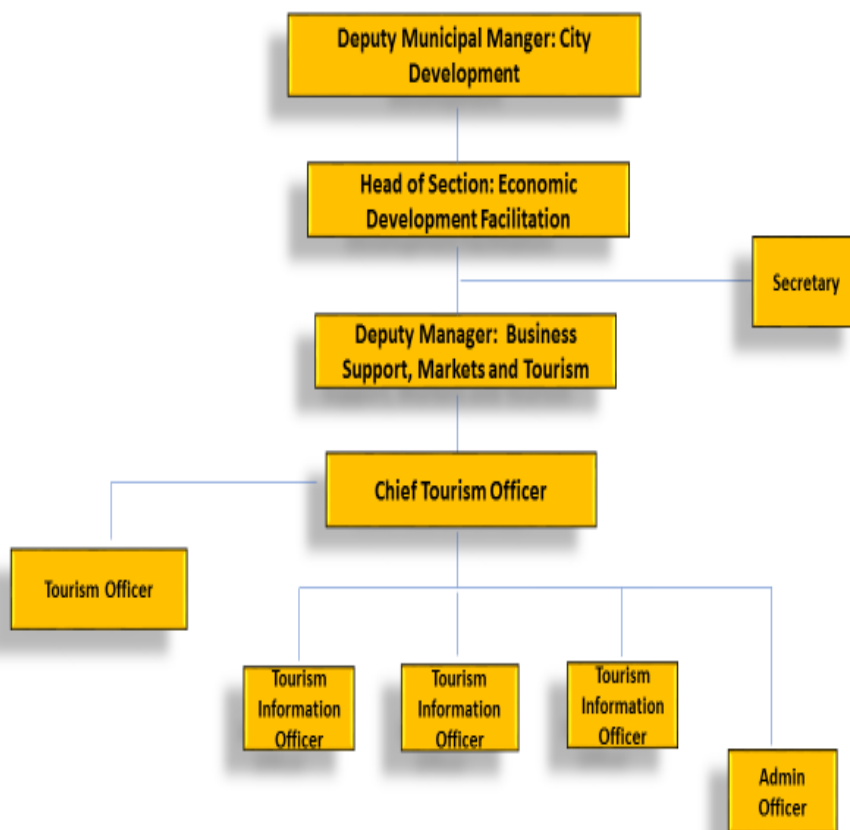
The strategy provides recommendations on the organisational structure that would best facilitate the optimal growth of Tourism in uMhlathuze Local Municipality. It acknowledged that without a clear institutional framework in place, tourism marketing programmes and projects will be implemented in an uncoordinated fashion that might sometimes lead to duplication and a waste of scarce resources. Therefore, the following suggested institutional framework is crucial for an optimal growth of Tourism in uMhlathuze.

The Existing Internal organisational structure consists of the following key personnel:

- Deputy Municipal Manager: City Development
- Head of Section: Economic Development Facilitation
- Secretary to the Head of Section
- Deputy Manager: Business Support, Markets and Tourism

- Chief Tourism Officer
- 2 x Tourism Information Officers

The following structure is thus proposed for the optimal function of the sub-unit:



IMPLEMENTATION PLAN						
Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
Product Knowledge	The Development of a Tourist Centre and Curio Shop	<ul style="list-style-type: none"> Establish a theme and inspired tourism information office in Port Durnford area, inclusive of a curio shop. Develop an arts and craft centre for training local people interested in arts and craft making. Establish an outdoor entertainment area with cultural themed activities such as music, dance, poetry and storytelling. Establish a tourism business support service kiosk inside the information centre for general enquiries and requests relating to tourism. Establish a Restaurant in Port Durnford to sell Local cuisine and food outlets, focused on fresh seafood sales. Ensure that Tour guides and Tour operators are always readily available to assist walk-in tourists at the information centre. 	ULM, KCDM, UCTO, EDTEA DAC, EDTEA, ULM DAC, EDTEA, ULM ULM, KCDM, UCTO, EDTEA UCTO, ULM UCTO	R1,5m	Long - term Long - term Long - term Short-term Long - term Short-term	HIGH
	The Development of a Suitable Tourist Signage	<ul style="list-style-type: none"> Develop proper tourism signage in and around the identified tourist sites within the proposed uMhlathuze Tourism Route. 	EDTEA, KCDM, ULM	R0,5m	Short-term	
	Tourism Route Development	<ul style="list-style-type: none"> Establish a formal Tourism Route Committee for the planning, coordination and implementation phases of the Route. Conduct solid market research internally (tourism unit within the municipality) that identifies key target markets and their needs - this must be done on an ongoing basis to be responsive to trends and shifts in markets. Use in-house resources and capacity (within the tourism unit) to scrutinise the assets to determine the unique selling features of the area and then develop a macro level strategic plan to consolidate tourism planning for the area. Determine the size of the membership base for suppliers on the route - the buy-in of these 	ULM, KCDM, UCTO, EDTEA ULM ULM, UCTO, KDCM UCTO, ULM	R0,2m	Short-term Long - term Long - term Short-term	MEDIUM

	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.	UCTO, ULM, TKZN		Short-term	
	<ul style="list-style-type: none"> Establish a clear brand identity for the route and then market this according to the targets identified. 				

Focus Area	Project	Actions/Activities	Key Role Players and Other Stakeholders	Estimated Budget	Term	Priority
Market Development	Market Research Strategy and Tactics	<ul style="list-style-type: none"> Conduct a semi-annual perceptual tracking study (Brand Image Study). 	ULM	R0,3m	Short-term	MEDIUM
		<ul style="list-style-type: none"> Conduct the Visitor Intercept Interview Program at sites throughout uMhlathuze on an annual basis. 	ULM		Short-term	
		<ul style="list-style-type: none"> Conduct annual inquiry conversion study. This study will explore the effect of advertising in stimulating both inquiries and visitation in uMhlathuze. 	ULM		Short-term	
		<ul style="list-style-type: none"> Conduct semi-annual economic impact study. 	ULM		Long-term	
Marketing Mechanisms	The recreation of the tourist/visitor guide	<ul style="list-style-type: none"> Distribute the tourist guide to the key visible areas of uMhlathuze such as the Petrol Stations, the Richards Bay Airport, Tourist Information Centres and Shopping Centres. Distribute the guide at the trade and exhibitions (such as the Tourism Indaba). Ensure usage of guide during roadshows and familiarisation tours. Recreate the visitor information Guide and ensure that it comprehensively covers all the towns within the uMhlathuze region with specific emphasis on the attractions and the uniqueness of each destination 	ULM, UCTO ULM, UCTO ULM, UCTO UCTO	R0,1m	Short-term	HIGH
	The Mobile Tourism Application	<ul style="list-style-type: none"> Develop a Mobile Tourism Application for uMhlathuze 	ULM		Short-term	

		<ul style="list-style-type: none"> • Provide updated information on existing routes and tourism products or authentic experiences found in uMhlathuze. • Create a monitoring and evaluation system of the application • Ensure that the application software is constantly managed and updated. • Create a link for the App to be accessible through all marketing channels such as (the uMhlathuze website, social media platforms, the visitor guide etc.) for easy application download. • Create the application user guidelines • Create an awareness campaign in local shopping centres to promote the application in all identified destination marketing platforms. 	<p>ULM, UCTO</p> <p>ULM</p> <p>ULM</p> <p>ULM</p> <p>ULM</p> <p>UCTO, ULM, KCDM</p>		<p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p>	MEDIUM
The Online Strategy	Website Design	<ul style="list-style-type: none"> • Redesign uMhlathuze's Tourism website to feature "interest channels" devoted to the arts, history, entertainment, events, family fun, rest and relaxation and outdoor recreation and a "What's On" section in the website to include events, specials and getaways and add an interactive map. 	UCTO	R0,1m	Short-term	HIGH
	Social Media Campaign	<ul style="list-style-type: none"> • Request users on Twitter, Facebook, Instagram and WhatsApp to interact with social media posts. Invite users to ask questions, take polls, provide reviews, enter contests and join mailing lists. 	UCTO	R0m	Short-term	HIGH

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

		<ul style="list-style-type: none"> Support with print, outdoor and airport advertising and radio. Direct viewers to the uMhlathuze website for more information. Use a mix of innovative advertising platforms e.g. Mall media, Buses, In flight meal packs, etc. Use digital advertising for interactivity and lead generation. Tourism Districts to produce and place point-of-visitation advertising materials. Develop an email database of all existing and potential tourist market. This database can be used to send recipients coupons or invite them to special events happening in or around uMhlathuze. 	UCTO UCTO UCTO UCTO KCDM, UCTO, ULM UCTO		
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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"> Conduct Tourism Activations in all shopping centres found in uMhlathuze Create a domestic tourism campaign that is aligned to the existing TKZN domestic tourism campaign (Do KZN). Encourage domestic tourism in all marketing media channels (especially social media, radio and television). Form partnership with the local tourism enterprises to create incentives for the local people (such as free getaway trips, free spa vouchers and free Accommodation for specific days), to encourage local travelling. Facilitate a local tour (twice a year) which includes providing free transportation and free entrance to various areas within the established uMhlathuze Tourism Route for the selected group of local people which may include Tourism Students and Graduates from the University of Zululand. Create a tourism awareness programme which will target specific groups within the local areas with the potential and financial means to travel. This may include conducting presentations to possibly the following target groups: School groups which offer 	UCTO UCTO UCTO UCTO UCTO UCTO	R1,0m	Medium Term	HIGH

		tourism as a subject, Church groups, Tourism Students (Tertiary), Taxi Associations.				
	International Marketing	<ul style="list-style-type: none"> Create an international music festival which will feature a few international tourists to attract the international market. Municipal Tourism Personnel must attend a minimum of 1 International Tourism conference to represent and promote uMhlathuze as a tourist destination and to also gain sufficient information. Develop a needs analysis study using the Municipal resources and capacity to identify what the international market's needs and expectations are and how uMhlathuze can meet them. Create a marketing campaign aligned to the South African Tourism's "We Do Tourism" campaign that will specifically target the international market (Let's DO the SIZZLE CITY and #Escape Winter) 	<p>UCTO</p> <p>ULM</p> <p>ULM</p> <p>UCTO</p>	R0,5m	Short-term	LOW

11.4.8 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.

11.4.9 Industrial Development Zone

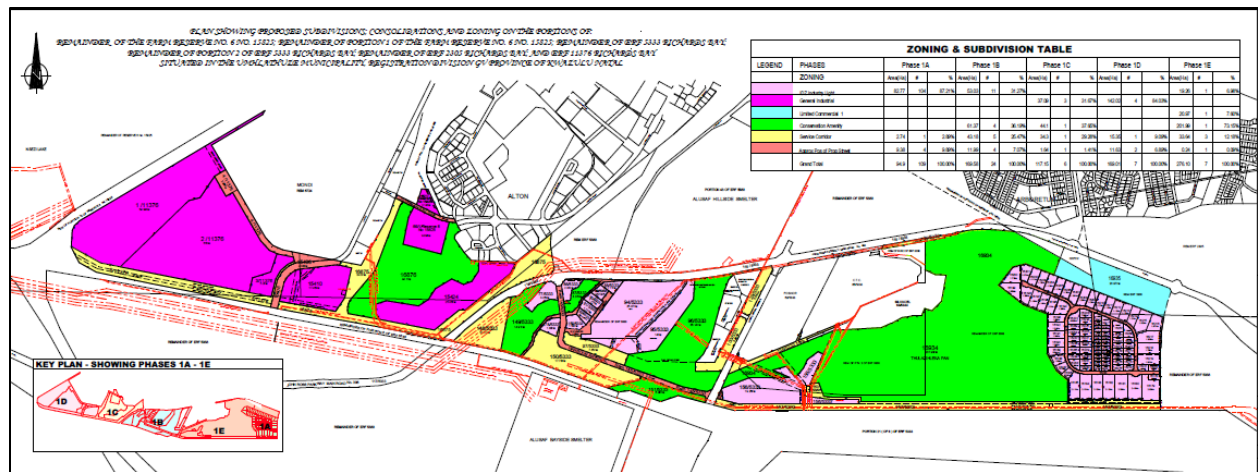
The history and potential of the Industrial Development Zone is key in considering the development of industry and manufacturing in uMhlathuze. Initially, Trade and Investment KwaZulu-Natal was the majority shareholder with the Municipality. The shares have been sold to the Department of Economic Development 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

The footprint of the IDZ for Richards Bay as it was designed prior to the transfer of land back to the uMhlathuze Municipality is shown herewith.

Map 28: IDZ Footprint



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.

The Municipality has partnership agreements with the following partners:

- University of Zululand – Research

- SEDA
- EDTEA
- NYDA

The following are the stakeholders that the municipality is partnering with in developing SMMEs and improving the informal trading sector within the city:

- Foskor
- Mondi
- iThala Bank
- SEDA
- EDTEA
- COGTA
- NYDA
- University of Zululand

The following are projects resulting from the strategic partnerships with above stakeholders:

- SMME Park – construction, MERSETA and UMfolozi TVET to come on board;
- ESikhaleni Construction Incubator - establishment in partnership with SEDA Construction;
- eSikhaleni Automotive Hub - feasibility in partnership with EDTEA and
- Empangeni SMME One-Stop-Shop in partnership with NYDA, ABSA, SEDA and Ithala Bank

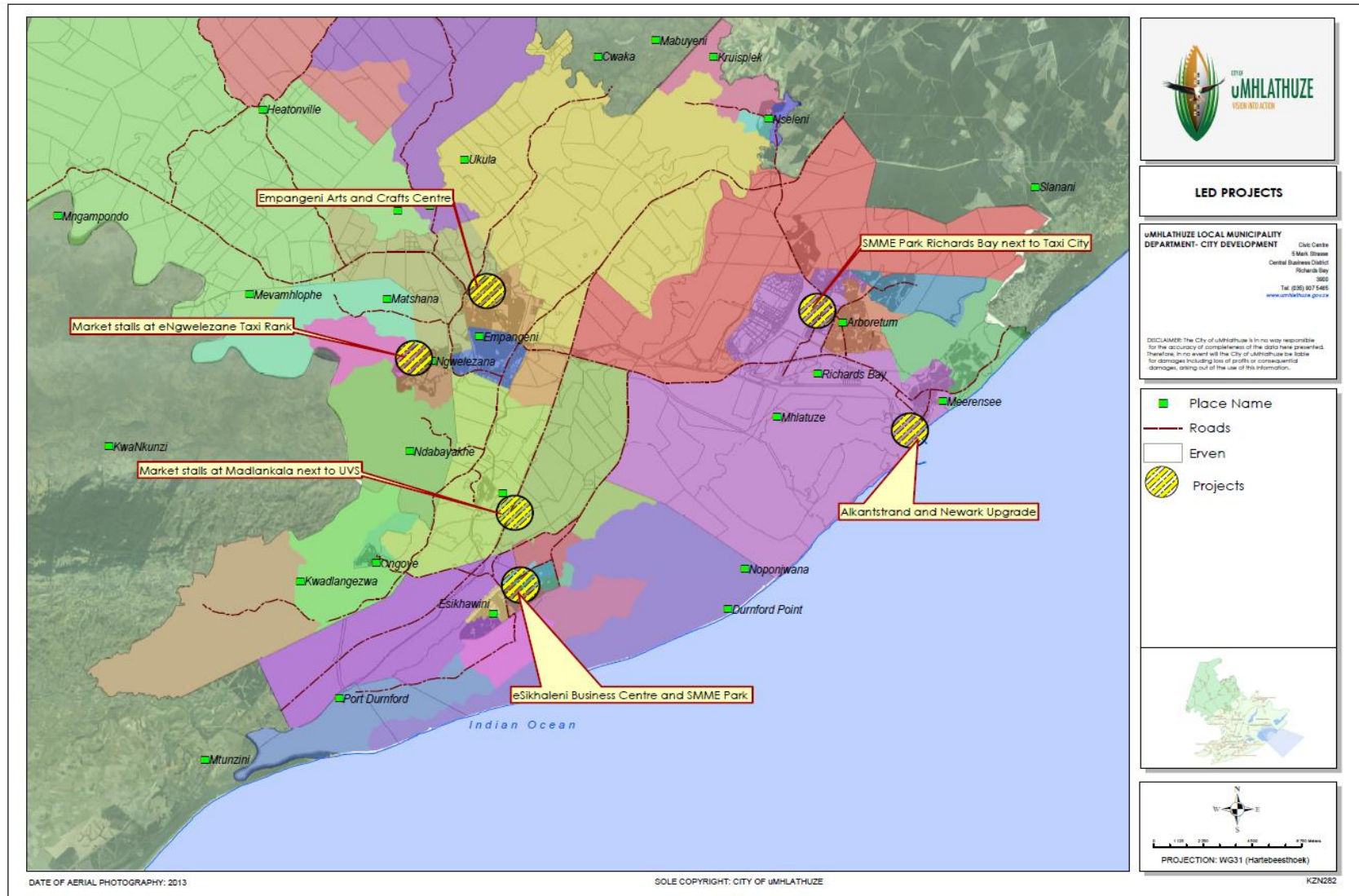
Table 61: LED Budgeted Proposed projects

- 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 Icube
- Facilitate development of an SMME Box Mall in Mzingazi -Current Ward 1
- Facilitate development of 2 agro-processing projects
- Alienate land for primary agriculture
- Develop Eskhaleni Business Center
- Develop 1 informal trading market stall
- Upgrade Meerensee Market Stalls
- Organize Business Training Programs for SMME One-Stop-Shop
- Finalize Informal Trading Bylaws and Policy review
- Established Structures

The following structures have been established and are fully functional: -

- uMhlathuze Community Tourism Organisation (UCTO)
- Zululand Chamber of Commerce and Industry (ZCCI)
- Informal Traders Forum

Map 29 : LED Projects



11.5 Social Development Analysis

11.5.1 KwaZulu Natal Poverty Eradication Master Plan

It is government's mission to ensure that communities living under conditions of poverty are helped to rise above their current condition. "Poverty is a human rights issue and government has a mandate to do everything possible to ensure that communities that are faced with poverty are given a chance to better their lives.

Census 2011, revealed that poverty headcount for uMhlathuze was at 4.1% and its intensity at 41.6%. With the recent statistics obtained from Global Insight it is noted that there is a decrease in poverty headcount when compared with 2011 statistics, which is now at 2.3%, although it's still relatively high but intensity is now at 40%. The reality is that within the City of uMhlathuze there are still communities living in absolute poverty.

uMhlathuze Municipality is striving through meaningful and holistic interventions to restore the dignity of those affected by poverty.

The following are initiatives by uMhlathuze in responding to the Poverty Eradication Master Plan:

Table 62: Poverty Eradication Initiatives

Poverty eradication Pillars	City of uMhlathuze's Initiatives
Social Protection	<ul style="list-style-type: none"> Operation Sukuma Sakhe which focuses on ward based war rooms targeting vulnerable and destitute communities. Through OSS the city is in partnership with Department of Social Development (SASSA) and Department of Health to improve access to social security and health services for example Monitoring of Phila Mntwana Clinics within uMhlathuze and registration of people qualifying for various government grants as well as facilitating the construction of OSS houses. The City has established a Special Programmes Unit focusing on People With Disabilities (PWDs), Women, Senior Citizens. The strategic intent of this unit is to implement municipal programmes aimed at addressing challenges faced by vulnerable groups.

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	<ul style="list-style-type: none"> • The city has adopted an Indigent Policy to ensure provision of services such as water, electricity and waste removal to poor households who are unable to pay for such services. • The city has adopted an Indigent Burial Assistance Policy to assist poor households with burial of people living in the city.
Agriculture Deepened	<ul style="list-style-type: none"> • The city has completed auditing of land owned by the municipality in order to re-distribute arable land to previously disadvantaged communities for agricultural and commercial purposes. • The city has prioritised agriculture and agro processing as one of the priority sectors for economic transformation and job creation. • The city's long term plan is to develop an Agricultural Hub in the newly incorporated wards from former Ntambanana Municipality. This initiative is currently at a planning stage. • The city has concluded a Memorandum of Cooperation with the University of Zululand to promote skills development and improve research on rural development with specific focus to the city's agricultural potential.
Enterprise Development	<ul style="list-style-type: none"> • The city has adopted a new Land Disposal Policy which prioritises disposal of land to previously disadvantaged communities for local economic development. • The city is currently developing a Supplier Development Model to ensure focused and integrated supplier development in-line with industry requirements. The Model will include incubation of SMMEs.

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	<ul style="list-style-type: none"> • The city has a comprehensive programme to support SMMEs in terms of access to capital, skills enhancement, access to markets, registration on the city's supplier database, provide start up implements etc. • The Mayor has established a Mayoral Advisory Panel made of independent advisors from various sectors to provide the city with knowledge, skills and strategies on enterprise development and support.
Employment Creation	<ul style="list-style-type: none"> • The city has adopted a new Supply Chain Management Policy with set asides for Youth (40%), Women (40%) and People with Disabilities (20%) targeting local rural and township enterprises. The policy also makes provision for established contractors to sub-contract 25% of awarded big tenders to small local contractors. • The city has concluded a Memorandum of Agreement with NYDA for the establishment of a local office to support young entrepreneurs and provide business support services. • The city together with Richards Bay Industrial Zone (IDZ) and Transnet National Ports Authority (TNPA) has established a tripartite committee focusing on strategic investments and job creation within the city of uMhlathuze. • The City has a fully operational EPWP which provides job and skills development opportunities for unemployed people. • The city is an active participant in the KwaZulu Natal Growth Coalition which was set up as a platform to foster frank and robust engagements between government and business to remove development obstacles, fast-track key economic projects, unlock growth opportunities and leverage investment.

Poverty eradication Pillars	City of uMhlathuze's Initiatives
	<ul style="list-style-type: none"> 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 eSikhaleni, development of the Richards Bay Waterfront etc.
Skills Development	<ul style="list-style-type: none"> The City has a Memorandum of Agreement with uMfolozi TVET for the development of priority skills required by industry. The city offers internships for graduates to acquire on-job skills development and training. The Mayor has a Mayoral Bursary Fund to support previously disadvantaged matric students with outstanding results from the city who want to pursue tertiary education. The city has a partnership with Foskor to train the youth and young entrepreneurs on scarce skills and business management. The city is implementing a comprehensive skills development programme targeting SMMEs and this includes development of facilities to support SMMEs i.e. Richards Bay SMME Park. The programme includes Tourism Learnerships in partnership with EDTEA, training by various SETAs, business retention etc.

11.5.2 Broad Based Community Needs

Ward based plans have been developed for 34 wards, in consultation with the community and all affected stakeholders. These plans inform the municipalities budgeting and ensuring that the budget is highly influenced by the needs of the community. In preparation of the fourth generation IDP a series of ward meetings/engagements took place to confirm wards based community needs. The Public Participation Report based on the outcomes of these

wards meetings/engagements is provided as annexure to the IDP. Summary of the report is provided below:

Table 63: Summary of Community Needs

[illegible]

11.5.3 Education

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

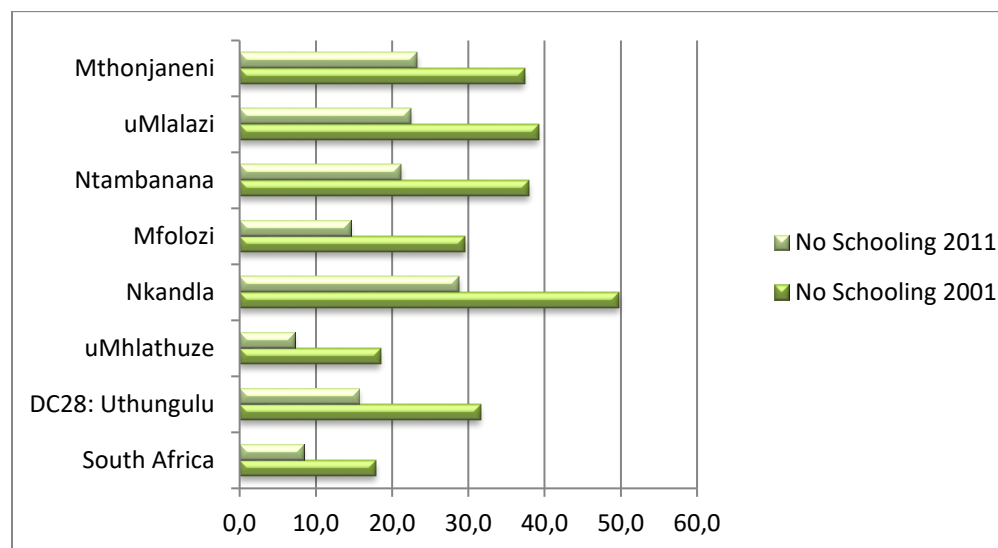
Table 64 : Comparative Education Levels

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

Source: Census 2011

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

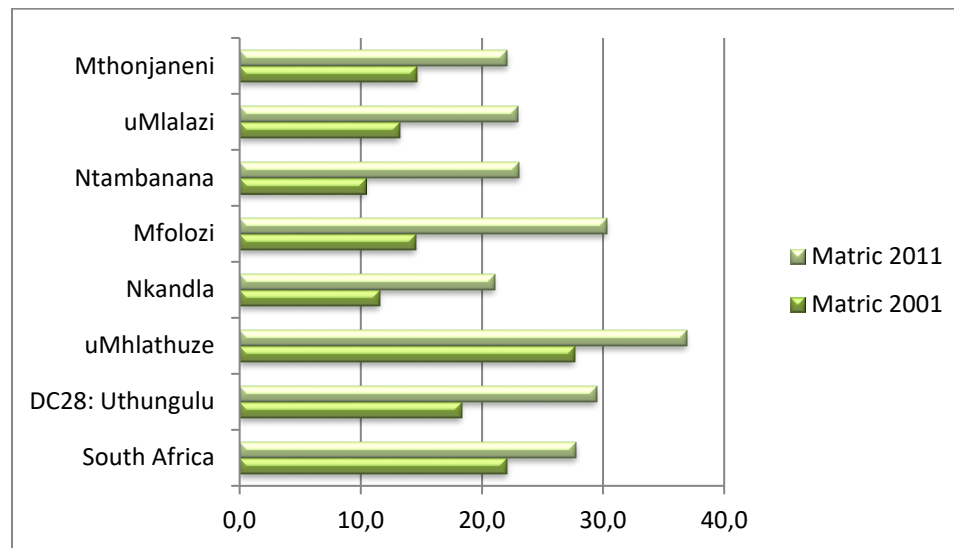
Figure 68: Persons with no Schooling



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 69: Persons with Matric



Source: Census 2011

Matric Pass rates – King Cetshwayo District

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

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.

March 2019

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.

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
Brackenhams 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	
Thembelihle Primary School	Design	Maintenance And Repair	752	723,00

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Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
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
Manzimpofu Primary School	Planning	Upgrades And Additions	2 400	372,00
Aquadene Secondary School	Design	Maintenance And Repair	3 850	560,00
Matamzana Dube Secondary School	Planning	Upgrades And Additions	2 400	372,00
Matamzana Dube Secondary School	Construction 76% - 99%	Upgrades And Additions	5 474	157,50
Mbuyiseni High School	Planning	Upgrades And Additions	2 400	372,00
Mevamhlophe High School	On Hold	Upgrades And Additions	2 400	480,00
Mkhobosa Primary School	On Hold	Upgrades And Additions	2 400	480,00
Muntionokudla Secondary School	Ready For Tender	Upgrades And Additions	2 900	262,00
Mzingwenya Primary School	Design	Upgrades And Additions	32 183	7 417,46
Ncombo Primary School	Planning	Upgrades And Additions	2 400	372,00
Nguluzana Primary School	Design	Upgrades And Additions	6 178	940,48
Nongweleza High School	Design	Maintenance And Repair	2 531	400,00
Nongweleza Secondary School	Pre-Feasibility	Refurbishment And Rehabilitation	2 500	904,00
Macekane Primary School	Design	Maintenance And Repair	1 798	560,00
Madlankala Primary School	Design	Maintenance And Repair	5 785	560,00
Ongoye Primary School	On Hold	Upgrades And Additions	2 400	480,00
Phembokuhle Junior Primary School	Planning	Upgrades And Additions	2 400	372,00
Qantayi Secondary School	Terminated (Construction)	Refurbishment And Rehabilitation	35 167	2 437,00
Qhamuka High School	Tender	Refurbishment And Rehabilitation	8 558	
Qhamuka Secondary School	Construction 76% - 99%	Upgrades And Additions	7 150	306,60

Project Name	Project Status	Nature Of Investment	Total Project Cost R'000	Estimate Allocation 2020-21 R'000
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 65: Education Infrastructure Backlogs

Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classrooms	Grade R Classrooms	Multipurpose Classroom including Laboratories and Specialist Rooms	Media Centres	Computer Rooms	Offices	Storerooms	Strongrooms	SNP Kitchen/Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 0	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
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
INIVE 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
ISIKHALASENKOSIJS	18	S	8	12	0	0	0	0	0	1	4	0	1	6	4	0	1	0	1	0
KANGIKHO P	25	P	R	5	4	4	3	1	1	6	6	1	1	14	10	4	2	0	0	0
KHANDISA P	30	P	R	7	3	2	3	1	1	0	6	0	1	14	10	3	2	0	0	0
KHOMBINDELA H	28	S	8	12	13	0	4	0	0	8	8	1	1	14	14	0	2	0	0	0
KHULA H	17	S	8	12	4	0	4	0	0	0	8	0	1	14	14	3	2	0	0	0

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Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classrooms	Grade R Classrooms	Multipurpose 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
THEMBELIHLI P	28	P	R	7	0	3	2	0	1	4	5	0	1	10	8	3	2	0	0	0
OLD MILL H	23	S	8	12	9	0	6	1	0	7	8	0	1	14	14	6	2	0	0	0
ONGOYE P	11	P	R	7	0	0	1	0.5	0.5	2	3	0	1	4	4	3	1	0	0	0
ONGOYE S	30	S	8	12	0	0	3	0	1	1	8	0	1	14	10	3	2	0	0	0
PHALANE P (KWADLANGEZWA)	10	P	R	7	0	2	1	1	1	2	4	0	1	6	4	1	1	0	0	0
RHESHEYA P	27	P	R	7	14	5	4	1	1	3	7	0	1	14	14	3	2	0	0	0
HEUWELLAND P	23	P	R	7	0	1	3	0	1	0	5	1	1	10	8	0	2	0	0	0
QAMBOKWETHU P	10	P	R	7	0	1	0	0	1	0	4	0	1	6	4	0	1	0	0	0
QANTAYI H	18	S	8	12	0	0	3	1	0	6	5	1	1	0	0	4	1	0	0	0
QHAKAZA S	30	S	8	12	4	0	3	0	0	1	8	0	1	14	10	3	2	0	0	0
QHUBANDABA P	25	P	R	7	0	2	2	1	1	2	5	0	1	8	6	0	1	0	0	0
SIGISI P	27	P	R	7	0	1	1	1	1	4	4	1	1	6	4	4	1	0	0	0

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Name of School	Ward	Level	Lowest Grade	Highest Grade	Standard Permanent Classrooms	Grade R Classrooms	Multipurpose Classroom including Laboratories and Specialist Rooms	Media Centres	Computer Rooms	Offices	Storerooms	Strongrooms	SNP Kitchen/Tuckshop	Girls' Toilet Seats	Boys' Toilet Seats and Urinal Spaces	Teacher Toilet Seats	Disabled Toilets	Water Required Yes = 1 No = 1	Electrification Required Yes = 1 No = 0	Fencing Required Yes = 1 No = 0
SIKHULANGEMFUNDOP	19	S	8	12	0	0	4	1	0	4	5	1	1	2	0	6	2	0	0	0
SIYABONGA S (KWADLANGZW)	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 (KWADLANGZW)	11	P	R	7	0	1	1	1	1	3	4	0	1	6	4	0	1	0	0	0
PHEMBOKUHLE P	11	P	R	7	0	1	1	0	0	1	3	0	1	4	4	0	1	0	1	0
NTABENI P	15	P	R	7	0	0	2	1	1	4	5	0	1	8	6	0	1	0	0	0
MJABULISENI S	15	S	8	12	6	0	3	1	1	3	5	0	1	8	6	2	1	0	0	0
RICHEM H	9	S	8	12	25	0	6	1	1	8	8	1	1	14	10	6	2	1	1	1
QALAKABUSHA S	24	SS	10	12	10	0	2	1	1	4	4	1	1	6	4	4	1	1	1	1
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

11.5.4 Health

Primary Health Care Facilities (PHC)

The total population increased from 347 844 (2014/15) to 352 003 (2015/16). The sub-district has 13 fixed clinics, 1 Nseleni CHC, 4 mobile clinic teams and no district hospital. The population to fixed PHC clinics decreased from 38 649 (2014/15) to 27 077.20 (2015/16). The decrease is due to additional clinics that have been added in uMhlathuze, which is Meerensee clinic and Bracken ham clinic. This has slightly reduced the burden on the population to PHC facilities but still the highest when compared to the rest of the district. The population to CHC has increased from 347 844.00(2014/15) to 352003.00 (2015/16) and the population to mobile clinics has also increased from 86961.00(2014/15) to 88 000.80 (2015/16). The total PHC headcount decreased from 1187206 (2014/15) to 1113 700(2015/16), the district has a lot of car hijackings that have hindered service delivery especially outreach programmes.

Maternal, Child, Women Health and Nutrition

King Cetshwayo District Health's maternal mortality in facility ratio decreased from 186.9/100k in 2014/15 to 153.8/100k in 2015/16. The district will be implementing plans that are aimed at preventing maternal deaths due to Post-Partum haemorrhages, anaesthetic complications, hypertension and other high risks pregnancy induced complications. The 90-90-90 District Implementation Plan will be implemented and monitored. This will reduce the possibility of having HIV related maternal deaths. Phila Mntwana centres for the early detection and management of childhood malnutrition, to be continued. *(Source, uThungulu District Health)*

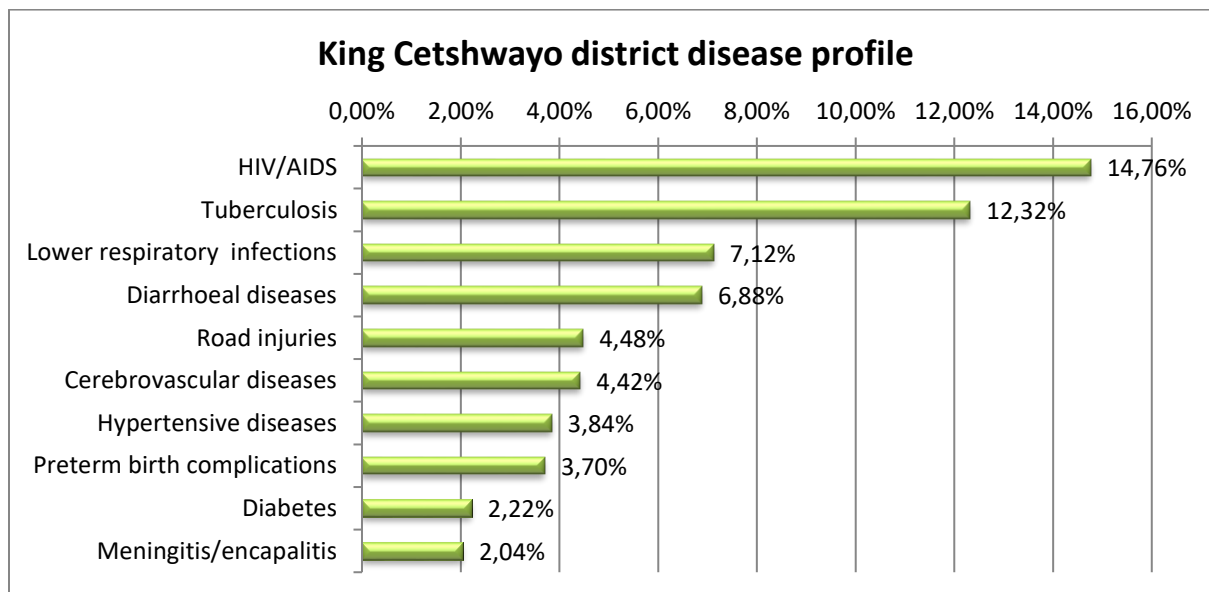
HIV and AIDS, STI, TB (HAST) Services

King Cetshwayo District Health office working together with municipalities in the King Cetshwayo District municipality will continue improving on initiating ARTs to all eligible clients and the Implementation of Universal Test and Treat (UTT). Male Circumcision programme is also implemented. The district to continue implementing and monitoring the 90-90-90 DIP. The district is doing well on TB management with the TB (new pulmonary) cure rate of 96.7% in 2015/16 and the district target being 98% in 2017/18. *(Source, uThungulu District Health)*

Table 66: HIV/AIDS Statistics

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

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

Figure 70: Disease Profile

Source: King Cetshwayo Health District

Table 67: Health Priorities

MDG	Target	Indicator
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Goal 1: Eradicate Extreme Poverty And Hunger	Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Prevalence of underweight children under 5 years of age
		Severe malnutrition under 5 years incidence)
Goal 4: Reduce Child Mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Under-five mortality rate – use proxy “Inpatient death under 5 years rate”
		Infant mortality rate – use proxy “Child under 1 year mortality in facility rate”
Goal 4: Reduce Child Mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Measles 2 nd Dose coverage
		Immunisation coverage under 1 year
Goal 5: Improve Maternal Health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate	Maternal mortality ratio (only facility mortality ratio)
		Proportion of births attended by skilled health personnel (Use delivery in facility as proxy indicator)
Goal 6: Combat HIV and AIDS, malaria and other diseases	Have halted by 2015, and begin to reverse the spread of HIV and AIDS	HIV prevalence among 15- 49-year-old pregnant women
		HIV prevalence among 20- 24-year-old pregnant women

11.5.5 Safety and Security

Crime Prevention Strategy

UMhlathuze Municipality has developed and adopted a Crime Prevention Strategy which is aimed at reducing crime rates in the area. The strategy is in line with National and Provincial framework for crime reduction. It therefore based on the following four National pillars:

Framework for the National Crime Prevention Strategy			
Criminal Justice Process Certain and Rapid Deterrence	Community Values and Education Community pressure and public participation in crime prevention	Environmental Design Limit Opportunities and Maximise Constraints	Transnational Crime Regional co-operation, stability and address cross-border crime

Formally established community policing forums within uMhlathuze are at ESikhaleni, Nseleni, Empangeni, Richards Bay and Ngwelezane. Community Policing is a partnership between the police and the Community hence the existence of these forums play a major role in ensuring that the city is a safe and free place to live and work in.

Objectives of the Community Policing Forums are as follows:

- By establishing a partnership between the police and the communities they serve to ensure effective protection of communities and a better quality of life.
- Ensuring that the police address the primary needs of the community and are accountable to them.
- Enhancing the quality of information available to the police resulting in the development of a proactive and problem-solving approach to crime and violence.
- Providing communities with a visible, accessible policing presence to enhance public confidence in the police and to deter criminals.
- Aligning the values of the police organization with those of a democratic South Africa, aiming at producing police officers who can interact sensitively with their communities and in a manner that respects local norms and values.

Community Police Forums report all their activities to uMhlathuze Municipality council through Community Services Portfolio Committee by attending committee meetings and providing reports for discussion.

Traffic Management

The City of uMhlathuze has a fully established traffic Section (Traffic Services Operations and Administration). The section consists of three main sub-sections / sub-divisions namely:

- The Traffic Services Operations made up of Traffic Officers, Traffic Wardens and By-law Inspectors (Law Enforcement Officers);
- The Administration Sub-division (Admin Section) which is made up of a team of admin staff of clerks; and
- The (Traffic) Communications Centre / Control Room made up of a team of control room operators.

Traffic management services in uMhlathuze municipality include planning and executing law enforcement operations daily. The functions range from enforcement duties, the patrol function, directing and controlling traffic (point duty), setting up and conducting roadblocks, traffic stops, vehicle checkpoint (VCP) inspections and speeding vehicle detections for purposes of road safety compliance and instituting enforcement measures against offenders.

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.

11.5.6 Nation Building and Social Cohesion

Public Libraries

Public libraries are considered fundamental to the development and upliftment of communities. Access to libraries creates and sustains a reading culture. The value of libraries in terms of support of literacy, education, and the principle of lifelong learning forms an integral part of the modern democracy. To ensure the provision of these services, uMhlathuze Municipality is committed to improving public library access in all communities, developing and sustaining a culture of reading and the provision of access to information for all. Hence uMhlathuze has nine libraries which located in different areas, namely

- Richards Bay Library,
- Empangeni Library
- Ngwelezane Library
- Felixton Library
- ESikhaleni Library [with a facility of People with disabilities, e.g. library for the blind)
- ENSeleni Library [**with a facility for People with disabilities, e.g. library for the blind**)
- 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.

11.5.7 Operation Sukuma Sakhe

Operation Sukuma Sakhe is a call for the people of KwaZulu-Natal to be determined to overcome the issues that have destroyed the communities such as poverty, unemployment, crime, substance abuse, HIV/AIDS and TB. Operation Sukuma Sakhe has a "whole of Government approach" as its philosophical basis. It spells out every initiative and how it links to initiatives being implemented by the different sector departments and the spheres of government. Therefore, delivery of services is required through partnership with the community, stakeholders and government.

OSS Structures The following structures starting from Districts to Wards have different responsibilities to discharge in relation to Operation Sukuma Sakhe and they have been established and functional

1. King Cetshwayo District Task Team
2. King Cetshwayo District AIDS Council
3. uMhlathuze Local Task Team (LTT)
4. uMhlathuze Local AIDS Council
5. War Rooms
6. Ward AIDS Council

OSS-uMhlathuze Local Task Team (LTT)

For Operation Sukuma Sakhe to operate it needs the existence of the following core group of stakeholders, uMhlathuze LTT comprise of the following stakeholders:

- Business Sector

- Traditional Leadership Sector
- NGO Sector
- Religious Sector
- Sporting Fraternity
- Women
- Children
- Youth
- People with disability
- Senior Citizens

Some of the critical success factors to ensure the effective functioning of OSS in the uMhlathuze Municipality are noted hereunder:

- Inclusion of community structures that include civil society, business and development partners and other key stakeholders.
- Institutional arrangement linkages and integrated development planning.
- Integrating Operational Plans with Governmental Department plans.
- Establishing of a permanent "War Room."
- Allocating cadres to conduct Household Profiling to identify needs.
- Ensuring that different Departments sit in the LTT.
- Constantly building capacity of Managers through presentations on OSS reporting.
- Managers assisting war rooms in building capacity.

Benefits of OSS to Civil Society

- Networking and partnerships with Government Departments
- "One stop shop" approach at ward level
- Pooling of resources to maximize outputs
- Shared information gauge performance
- Joint reporting to the communities
- Coordinated approach for identifying and resolving issues
- Employment and Skills development opportunities through participation in task teams

The following provide tables with key achievements and activity plan for the Operation Sukuma Sakhe.

Table 68: Summary of Key OSS Achievements

Number of people reached with different kinds of campaigns mainly meant for behavioural change	4094
Number of people who received different services after intervention, services such as	2698

ID documents, birth certificates, learner ships and agricultural services.	
Report writing workshop conducted for Ward Task Teams Office Bearers	87 WTT members were trained
Workshop for People living with HIV/AIDS forum was conducted	15 members were trained
2 Local AIDS Council Meetings were held	
Hosted the District World AIDS Day where:	100 males were circumcised 50 inmates were circumcised 3200 were reached with the HIV/AIDS message on testing and prevention delivered by the Premier of KwaZulu Natal Mr ES Mchunu
Youth Ambassadors trained on behavioural change	87 Ambassadors were trained Survey on intergenerational relationships was conducted School youth camps was held at ENseleni Anti-Sugar Daddy material developed for both print and electronic media
During the Mandela Day	450 000 was disbursed to three ECD centres as well as other working tools
Hosted Transnet Phelophepha train for two weeks where health services were provided	2179 patients were treated for different ailments 1749 patients received eye services 858 patients received dental services 54 patients received psychological services 1480 people were reached through community outreach programs 1688 people received diabetic education 1461 learners were screened for different diseases 13185 pharmacy items were dispensed

Table 69: OSS LTT Programme of Action

ACTIVITY	PURPOSE	RESPONSIBILITY
LTT meeting	To receive reports from different war rooms & Departments	LTT, Government departments and relevant organisations
Local Aids Council meeting	Discuss HIV/AIDS programs and the reports from uppers structures	LAC, Governments departments and relevant organisations
Visits of War Rooms	To revive WAC's / War Rooms	LTT plus Broad reach

ACTIVITY	PURPOSE	RESPONSIBILITY
Revival of WAC	To revive the WAC structure	Ward 29 WAC & LAC
Revival of WAC	To revive the WAC structure	Ward 14 WAC & LAC
HIV Awareness Day	Promote safe sex, screening & referral	Ward 06 WAC & LAC
Revival of WAC	To pay visit to revive the WAC	LAC & Broad reach
Local Task Team Meeting	To receive reports from Wards & Departments	LTT Members
Training of War Room Mentors	Training of Mentors on War Room mentoring tool	LTT & Broad reach
Local Task Team Meeting	To receive reports from Wards & Departments	LTT Members
Youth Development Day	To present different youth development programmes to Madlankala Youth	LTT, Youth Council, WTT & Special Programmes
Humans Rights awareness Day	To create awareness on Human Rights for Women	LTT & Government Institutions
LTT Meeting	To receive reports from different war rooms & Departments	LTT Members
HCT Campaign	To screen people and refer them for HIV, TB & other chronic illnesses	LAC & Department of Health
LAC Meeting	To receive reports from WAC's.	LAC Members
Revival of War Rooms	To pay visits to War Rooms to assess their functionality	LAC Members & Broad reach
LTT Meeting	To receive reports from War Rooms & Departments	LTT Members
LTT Meeting	To receive reports from War Rooms & Departments	LTT Members
Drug & Substance Abuse awareness campaign	To fight against social ills affecting youth	LTT and relevant organizations & Departments
LTT Meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations

ACTIVITY	PURPOSE	RESPONSIBILITY
LTT Meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LAC meeting	Receive reports from WAC's	LAC, Governments departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LAC meeting	To receive reports from WAC's	LAC, Governments departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations
LTT meeting	To receive reports from War Rooms & Departments	LTT, Government departments and relevant organisations

11.5.8 Special programs

The mandate of the Special Programmes Unit is to promote, facilitate, coordinate and monitor the realization of the rights of youth, children senior citizens (older persons), people with disabilities, people with HIV/ AIDS, women and men.

A. Youth and Children

Municipality in its budget continues to set aside 40% of the total capex budget for youth. The municipality in 2014 adopted Youth Development Policy and its Programme of Action. More than R500 000 per year is budgeted for University Registrations to assist youth from poor background access tertiary education. About 219 students have benefited from this programme since its inception in 2015.

B. Children

Provincial departments provide technical support while national departments are responsible for dissemination of relevant information on the Children's Act to all spheres of

Government and to strengthen implementation competencies at the three spheres of Government. Although the municipality has not yet established a framework for children. The following are standing programmes that are meant to benefit children:

☛ . Sanitary Towels Distribution

This is an on-going programme championed by the Office of the Deputy Mayor as an intervention to assist young girls from poor backgrounds with intention of keeping them at school during their menstrual periods. The programme was initiated in 2013 as a result of schools reporting absenteeism of girls due to unavailability of sanitary towels and fear of embarrassment in a case of mishaps at school. The conclusion was that non-attendance by female learners had negative impact towards their education thus theme, “**Breaking Barriers Building a Future**” was adopted for Sanitary Towels Distribution project.

☛ School Uniform Handover

Special Programmes Office in partnership with the Office of the Deputy Mayor continues to visit schools in various areas of the municipality to identify challenged children and areas of intervention. About R30 000 from municipal budget is utilised for this activity per year but most of what gets donated to school is lobbied for from local business sector.

☛ Child Protection Awareness Campaign

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

C. Senior Citizens

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

D. People with Disabilities

UMhlathuze Municipality established a Disability Forum. The main purpose for the establishment of this structure is to assist the Municipality to establish, understand and accommodate the needs of people with disabilities and ensure that they benefit from development initiatives.

The municipality has employed twenty-eight (28) temporary research fieldworkers and two (2) team leaders to assist with Profiling of People With Disabilities residing within the jurisdiction of the municipality. The aim of the study is to gather information on the number of people

with disabilities in uMhlathuze Municipality in order to guide planning of programmes and the delivery of services to households of people with disabilities, as well as inform formulation of municipal policy on people with disabilities. Final results are expected to be available by June 2018.

Conference is held in every five years, linked to term of council office. uMhlathuze will host its conference on the first and second of June 2017, which will provide a platform for the nomination of the forum members. Annual general meetings will be held annually. The municipality has set **aside 20% of the total Capex budget** for the People living with Disabilities.

E. HIV/AIDS

Prevalence of HIV/ AIDS is still very high in KwaZulu-Natal. uMhlathuze Municipality has a big number of orphans and children made vulnerable by HIV/AIDS. The Municipality has been able to establish Local AIDS Council but emphasis is needed for ward based establishments.

The main purpose for the establishment of this structure is to assist the Municipality to establish, understand and accommodate the needs HIV/AIDS infected as well as the affected people and ensure that they benefit from development initiatives.

F. Gender

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

➤ Women Business Workshop

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

➤ Dialogues on Gender-Based Violence

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

Table 70: Special Programmes Initiatives

Program	Objective	Brief description	Impact
Youth entrepreneurship awareness workshop	To develop entrepreneurial skills among young people in business and enhance their business management ability	The workshop was conducted by National Youth Development Agencies and attended by local young people in business	It has assisted young people within the municipality to develop necessary confidence and the knowhow in the management of the business. It has also assisted them in identifying business opportunities
Intercultural & intergenerational dialogue	To develop the understanding amongst people of different generational groups on how each generation view some moral topical issues	The dialogue was conducted in partnership with Dept. of Arts and Culture it was held at R/Bay Auditorium it was attended by 150 school children and 50 adults	It managed to create an understanding on how different generations viewed different moral topical issues and in the process it enhanced the tolerance of different generations different views
Women in local govt. leadership conference	To create a platform where women within management could share their experiences with an intention to enhance their work performance	The conference was attended by 86 women leaders from level 11 upwards and Women Councilors it received presentations on women related topical issues	It boosted the moral of the women leaders and it managed to come up with a programme for women empowerment
Launch of people living with disability forum	To create a platform where people living with disability can sit and share their experiences with an intention to develop the program and structure that will deal with their issues	The launch was held at Hlanganani hall and it was attended by 40 people living with disability representing different organizations	Through presentations people living with disability managed to know about different govt. programs targeting them and their rights. They also managed to develop a program and the structure
Multi-stakeholder HIV/AIDS workshop	To discuss the five year draft strategy for HIV/AIDS and adopt it, to pave the way forward on the establishment of the Local AIDS Council	It was attended by Councilors led by Mayor, business, traditional healers, civil society, academics and labour	The workshop managed to effect some changes on the draft strategy and paved the way forward on the establishment of Local AIDS Council

11.6 LED and Social Development: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> o Bulk-handling harbour facilities at Richards Bay that enable international trade links. Richards Bay is the largest deepwater port in Africa, and handles the bulk of South Africa's exports o The dependency ratio in uMhlathuze is lower than that of the country o Libraries in the municipality provide internet access at no charge to users. Study facilities are provided at the libraries and are very well utilized o Functional Operation Sukuma Sakhe Unit in the Municipality o Existence of Industries thus creating opportunities for SMME's o Investment in broadband o Existence of University and TVET colleges as part of knowledge creation o Fresh produce market supporting agriculture 	<ul style="list-style-type: none"> o A matter of great concern is that 56% of informal traders operating without a licence o Underutilization of good agricultural land in the traditional council areas o Loss of good agricultural land in the traditional council areas to unplanned settlement o Failure to realize the potential for value adding through agro-processing. o Funding to assist Operation Sukuma Sakhe o Access to markets by SMME's o Underdeveloped tourism attraction sites and products
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> o There is a branch of SEDA in Richards Bay which provides support to SMMEs, and Richards Bay Minerals has a Business Development Programme, but the Municipality could also contribute to SMME development in a number of ways o Harbour development has provided the impetus for large-scale industrial growth o Partnership with Industrial Development Zone o Investment in township economy o Industry based skills development o Empowerment of ward based war rooms o Cross boarder collaboration in investment facilitation and attraction o Progressive implementation of agricultural support plan 	<ul style="list-style-type: none"> o Growing trend of discouraged work seekers o Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects o Volatile world markets which affect prices for some agricultural commodities, for example, sugar o The demise of the South African Sugar Association's credit facility for small-scale cane growers o Nearly 10% of children of school going age are not attending school o There has been a decline in the percentage (%) of persons with a higher education. o Sexual Transmitted infections remain a growing concern. o Beach erosion o Persistent draught o Lack of collaboration between municipality and traditional authorities

12. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS

12.1 Capability of the Municipality to execute Capital Projects

Procurement plans to expedite the implementation of the procurement process for the 2019/20 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.

Table 71: Capital Expenditure for the Previous Years

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

Table 72: 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
Funded by:				
National Government	121 374	182 989	161 078	172 723
Provincial Government	7 850	8 243	8 655	8 750
Transfers recognised - capital	129 224	191 232	169 733	181 473
Borrowing	310 000	—	310 000	—
Internally generated funds	147 105	406 301	118 139	423 484
Total Capital Funding	586 328	597 533	597 872	604 957

Table 73: 2019/20 Medium-term capital budget per Vote:

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
<u>Capital Expenditure - Functional</u>				
<i>Governance and administration</i>	131 256	49 524	46 914	44 636
Executive and council	–	120	126	134
Finance and administration	131 256	49 404	46 788	44 502
<i>Community and public safety</i>	89 431	43 477	43 564	48 810
Community and social services	62 072	23 362	22 738	25 586
Sport and recreation	26 860	19 975	19 926	22 874
Public safety	499	140	900	350
<i>Economic and environmental services</i>	146 929	144 989	116 584	123 531
Planning and development	4 838	33 452	682	727
Road transport	141 852	110 408	115 644	122 569
Environmental protection	239	1 129	258	235
<i>Trading services</i>	218 713	359 544	390 809	387 980
Energy sources	95 773	97 587	107 210	122 124
Water management	70 710	180 040	170 727	185 027
Waste water management	49 215	77 717	105 642	76 230
Waste management	3 015	4 200	7 231	4 600
<i>Other</i>	–	–	–	–
Total Capital Expenditure - Functional	586 328	597 533	597 872	604 957

12.1.1 Indigent Support and Free Basic Services

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

- The Indigent Policy
- The Rates Policy
- The Credit Control Policy
- The Free Basic Electricity Policy

A new policy was compiled that is based on a targeted approach. The policy seeks to address a number of challenges that currently prevent some of the poor people from receiving their basic benefits. Emanating from the above mentioned policies a social package was developed

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. These are done in a universal and targeted approach. The universal approach is through the tariff structures and provides for 6kl free water and 50 kWh

electricity free for users below a threshold. In addition, no rates and no refuse removal and no sewer are debited against consumers that have a property valued below the prescribed threshold. The targeted approach is applied as well where individual customers are found destitute completely that despite the universal approach still cannot afford their accounts. These customers' accounts are administered on a dedicated personal basis and then written off according to the Credit Control and Debt Collection Policy.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. The only weakness in the current service charge can be found in the residential Water and Electricity Tiered (Block) Tariff structure, where medium to upper income consumers are payment below cost tariffs for the bottom scales. A solution here has been proposed to the National Treasury through a Policy document on Free & Subsidized Services they are working on.

The existing relief measures employed for our indigent and poor, handicapped and pension consumer relief are as follows:

- 50 KWH (units) of electricity free for applicants whose usage of electricity amounts to an average of no more than 1 800 units per annum.
- Free water for consumers that consume 200 Litres and less per day for a month **or** the first 6 000 litres of water per month.
- When a consumer uses **more** than the 200 Litres per day for a month then they **pay for all water consumed**
- Free rates if property value is less than R120 000.
- Free refuse charge if property is valued less than R120 000.
- Free sewer charge if property is valued less than R 120 000.
- All rural communities have strategically placed refuse skips wherein refuse can be placed free of charge.
- By implication the very nature of property valuation allows rates payable by communities living in less formal area to be minimal.
- Targeted indigent support for very poor and child run households. The tiered municipal tariffs also provide for an element of cross subsidisation on the tariffs themselves as per the below table:

Table 74: Free Basic Services and Indigent Costs

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	58 822	49 665	50 835	55 743	55 743	55 743	60 843	66 043	71 343
Sanitation (free minimum level service)	34 535	38 063	40 695	41 201	41 201	41 201	46 301	51 501	56 801
Electricity/other energy (50kwh per household per month)	540	545	518	475	475	475	521	539	561
Refuse (removed at least once a week)	17 823	18 470	18 470	29 049	29 049	29 049	34 149	39 349	44 649
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	70 373	69 858	89 055	128 948	128 948	128 948	132 816	137 465	142 963
Sanitation (free sanitation service to indigent households)	20 302	18 698	21 537	20 039	22 442	22 442	23 115	23 924	24 881
Electricity/other energy (50kwh per indigent household per month)	822	921	921	1 173	1 173	1 173	1 278	1 367	1 436
Refuse (removed once a week for indigent households)	15 267	16 271	20 182	23 192	23 192	23 192	23 887	24 723	25 712
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	106 764	105 749	131 695	173 350	175 754	175 754	181 097	187 480	194 993
Highest level of free service provided per household									
Property rates (R value threshold)	110	120	120	120	120	120	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)	146	154	165	177	177	177	185	192	200
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	3 255	3 523	3 550	4 219	4 219	4 219	4 346	4 498	4 678
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	-	3 212	52 129	54 057	54 057	54 057	70 492	75 426	79 198
Water (in excess of 6 kilolitres per indigent household per month)	1 828	3 071	121 226	131 997	131 997	131 997	141 237	150 417	157 938
Sanitation (in excess of free sanitation service to indigent households)	2 270	2 306	5 830	5 633	5 633	5 633	4 473	4 786	5 025
Electricity/other energy (in excess of 50 kwh per indigent household per month)	255	267	4 776	7 555	7 555	7 555	8 084	8 731	9 342
Refuse (in excess of one removal a week for indigent households)	1 623	1 671	1 192	1 612	1 612	1 612	1 710	1 770	1 841
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	9 231	14 050	188 703	205 074	205 074	205 074	230 342	245 628	258 022

Explanatory notes to table 74 - Basic Service Delivery Measurement

- Table 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 2019/20 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 2019/20 MTREF (Adopted).

12.1.2 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 2019/20 MTREF on the different revenue categories are:

Table 75: Proposed tariff increases over the medium-term

Revenue category	2018/19 current revenue increase	2019/20 proposed revenue increase	2019/20 additional revenue for each 1% increase	2019/20 additional revenue per service	2019/20 Total Budgeted revenue
	%	%	R'000	R'000	R'000
Property rates	7,00	7,00	5 204	45 926	520 380
Sanitation	7,00	7,00	1 306	30 991	130 616
Solid Waste	8,00	12,60	893	8 894	89 265
Water	7,00	7,00	3 879	50 033	387 875
Electricity	5,09	9,05	15 275	52 055	1 527 476
TOTAL			26 556	187 899	2 655 612

Revenue to be generated from property rates is R520.4 million in the 2019/20 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 2.1 billion for the 2019/20 financial year.

As reflected in a table above, the City has projected about R187.9 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 R391 million, R419 million and R458 million for each of the respective financial years of the MTREF, or 12.2, 12.2 and 12.5 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 10.1 per cent and increases to 7.3 and 9.3 per cent for the two outer years.

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R58 million, R60 million and R65 million for the respective three financial years of the 2019/20 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 city is in the process of reviewing its revenue enhancement strategy that was approved in 2013 by having a full review of amongst other things, meter audits; unlocking geographical area potential and strengthening the gaps in the revenue value chain. A positive outcome of the exercise is envisaged which will assist towards improving the stagnant revenue which will attribute towards the sustainability of the city.

Table 76: Breakdown of the operating revenue over the medium-term

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

12.1.3 Municipal Consumer Debt Position

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

Debt Collection Rate

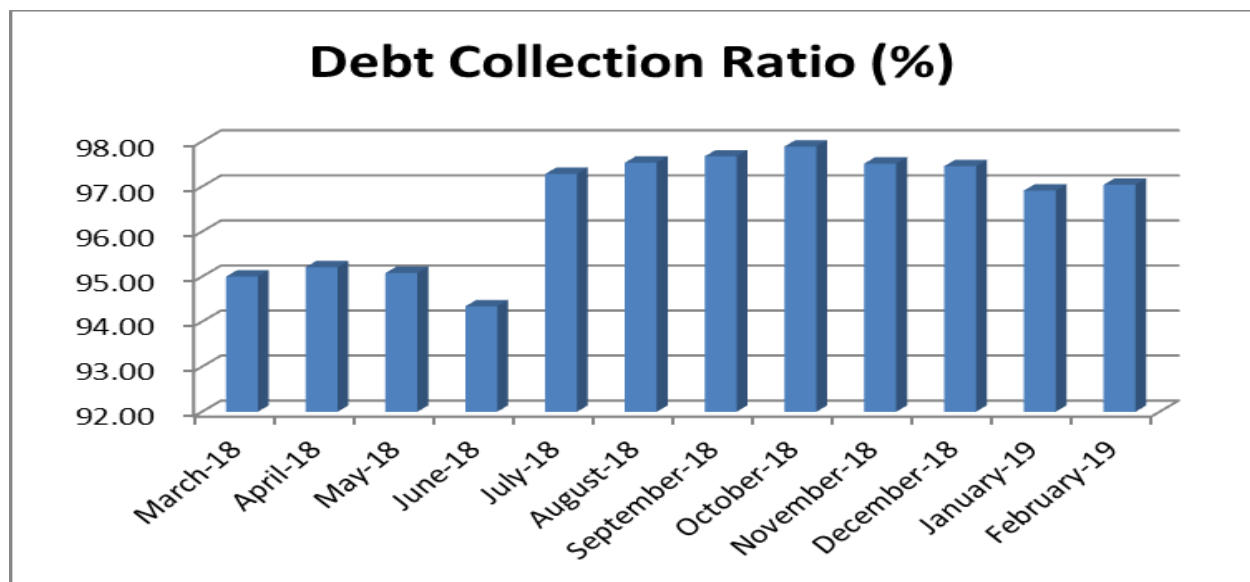
The Ratio indicates the collection rate, i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular

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

Table 77: Debt Collection Rate

Month	Debt Collection Ratio (%)
February-19	97.04
January-19	96.91
December-18	97.45
November-18	97.51
October-18	97.89
September-18	97.67
August-18	97.53
July-18	97.28
June-18	94.34
May-18	95.08
April-18	95.21
March-18	95.00

Figure 71: Debt Collection Ratio



Net Debtors Days

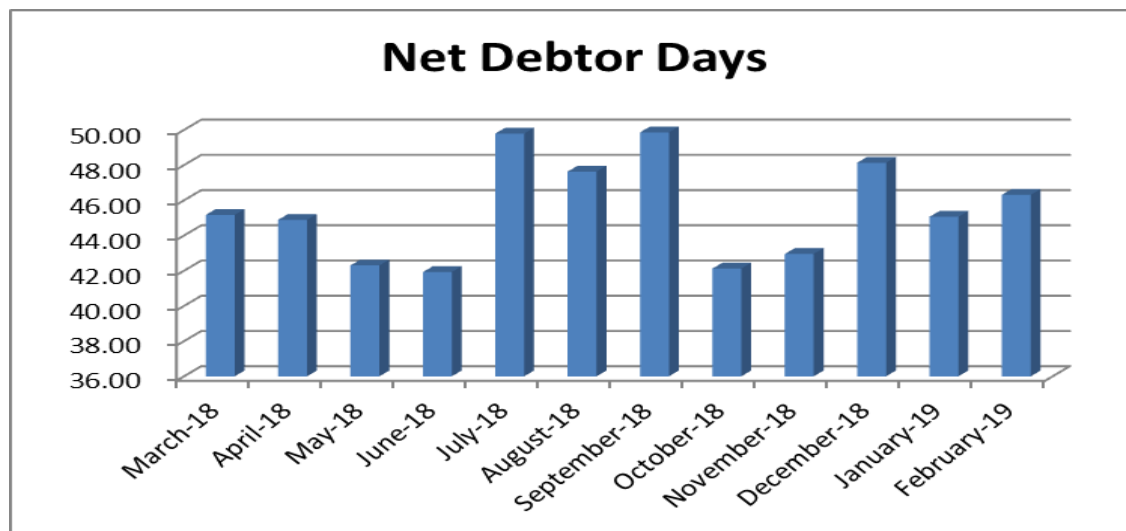
This ratio reflects the collection period. The Net Debtor Days refer to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

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

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

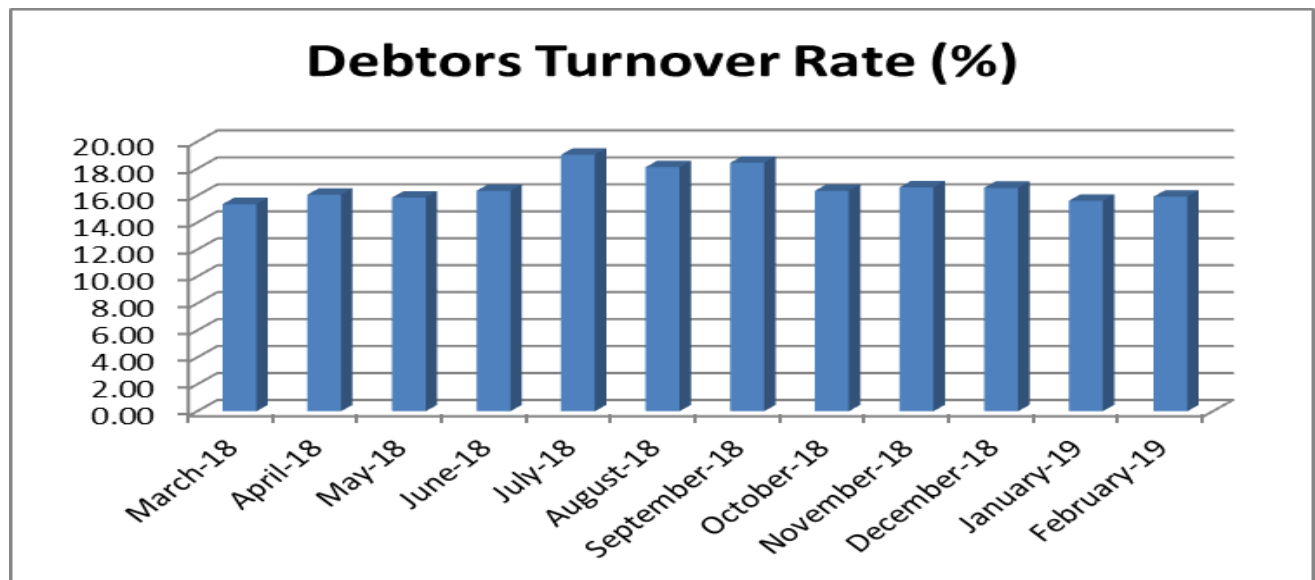
Month	Net Debtor Days
February-19	46.31
January-19	45.06
December-18	48.13
November-18	42.95
October-18	42.12
September-18	49.86
August-18	47.63
July-18	49.79
June-18	41.92
May-18	42.30
April-18	44.89
March-18	45.17

Figure 72: Net Debtor Days



Debtor's Turnover Rate

The norm is to be below 20%:



12.1.4 Grants and Subsidies

The table below provides a description of the capital grants received by uMhlathuze Municipality for the tabled 2019/2020 budget.

Table 78: Capital transfers and grant receipts

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

In 2019/20 a new integrated urban development grant (IUDG) for urban local municipalities has been created to support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces. This grant is administered by the Department of Cooperative Governance and extends some of the fiscal reforms already implemented in metropolitan municipalities to non-metropolitan cities. The integrated urban development grant recognises that municipalities differ in terms of their context and introduces a differentiated approach to encourage integrated development in cities. The grant aims to enable and incentivize municipalities to invest more non-grant funding in infrastructure projects in intermediate cities.

The conditions for this grant were piloted in two cities in the 2018/19 financial year at uMhlathuze Municipality. Under the IUDG municipalities will no longer require approval for individual projects to be funded through the grant. Instead, their capital investments must be aligned to a three-year capital programme that is aligned with a 10-year capital expenditure framework.

This is a new type of grant in that municipalities must meet certain qualification criteria in order to participate. The criteria for municipalities to apply is as follows:

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

A further five municipalities qualified to participate in the grant from the 2019/20 financial year. 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 be shifted 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 as determined by the MIG formula, 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 2019/20 financial year only amounting to R 33 million. This incentive will be used to fast track economic development in the City.

Operating grants and transfers totals R390 million in the 2019/20 financial year, steadily increases to R419 million in 2020/21 and to R458 million in 2021/22. Local Government Equitable Share will grow at an average annual rate of above 8.2 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 79: Operating Transfers and Grant Receipts

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	245 591	275 248	314 327	344 324	342 679	342 679	377 106	404 938	443 194
Local Government Equitable Share	229 925	251 497	292 009	326 255	326 255	326 255	362 965	396 640	434 454
Finance Management	1 600	2 537	2 650	2 650	2 650	2 650	2 650	2 650	2 650
Municipal Systems Improvement	930	–	–	–	1 055	1 055	–	–	–
EPWP Incentive	2 961	5 055	4 143	5 189	5 189	5 189	4 492	–	–
Project Management Unit	2 675	3 344	5 437	5 230	5 230	5 230	6 999	5 648	6 090
Infrastructure Skills Development Grant	7 500	6 500	3 879	5 000	2 300	2 300	–	–	–
Municipal Demarcation Transition Grant	–	6 314	6 209	–	–	–	–	–	–
Provincial Government:	11 929	10 017	12 652	12 314	12 306	12 306	13 570	14 178	14 864
Museums	166	175	183	192	192	192	202	214	225
Provincialisation of Libraries	6 789	7 506	7 881	8 275	8 275	8 275	8 689	9 123	9 625
Libraries	1 020	1 432	1 504	1 576	1 576	1 576	2 283	2 445	2 618
Housing	3 829	904	1 316	2 213	2 213	2 213	2 396	2 396	2 396
Enhanced Extended Discount Benefit Scheme	25	–	16	–	–	–	–	–	–
Cleanest Town Awards	100	–	–	–	–	–	–	–	–
Hostels	–	–	152	–	–	–	–	–	–
Sport and Recreational	–	–	–	58	50	50	–	–	–
Career Exp - Dept of Public Works	–	–	800	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	–	800	–	–	–	–	–	–
District Municipality:	200	318	100	–	–	–	–	–	–
Beach Festival	200	–	–	–	–	–	–	–	–
Refuse Removal Grant	–	318	–	–	–	–	–	–	–
Speakers Funeral	–	–	100	–	–	–	–	–	–
Other grant providers:	681	319	2 359	–	–	–	–	–	–
Umhlathuze Village Beneficiaries Contribution	51	26	24	–	–	–	–	–	–
Chieta Funding	630	199	534	–	–	–	–	–	–
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	–	–	–	–	–	–
LG Seta	–	–	742	–	–	–	–	–	–
Total Operating Transfers and Grants	258 401	285 902	329 438	356 638	354 985	354 985	390 676	419 116	458 058

12.1.5 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 2019/20 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 80: Operational repairs and maintenance

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and Maintenance by Expenditure Item									
Employee related costs	226 610	208 536	209 087	431 151	431 151	431 151	494 275	525 825	557 422
Other materials	42 626	50 483	73 130	77 717	88 647	88 647	84 738	86 993	90 473
Contracted Services	99 985	120 804	134 906	99 341	100 361	100 361	103 585	107 309	111 602
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497

During the compilation of the 2019/20 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 2019/20 financial year, from R 620 million to R 683 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **22.4; 22.3 and 22.2 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **12.3; 12.5 and 12.9 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 81: Repairs and maintenance per asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	256 209	247 665	302 041	471 241	472 528	472 528	486 649	513 889	541 803
Roads Infrastructure	70 826	75 976	69 391	95 313	95 441	95 441	98 921	105 151	111 809
Storm water Infrastructure	8 918	–	40 209	38 687	39 714	39 714	39 930	41 879	43 917
Electrical Infrastructure	45 546	53 744	65 780	160 750	161 468	161 468	170 117	180 737	190 554
Water Supply Infrastructure	87 402	81 723	92 452	105 918	104 952	104 952	109 014	113 846	119 299
Sanitation Infrastructure	42 223	34 816	29 989	65 303	65 684	65 684	63 219	66 636	70 359
Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Rail Infrastructure	–	1 385	853	1 175	1 175	1 175	1 211	1 253	1 303
Information and Communication Infrastructure	1 293	21	3 369	4 095	4 095	4 095	3 208	3 321	3 453
Community Assets	69 026	59 882	73 421	98 193	97 037	97 037	112 239	118 537	125 540
Other assets	20 121	25 097	250	897	2 152	2 152	5 355	5 568	5 813
Computer Equipment	–	–	–	–	–	–	1 010	1 045	1 087
Furniture and Office Equipment	–	–	527	616	617	617	27	28	29
Machinery and Equipment	4 449	17 225	1 308	1 478	1 478	1 478	21 413	22 163	23 049
Transport Assets	19 415	29 954	39 474	35 784	46 346	46 346	55 793	58 779	62 050
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497
R&M as a % of PPE	7.6%	7.3%	7.7%	11.0%	11.2%	11.2%	12.3%	12.5%	12.9%
R&M as % Operating Expenditure	14.2%	13.4%	15.3%	20.2%	20.3%	20.3%	22.4%	22.3%	22.2%

For the 2019/20 financial year, 71 per cent or R 486 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 25 per cent (R 170 million) followed by water infrastructure at 16 per cent (R 109 million), road transport infrastructure at 14 per cent (R 99 million) and sanitation at 9 per cent (R63 million). Community assets has been allocated R 112 million of total repairs and maintenance equating to 16 per cent. Transport assets has been allocated R 55.8 million (8 per cent).

12.1.6 Borrowing /Loans

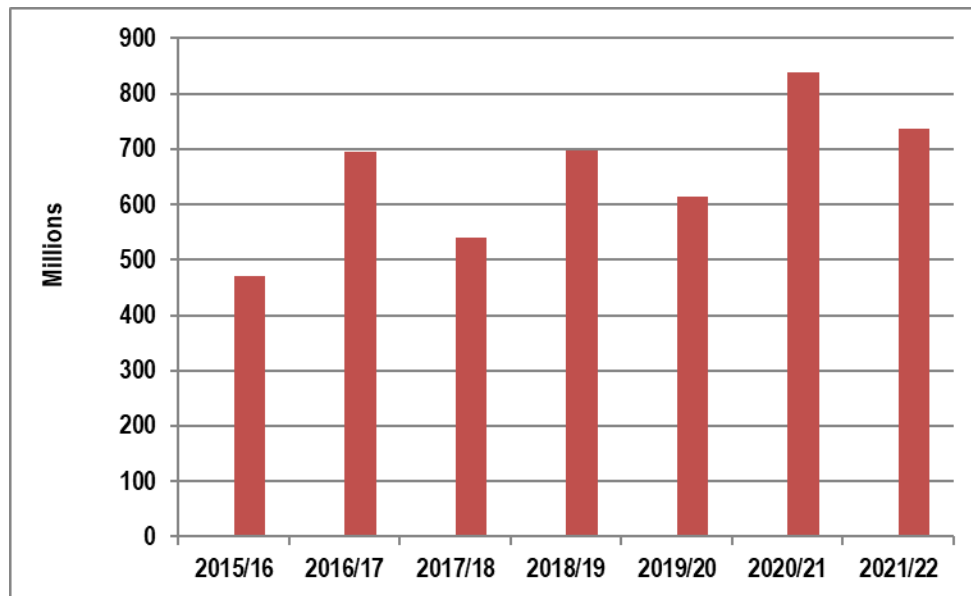
Dependency on borrowing has been reduced in previous financial years, however during the 2019/2020 MTREF borrowing becomes a source of funding for mostly infrastructure projects.

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

Table 82: Details of borrowing

Borrowing - Categorised by type R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality									
Annuity and Bullet Loans	470 446	695 609	539 424	693 113	697 726	697 726	613 400	838 708	736 618
Municipality sub-total	470 446	695 609	539 424	693 113	697 726	697 726	613 400	838 708	736 618
Total Borrowing	470 446	695 609	539 424	693 113	697 726	697 726	613 400	838 708	736 618
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	-	9 969	-	46 500	46 500	46 500	-	46 500	-
Municipality sub-total	-	9 969	-	46 500	46 500	46 500	-	46 500	-
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	-	9 969	-	46 500	46 500	46 500	-	46 500	-

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

Figure 73: 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 R406.3 million in 2019/20, R118,1 million in 2020/21 and R423.5 million in 2021/22.

12.1.7 Financial Viability and Sustainability

Figure 74: Performance Indicators and Benchmarking

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>											
Credit Rating		Ba1/A1.za	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	7.3%	8.3%	8.2%	7.4%	6.9%	6.9%	6.9%	4.8%	4.8%	5.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.5%	9.0%	8.8%	8.3%	8.0%	8.0%	8.0%	5.5%	5.4%	5.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	105.7%	0.0%	78.3%	67.8%	67.8%	67.9%	0.0%	72.4%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	7.7%	10.9%	7.4%	11.4%	11.2%	11.2%	11.2%	9.6%	13.0%	10.9%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.3	1.5	1.5	1.8	1.7	1.7	1.7	1.4	1.7	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.5	1.5	1.8	1.7	1.7	1.7	1.4	1.7	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.8	0.6	1.0	0.8	0.8	0.8	0.5	0.7	0.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.9%	99.9%	99.6%	94.2%	94.6%	94.6%	94.6%	92.8%	92.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.9%	99.9%	99.6%	94.2%	94.6%	94.6%	94.6%	92.8%	92.9%	93.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.5%	17.5%	17.7%	16.0%	17.1%	17.1%	17.1%	18.1%	19.3%	20.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		84.2%	60.6%	72.0%	57.0%	69.3%	69.3%	69.3%	103.4%	70.7%	85.7%

Figure 75: Performance Indicators and Benchmarking (continued)

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	94229183	87249273	63838475	63838475	638368475	63838475	63838475	63838475	63838475	63838475
	Total Cost of Losses (Rand '000)	64 274	92 484	79 798	79 798	79 798	79 798	79 798	79 798	79 798	79 798
	% Volume (units purchased and generated less units sold)/units purchased and generated	7	8	6	6	6	6	6	6	6	6
Water Distribution Losses (2)	Total Volume Losses (kℓ)	9 247	8 502	7 662	7 662	7 662	7 662	7 662	7 662	7 662	7 662
	Total Cost of Losses (Rand '000)	37078605	34006624	39615021	39615021	39615021	39615021	39615021	39615021	39615021	39615021
	% Volume (units purchased and generated less units sold)/units purchased and generated	26	26	21	21	21	21	21	21	21	21
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.6%	22.2%	24.4%	26.6%	27.1%	27.1%	27.1%	26.8%	26.8%	27.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26.5%	23.1%	25.4%	27.6%	28.1%	28.1%		27.8%	27.8%	28.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	14.8%	13.1%	14.5%	19.9%	20.7%	20.7%		21.3%	20.9%	20.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.5%	14.5%	14.5%	14.5%	14.6%	14.6%	14.6%	14.9%	15.3%	15.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	9.8	11.3	11.9	13.0	13.0	13.0	18.5	19.5	18.1	19.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	20.8%	21.0%	22.3%	19.0%	20.3%	20.3%	20.3%	21.4%	22.8%	24.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.8	4.0	2.7	3.4	2.8	2.8	2.8	1.8	2.6	2.1

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 2019/20 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 5.5 per cent in 2019/20 and rise marginally to 5.9 per cent in 2021/22. 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 72.4 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 9.6 and 13 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 2019/20 MTREF the current ratio is 1.4:1 and 1.7:1 and 1.6:1 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 0.7. This slight increase is mainly due to the decision to use own funding to fund capital expenditure in the 2017/18 financial year. As the debtors' collection rate is at 94.6 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 expected that with the introduction of an ERP system, the management of creditors will become easier.

Other Indicators

- Employee costs as a percentage of operating revenue increases slightly over the MTREF. Although the ratio is 26.8 per cent for the 2019/20 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.

12.1.8 Municipality's Credit Rating

The rating of a Municipality has an impact on its ability to raise external funds. The current credit score of the Municipality is BBB. The Municipality had an A investment grade in 2005 but the grading was lowered mainly due to increased level of external gearing.

The grading can be improved to AA by achieving the following:

- Posting of operational surpluses
- Continued improvement of income and expenditure management
- Continued increasing levels of cash reserves through sound cash management
- Maintenance of a good collection rate by focusing on both old and current debt.

12.1.9 Auditor General's Opinion

Refer to section F , Subsection25

12.1.10 Employee Related Costs

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

Table 83: Summary of Employee and Councilor Related Costs

Summary of Employee and Councilor remuneration	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	15 492	17 480	18 280	19 795	19 204	19 204	20 048	21 050	22 103
Pension and UIF Contributions	2 324	2 604	2 741	2 970	2 848	2 848	2 942	3 089	3 244
Medical Aid Contributions	870	1 146	1 786	1 959	1 942	1 942	1 833	1 925	2 021
Motor Vehicle Allowance	3 748	2 575	3 570	3 695	4 083	4 083	4 181	4 390	4 610
Cellphone Allowance	1 457	1 737	2 966	3 184	3 134	3 134	3 124	3 280	3 445
Housing Allowances	–	–	–	277	277	277	277	298	320
Sub Total - Councillors	23 891	25 542	29 342	31 881	31 488	31 488	32 404	34 033	35 744
% increase		6.9%	14.9%	8.7%	(1.2%)	–	2.9%	5.0%	5.0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	8 553	7 011	8 864	11 017	10 795	10 795	11 587	12 929	14 294
Pension and UIF Contributions	631	299	442	680	665	665	715	759	805
Medical Aid Contributions	142	109	175	244	243	243	267	283	300
Performance Bonus	1 241	1 364	982	2 033	1 997	1 997	2 127	2 254	2 390
Motor Vehicle Allowance	1 075	1 003	1 331	1 720	1 720	1 720	1 718	1 821	1 931
Cellphone Allowance	179	159	209	254	252	252	269	286	303
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	792	121	480	872	885	885	916	971	1 030
Payments in lieu of leave	142	96	56	779	704	704	1 058	1 122	1 189
Sub Total - Senior Managers of Municipality	12 756	10 161	12 540	17 600	17 261	17 261	18 655	20 425	22 243
% increase		(20.3%)	23.4%	40.4%	(1.9%)	–	8.1%	9.5%	8.9%

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

Summary of Employee and Councillor remuneration	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Other Municipal Staff									
Basic Salaries and Wages	346 606	377 798	412 132	453 811	468 097	468 097	471 124	509 549	556 376
Pension and UIF Contributions	59 477	64 872	70 700	91 499	79 724	79 724	95 016	100 725	106 776
Medical Aid Contributions	30 411	33 668	36 148	43 688	38 098	38 098	43 824	46 457	49 247
Overtime	42 096	43 339	44 523	62 467	57 769	57 769	66 124	70 095	74 303
Motor Vehicle Allowance	34 842	39 969	42 733	48 162	48 381	48 381	49 685	52 668	55 832
Cellphone Allowance	2 384	2 714	3 391	5 004	3 781	3 781	5 033	5 339	5 663
Housing Allowances	3 992	4 414	4 316	4 544	4 405	4 405	4 378	4 649	4 931
Other benefits and allowances	84 940	46 965	52 519	49 986	62 667	62 667	68 657	72 779	77 153
Payments in lieu of leave	13 642	14 859	16 176	29 121	23 076	23 076	30 344	32 168	34 101
Long service awards	–	194	156	156	377	377	161	167	173
Post-retirement benefit obligations	4 447	5 291	5 721	6 086	6 382	6 382	6 549	6 942	7 359
Sub Total - Other Municipal Staff	622 838	634 083	688 514	794 524	792 756	792 756	840 895	901 537	971 914
% increase		1.8%	8.6%	15.4%	(0.2%)	–	6.1%	7.2%	7.8%
Total Parent Municipality	659 485	669 787	730 396	844 004	841 505	841 505	891 954	955 995	1 029 900
TOTAL SALARY, ALLOWANCES & BENEFITS	659 485	669 787	730 396	844 004	841 505	841 505	891 954	955 995	1 029 900
% increase		1.6%	9.0%	15.6%	(0.3%)	–	6.0%	7.2%	7.7%
TOTAL MANAGERS AND STAFF	635 594	644 245	701 054	812 123	810 017	810 017	859 550	921 962	994 157

Table 85: Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	685 900	159 900	46 600			892 400
Chief Whip	1	689 400	103 500	46 600			839 500
Executive Mayor	1	845 100	212 100	323 800			1 381 000
Deputy Executive Mayor	1	515 800	118 500	258 100			892 400
Executive Committee	10	3 990 500	964 800	1 760 700			6 716 000
Total for all other councillors	53	13 321 000	3 215 900	5 145 700			21 682 600
Total Councillors	67	20 047 700	4 774 700	7 581 500			32 403 900
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 466 700	310 400	397 800	299 500		2 474 400
Chief Finance Officer	1	1 531 500	–	367 900	261 000		2 160 400
Deputy Municipal Manager - Infrastructure and Technical Services	1	1 211 000	304 500	383 900	261 000		2 160 400
Deputy Municipal Manager - Corporate Services	1	1 587 100	77 700	234 600	261 000		2 160 400
Deputy Municipal Manager - City Development	1	1 487 100	95 200	317 100	261 000		2 160 400
Deputy Municipal Manager - Community Services	1	1 437 200	41 400	420 800	261 000		2 160 400
Deputy Municipal Manager - Specialised Services	1	1 656 900	50 700	191 800	261 000		2 160 400
Deputy Municipal Manager - Energy and Electrical Services	1	1 209 100	306 700	383 600	261 000		2 160 400
Total Senior Managers of the Municipality	8	11 586 600	1 186 600	2 697 500	2 126 500		17 597 200
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	75	31 634 300	5 961 300	10 279 000	2 126 500		50 001 100

The budgeted allocation for **employee related costs** for the 2019/20 financial year totals R 859,6 million, which equals 27 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 6.5 per cent.

For budget purposes a 6.5 per cent increase has been utilised. An annual increase of 6 and 6 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R163m worth) which cannot be filled as there is no corresponding increase in the economy i.e. in the tax base. Consequently, the associated risk is that there may be many organizational and municipal service delivery activities, which pre-restructuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 37 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

A revised wage curve has been received from the South African Local Government Bargaining Council. It is apparent that this revised wage curve will be accepted by both SALGA and the unions and therefore implementation is imminent. Based on Draft calculations it is expected that the additional annual amount required will be R 20 million, however no provision was made on the 2019/20 MTREF for this implementation.

A provision of R 10 million was however made on the 2019/20 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.

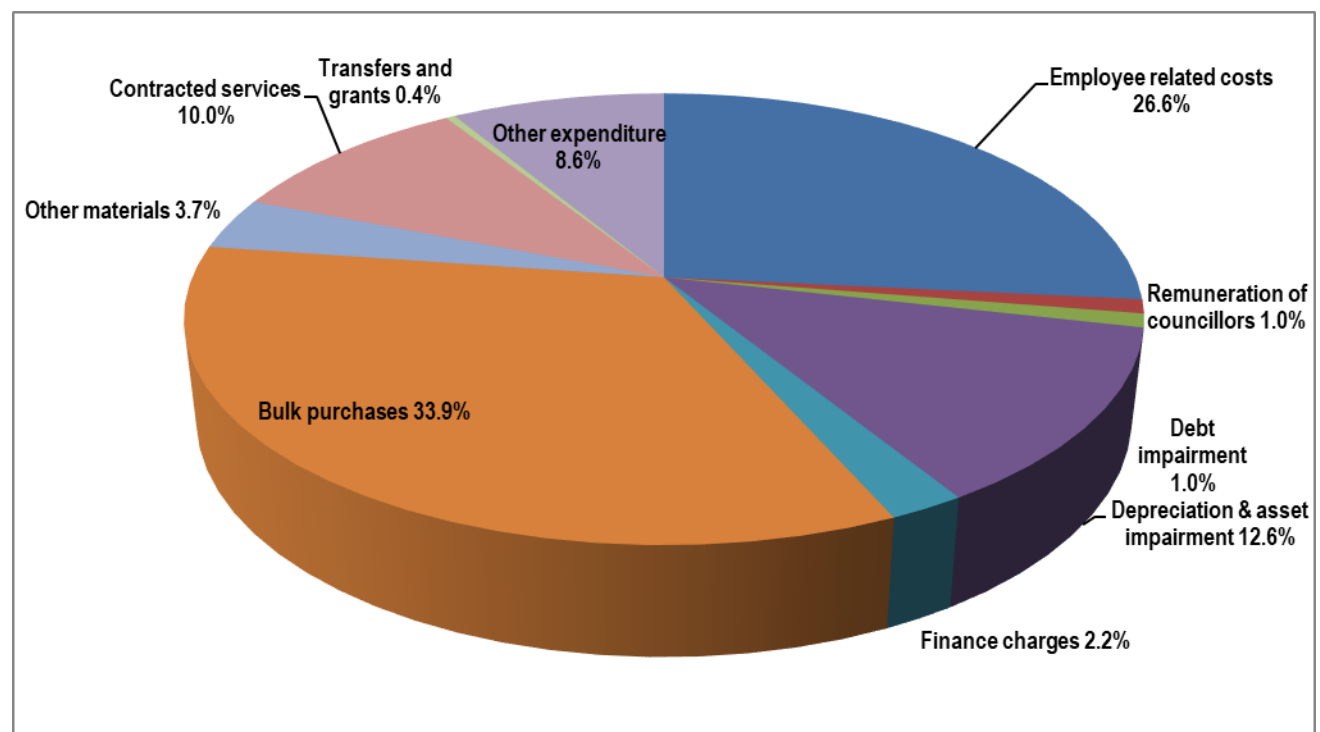
The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 5 per cent has been budgeted for the 2019/20 financial year.

12.1.11 Main operational expenditure categories for the 2019/20 financial year

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type									
Employee related costs	635 594	644 245	701 054	812 123	810 018	810 018	859 550	921 962	994 157
Remuneration of councillors	23 891	25 542	29 342	31 881	31 488	31 488	32 404	34 033	35 744
Debt impairment	36 646	8 891	27 154	26 513	29 730	29 730	31 454	33 027	34 678
Depreciation & asset impairment	351 346	352 389	350 037	376 066	376 066	376 066	408 532	446 488	484 885
Finance charges	58 694	68 940	67 691	67 884	59 359	59 359	70 846	79 421	86 950
Bulk purchases	1 025 277	1 173 350	927 274	1 000 945	974 726	974 726	1 096 949	1 153 378	1 201 977
Other materials	103 488	97 320	105 039	114 233	126 546	126 546	121 110	124 675	129 661
Contracted services	228 681	298 686	338 720	312 731	366 946	366 946	323 135	333 509	346 849
Transfers and subsidies	18 149	9 319	11 517	12 534	15 179	15 179	12 087	12 511	13 011
Other expenditure	112 555	154 209	164 869	261 588	259 257	259 257	278 181	287 022	298 022
Loss on disposal of PPE	2 296	1 296	1 449	–	–	–	–	–	–
Total Expenditure	2 596 617	2 834 188	2 724 145	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932

The following figure gives a breakdown of the main expenditure categories for the 2019/20 financial year.

Figure 76: Main operational expenditure categories for the 2018/19 financial year



12.1.12 Supply Chain Management

The City of uMhlathuze has a fully functional Supply Chain Management Unit guided by SCM Policy. Council approved the amended Supply Chain Management Policy on 13 July 2016. The amendment of the policy included the following new clause:

- To spend a minimum of 40% (forty percent) of its annual procurement budget with Historically Disadvantaged Individuals (HDIs) [youth, women, people disabilities within the jurisdiction of the City of uMhlathuze, through the application of Preferential Procurement Policy and relevant policies]
 - **40% Youth**
 - **40% Women**
 - **20% People living with disabilities**
- Sub-contracting to a maximum of 25% on contracts of the approved budget per department. The 25% would be allocated to local black emerging contractor(s), local youth emerging contractor(s) inclusive of women and contractors of people with disabilities and co-operatives.
- Council utilises Section 71 reports as a monitoring tool to determine adherence to the above mentioned set aside targets.

Monthly reports are submitted in respect of procurement of goods and services in terms of each required regulation of the Supply Chain Management Policy of the Council. **Bid committee meetings have been recorded and submitted on a monthly basis.**

- **Bid Committees**

Appointment letters were served to all members of the different bid committees stating their roles and responsibilities and their acceptance as member on the respective committees. Training of all bid committee members on their roles and responsibilities was done by Provincial Treasury. Training on oversight role of Council was conducted with Councilors by Provincial Treasury.

Table 86: Bid Committees

Bid Committee	Legislative Reference	Members of Bid Committee
Bid Specification Committee	The Accounting Officer appoints officials to serve on the Bid Specification Committee in terms of Section 27 (3) (a) of the Supply Chain Management Policy (DMS 868603) which reads as follows:	<u>As at 20 March 2017</u> MS N Ndonga - chairperson

	“(3) (a) the bid specification committee must be composed of at least one or more officials of the municipality or municipal entity, preferably the manager responsible for the function involved, and may, when appropriate, include internal or external specialist advisors”	Ms P Gumbi Mr B Khanyile (Resigned) Mr Z Masango Mr S Morajane Ms Z Ngcobo Mr BV Nzuza
Bid Evaluation Committee	<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 (DMS 868603) 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><u>As at 20 March 2017</u></p> <p>Mr S Mhlongo - chairperson Mrs N Dlamini Ms G Gazu Mr T Gumede Mr B Khumalo Mr N Khumalo Ms S Maduma Mr R Mbatha Ms N Ndwandwa</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

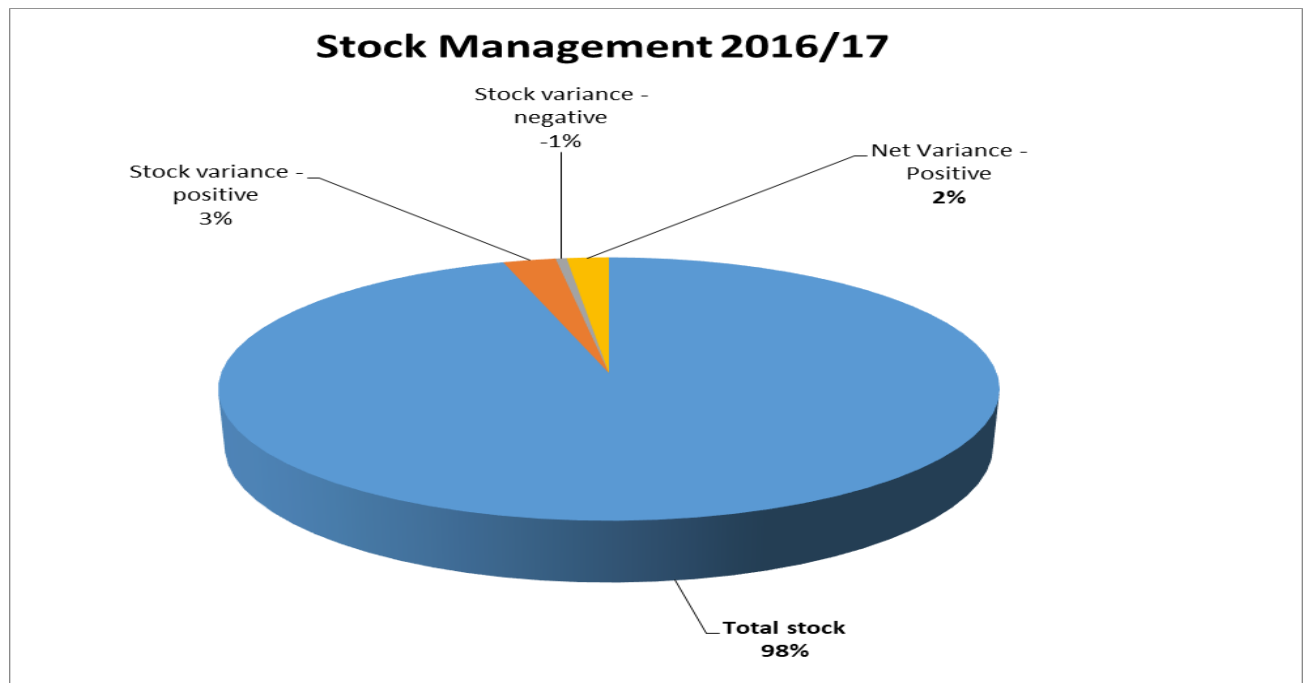
Council notice boards around the City. This has proven to be highly successful as several new contractors are now afforded an opportunity to perform work for Council. All quotations from R30 000 and above are advertised on Council's website.

The Supply Chain Management Unit (SCMU) scrutinizes all Requisitions for material and verifies that the correct Budget as per the SDBIP is utilized for the procurement of materials and services. It will be noticed that compared to previous years, the value of orders placed by the Supply Chain Management Unit has increased substantially which indicates growth in the orders processed by SCMU.

- 2009/2010 total transactions : R104 221 294.00
- 2010/2011 total transactions: R166 969 064.00
- 2011/2012 total transactions: R 256 852 052.24
- 2012/2013 total transactions: R 435 584 919.73
- 2013/2014 total transactions: R 878 899 965.76
- 2014/2015 total transactions: R 822 316 543.30
- 2015/2016 total transactions: R1 133 255 526,53
- 2016/2017 total transactions: R 1,656,244,891.31

2016/2017 Financial Year end report on stock take

Stock Take 30 June 2017	Amount
Total stock	R 17 679 905.48
Total stock variance - positive	R 457 150.29
Total stock variance - negative	(R 94 109.62)
Net Variance - Positive	R 363 040.67



SCM Challenges

Bid process

- Objections - On expiry of existing contract, delays on commencement of work by the new contractor due to dispute and objection by the current contractor. This create a 6 to 12 months' delay while the current contractor is benefiting.

Implementation of the contract

- Not all contract related documents are saved on shared electronic system (DMS). There also delays in loading contract as a result of user department not providing relevant documents on time. Delays may also result from long BOQ and too many lines.
- Tender document (GCC, JBC, NEC, etc.) which are deemed to be contracts against signing of SLA dichotomy
- Receipt of invoices by supply chain before physical goods have been received
- Poor planning including insufficient budget / funding which results to delays in requisition
- Non adherence to 30 days' payment terms
- Commencement of work by the supplier before SLA is exchanged or letter of acceptance issued.

Management of contracts:

- Delays in involving SCM on contractor disputes on site
- Delays receiving in close out reports

Measures

Council has recently established a bid administration unit to enhance bid administration and contract management this one major achievement for the City to improve delivery of services in an efficient manner.

SCM AND LED

Council to continue with its Local Economic Development mandate of Supply Chain Management Objective Criteria in terms of the Preferential Procurement Policy Framework Act of 2000, clause "2(1)(f). *the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer.* As supported by Preferential Procurement Regulations of 2017.

Council would endeavour to continue to prioritise local suppliers based on the categories as stipulated in the Preferential Procurement Regulations of 2017.

Based on the previous year's procurement spent of 2016/17 of R1 656 244 891.31, billion as illustrated on table below:

Annual SCM Spending 2016/2017								
Categories	Q1	Q2	Q3	Q4	TOTAL		HDI	% Achieved
Total SCM Spend	R250 204 810,96	R247 611 710,68	R529 645 347,22	R628 783 022,46	R1 656 244 891,31			
State owned	R106 469 508,40	R 74 308 241,30	R 312 084 494,20	R291 245 890,99	R 784 108 134,89			
Total spend excl state owned	R143 735 302,56	R173 303 469,38	R 217 560 853,02	R337 537 131,46	R 872 136 756,42	40.00%	R 348 854 702.57	
Local	R111 632 586,04	R129 225 113,23	R 138 073 535,07	R172 646 664,21	R 551 577 898,56			63.24%
Black	R 85 792 849,73	R123 923 702,26	R 107 550 980,68	R142 938 039,67	R 460 205 572,33			83.43%
Women	R 54 545 873,83	R 77 719 395,99	R 29 721 288,88	R 82 388 147,77	R 244 374 706,48	40.00%	R 139 541 881.03	175.13%
Youth	R 33 004 115,01	R 28 606 917,53	R 34 431 994,96	R 35 568 899,64	R 131 611 927,14	40.00%	R 139 541 881.03	94.32%
Disabled	-	R 0.00	R 420 591,50	R 184 833,81	R 605 425,31	20.00%	R 69 770 940.51	0.87%

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

12.1.13 Standard Chart of Accounts (SCOA)

uMhlathuze Municipality is performing a pilot exercise for the National Treasury on the new Municipal Standard Chart of Accounts. Such are governed by regulations which will become effective Nation-wide on 1 July 2017.

In short the change is resulting in some positive business reforms:

- Ensuring a more consistent reporting of financial transactions across all municipalities in South Africa; and

- Ensuring that municipalities can budget per objective or project based, not on items or products. This entire budget is now Project Based in terms of the mSCOA regulations

Although the Finance officials have a firm understanding of mSCOA, here are many challenges at this stage, however most relate to the effect the new chart has on its existing business processes, adapting the existing System Process's and changing the Administrations mind-set.

Governance and Change Management:

- Both the Executive and Senior Management are supporting the initiative which greatly assists the rolling out of the project.
- Reporting continues on a monthly basis both to Council and the National Treasury.
- As at the end of March 2018, we are found to be 100% compliant with the National Treasury's MSCOA data upload and validation criteria. This is a great achievement.

Primary Challenges:

- Due to the unexpected time taken in developing the financial system whilst in the live environment, the Finance Team has spent a lot more time than expected in ensuring transaction integrity, than the Team should have in reviewing the mSCOA structure itself. The National Treasury has a very structured "Questions and Answers platform which the Technical members of the Finance Team are not interrogating /exploiting sufficiently;
- In the absence of a mSCOA Budget module within the current system, it is extremely difficult for the Finance budget staff to put together the 2018/19 MTREF in the format that the National Treasury requires. The finance officials are cautiously confident that, by end of June 2018, with the dependency on the successful implementation of the new ERP system the budget will be compiled in a more automated format as required by mSCOA;
- Some critical processes are only working partial:
 - Discount facility;
 - Retentions;
 - Cessions;
 - Costing module;
 - Project based accounting and budgeting;

- Management Accounting;
- Payroll interface/link to the General Ledger; and
- Billing interface /link to the General Ledger.

Given that the Municipality is pursuing a complete Enterprise Resource Planning solution, it was felt not be prudent to pursue these uncommission modules at this stage and put 100% energy into the ERP solution.

12.1.14 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.

n 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.

12.2 Financial Viability and Management: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ Council has an adopted Indigent Policy. ○ The City of uMhlathuze has a fully functional Supply Chain Management Unit ○ uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment ○ Financial reporting and financial statements are developed in-house ○ Fully funded budget ○ Alignment of budget with IDP ○ Full adherence to financial management prerequisites 	<ul style="list-style-type: none"> ○ The current credit score of the Municipality is BBB. ○ organisational structure not fully funded ○ Poor capital expenditure ○ Lack of long term financial planning ○ Investment of borrowings in non-revenue projects ○ Impact of engineering contributions on investment ○ In-adequate contract management
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ○ The Municipality has obtained an average debt collection ratio of 99.49%. ○ The City obtained Clean Audit for five consecutive years since 2012/2013 financial year ○ Pilot mSCOA ○ ERP implementation ○ Diversification of revenue base ○ Borrowing to invest in economic infrastructure ○ Establishment of a municipal owned entity ○ Reduction in cost of doing business 	<ul style="list-style-type: none"> ○ The challenges or delays relating to disputes or objections during the tender process, claims as well as the rejecting or declining the award of a tender by the awarded tenderer have been pivotal in the slow capital budget expenditure. ○ The Council is limited in its leverage to borrow money externally. ○ Limited resources provided in capital refurbishment and replacement programs. ○ Limited revenue base ○ Unfunded mandates ○ Growing indigent register ○ No rateable areas under traditional authorities ○ Growing of rural debts ○ Non-payment for services

13. GOOD GOVERNANCE AND PUBLIC PARTICIPATION ANALYSIS

13.1 Provincial Programmes/Priorities rolled-out at Municipal Level

13.1.1 Operation Sukuma Sakhe

OSS is a call for the people of KwaZulu-Natal to be determined to overcome the issues that have destroyed the communities such as poverty, unemployment, crime, substance abuse, HIV/AIDS and TB.

Operation Sukuma Sakhe has a “whole of Government approach” as its philosophical basis. It spells out every initiative and how it links to initiatives being implemented by the different sector departments and the spheres of government. Therefore, delivery of services is required through partnership with the community, stakeholders and government.



Operation Sukuma Sakhe is a continuous interaction between Government and the community to come together to achieve 12 National Outcomes. It encourages social mobilization where communities have a role, as well as delivery of government services in a more integrated way.

It is the KwaZulu-Natal Provincial Government flagship programme that seeks to combat all kinds of ills affecting the society. It calls for joint efforts from all sectors to contribute towards sustainable upliftment of the standard of living for the people of KZN at the National Government level and is called “war on poverty”.

Operation Sukuma Sakhe (OSS) was established in the uMhlathuze Municipality during 2011. Ongoing activities and strategies planning are increasing the effectiveness of the structure.

The Municipality has 10 CDWs (Community Development Workers) that provide a foundation for at least 10 wards. The deployment of managers to war rooms is being pursued and managers are to act as mentors for the war rooms. In addition, all Departments sit in the LTT. More details in respect of OSS are provided in section 5 of this report.

Batho –Pele Principles

Batho Pele principles are a Government's initiative to improve the delivery of public services. Batho Pele means people first and the name was chosen specifically to emphasize that it is the foremost duty of those in the Public Service to serve all citizens of South Africa.

The City of uMhlathuze is in a process of institutionalizing Batho Pele. The Batho Pele Committee was established which constituted of both councilors and senior officials. The following are committee members as appointed by Council:

Members	
Chairperson	Cllr Mbokazi
Deputy Chair	Cllr Zikhali
Coordinator	T.M Phahla
Secretary	N Zulu
Member	N.P Mdluli
Member	BM Dladla
Member	N Khumalo
Member	T Mdumela
Member	M Nzimande
Member	N Mthethwa
Member	T Dlamini
Member	B Khanyile-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

The following are top ten services that uMhlathuze Municipality has identified for improvement. These services are taken from the latest Customer Survey Report which was done in 2016/2017

No	Service Identified	Intervention
1.	Operating hours of Revenue Offices	<ul style="list-style-type: none">▪ Implementation of digital payment portal to allow customers to pay online currently being implemented

2.	Roads maintenance including fixing of potholes	<ul style="list-style-type: none"> ▪ Budget allocation road resealing has been increased (see section F, 2019/2020 Capital budget)
3.	Low water pressure affecting households	<ul style="list-style-type: none"> ▪ Pipe replacement project currently underway to improve water pressure management and replace old pipes.
4.	Functionality of ward councilors and ward committees	<ul style="list-style-type: none"> ▪ Monitoring and evaluation of ward structures functionality has been introduced through the Public Participation Committee chaired by the Speaker, which considers reports of ward councillors and ward committees in terms legislative requirements.
5.	Water supply to rural areas including water tanks	<ul style="list-style-type: none"> ▪ Rural water scheme projects are at various stages of implementation and a new water scheme design for former Ntambanana wards was completed. (refer to 2019/20120 Capital Budget, section F)
6.	Basic services to rural communities	<ul style="list-style-type: none"> ▪ A package of basic services such as water (water tanks), waste removal skips, rehabilitation of municipal gravel roads and electricity (100% coverage of municipal licenced area) is accessed by all rural within uMhlathuze.
7.	Electricity accounts	<ul style="list-style-type: none"> ▪ The indigent policy has been reviewed in May 2017 to accommodate different type of customers who are unable to pay for services such as electricity. The policy includes roll out of comprehensive civic education on electricity and

		water consumption. Free electricity is 50khw
8.	Communication between the municipality and the residents	<ul style="list-style-type: none"> New Communication Policy has been adopted to improve interface between the city and its customers/residents.
9.	Sanitation and sewerage in rural areas	<ul style="list-style-type: none"> Multi-Year rural sanitation projects currently underway and pilots for waterborne sewer in rural areas being implemented at Mandlanzini and uMzingazi respectively. (refer to 2019/2020 Capital Budget, Section F)
10.	Waste Management especially street sweeping and illegal	<ul style="list-style-type: none"> The response strategy on waste management focuses on capacitation of the unit, utilisation of EPWP, purchasing of new waste trucks, anti-littering campaigns and recycling.

Over and above the services identified for improvement, an internal assessment of key assets used for service delivery was conducted and the list of top twenty assets requiring maintenance within the financial year 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.

13.1.1 IGR

King Cetshwayo District Mayors Forum

King Cetshwayo is one of the critical IGR Structures that this municipality is a member of. The object of the Forum is to promote and facilitate intergovernmental relations and cooperative government between the District Municipality and the Local Municipalities, including to seek unity of purpose and coordination of effort around the District's development priorities; and to ensure effective and efficient service delivery unhampered by jurisdictional boundaries.

MUNIMEC

It is one of the provincial structures that our municipality participates in. The City Manager and the Mayor are members of the technical committee. This is a platform for the City of uMhlathuze to engage at a high level with regards to provincial priorities and implementation of provincial functions and initiatives. At length the issues of Disaster Management, Back to Basics and all other important issues are deliberated and resolutions are taken.

UMhlathuze IGR Co-ordination Role

uMhlathuze Municipality has a dedicated official responsible for IGR Co-ordination. The incumbent is based in the office of Mayor for effective coordination. UMhlathuze Council has initiated a number of programmes and actions to improve good governance and relations with external role-players but also to improve internal efficiencies. Municipal venues (within the Council complexes and inclusive of the Auditorium and Restaurant) host numerous departmental award ceremonies, Independent Electoral Commission meetings and training sessions, Human Resources Relationship Building Programmes, sports meetings, budget meetings with the public and Traditional Councils and many more. A great number of events by external organisations ranging from the Youth Ambassador Conference by the Premiers Office, the Women's Day Summit, Statistics South Africa Census Programme, uThungulu District Municipality sessions, Small Town Rehabilitation and Corridor Development Programme by the Department of Cooperative Governance and Traditional Affairs, BEE Training Workshop as well as various Tourism Workshops by the Department of Economic Affairs and Tourism, Hospice, National Prosecution Authority Workshop, Annual Spelling Bee and numerous seminars and exhibitions have been hosted in the Auditorium.

13.1.2 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.

13.1.3 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 M Mthonjane
uMhlathuze Public Transport Liaison Committee	Cllr MS C Mpungose
uMhlathuze Transport and Taxi Liaison Forum	
Public Participation Committee	Cllr M Mthonjane
Municipal Public Accounts (MPAC)	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 K D Sibiya

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)

13.1.4 Audit Committee Report 2016/2017

The uMhlathuze Municipality has established an Audit Committee in accordance with section 166 of the Municipal Finance Management Act, no 56 of 2003. The status, authority, roles

and responsibilities are in accordance with section 166 of the Municipal Finance Management Act (MFMA), no 56 of 2003 and MFMA Circular 65 of 2013 and are delegated by the uMhlathuze Municipality's Municipal Council. Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2009 (King III). This charter guides the Audit Committee in fulfilling its obligations.

The Audit Committee of the uMhlathuze Municipality is authorized, in terms of its charter, to perform the duties and functions required to ensure adherence to the provisions of the Municipal Finance Management Act, the applicable provisions of the Municipal Systems Act and the Municipal Structures Act and other applicable regulations. In carrying out its mandate, the Audit Committee must have regard to the strategic goals of uMhlathuze Municipality and its strategic focus areas and development priorities as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP).

The Audit Committee is required to consider any matters relating to the financial affairs of the municipality, internal and external audit matters. The committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical and regulatory requirements. The Audit Committee does not assume the functions of management which remain the responsibility of ExCO, Council and the delegated officials.

The Audit Committee may:

- Communicate with the Council, Municipal Manager or the internal and external auditors of the municipality.
- Have access to municipal records containing information that is needed to perform its duties or exercise its powers.
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the Audit Committee.
- Conduct investigations into the financial affairs of the municipality, as may be requested by the Council.
- Obtain outside legal or other professional advice within the scope of its responsibilities and allocated budget provision.

Audit Committee report

The Audit Committee had four formal meetings during the period covered by this report. The Audit Committee therefore complied with the provisions of section 166(4)(b) of the MFMA which requires the Audit Committee to meet at least four times per year.

Table 90: Audit Committee Meetings for 2016/2017 Financial Year.

Name	02 September 2016	01 November 2016	06 December 2016	07 April 2017
S Nkonzombi (Chairperson)	✓	✓	✓	✓
A Dhuki	✓	✓	✓	✓
B Zulu	✓	✓	✓	x
J Ndlovu)	✓	✓	✓	✓

Summary of Matters dealt with:

- The Internal Audit Plan for the 2016/2017 financial year was considered and approved;
- At each of the meetings, reports from the internal auditors on work done by them in terms of the approved audit plan, was tabled, discussed and approved;
- At each meeting a progress report of actual work done as measured against the Internal Audit Plan, was considered;
- At each meeting feedback was received and considered relating to critical ICT issues and related risks;
- Attention was given to Council's Performance Management System by considering reports from Council's Performance Management Committee.

Report

1. For purposes of executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Audit Committee Charter, the Audit Committee relies on the work done by internal audit. The internal audit function is overseen and co-ordinated by the Chief Audit Executive who is a Council employee.
2. In order to be able to rely on the work performed by internal audit, the Audit Committee has to satisfy itself that the quality and scope of the work performed by internal audit is sufficient to be able to place the necessary reliance thereon. This requires that the internal auditors should be able to do their work without any restrictions and that the internal auditors are, at all times, fully independent. It is the view of the Audit Committee that the work performed by internal audit is of a high standard, that it is properly planned and controlled and that the reporting is detailed and comprehensive. There is also sufficient evidence that internal audit findings are discussed with the responsible officials and that implementation of corrective measures that have been agreed upon, is followed up regularly. Consequently, we have no hesitation in relying on the work performed by internal audit for purposes of executing our mandate. We are therefore in a position to advise Council that as far as matters relating to internal financial control, the adequacy, reliability and accuracy of financial reporting, performance management and

evaluation, effective governance and compliance with the MFMA and other relevant legislation are concerned, the internal audit reports considered by the Committee have not revealed any material issues that may compromise any of these functions or responsibilities. This comment should however be read with our concerns and recommendations which are dealt with in paragraph 10.

3. Section 166(2)(b) of the MFMA requires the Audit Committee to "review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation". For these purposes, the Audit Committee relies on the work performed by the Auditor-General during its audit of the financial statements of the municipality.
4. The members of the Audit Committee reviewed the financial statements and the report of the Auditor General for the year ended 30 June 2017 and can report as follows:

An overview of the financial performance of Council for the year ended 30 June 2017 is set out in the table below.

Table 91: Financial performance for the year ended 30 June 2017

	Comment	2017 R000	2016 R000
1	Financial performance Total income Total expenditure Surplus for the year <i>Surplus for the year increased significantly by 56% compared to the previous year as a result of an increase in total income against an increase in expenditure.</i>	3 006 587 2 832 892 <hr/> 173 695	2 705 328 2 594 320 <hr/> 111 008
	Comment	2017 R000	2016 R000
2	Positive cash flow from operating activities <i>Council achieved positive cash generation from operating activities after the removal of non-cash items (primarily depreciation).</i>	532 084	548 334
3	Revenue from property rates and service charges	2 404 723	2 081 077

	<i>Percentage increase</i>	15.6%	3.59%
4	Revenue from government grants <i>Percentage decrease</i>	424 859 -13.7%	492 508 7.79%
5	Employee costs <i>Percentage increase</i>	644 025 8.65%	592 773 9.30%
6	Bulk purchases <i>Percentage decrease</i>	1 201 342 14.65%	1 047 811 4.8%

Table 92: Financial position at 30 June 2017

	Comment	2017 R000	2016 R000
1	Net assets <i>Increase as a result of the surplus for the year</i>	4 961 611	4 748 376
2	Cash and cash equivalents <i>Increase primarily due to positive cash flow from operating activities</i>	715 115	462 406
3	Trade receivables before provision for bad debts <i>Percentage increase</i>	433 535	379 038
4	Provision for bad debts <i>There seems to have been a deterioration in collections which is evidenced by the increase in trade receivables (see 3 above) which required a slight decrease in the bad debt provision</i>	(82 554)	(94 130)
5	Ratio of current assets to current liabilities <i>This ratio, which is an indicator of liquidity, is almost equivalent to prior year.</i>	1.5:1	1.3:1
6	Percentage (under)/overspending of final approved operating expenditure budget	(0.35%)	5.04%
7	Percentage over/(under)/spending of final approved capital expenditure budget	3.0%	(21.5%)
8	Percentage (under)/overspending of conditional grants received	(4.1%)	(29.47%)

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

Reporting and disclosure

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

Guideline 65

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

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

Internal audit issues

The main function of the Audit Committee is to receive and consider reports from Internal Audit in which their findings on work done in terms of the approved Internal Audit Plan are recorded. For purposes of completeness, the process which is typically followed when a specific area is selected for audit is as follows:

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

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

13.1.5 Status of Municipal Policies

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

Table 93: 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

Policy Name	Description
EAP Policy	Aims at developing an Employee Assistance Programme to promote the mental, social health and wellbeing of all employees and to create a working environment that is conducive for the effective and efficient delivery of services
HIV/AIDS Policy for Employees	
Tariff of Charges	DMS 873147
Investment and Cash Management Policy	RPT 141398 DMS 454662 DMS 458007 Review
Supply Chain Management Policy	RPT 137944 RPT 145110 DMS 439330 (review)
Credit Management Policy (Credit Control, Debt Collection and Indigent Support)	DMS 438088 DMS 716354
Tariff Policy	DMS 418186
Rates Policy	DMS 473856 (2008/2009) DMS 566699 (2009/2010) DMS 637432 (2010/2011) DMS 701131 (2011/2012) DMS 789516 (2012/2013) DMS 873351 (2013/2014)
Fraud Prevention Policy Fraud Risk Register	RPT 143608 DMS 497798 DMS1126293
Whistleblowing Policy	DMS 1226268
Virement Policy (transfers of funds)	RPT 147986 DMS 635065

Policy Name	Description
Fixed Asset Management Policy	RPT 145981 DMS 562968

13.1.6 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 77: Enterprise Risk Management Role Players



There are varying levels of risk maturity in local government, and the City of uMhlathuze is at an advanced stage in this regard.

13.1.7 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.

13.2 Public Participation Analysis

13.2.1 Taking Council to the Community

In ensuring an unfading sense of connection with its community, the municipality annually stages an unprecedented “*Taking Council to the Community*” Program. The program is rotated in all the wards. This initiative involves taking both the Executive Committee as well as Council meetings to the selected venues/areas and thus providing the community with an opportunity to witness how such meetings are conducted. About 1700 people (the public) participated in the previous seating’s.

13.2.2 IDP Process and Public Participation

Participatory mechanisms that take place throughout the IDP process help the project to ensure that the process, plans, goals, and implementation of the planned intervention is inclusive, and importantly address the needs of marginalized groups and minorities to ensure nondiscrimination and equality. Participation has built up ownership and partnerships which have made the projects that have been implemented within the community more sustainable.

During the IDP process, participation is implemented during the assessment and planning phase to help gather relevant data to define development challenges and to identify vulnerable groups, map out root causes, and set priorities

The integrated development planning process provides a forum for identifying, discussing and resolving the issues specifically aimed at upliftment and improvement of conditions in the under-developed parts of the municipality area. In order to ensure certain minimum

quality standards of the IDP, and a proper coordination between and within spheres of government, the preparation of the Process Plan has been regulated in the Municipal Systems Act (2000). Municipal Departments participate throughout the process by contributing relevant aspects of their sections.

The objective of the IDP process is to facilitate deliberations resulting in decisions being made on the strategic development direction of the municipality and includes issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner. The IDP, however, will not only inform municipal management; it is intended to guide the activities of any agency from other spheres of government, corporate service providers, NGOs and the private sector within uThungulu district.

13.2.3 Communication Plan

uMhlathuze Municipality's communication strategy with specific reference to the IDP Process entails that:

- Ward Committee members and Councillors are part of the preparation of ward meetings
- IDP community sessions are held in venues closest to the community
- Release of print media press when required to local and provincial newspapers are in Zulu and English
- SMS's, flyers and loud hailing are also used as a strategy to sensitise the community to attend the IDP meetings
- Monthly internal and external newsletters are used to publish IDP/Budget news
- Council provides transport for community members to respective venues
- Consistent use of Social Media platforms and any innovative methods to mobilise community participation to the IDP process and to encourage two-way communication feedback

13.3 Good Governance and Public Participation: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ Operation Sukuma Sakhe (OSS) fully functional ○ Municipal Public Accounts Committee (MPAC) is established ○ Functional section 79 and Section 80 committees ○ Ward committees established for all 34 wards ○ Effective Audit, Performance Audit and Enterprise Risk Management Committees ○ Range of municipal policies in place ○ Fully functional and effective Bid Committees ○ The municipality has prepared an HIV and AIDS Strategy for 2012 – 2016 as a broad framework to work with civil society organisations and government departments ○ "Taking Council to the Community" initiative enhances public participation ○ Unqualified audit outcomes with no matters of emphasis for five consecutive years ○ Stable Municipal Council ○ Establishment of whistle blowing facility 	<ul style="list-style-type: none"> ○ Poor resourcing, of OSS structures ○ Inconsistent functionality of Ward Committees ○ Ineffective IGR structures ○ Poor defined relationship between ward councillors and traditional authority structures ○ Poor alignment of municipal and district programs ○ Vastness of rural wards ○ Poor enforcement of Council By-Laws
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ○ Further strengthening of good governance ○ Enhancing IGR structures ○ Collaborations with institutions of higher learning to enhance good governance ○ Improving relationship with traditional institutions ○ Enhance public participation platforms and methodologies ○ Capacitation of ward committees ○ Partnership with private sector in support of community development initiatives 	<ul style="list-style-type: none"> ○ Dysfunctionality of IGR structures ○ Redetermination of municipal boundaries ○ Service delivery protests ○ Security of councillors ○ Non-compliance with Supply Chain Management Prescripts ○ Poor customer service ○ Lack of participation by minority groups (WIC) in municipal programmes ○ Maladministration ○ Land claims against municipal owned land

14. UMHLATHUZE: COMBINED SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Disaster Management Framework in place All role players in the disaster management arena (including Government, None-Government Organizations, Traditional Authorities and the Private Sector) work together to prevent and or mitigate the occurrence of disasters Disaster Management Bylaws aimed give effect to the provisions of Council's Disaster Management Framework. Disaster Management Advisory Forum in place Proximity of the municipal area to the N2 highway that traverses the Municipality in a north-east direction towards the Swaziland border and south-west towards Durban. Good road accessibility The municipality borders a coastline that spans approximately 45 kilometres The municipality borders a coastline that spans approximately 45 kilometres Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. High level of species diversity. The beaches are significant tourism assets for the municipality. Alien Invasive and Greening Strategy in place 	<ul style="list-style-type: none"> Efficient provision of disaster management services reliant on ongoing cooperation between all role players in the disaster management area lack of resources such as appointment of support of staff and equipment Lack of capacity to adequately handle all kinds disaster related incidents Poor coordination between departments to respond to disaster situations Inadequate communication platforms for disaster alerts and responses Funding challenges to implement Alien Invasive and Greening Strategy. The area is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane. Major rivers include the uMhlathuze and Nsezi. These water systems offer opportunities but also limit development opportunities. Gaps in availability of data on the local heritage.
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Spatial Development Framework has been developed and is in place. Climate change Strategy in place Municipal Organogram is in place 	<ul style="list-style-type: none"> A remarkable concentration of Red Data Species is one of the main reasons that the remaining percentage of the municipal surface area under indigenous cover is considered largely irreplaceable

<ul style="list-style-type: none"> ○ Section 79, 80 and other Council Committees established and are operational ○ A reliable ICT system for effective functioning and efficient service delivery ○ Human Resource Policies in Place ○ Employment Assistance Programme ○ 24 hours operational Call Centred with toll free ○ Fully functional ward committees ○ Functional Local Labour Forum ○ Progressive Employment Equity Plan ○ Critical senior management vacancies filled ○ Stable labour relations ○ Very high level of access to water and electricity in the uMhlathuze municipal area ○ Well-functioning Scientific Services section to ensure that the quality of the city's water resources, portable water and wastewater systems are continually monitored in an endeavour to maintain quality and evaluate against set standards/specifications/guidelines ○ Clear division of duties between water and electrical services as a result of unbundling purposes ○ Level 2 Accreditation has been granted to the uMhlathuze Municipality in respect of Human Settlements ○ Continual improvement of the Blue Drop score for the Municipality ○ Continual improvement of the Green Drop score for the Municipality ○ Bulk-handling harbour facilities at Richards Bay that enable international trade links. Richards Bay is the largest deepwater port in Africa, and handles the bulk of South Africa's exports ○ The dependency ratio in uMhlathuze is lower than that of the country ○ Libraries in the municipality provide internet access at no charge to users 	<ul style="list-style-type: none"> by KZN Wildlife for meetings its conservation objectives in the province ○ Unsatisfactory attraction and employment of disabled personnel ○ Inadequate budget allocations for programs such as the EAP ○ Inadequate skills development resources ○ Organisational structure not aligned to long term strategy ○ Poor change management initiatives ○ Misplaced professionals ○ Service interruptions due to ageing infrastructure ○ Indiscriminate dumping by residents of garden waste and builder's rubble ○ Illegal dumping of waste within streets and stormwater servitudes by the community causes overflows through blockages that create flooding of streets and properties. ○ Infrastructure vandalism ○ Inadequate investment in waste management equipment including trucks ○ Ageing personnel especially in waste management section ○ A matter of great concern is that 56% of informal traders operating without a licence ○ Underutilization of good agricultural land in the traditional council areas ○ Loss of good agricultural land in the traditional council areas to unplanned settlement ○ Failure to realize the potential for value adding through agro-processing. ○ Funding to assist Operation Sukuma Sakhe ○ Access to markets by SMME's ○ Underdeveloped tourism attraction sites and products ○ The current credit score of the Municipality is BBB. ○ organisational structure not fully funded ○ Poor capital expenditure ○ Lack of long term financial planning
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<p>Study facilities are provided at the libraries and are very well utilized</p> <ul style="list-style-type: none"> ○ Functional Operation Sukuma Sakhe Unit in the Municipality ○ Existence of Industries thus creating opportunities for SMME's ○ Investment in broadband ○ Existence of University and TVET colleges as part of knowledge creation ○ Fresh produce market supporting agriculture ○ Council has an adopted Indigent Policy. ○ The City of uMhlathuze has a fully functional Supply Chain Management Unit ○ uMhlathuze Council approved cash flow recovery plan to circumvent a short term cash flow and service delivery impediment ○ Financial reporting and financial statements are developed in-house ○ Fully funded budget ○ Alignment of budget with IDP ○ Full adherence to financial management prerequisites ○ Operation Sukuma Sakhe (OSS) fully functional ○ Municipal Public Accounts Committee (MPAC) is established ○ Functional section 79 and Section 80 committees ○ Ward committees established for all 34 wards ○ Effective Audit, Performance Audit and Enterprise Risk Management Committees ○ Range of municipal policies in place ○ Fully functional and effective Bid Committees ○ The municipality has prepared an HIV and AIDS Strategy for 2012 – 2016 as a broad framework to work with civil society organisations and government departments ○ "Taking Council to the Community" initiative enhances public participation ○ Unqualified audit outcomes with no matters of emphasis for five consecutive years ○ Stable Municipal Council ○ Establishment of whistle blowing facility 	<ul style="list-style-type: none"> ○ Investment of borrowings in non-revenue projects ○ Impact of engineering contributions on investment ○ In-adequate contract management ○ Poor resourcing, of OSS structures ○ Inconsistent functionality of Ward Committees ○ Ineffective IGR structures ○ Poor defined relationship between ward councillors and traditional authority structures ○ Poor alignment of municipal and district programs ○ Vastness of rural wards ○ Poor enforcement of Council By-Laws ○
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OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ○ There is one airport and a couple of land strips in the municipal area. ○ Economic node to the North-Eastern parts of the Province ○ The R34 Provincial Main Road passes through Empangeni towards Melmoth. ○ There are two primary nodes in the municipal area i.e. Richards Bay and Felixton. ESikhaleni is an emerging primary node. ○ Coastal Dunes contain heavy minerals that are sought after for mining. ○ Existing disaster management center located at the Fire Station ○ Potential growth in terms of expanding and economical ○ Collaboration with the private sector and government departments ○ Training and activation of community based disaster management volunteers ○ Improving human settlement planning in collaboration with traditional institutions ○ Fully functional disaster management center ○ Institutionalization of business continuity – disaster recovery plan ○ Institutionalisation of Batho-Pele Principles ○ Implementation of the E-Council system, eliminating cost for paper used in agendas etc. ○ Bursary Policy for councillors, employees and members of the public ○ Graduate Development Programmes and off-the –job training is offered to graduates ○ Improving diversity management ○ Successful implementation of the Quality Management System, the management system adopted from ISO 17025 requirements for testing laboratories ○ Maintenance of acceptable standards of water quality 	<ul style="list-style-type: none"> ○ Distance from major economic node in the province ○ The low level coastal floodplain is subject to natural flooding, climate change and sea level rise, and may increase flood risks over time. ○ An increasing trend in the frequency of cyclonic activity has been observed. ○ Coastal Dune areas are sensitive to change and erosion remains a key concern along a coastline that is susceptible to the sea level rise. ○ Local ambient air quality conditions, particularly in industrial areas, indicate the inability for such areas to deal with any further emissions. ○ The area is characterized by a complex hydrology and climate change would therefore have an impact on water resources in the area. ○ The location of the municipality on the coastline and its proximity to shipping routes present numerous natural marine and coastal threats. ○ Due to the deep-water port in Richards Bay, the City is a choice location for heavy industries that inevitably present a range of human-induced disaster risks. ○ The settlement of communities in disaster high risk areas ○ Draught and inclement weather ○ Staff low moral ○ Lack of proper implementation of the Succession Policy ○ Delays in finalising job evaluations ○ Failure/slow process of addressing Identified risks within the organisation ○ Staff turn-over in critical and scarce skills positions ○ Limited investment in ICT infrastructure upgrades ○ Lack of comprehensive skills audit ○ Illegal connections ○ Ageing infrastructure: electricity, water and roads

<ul style="list-style-type: none"> ○ Progressive acquisition of yellow plant and other equipment ○ Waste recycling, reduce and reuse initiatives ○ Implementation of mega human settlement projects ○ Progressive and transformational supply chain management policy for capital projects execution ○ Investment in alternative water supply such as desalination, waste water reuse, underground water. ○ There is a branch of SEDA in Richards Bay which provides support to SMMEs, and Richards Bay Minerals has a Business Development Programme, but the Municipality could also contribute to SMME development in a number of ways ○ Harbour development has provided the impetus for large-scale industrial growth ○ Partnership with Industrial Development Zone ○ Investment in township economy ○ Industry based skills development ○ Empowerment of ward based war rooms ○ Cross boarder collaboration in investment facilitation and attraction ○ Progressive implementation of agricultural support plan ○ The Municipality has obtained an average debt collection ratio of 99.49%. ○ The City obtained Clean Audit for five consecutive years since 2012/2013 financial year ○ Pilot mSCOA ○ ERP implementation ○ Diversification of revenue base ○ Borrowing to invest in economic infrastructure ○ Establishment of a municipal owned entity ○ Reduction in cost of doing business ○ Further strengthening of good governance ○ Enhancing IGR structures ○ Collaborations with institutions of higher learning to enhance good governance ○ Improving relationship with traditional institutions 	<ul style="list-style-type: none"> ○ Poor capital expenditure ○ Non-payment for services ○ Lack of asset maintenance plan ○ Cost of water tankering ○ Cost of maintaining rural roads ○ Changing municipal boundaries thus impacting on municipal infrastructure backlogs ○ Continuous demand for waterborne sewer in rural areas ○ seekers ○ Economic stagnation due to unresolved or unprocessed land claims and failed redistribution projects ○ Volatile world markets which affect prices for some agricultural commodities, for example, sugar ○ The demise of the South African Sugar Association's credit facility for small-scale cane growers ○ Nearly 10% of children of school going age are not attending school ○ There has been a decline in the percentage (%) of persons with a higher education. ○ Sexual Transmitted infections remain a growing concern. ○ Beach erosion ○ Persistent draught ○ Lack of collaboration between municipality and traditional authorities ○ Growing trend of discouraged work The challenges or delays relating to disputes or objections during the tender process, claims as well as the rejecting or declining the award of a tender by the awarded tenderer have been pivotal in the slow capital budget expenditure. ○ The Council is limited in its leverage to borrow money externally. ○ Limited resources provided in capital refurbishment and replacement programs. ○ Limited revenue base ○ Unfunded mandates ○ Growing indigent register ○ No rateable areas under traditional authorities ○ Growing of rural debts ○ Non-payment for services <ul style="list-style-type: none"> ○ Dysfunctionality of IGR structures ○ Redetermination of municipal boundaries
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<ul style="list-style-type: none">○ Enhance public participation platforms and methodologies○ Capacitation of ward committees○ Partnership with private sector in support of community development initiatives	<ul style="list-style-type: none">○ Service delivery protests○ Security of concillors○ Non-compliance with Supply Chain Management Prescripts○ Poor customer service○ Lack of participation by minority groups (WIC) in municipal programmes○ Maladministration○ Land claims against municipal owned land
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SECTION D: VISION, STRATEGIES, GOALS AND OBJECTIVES

15. 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

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

16. GOALS, OBJECTIVES AND STRATEGIES

The following tables provide a summary of the municipal strategies, goals and objectives as well as a summary of the alignment between the municipality, provincial and national government.

Table 94: uMhlathuze Strategies, Goals and Objectives

NATIONAL KPA 1 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
GOALS	OBJECTIVES	STRATEGIES
1.1 Democratic, Responsible, Transparent, Objective and Equitable Municipal Governance	1.1.1 To ensure effective and efficient administration complying with its Legal Mandates	1.1.1.1 Provide administrative support for all Council Committees
		1.1.1.2 Strengthening Council Oversight through training on Legislation and Policies
		1.1.1.3 Development of a Corporate Strategy
		1.1.1.4 Development and review of policies that will lead to improved service delivery and legislative compliance
		1.1.1.5 Compliance with the Occupational Health and Safety Act and Compensation for occupational injuries and diseases
	1.1.2 To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2.1 Monitor evaluate measure and review the performance of the municipality against indicators and targets set in the IDP
	1.1.3 Ensure Institutionalisation of Batho Pele Culture	1.1.3.1 Implement a Service Charter
		1.1.3.2 Increase sensitivity of municipal stakeholders to the aspirations of citizens
	1.1.4 To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4.1 Facilitate the Functionality of Ward Committees through continuous capacitation
		1.1.4.2 Development of a Credible Integrated Development plan within prescribed legislative guidelines
		1.1.4.3 Facilitation of Stakeholder and Community participation in policy making
		1.1.4.4 Implementation of communications strategy to help the organisation to communicate effectively

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

NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION		
GOALS	OBJECTIVES	STRATEGIES
2.1 Integrated infrastructure and efficient services	2.1.1 To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1.1 Eradicate water services backlogs through provision of basic water services
		2.1.1.2 Eradicate sanitation services backlogs through provision of basic sanitation services
		2.1.1.3 Eradicate electricity supply backlogs through provision of basic electricity supply services
		2.1.1.4 Provide a weekly domestic solid waste removal service to the community
		2.1.1.5 Provision of public transport infrastructure facilities
		2.1.1.6 Provision and Maintenance of storm water and coastal engineering infrastructure
		2.1.1.7 Strive to improve reliability and service life of Municipal infrastructure, facilities and assets

NATIONAL KPA 2 : BASIC SERVICES AND INFRASTRUCTURE PROVISION		
GOALS	OBJECTIVES	STRATEGIES
	2.1.2 To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2.1 Improve community standard of living through accelerated development of Integrated Human settlement
	2.1.3 To ensure effective Fleet Management	2.1.3.1. Review and Implement Fleet management Plan

NATIONAL KPA 3 : LOCAL ECONOMIC DEVELOPMENT		
GOALS	OBJECTIVES	STRATEGIES
3.1 Viable Economic Growth And Development	3.1.1 To Develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1.1 Develop township economy
		3.1.1.2 Package council land to facilitate economic growth
		3.1.1.3 Provide support for prioritised sectors
	3.1.2 Enhanced sectoral development trough trade investment and business retention)	3.1.2.1 Developing and implement economic development sector plan
		3.1.2.2 Develop investment promotion and facilitation plan
		3.1.2.3 Review and implement informal economy policy
	3.1.3 To create enabling environment for the informal economy	3.1.3.1 To promote the city as destination of choice
	3.1.4 Clear City identity	3.1.4.1 Promote economic growth by successful implementation of EPWP and
	3.1.5 To Improve the efficiency, innovation and variety of government-led jobs	3.1.5.1 Promoting economic growth by providing employment opportunities for Women and Youth
		3.1.5.2 Facilitate expanded access to the job fund

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

NATIONAL KPA 4 : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION		
GOALS	OBJECTIVES	STRATEGIES
4.1 A Municipality that is Resourced and Committed to attaining the vision and mission of the organisation	4.1.1 To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1.1 Implement the talent management strategy
		4.1.1.2 Compliancy with Employment Equity Act
		4.1.1.3 Implement EAP programs that promote and support health and well-being of employees
		4.1.1.4 Improve Citizens Skills levels and Education
		4.1.1.5 Create and maintain sound Relationship between management and labour
		4.1.1.6 Maintenance of an organisational structure that in is line with organisational objectives and optimises service delivery

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

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

NATIONAL KPA 6 : CROSS CUTTING		
GOALS	OBJECTIVES	STRATEGIES
6.1 Integrated Urban and Rural Development	6.1.1 To plan and manage existing and future development	6.1.1.1 Review and Implement Spatial Development Plan
		6.1.1.2 Develop precinct framework plans
		6.1.1.3 Review of Human Settlement Sector Plan
		6.1.1.4 Incremental development of strategic environmental assessment for the entire municipal area
		6.1.1.5 Implementation of uMhlathuze Land Use Scheme
		6.1.1.6 Compliance with national SPLUMA by-law and national building act.
		6.1.1.7 Efficient processing of development application and building plans

NATIONAL KPA 6 : CROSS CUTTING		
GOALS	OBJECTIVES	STRATEGIES
6.2 Immovable Property Management	6.2.1 To ensure fair valuation of properties	6.2.1.1 Development and maintenance of valuation roll in line with municipal property rates act.
	6.2.2 Effective Management of Council owned Immovable properties.	6.2.2.1 Update immovable asset register
6.3 Disaster Management	6.2.3 To prevent and mitigate disaster incidents	6.2.3.1 Review and Implement Disaster Management Plan

Table 95: Local, Provincial and National Alignment

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

SECTION E: STRATEGIC MAPPING (SDF CHAPTER)

PGDS GOAL: SPATIAL EQUITY

PGDS OBJECTIVE: 7.1 AND 7.2

DGDP GOAL: SPATIAL EQUITY

DATA DISCLAIMER

- *Post 2016, the uMhlathuze Municipality consists of 34 Wards and has increased in size by approximately 50% from 79 334 Ha to 123 325 Ha*
- *Only official population data was available for the newly demarcated municipal area*
- *All other analysis in respect of infrastructure and socio-economic issues had to be based on a combination of the pre 2016 LGE municipal ward data from the uMhlathuze and former Ntambanana Municipalities respectively*
- *There are gaps in the spatial representation of data as there is no seamless alignment of 2011 and 2014 wards with the new municipal boundary of uMhlathuze*

This chapter represents an extract of the uMhlathuze Spatial Development Framework and should be read in conjunction with the comprehensive Spatial Development Framework of the uMhlathuze Municipality. This chapter also makes reference to the Municipal Human Settlement Plan and should therefore also be read in conjunction with the comprehensive Municipal Human Settlements Plan of the uMhlathuze Municipality.

The Spatial Development Framework (SDF) can be considered as a visual presentation that seeks to guide the overall spatial distribution of current and desirable land uses within a municipality in order to give effect to the vision, goal and objectives of the municipal IDP, in keeping with the principles for land development. As such, it should guide spatial growth, conservation of the natural and built environment as well as the correction of past imbalances. It should also indicate areas where strategic intervention is required and should act as marketing tool to indicate where development could be promoted.

16.1 Spatial Development Vision

The current long term vision of the Municipality is:

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

The above municipal vision underpins the following mission elements:

- Job Creation through Economic Development

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

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

“Progressive and sustained socio-economic transformation poised for equitable distribution of opportunities to all citizens.”

16.2 ALIGNMENT WITH POLICIES, PLANS AND LEGISLATION

Due cognisance is taken of a number of National and Provincial policies and plans as well as legislation when preparing a municipal SDF. A short summary of the key policies, plans and legislation is provided hereunder:

1. **Sustainable Development Goals:** The 17 Sustainable Development Goals (SDGs): 2020-2030 Vision. The following three SDGs are emphasized given their relevance to the context in which the uMhlathuze Municipality is functioning. Sustainability and integration issues are at the focus of the spatial transformation program being pursued by the municipality.

SDG	Goal Description	Application to uMhlathuze
6	Ensure available and sustainable management of water and sanitation for all.	<p>The uMhlathuze Municipality is a Water Services Authority (WSA) and the Water Service Provider (WSP). The Municipality has prepared Water and Sewer Bulk Master Plans to inform water and sewer planning and investment. These plans are in the process of updating post the August 2016 Local Government Elections. Backlog eradication is a priority. In context of the revised municipal boundaries, exact backlogs are being confirmed.</p> <p>The municipality aims to achieve universal coverage of water and sanitation services over its whole area.</p> <p>The municipality is undertaking a feasibility study for waste water re-use in the municipal area.</p> <p>A desalination plant has also been developed in the municipal area.</p>

SDG	Goal Description	Application to uMhlathuze
7	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> Investigations are underway in the uMhlathuze Municipality for gas to power energy solutions.
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<ul style="list-style-type: none"> The establishment of a Techno Hub in Richards Bay is being pursued, on a co-development principle, between the Richards Bay IDZ (Industrial Development Zone) and the uMhlathuze Municipality. During 2002, the Downstream Aluminum Centre for Technology (DACT) was launched with support from the DTI. The Centre is an incubator that assists potential entrepreneurs from local and emerging communities.
11	<p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p> <p>Goal 11.1 ... that citizens have access to adequate, safe and affordable housing and basic services, and upgrade slums.</p> <p>Goal 11.3 ... that all countries must enhance inclusive and sustainable urbanization and capacities for participatory, integrated and sustainable human settlement planning and management ...</p> <p>Goal 11.a ... countries must support positive economic, social and environmental links between urban, peri-urban and rural areas ...</p> <p>Goal 11.b requires that by 2020 all countries must increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and</p>	<ul style="list-style-type: none"> The uMhlathuze Municipality has resolved to establish Human Settlement Restructuring Zones. These restructuring zones are intended as an instrument (among others) to pursue restructuring of South African cities. This is essentially about integration: economic, racial and social. Restructuring is largely about moving away from housing interventions that entrench/enforce or in any way maintain the spatial status quo, which reinforces certain social and economic disparities. In line with the above, three Human Settlement projects have been initiated within these identified restructuring zones namely the Aquadene Integrated Human Settlements Project (bulk services under construction), Empangeni Integrated Residential Project (services installation underway) and Phase 6 and 8 of the Dumisani Makhaya Village project.

SDG	Goal Description	Application to uMhlathuze
	adaptation to climate change, resilience to disasters etc.	
13	Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy	<ul style="list-style-type: none"> o The uMhlathuze Mayor signed the Covenant of Mayors on Climate Change and Energy. o Electricity is not the only sector contributing to GHG emissions. Waste; fuel consumption; transport planning and elements of spatial planning also contribute to GHGs. o The Energy Sector Plan is under review and, amongst others; the diversification of the energy mix is being investigated. o Apart from investigating gas to power solutions, the municipality is investigating in details waste water re-use as well. o Options for the diversion of municipal solid waste away from landfill sites is being finalized. o A desalination plant has also been developed in the municipal area. o During 2018, Council adopted a Climate Change Action Plan.
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	The uMhlathuze Municipality is involved in partnerships with (1) ICLEI and the (2) International Water Stewardship Program to ensure the Municipality benefits from, amongst others, low emissions development programmes and efforts to ensure sustainability and water security within important catchments.

2. **National Development Plan:** This is the S.A. Government's plan to eliminate poverty and reduce inequality by 2030. The uMhlathuze Municipality has embarked on the preparation of a Municipal Economic Development Transformation Roadmap. Also, particular attention is being given to the upliftment and revitalization of the Township Economy. The roadmap has the following objectives:

- o To guide the City of uMhlathuze on practical interventions and programmes
- o To embed the culture of business unusual across departments in order to stimulate inclusive growth in the City
- o 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

3. **Strategic Integrated Projects (SIPs):** Presidential Infrastructure Coordinating Commission.

<p>SIP 1 Unlocking the northern mineral belt with Primary Mineral Reserves with the Waterberg as the catalyst</p>	<p>The rail capacity between Mpumalanga and Richards Bay is relevant in in this instance. The uMhlathuze Municipality has budgeted R100 million to spend on the electricity line to RBCT to avoid future failure of electricity supply to this large export facility. The Port expansion of Richards Bay is a permanent discussion item between the uMhlathuze Municipality and the Richards Bay Port (Transnet).</p>
<p>SIP 2 Durban-Free State- Gauteng logistics and industrial corridor</p>	<p>A logistics and industrial corridor is in place between Durban and Richards Bay. Issues relating to access to ports as well as the development of airport precincts are relevant in the context of uMhlathuze.</p>
<p>SIP 6 Integrated municipal infrastructure project</p>	<p>Although the uMhlathuze Municipality is not one of the 23 least resourced districts in the country, the principle of addressing maintenance backlogs and upgrades in water, electricity and sanitation bulk infrastructure applies to the uMhlathuze municipal area. Also, road maintenance is imperative to enhance service delivery.</p>
<p>SIP 8 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>
<p>SIP 18 Water and sanitation infrastructure</p>	<p>Universal backlog eradication in respect of water and sanitation. To achieve this, new infrastructure, rehabilitation as well as improved management of infrastructure is required.</p>

4. **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
5. **N2 Corridor Plan:** From Durban (Ethekweni) to Richards Bay and Kwambonambi: To develop a clear 25 year strategic plan for the development, land usage and transport mobility of the affected area.
6. **uMhlathuze-Ulundi-Vryheid Secondary Corridor Plan:** To develop a 25 year strategic framework that identifies spatial issues and opportunities.
7. **Former uThungulu (now King Cetshwayo District) Growth and Development Strategy**

There is significant alignment between the above outlines key policies and plans. For example, the SDG goal to significantly access to adequate, safe and affordable housing; support social, economic and environmental links as well as increasing human settlements which mitigate and adapt to climate is of particular relevance to the Municipality and is addressed in the National Housing Code; National Upgrading Support Programme; National Development Plan; Provincial Growth and Development Strategy and Outcome 8 strategic objectives.

The National Development Plan 2030 makes a strong statement about the need to “address the challenge of apartheid geography” which is defined in terms of **living, working** and **environmental sustainability**. To this end, the following 5 pillar of Spatial Transformation are noted:

5 Pillars of the Spatial Transformation:

1. Land Distribution and Development (Brown and Green fields)
2. Public Transport Planning
3. Economic Development and Economic Opportunities
4. Social Development
5. *Integrated Human Settlement*

Figure 78: Pillars of Spatial Transformation



The **Spatial Land Use Management Act (SPLUMA)** has been proposed as a possible tool to effect spatial transformation. To this end, the main objective of the uMhlathuze Municipal Spatial Transformation Concept is as follow:

To address integrated development, city compacting, structural elements, equal access to land and create sustainable economic development opportunities which will contribute to job opportunities.

The following table provides an explanation of spatial development principles that are applied in the preparation of the uMhlathuze SDF and their relation to the SPLUMA Development Principles.

Table 96: Summary of Core Spatial Planning Principles

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

16.3 SPATIAL STRUCTURING ELEMENTS

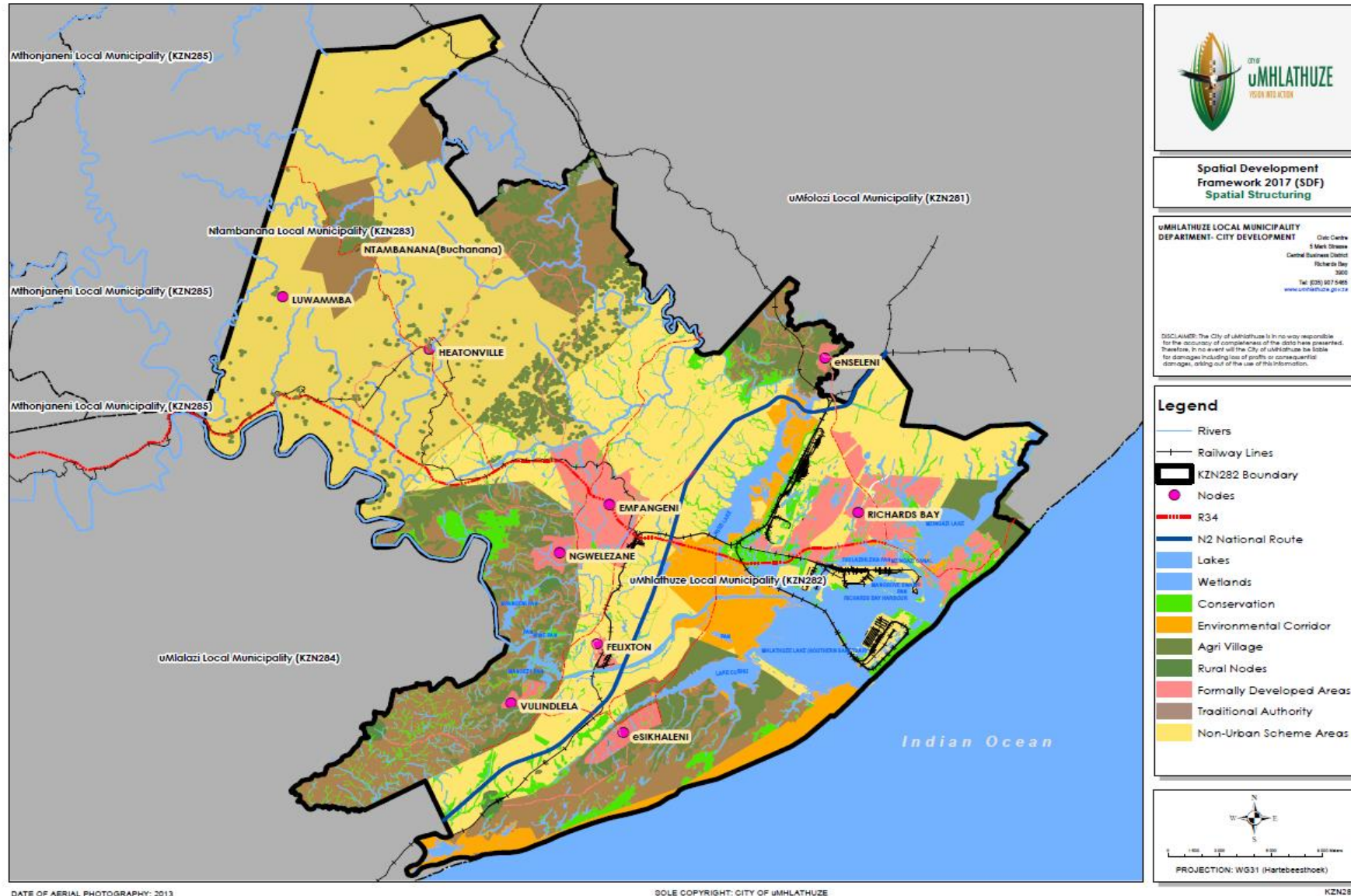
There are a number of existing natural and man-made phenomenon that have shaped and continue to shape the uMhlathuze Municipality spatial landscape. The area to the east of the Municipality is inundated with a system of wetlands and natural water features such as Lakes Cubhu, Mzingazi, Nsezi and Nhlabane.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

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

area but do not provide a passenger service, only a commercial/industrial service is provided.

The municipality has the benefit of about 45km of coastline of which about 80% is in its natural state. Linked to its coastal locality is the Richards Bay deep-water port that has been instrumental in the spatial development of the area in the past and will definitely impact on the areas' future spatial development. There is one airport and a couple of landing strips in the municipal area. The municipality has vast areas of commercial farmlands as well as a number of areas that are significant from an environmental perspective.

The municipal area includes the formal towns of Empangeni, Richards Bay, eSikhaleni, Ngwelezane, eNseleni, Vulindlela and Felixton. Rural settlements include Buchanana, Luwamba, Makwela, Mambuka, Hluma, Matshana and Mabuyela.



16.4 ENVIRONMENTAL CHARACTERISTICS

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

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

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

16.4.1 ENVIRONMENTAL ASSETS

The environmental assets of the areas are briefly described hereunder:

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

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

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

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

Ecological Features: Water logged areas have been drained to accommodate development but has in the process, created important hydrological and ecological linkages. In certain instances, these artificial regimes, have resulted in the formation of valuable

natural assets that support high levels of biodiversity and species endemism. An example of such is the Thulazihleka Pan system in Richards Bay.

16.4.2 ENVIRONMENTAL SERVICES MANAGEMENT PLAN

An ESMP has been prepared for the pre 2016 uMhlathuze area of the Municipality that outlines, amongst others, the following critical goals Environmental Services Management:

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

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

Level 1: Environmental Corridors: Included in this zone are areas of high biodiversity and environmental significance that require a high level of legal protection.

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

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

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

16.5 AIR QUALITY

Air quality management plays an integral part in land use planning and zoning. A study was initiated to assess air quality within the pre 2016 uMhlathuze Municipality. The main objective of the air quality investigation was to inform the Spatial Development Framework for the City of uMhlathuze to ensure all environmental aspects were considered for current and future planning.

The study had the following focus areas and it is now opportune that the study be extended to include the extended municipal area:

- Determination of ambient air quality limits to be adopted as targets for areas within the City of uMhlathuze;
- Determination of areas where local air quality limits are exceeded or are in danger of being exceeded;
- Determination of buffer zones for existing industrial areas; and,
- Identification of possible future industrial development areas that would not impact on the health and well-being of the residents in uMhlathuze or on the sensitive environment.

16.6 COASTAL ISSUES

Coastal Management:

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

Coastal Erosion:

As is the case with most coastal municipalities in KwaZulu-Natal, the Municipality has encountered severe coastal erosion, which requires a management response that would prevent further loss of beaches, damage to property and infrastructure. Being predisposed to disruption of natural wave action because of the Port entrance, Alkantstrand beach at Richards Bay requires a reliable sand bypassing scheme. In the absence of sand budget on the Northern beaches, the municipality has to implement soft engineering techniques to mitigate against an eroding coastline. Any further development of the coast is furthermore required to take cognizance of the Coastal setback lines adopted by the municipality.

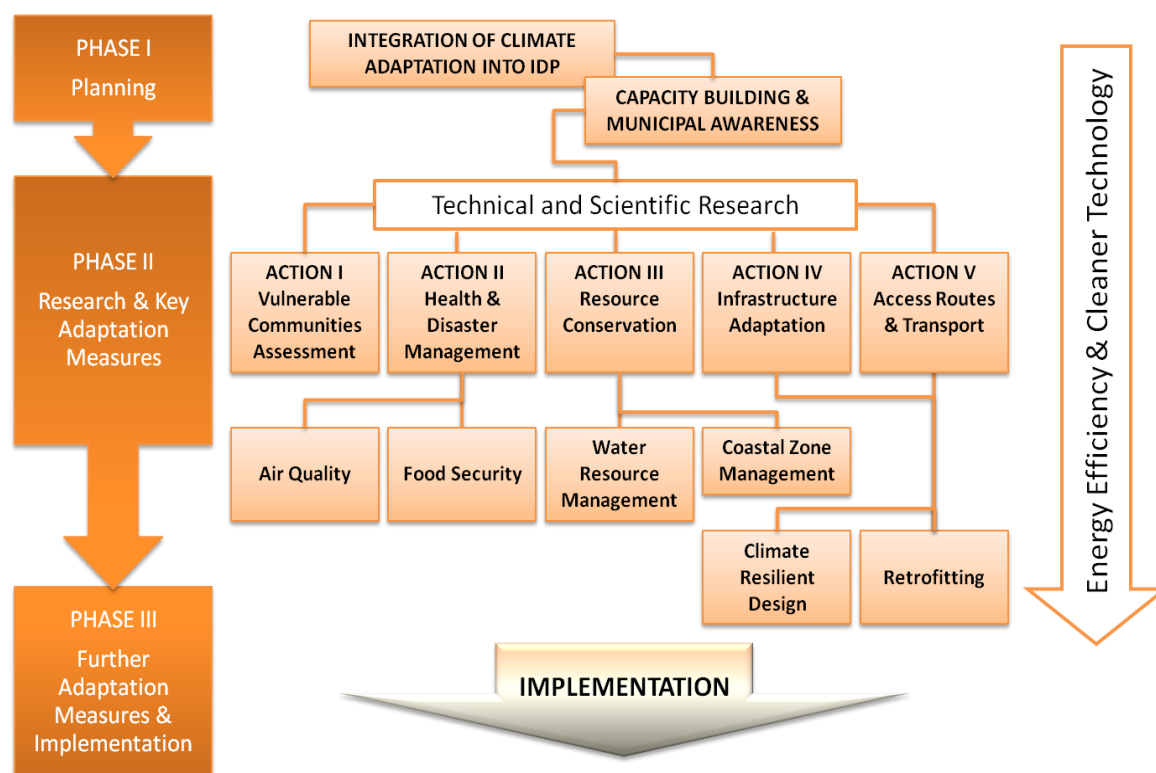
Coastal access:

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

16.7 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 79: 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 80: Composition of the uMhlathuze Green Team

16.8 BIODIVERSITY AND DEVELOPMENT

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

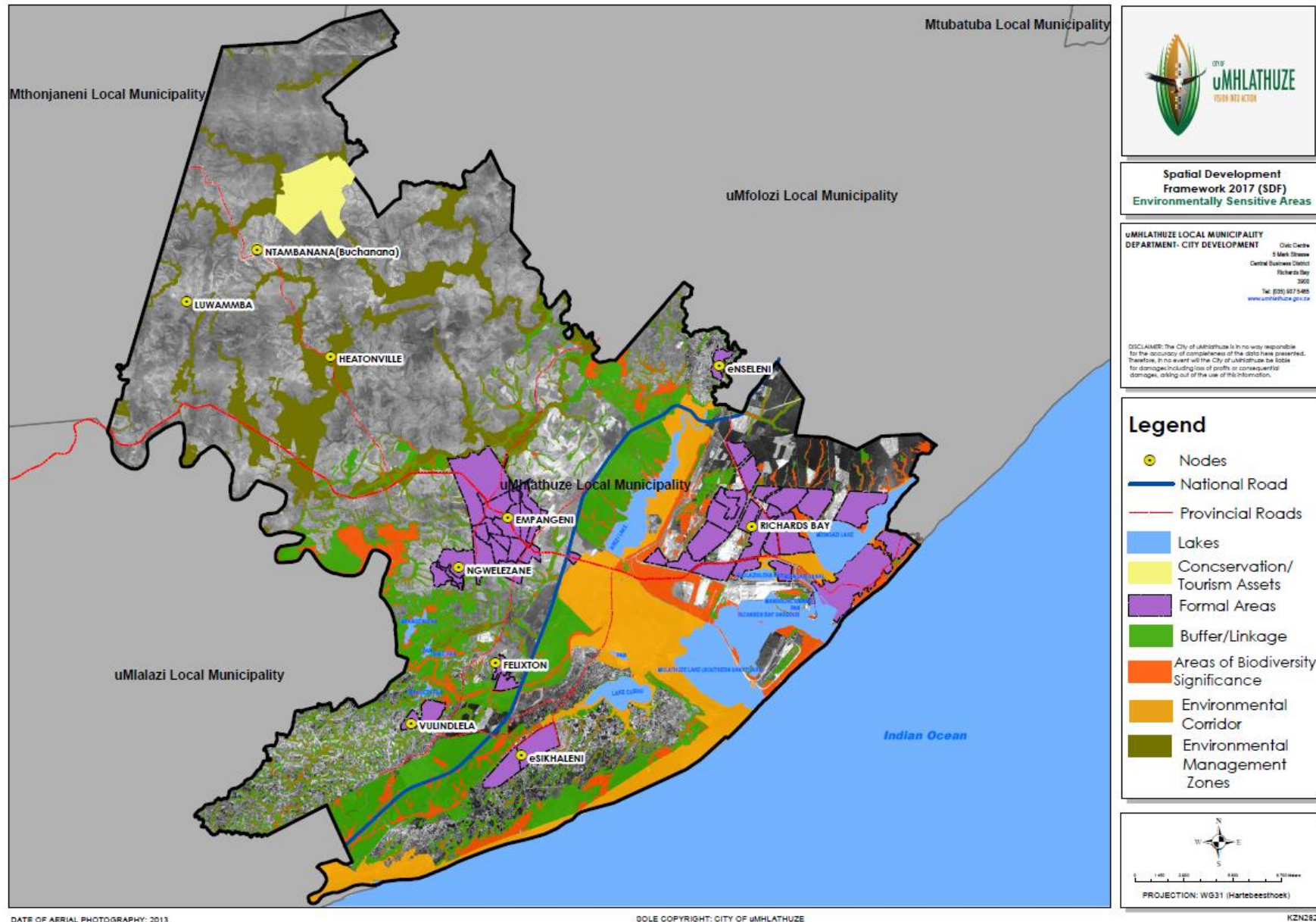
Table 97: Biodiversity Significance

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

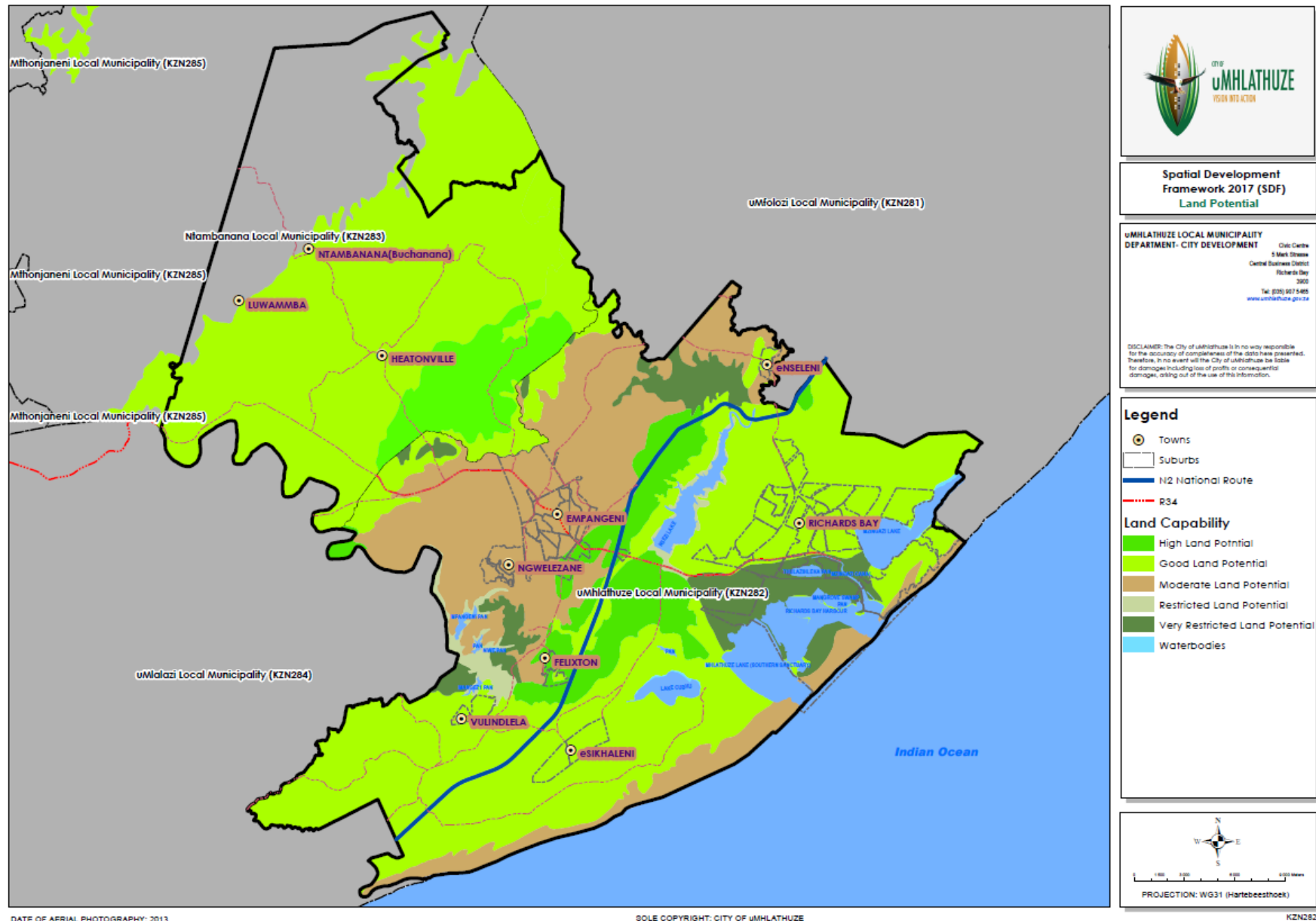
All of the remaining ecosystem types are important for supporting Red Data Species, implying that there is a direct conflict with future development imperatives. The Spatial Development Framework has identified such development opportunities for the area.

Port expansion with associated industrial development is the single most significant opportunity in the area with tremendous potential to grow the local, regional and national economy. Existing planning approaches in the area also present opportunities to enhance conservation and hence tourism objectives. The limited space to accommodate the growth demand in the area reflects the realities of ecological risks that may arise and the anticipated conflict between conservation and development. The situation highlights the need for closer collaboration and coordinated planning between environmental stakeholders and prospective developers.

Map 31: Environmentally Sensitive Areas



Map 32: Agricultural Land Potential



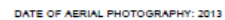
16.9 SOCIO-ECONOMIC INDICATORS

The following series of maps provides information pertaining to:

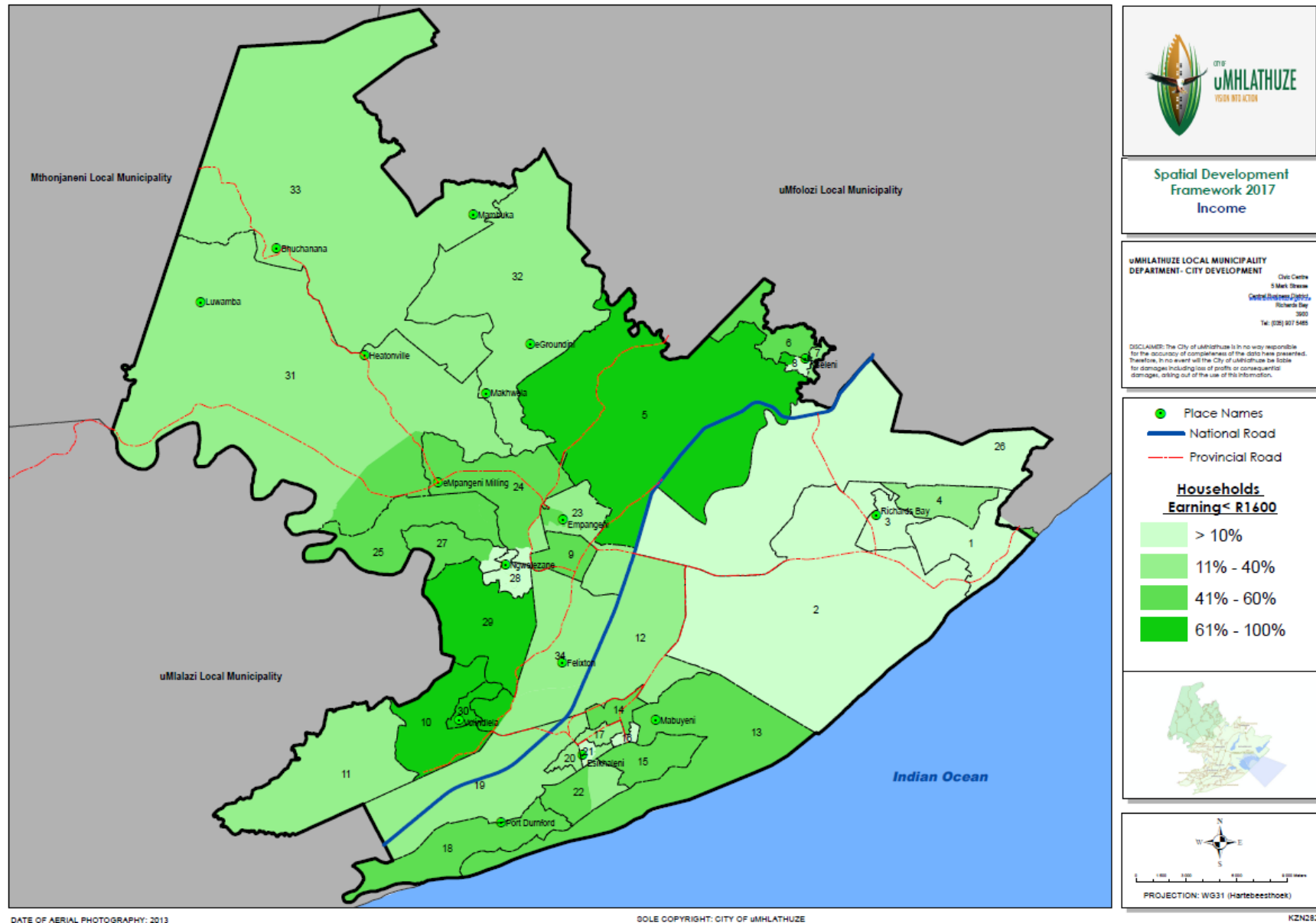
- Adult education levels
- Household income levels below R1 600 per month
- Unemployment levels
- Households access to piped water
- Household access to hygienic toilets

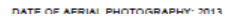
The following is summarised from the mapping provided:

- Map 4 indicates the comparative percentage of adults over the age of 20 years that do not have schooling. The incidence of this is highest (more than 61%) in Wards 5, 10, 13, 14, 18, 25, 32 and 33. This are largely coincides with Traditional Authority areas.
- Map 5 illustrates income levels as a percentage of households that earn less than R1 600 per month. In this regard, Wards 5, 10 and 29 are the most impoverished in this regard.
- Map 6 outlines unemployment levels and the wards with the highest percentage of unemployed individuals are 4, 5, 12, 18, 24 and 28.
- Access to piped water is illustrated on Map 7 and wards 31 and 33 have high percentages of households – more than 61% - that do not have access to piped water.
- Access to hygienic toilets is indicated on Map 8 and it is noted that wards 5 and 33 have more than 61% of their households without access to hygienic toilets.

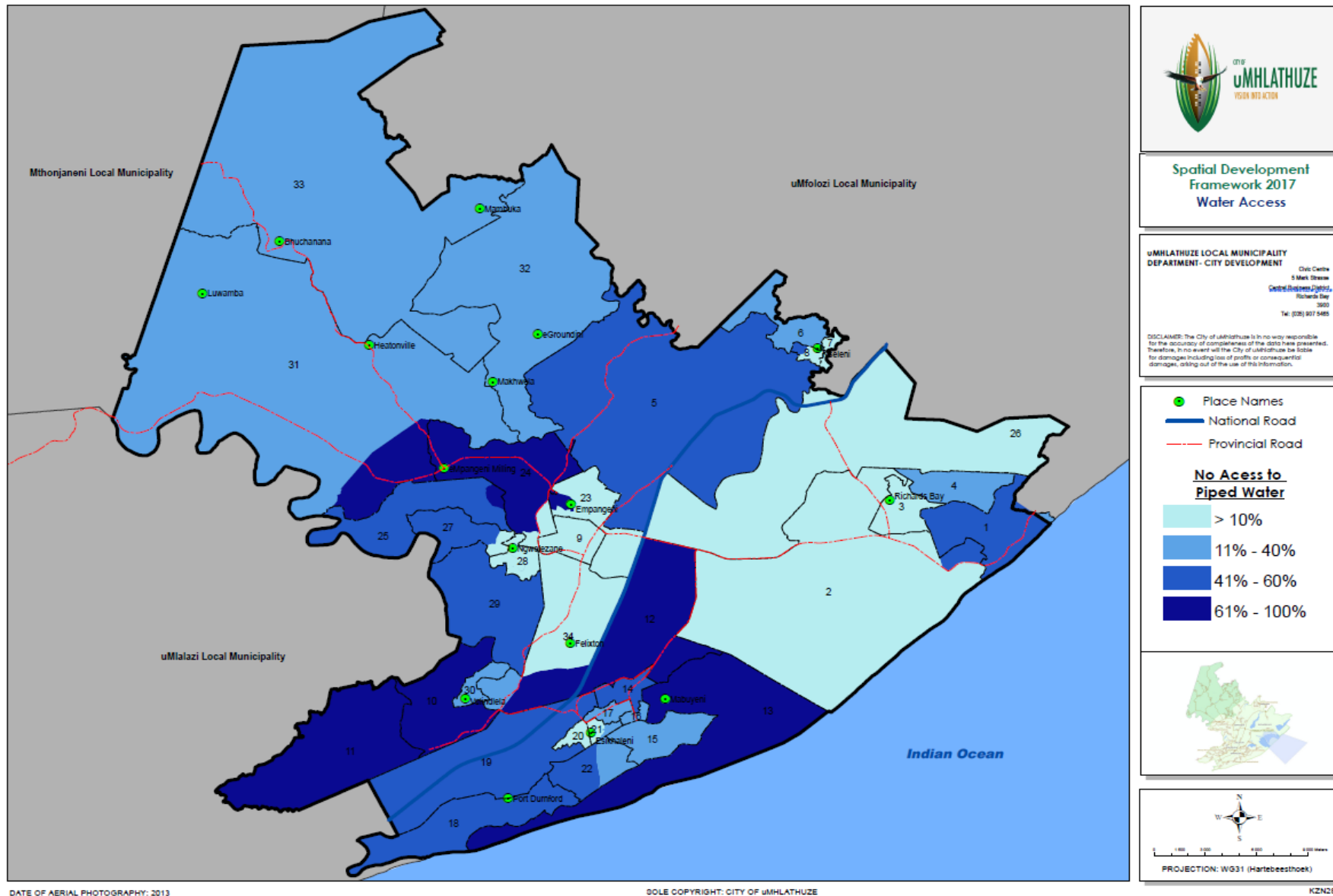


Map 34: Income Level below R1600 per month





Map 36: Access to Piped Water





16.10 UMHLATHUZE SPATIAL DEVELOPMENT FRAMEWORK

The KwaZulu-Natal province (through the PGDP) has set itself up as the gateway to the country and the Africa continent. The provincial focus is on job creation aimed at bringing down unemployment through job creation. Agriculture is one of the sectors that need to be revived as well as tourism as KZN has the highest domestic tourism numbers in the country.

One of the driving sectors in the province's economy is its ports. The province has the biggest ports in Africa and with more expansion at the ports planned. Richards Bay is strategically located close to the Port of Maputo and is also strategically located in respect of SIP 1: Unlocking the northern mineral belt with Primary Mineral Reserves Waterberg as the catalyst with regard to the rail link improvements between Mpumalanga and Richards Bay.

The uMhlathuze SDF is a tool to guide future development (investment, decisions etc.) and interventions in context of the aforementioned and local conditions. Amongst others, it encompasses the following:

- Long term development trajectory, even beyond 50 years
- Alignment with International, National, Provincial and Local Plans
- Alignment with long term future Port Development Framework and Richards Bay IDZ Plans
- The municipal SDF contains spatial structuring elements that have been informed by a technical analysis of trends and considers a number of development scenarios
- Nodes and corridors are identified for investment responses
- Integrated Human Settlements is a core feature of the spatial development framework
- Effect is given to Spatial Transformation by way of focussing and channelling investment in line with the Pillars of Spatial Transformation.

The following elements relevant to uMhlathuze's spatial development are expanded upon to indicate how investment and development is guided by the municipal SDF:

- Nodes & Corridors
- SDF Expansion Areas
- Integrated Human Settlement (Restructuring Zones & NUSP)
- Urban Renewal & Precinct Planning
- Public Transport Facilities
- Catalytic Projects

16.10.1 Corridors and Nodes

Corridors:

The 2007 PSEDs (Provincial Spatial Economic Development Strategy) has been updated to enhance the original nodes and corridors. In particular, the updated study aims to provide guidance on what types of interventions are needed and which localities. More specifically, it has a rural development focus to address poverty issues and represents a move away from a hierarchical tiered structure to a balanced and integrated network of towns and cities.

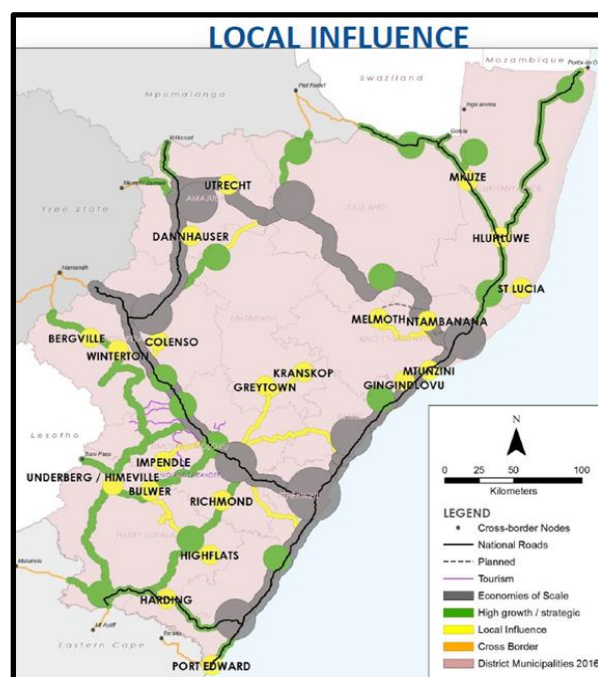
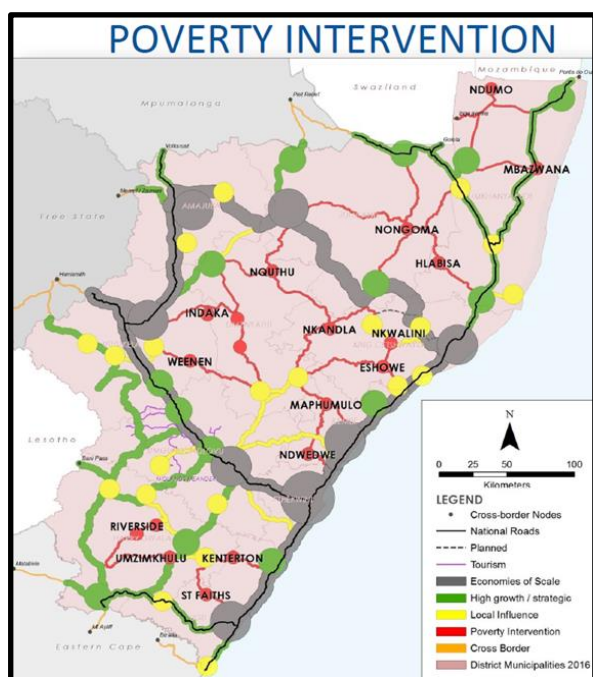
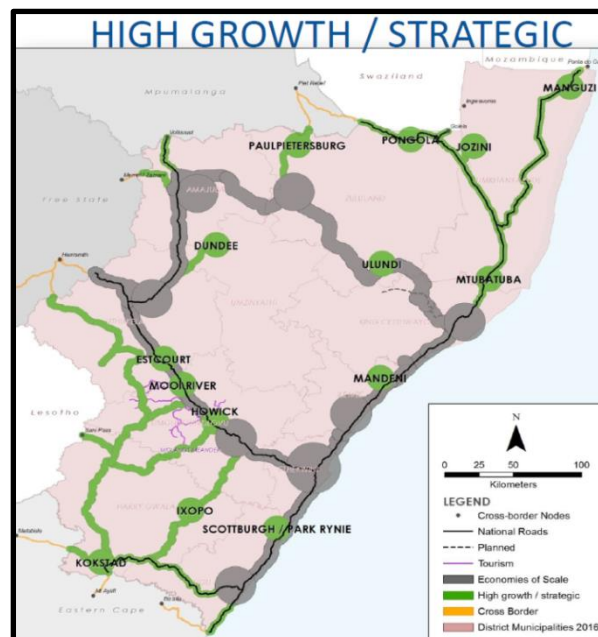
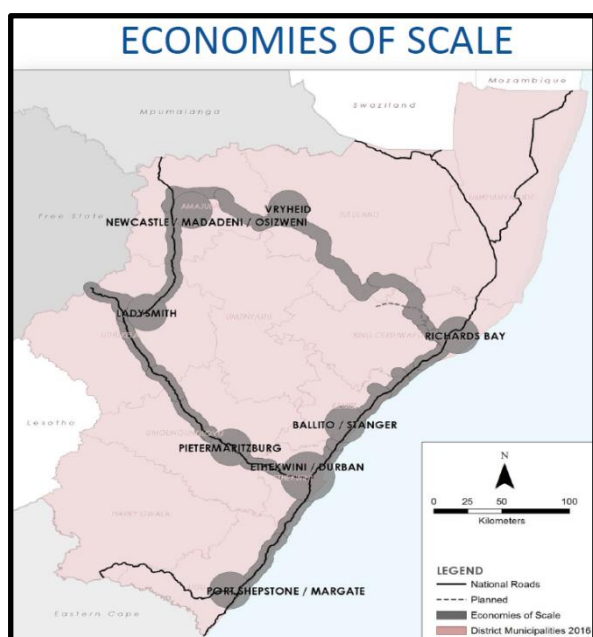
The PSEDs has been undertaken in line with the comparative advantage approach as summarized hereunder:

1. Focusing on what type of development should take place in different regions/districts helps to overcome some challenges of spatial prioritization.
2. Investment should occur in the sectors which provide the greatest socio-economic return to investment.
3. It is important to know what each district does best, specifically comparatively best.

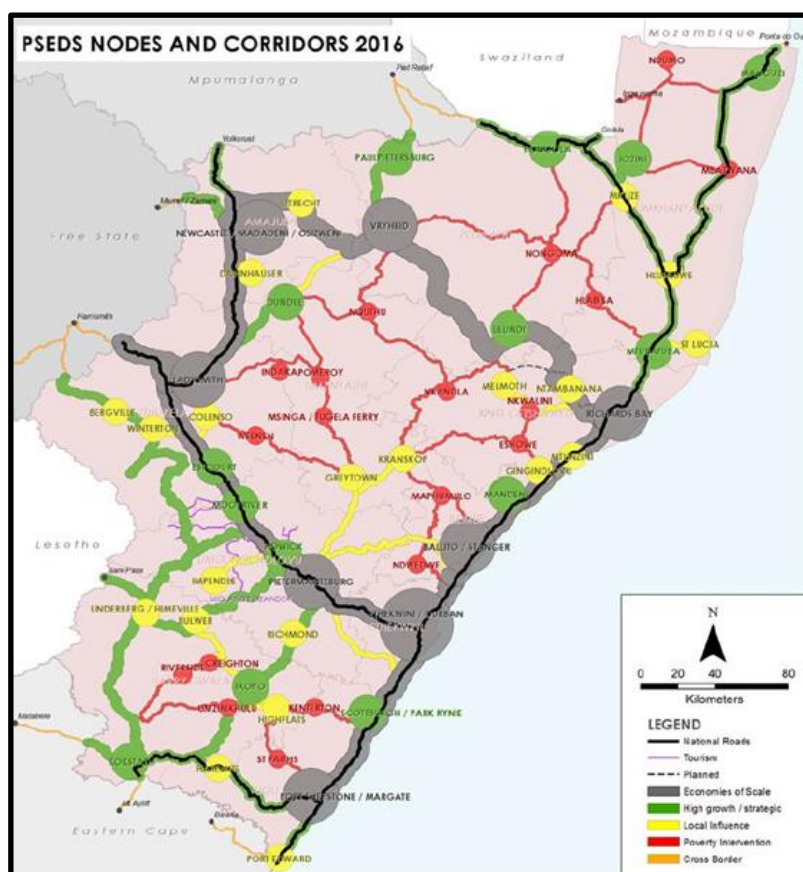
To this end, the following set of new criteria was applied for the identification of nodes:

- o Economies of Scale factors as informed by population density contribution to GDP and diverse services to international, national and provincial clients.
- o Strategic factors relating to medium population density areas with high economic growth or high potential for future economic growth.
- o Local influence factors such as centres that are significant as district and municipal centers providing services to the district and local municipality.
- o Poverty alleviation factors relating to high levels of poverty, low unemployment and spatial isolation.

In context of the above, the following set of provincial mapping has been prepared:



Composite mapping as follow:



The Presidential Infrastructure Commission (PIC) launched the National Infrastructure Development Plan which consists of 18 Strategic Integrated Projects (SIPs). KZN COGTA has embarked on a phased approach towards the development of Corridor Plans, with the first plan being the Development of a Strategic Corridor Plan for the SIP 2 (Durban Free State - Gauteng) Logistics and Industrial Corridor followed by the N2 Corridor Plan from Ethekwini through Richards Bay to the uMfolozi Municipality. The "N2 Corridor" (from Durban - Richards Bay to Kwambonambi) is proposed to provide a clear 25 year period strategic plan for the development, land usage and transport mobility of the affected area. The plan will be used to inform, integrate and coordinate strategic growth and development along the "N2 Corridor" over the next 25 years by exploiting KZN's key competitive and comparative advantages.

The P700 and P701 is part of the KZN Transport Department's African Renaissance Roads Upgrading Programme (ARRUP). The P700 is a provincial route, which originates from the R66 to Hluhluwe-Umfolozi Park. It provides a shorter and more direct link to the Park from Mpumalanga and Gauteng. The P701 is in extent of about 62km running from the P700 and joins the R34 to Empangeni. It bisects two Local Municipal areas namely, the Ntambanana Local Municipality and the uMhlathuze Local Municipality. The development of this strategic corridor seeks to facilitate the distribution of benefits arising from tourism and other economic activities. In economic and conservation terms, the tourism sector is regarded as one of the key development catalysts in the area.

Apart from the above listed strategic, provincial, corridors, local corridors have also been identified for the uMhlathuze Municipal area as indicated on the mapping provided.

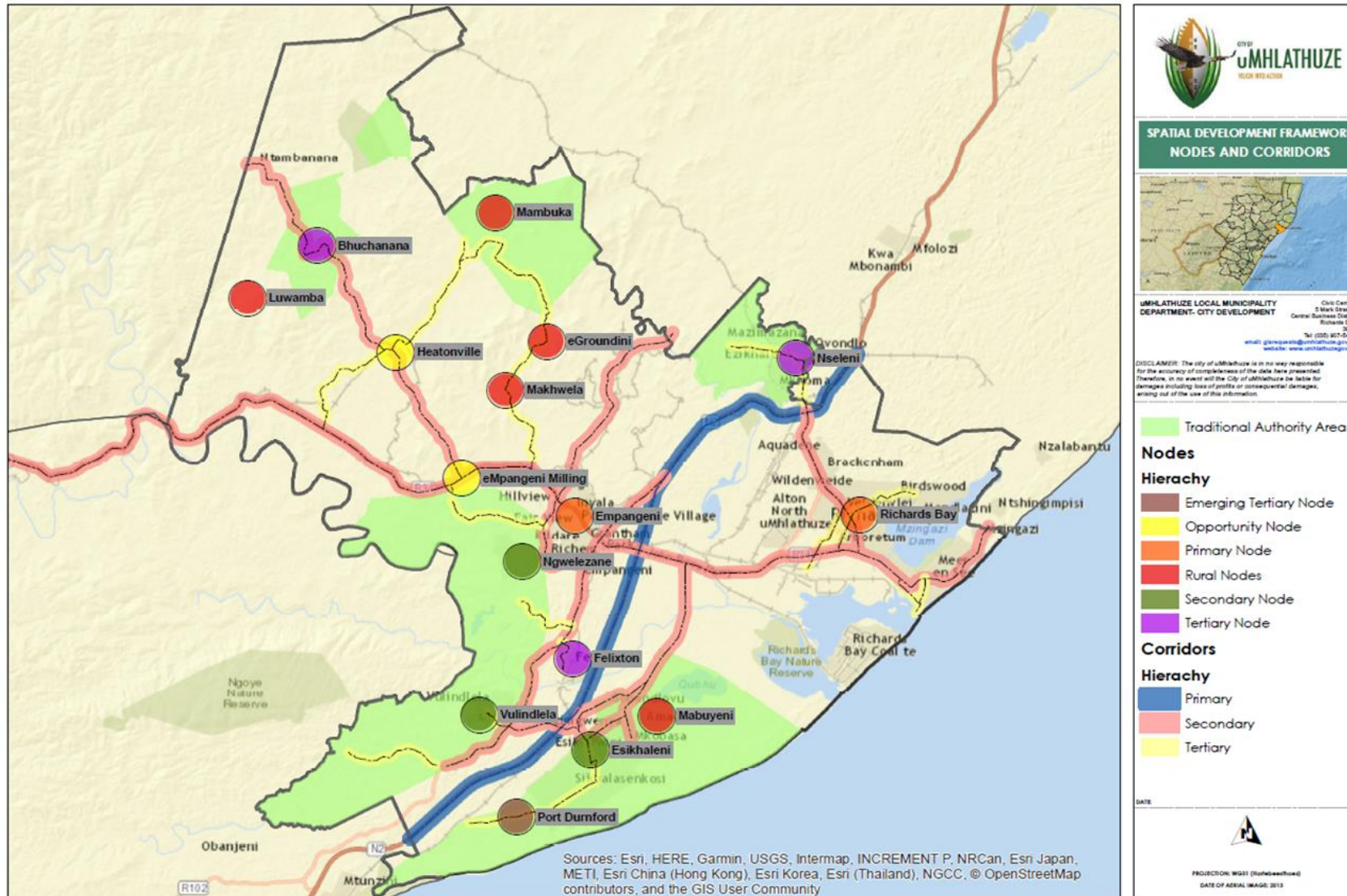
Nodes:

The following table provides a summary the uMhlathuze Nodal Hierarchy:

Primary Nodes Urban centre for development initiatives that are innovative based on a new ethos which aims at creating a unique high performance unique sense of place and belonging live, i.e. work-play-trade environment.	<ul style="list-style-type: none"> o Empangeni o Richards Bay
Secondary A socio-economic and/or institutional node that offers sustainable economic and social opportunities to the benefit of its inhabitants and visitors based on a human scale principle. In time, secondary nodes should evolve into primary nodes.	<ul style="list-style-type: none"> o Esikhaleni o Ngwelezane o Vulindlela o Felixton
Tertiary A socio-economic node that offers sustainable mixed use development opportunities based on a human scale principle.	<ul style="list-style-type: none"> o Felixton o Nseleni o Buchanana
Emerging Tertiary A node that is already fulfilling a local need and has the potential to further develop, or is moving toward, being a tertiary node.	<ul style="list-style-type: none"> o Port Durnford
Rural Nodes Socio-economic nodes that offer tailor made mixed use development opportunities closer to their surrounding communities.	<ul style="list-style-type: none"> o Hluma o Matshana o Mabuyela o Luwamba o Makwela o eGroundini o Mambuka
Opportunity Nodes By virtue of their location at a major intersection or significant passing trade, these areas offer opportunities that not necessarily of a residential nature.	<ul style="list-style-type: none"> o Empangeni Milling o Heatonville

The above eighteen (19) nodes were identified by their spatial characteristics, primary land use characteristics, roles and functions to city and the region. The identified nodes are classified as Primary, Secondary, Tertiary, Emerging Tertiary, Rural Nodes and Opportunity Nodes.

Map 38: uMhlathuze Nodes and Corridors



16.11 SDF EXPANSION AREAS

A future development scenario has been prepared for the uMhlathuze Municipality based on the following practical and realistic assumptions:

1. Further Port Expansion/development will take place
2. There will be an increase in economic activity
3. There will be population increase

With regard to the latter, population increases, the 2016 Community Survey indicates that the population of uMhlathuze Municipality has increased by just over 22% between 2011 and 2016. This increase is indicated in relation to the King Cetshwayo District Family of Municipalities hereunder.

	KCDM	IMFOLOZI	UMHLATHUZE	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%

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

Population growth scenarios have been applied to the base figure from the 2016 Community Survey. Adequate data and research is not available at this time to apply an historic growth trend as the composition of the municipality, in terms of boundaries and wards, has changed post the Local Government Elections of 2016. The following base data has therefore been used:

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

Apart from indicating population growth scenarios, an indication is also provided on the estimated land required to accommodate the increase in households in the municipal area. In this regard, the following base data (assumptions) has been applied:

- Household size of 3.95
- Residential land utilization of 15 units/hectare or 25 units/hectare

Table 98: Population Growth Scenarios from 2016 to 2030

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

From the above, the following is highlighted:

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

Table 99: Corresponding Residential Land Requirements from 2016 to 2023

	2 016	Increase	2 017	Increase	2 018	Increase	2 019	Increase	2 020	Increase	2 021	Increase	2 022	Increase	2 023
1.5% Increase	410 465	6 157	416 622	6 249	422 871	6 343	429 214	6 438	435 653	6 535	442 187	6 633	448 820	6 732	455 552
Households	103 915	1 559	105 474	1 582	107 056	1 606	108 662	1 630	110 292	1 654	111 946	1 679	113 625	1 704	115 330
Urban Residential Land @ 15 units/ha	6 928	104	7 032	105	7 137	107	7 244	109	7 353	110	7 463	112	7 575	114	7 689
Urban ResidentialLand @ 25 units/ha	4 157	62	4 219	63	4 282	64	4 346	65	4 412	66	4 478	67	4 545	68	4 613
2% Increase	410 465	8 209	418 674	8 373	427 048	8 541	435 589	8 712	444 301	8 886	453 187	9 064	462 250	9 245	471 495
Households	103 915	2 078	105 993	2 120	108 113	2 162	110 276	2 206	112 481	2 250	114 731	2 295	117 025	2 341	119 366
Urban Residential Land @ 15 units/ha	6 928	139	7 066	141	7 208	144	7 352	147	7 499	150	7 649	153	7 802	156	7 958
Urban ResidentialLand @ 25 units/ha	4 157	83	4 240	85	4 325	86	4 411	88	4 499	90	4 589	92	4 681	94	4 775
3% Increase	410 465	12 314	422 779	12 683	435 462	13 064	448 526	13 456	461 982	13 859	475 841	14 275	490 117	14 704	504 820
Households	103 915	3 117	107 033	3 211	110 244	3 307	113 551	3 407	116 957	3 509	120 466	3 614	124 080	3 722	127 803
Urban Residential Land @ 15 units/ha	6 928	208	7 136	214	7 350	220	7 570	227	7 797	234	8 031	241	8 272	248	8 520
Urban ResidentialLand @ 25 units/ha	4 157	125	4 281	128	4 410	132	4 542	136	4 678	140	4 819	145	4 963	149	5 112
4% Increase	410 465	16 419	426 884	17 075	443 959	17 758	461 717	18 469	480 186	19 207	499 393	19 976	519 369	20 775	540 144
Households	103 915	4 157	108 072	4 323	112 395	4 496	116 890	4 676	121 566	4 863	126 429	5 057	131 486	5 259	136 745
Urban Residential Land @ 15 units/ha	6 928	277	7 205	288	7 493	300	7 793	312	8 104	324	8 429	337	8 766	351	9 116
Urban ResidentialLand @ 25 units/ha	4 157	166	4 323	173	4 496	180	4 676	187	4 863	195	5 057	202	5 259	210	5 470
5% Increase	410 465	20 523	430 988	21 549	452 538	22 627	475 165	23 758	498 923	24 946	523 869	26 193	550 062	27 503	577 565
Households	103 915	5 196	109 111	5 456	114 566	5 728	120 295	6 015	126 310	6 315	132 625	6 631	139 256	6 963	146 219
Urban Residential Land @ 15 units/ha	6 928	346	7 274	364	7 638	382	8 020	401	8 421	421	8 842	442	9 284	464	9 748
Urban ResidentialLand @ 25 units/ha	4 157	208	4 364	218	4 583	229	4 812	241	5 052	253	5 305	265	5 570	279	5 849

From the above, the following is noted:

- An estimated additional 1300 ha of land may be needed from 2016 to 2023 to accommodate a 1,5% population increase at a development density of 15 units per hectare.
- An estimated additional 600 ha of land may be needed from 2016 to 2023 to accommodate a 1,5% population increase at a development density of 25 units per hectare

Table 100: Corresponding Residential Land Requirements from 2023 to 2030

	2 023	Increase	2 024	Increase	2 025	Increase	2 026	Increase	2 027	Increase	2 028	Increase	2 029	Increase	2 030
1.5% Increase	455 552	6 833	462 386	6 936	469 322	7 040	476 361	7 145	483 507	7 253	490 759	7 361	498 121	7 472	505 593
Households	115 330	1 730	117 060	1 756	118 816	1 782	120 598	1 809	122 407	1 836	124 243	1 864	126 107	1 892	127 998
Urban Residential Land @ 15 units/ha	7 689	115	7 804	117	7 921	119	8 040	121	8 160	122	8 283	124	8 407	126	8 533
Urban ResidentialLand @ 25 units/ha	4 613	69	4 682	70	4 753	71	4 824	72	4 896	73	4 970	75	5 044	76	5 120
2% Increase	471 495	9 430	480 925	9 619	490 544	9 811	500 355	10 007	510 362	10 207	520 569	10 411	530 980	10 620	541 600
Households	119 366	2 387	121 753	2 435	124 188	2 484	126 672	2 533	129 205	2 584	131 790	2 636	134 425	2 689	137 114
Urban Residential Land @ 15 units/ha	7 958	159	8 117	162	8 279	166	8 445	169	8 614	172	8 786	176	8 962	179	9 141
Urban ResidentialLand @ 25 units/ha	4 775	95	4 870	97	4 968	99	5 067	101	5 168	103	5 272	105	5 377	108	5 485
3% Increase	504 820	15 145	519 965	15 599	535 564	16 067	551 631	16 549	568 180	17 045	585 225	17 557	602 782	18 083	620 865
Households	127 803	3 834	131 637	3 949	135 586	4 068	139 653	4 190	143 843	4 315	148 158	4 445	152 603	4 578	157 181
Urban Residential Land @ 15 units/ha	8 520	256	8 776	263	9 039	271	9 310	279	9 590	288	9 877	296	10 174	305	10 479
Urban ResidentialLand @ 25 units/ha	5 112	153	5 265	158	5 423	163	5 586	168	5 754	173	5 926	178	6 104	183	6 287
4% Increase	540 144	21 606	561 750	22 470	584 220	23 369	607 588	24 304	631 892	25 276	657 168	26 287	683 454	27 338	710 793
Households	136 745	5 470	142 215	5 689	147 904	5 916	153 820	6 153	159 973	6 399	166 372	6 655	173 026	6 921	179 947
Urban Residential Land @ 15 units/ha	9 116	365	9 481	379	9 860	394	10 255	410	10 665	427	11 091	444	11 535	461	11 996
Urban ResidentialLand @ 25 units/ha	5 470	219	5 689	228	5 916	237	6 153	246	6 399	256	6 655	266	6 921	277	7 198
5% Increase	577 565	28 878	606 444	30 322	636 766	31 838	668 604	33 430	702 034	35 102	737 136	36 857	773 993	38 700	812 693
Households	146 219	7 311	153 530	7 677	161 207	8 060	169 267	8 463	177 730	8 887	186 617	9 331	195 948	9 797	205 745
Urban Residential Land @ 15 units/ha	9 748	487	10 235	512	10 747	537	11 284	564	11 849	592	12 441	622	13 063	653	13 716
Urban ResidentialLand @ 25 units/ha	5 849	292	6 141	307	6 448	322	6 771	339	7 109	355	7 465	373	7 838	392	8 230

From the above, the following is noted:

- An estimated additional 6800 ha of land may be needed from 2016 to 2030 to accommodate a 1,5% population increase at a development density of 15 units per hectare.
- An estimated additional 4000 ha of land may be needed from 2016 to 2030 to accommodate a 1,5% population increase at a development density of 25 units per hectare

In context of the aforementioned, the municipal spatial development perspective also focuses on the following:

1. The identification of land to accommodate the expected growth, i.e. expansion areas
2. The identification of areas for densification
3. Revision of the Town Planning controls

Expansion areas were identified by applying spatial planning principles, i.e. integration and concentration together with a technical analysis of air quality, founding conditions, the environmental etc. The location of a possible development application in the expansion area does not provide adequate information for Council to support the proposed development in principle. Site specific specialist studies and approvals that address all environmental issues and requirements, land ownership, detailed services design and use issues etc. are still required. Council can only make an informed decision upon consideration of the specialist studies as part of the development application processes.

The following expansion areas have been identified for the municipal area with the following size and developable characteristics.

Table 101: Extent of Expansion Areas

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

A further land use analysis has already been undertaken for the municipal area indicating the current proportionate land use zonings in the municipal area:

Table 102: Current zoned land use Percentages

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

The above determined land use percentages were applied to the land area of the proposed expansion areas to provide an indication of the anticipated land usages in the expansion areas as indicated hereunder.

Table 103: Anticipated land usages in Expansion Areas

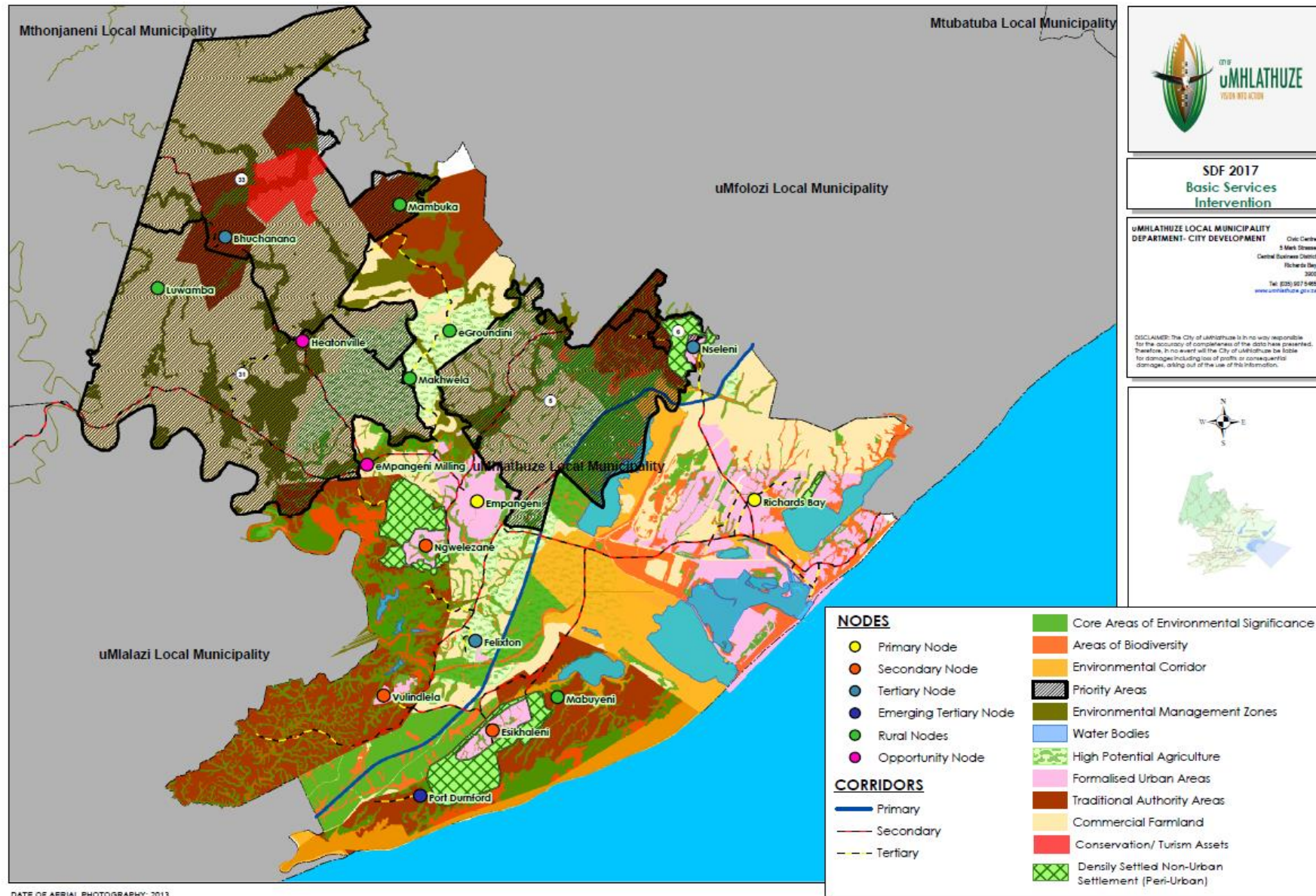
Zoning	Ha
Commercial	119.93
Industrial	1782.50
General Residential	121.57
Special Residential	1573.86
Intermediate Residential	16.43
Public/Private Open Spaces	568.43
Transportation Infrastructure	32.86
Undetermined	17.25
Social	563.50
Other Zonings	3418.46
Total	8214.30

It is important to note the above findings have informed the WSDP/Water Master Plan as well as the Bulk Sewer Master Plan preparation for a portion of the municipal area. These identified strategic plans will have to be reviewed/updated in line with the extended municipal area post the 2016 Local Government Elections.

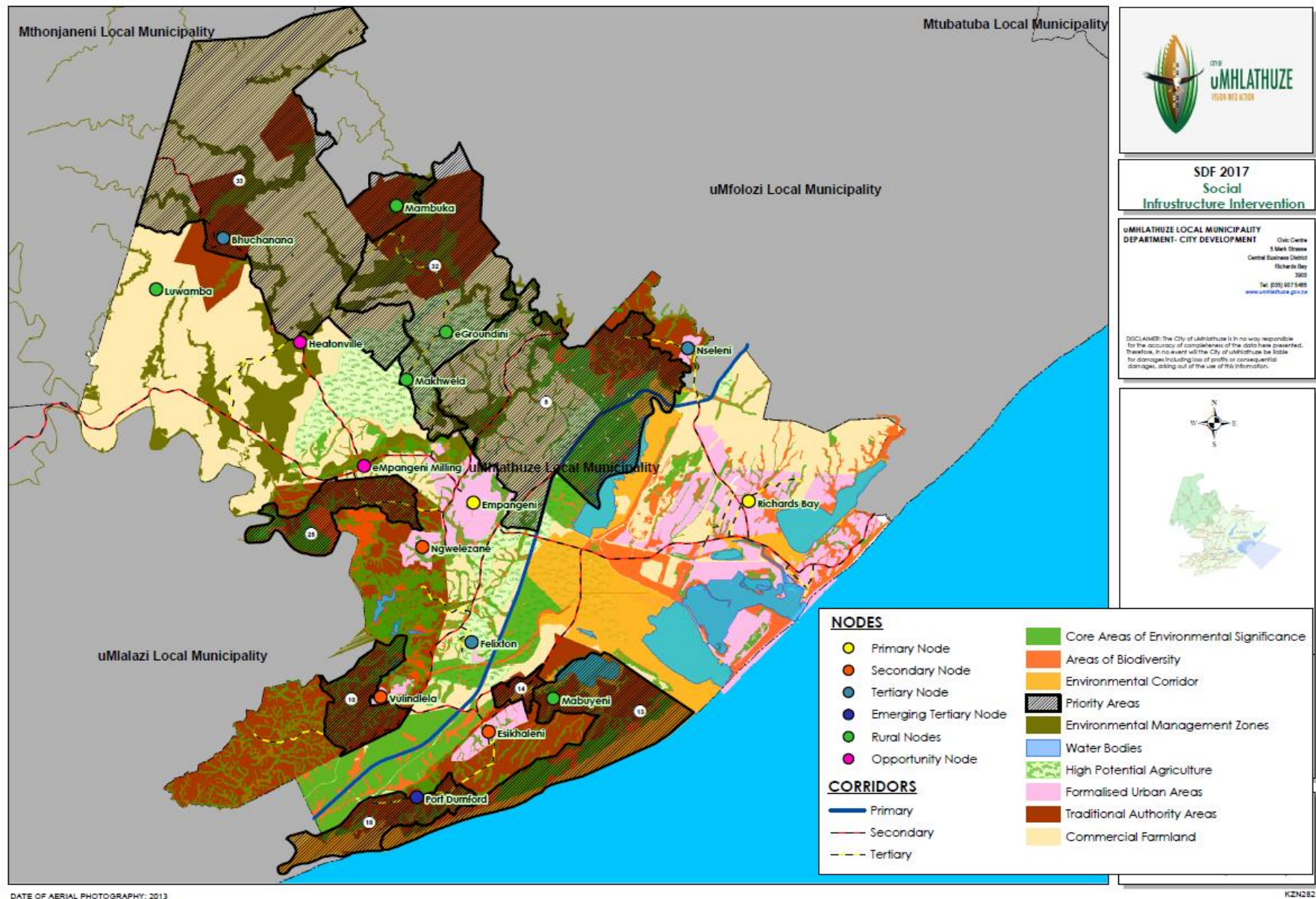
At overleaf, the following series of spatial intervention mapping for uMhlathuze Municipality is shown.

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

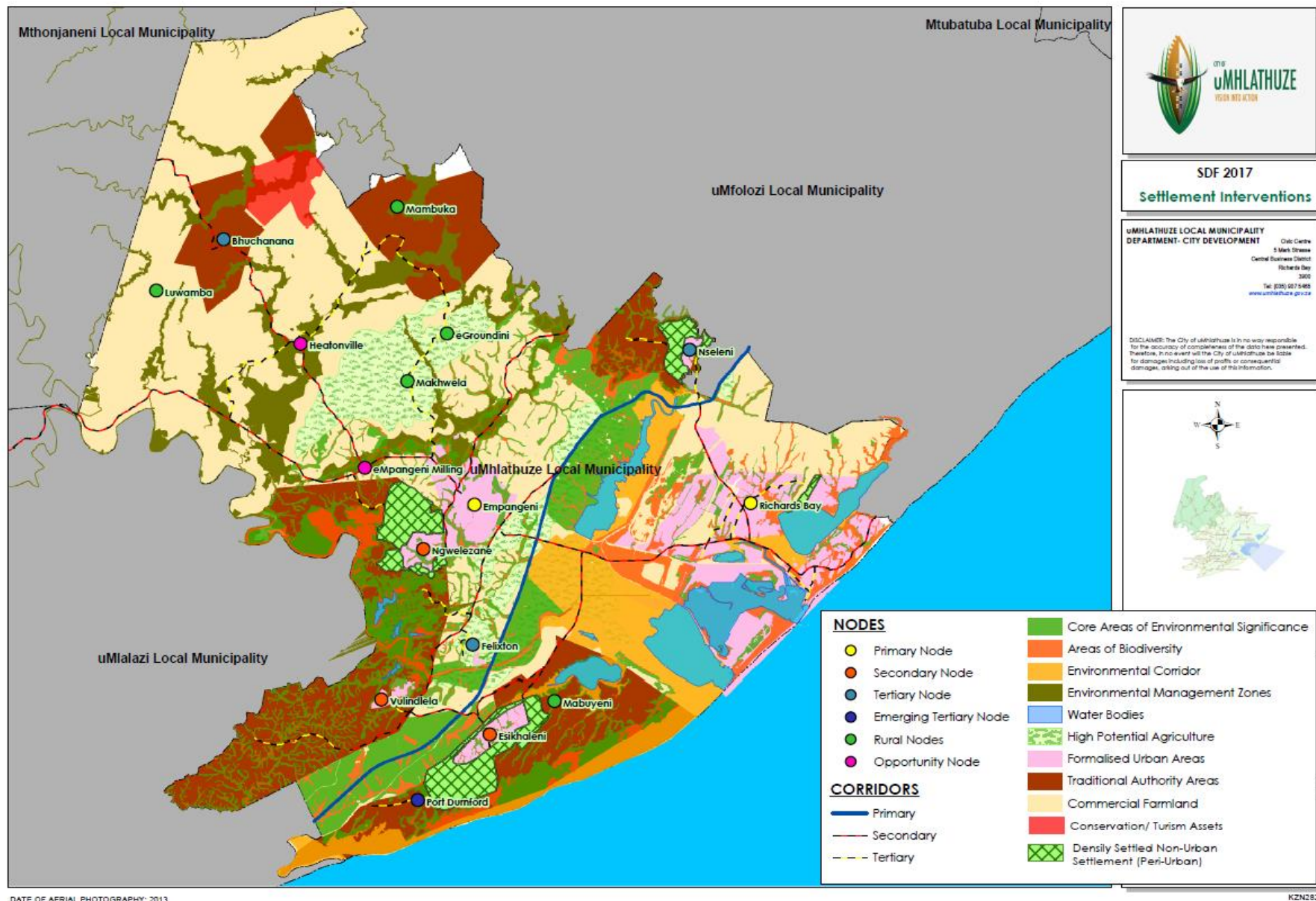
uMhlathuze Local Municipality: Draft IDP Review 2019/2020
Map 39: Areas Requiring Infrastructure Intervention



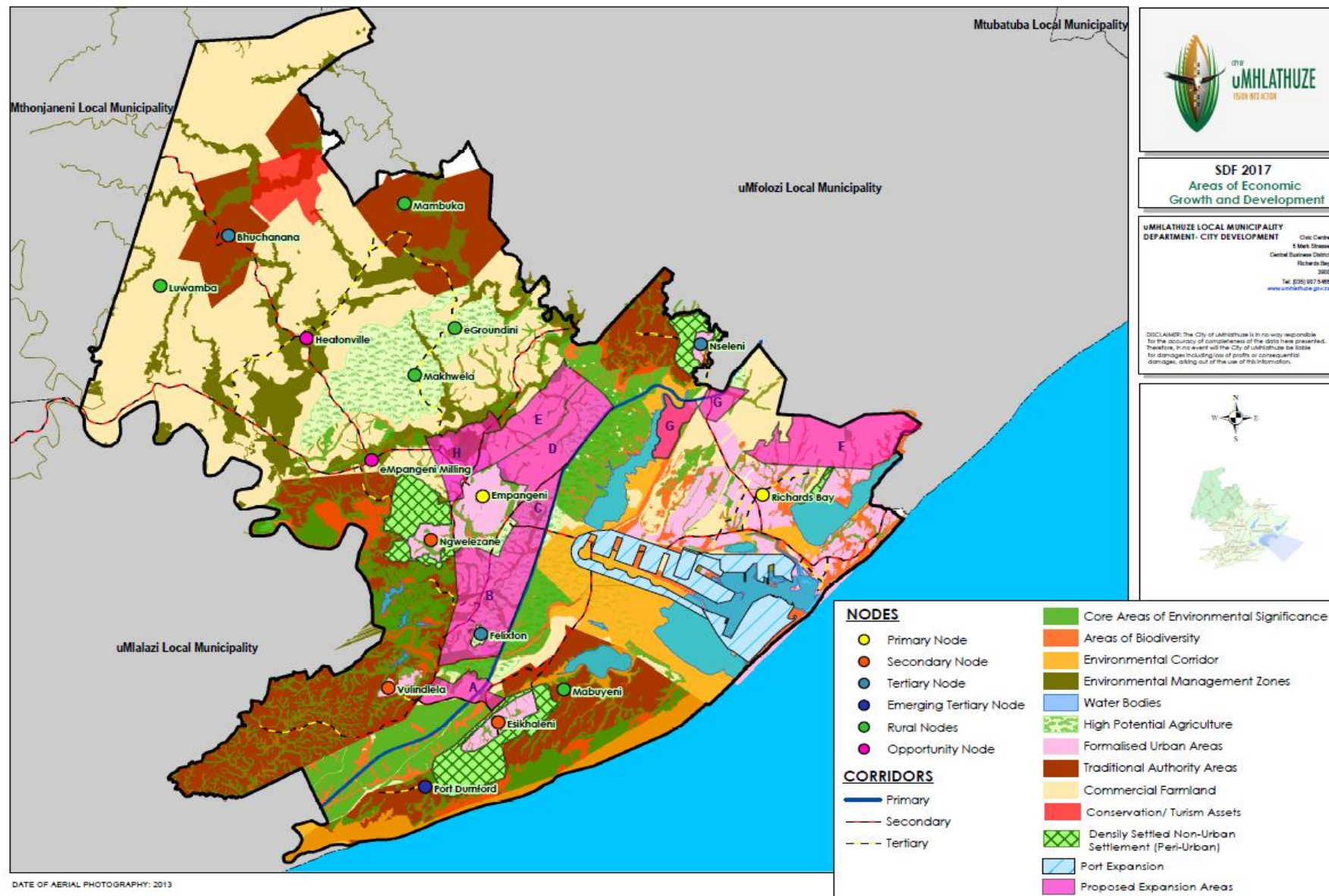
Map 40: Areas Requiring Services Intervention

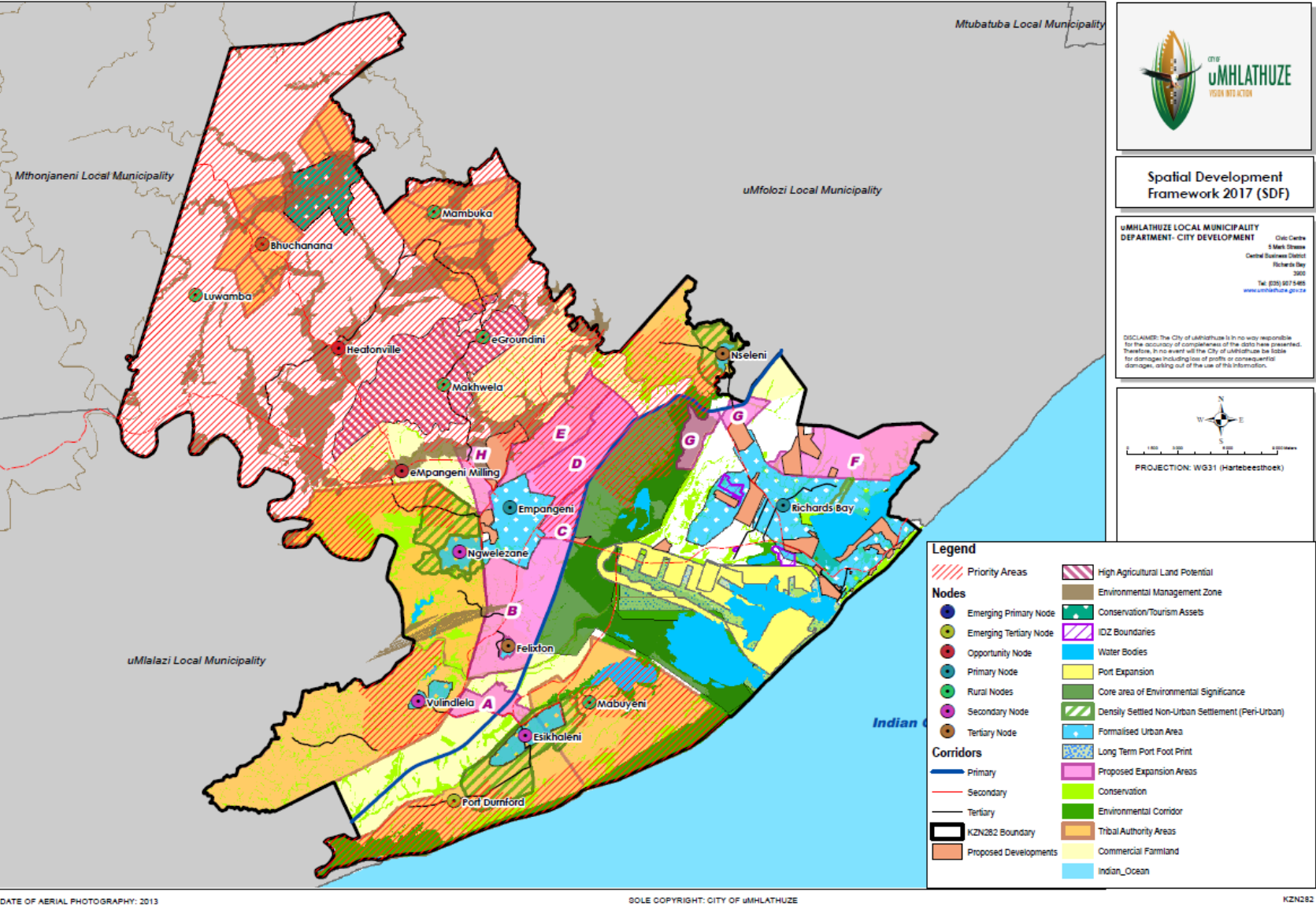


Map 41: Interventions at Settlements



Map 42: Areas of Economic Growth and Development

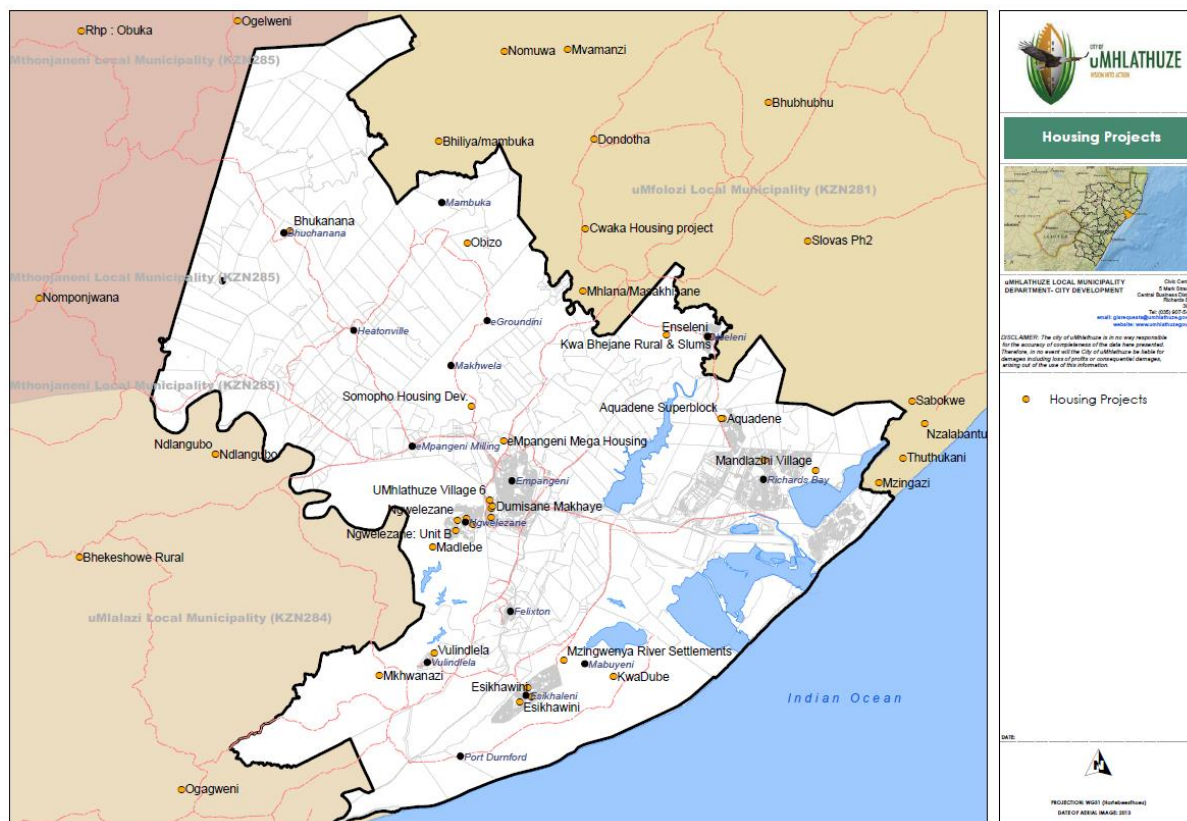




16.12 Integrated Human Settlements

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

Map 44: Human Settlement Projects



Apart from human settlement projects that are under implementation or that have attained development rights as listed above, the Municipality has prepared the following Municipal Informal Settlement Upgrade and Relocation Plans for seven identified settlements as part of the National Upgrading Support Programme (NUSP):

- uMzingwenya River Settlement Plan
- Mzingazi Village Settlement Plan
- Mandlazini Village Infill Areas Plan
- Mandlazini-Airport Settlement Plan
- Vulindlela/UniZulu Settlement Plan
- Ngwelezane Hospital Settlement Plan
- Nseleni Settlement Plan

The National Upgrade Support Programme (NUSP) aims to assist Municipalities and Provincial Departments in achieving their Delivery Agreement targets, while at the same time promoting incremental upgrading, participatory planning and livelihoods-based approaches to the upgrading of informal settlements. The National Upgrade Support Programme is an important initiative which works closely with government at all levels in achieving Output 1 of Outcome 8, i.e. Sustainable human settlements and improved quality of household life.

16.13 Urban Renewal and Precinct Planning

The following table provides details of urban renewal and precinct plans have either been completed, are underway or have been prioritized for compilation with the uMhlathuze Municipality:

PLAN	STATUS
Empangeni CBD Revitalization Plan	Completed 2013
KwaDlangezwa Revitalisation Plan	Completed 2014
Precinct Plans for Esikhaleni, Nseleni and Ngwelezane Townships	Still to be prepared
Review of the 2006 Richards Bay CBD Framework Plan	Underway
Richards Bay CBD South Ext. Urban Design Concept	Completed 2013
Alkantstrand Beach and Newark Beach Development Concept	Completed 2013
Esikhaleni Business Support Centre Urban Design Concept	Completed 2016
Richards Bay SMME Park Urban Design Concept	Completed 2016
The Ridge Development	Completed 2017
Proposed Richards Bay International Conventional Centre	Service provider to be appointed
Rural Settlement Plans	Underway
Central Waterfront and Waterfront Park Precincts	Underway

Selected extracts of some of the above plans are provided herewith as well as an indication of implementation funding that has been committed to implement the said plans.

16.14 Strategic and Catalytic Projects

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

PROJECT NAME	STATUS
1. Airport Relocation	The strategic positioning of uMhlathuze has necessitated long term plans to relocate/ upgrade the current airport. A pre-feasibility study for the relocation of the Richards Bay Airport has been finalised. The study investigated the various criteria for relocation including tenure, economic imperatives, spatial and land use considerations, environmental risks etc. The project has been registered as a PPP.
2. Richards Bay ICC	Council's vision is to prepare urban design concept with development guidelines for the proposed Richards Bay International Convention Centre with ancillary land uses such as Hotel, residential, professional offices, retail and that will complement the envisaged development of waterfront development. City is not looking for a traditional International Convention Centre, but mixed use centre with conference facilities, retail, leisure and business offices etc. as mentioned above.
3. Steel Bridge	<p>The concept design phase for the Richards Bay Waterfront Steel bridge recommended future phases for implementation. The feasibility study has been finalised and essentially included:</p> <ul style="list-style-type: none"> ○ Determine required statutory approvals (if any), including environmental and water use related and identify long lead items. ○ Undertaking a topographical survey and other specialist studies required to inform the processes identified. ○ Preparing preliminary designs to initiated the next phase of detail designs, execution, procurement and construction. <p>The next phase in the process is detailed design and implementation.</p>
4. The Ridge	The proposed Ridge development is to accommodate a Hotel, High Density Residential units and ancillary land

	uses. The design reflects a "sense of place", "human scale" and possesses a distinct theme that will take cognisance of the location of the area. Tender for the Ridge development has been awarded and project is at an advanced stage of detail planning.
5. Waterfront Development	<p>The Municipality intends to develop the Waterfront Area that will deliver the following: A place for maritime industries, education and businesses, local and international port activities;</p> <ul style="list-style-type: none"> ○ A Public Waterfront: A place for local people and visitors; ○ A connected Waterfront: A place where people are highly connected locally and within the region, a place that is highly accessible and safe for pedestrians, cyclists, and passengers. <p>Alkantstrand: Detail designs tender process nearing completion. Central Waterfront and other Precincts: Master Plan nearing completion.</p>
6. Richards Bay SMME Park	SMME Park will cater for hairdressers, mechanics; car wash and SMME offices and has been constructed and being utilized by 20 mechanics.
7. Nseleni Neighbourhood Shopping Centre	Bulk Contributions paid and construction has commenced and Phase 1 Construction completion by anticipated December 2018.
8. Empangeni CBD Revitalisation Plan	The Empangeni CBD Revitalisation Plan outlines the current status of the town. The project phases was finalised in July 2013. The plan outlined 25 key projects/interventions to be implemented by the municipality and external stakeholders. The Empangeni revitalisation plan is to be implemented in a quadrant approach and the Lot 63 refurbishment was considered a catalyst for the implementation of the plan and has been completed. The upgrading of Empangeni A Rank is the next stage.
9.Desalination Plant	Plant completed. Operational capacity of 10MI/day.
10. Feasibility Study into wastewater and associated by-products re-use	Appointed a Transaction Advisor, to conduct a Feasibility Study for wastewater and associated by-products re-use for the City of uMhlathuze. Process underway.

11. Green Hill	Greenhill is situated on a Portion of the Remainder of Erf 5333, Greenhill, and is 22 758 m ² in extent. An EOI for the development of a mixed use development with a health care centre as an anchor awarded.
12. 132 kV	Replacement of two oil filled cables between CAPELLA and HYDRA substations feeding RBCT in progress.
13. CITP	Service Provider appointed to prepare Comprehensive Integrated Transport Plan (CITP) for whole municipal area.
14. Empangeni Mega Housing	Housing project of 10 000 units of an IRDP (Integrated Residential Development Programme) type. Installation of services has commenced.

Map 45: Strategic and Catalytic Projects

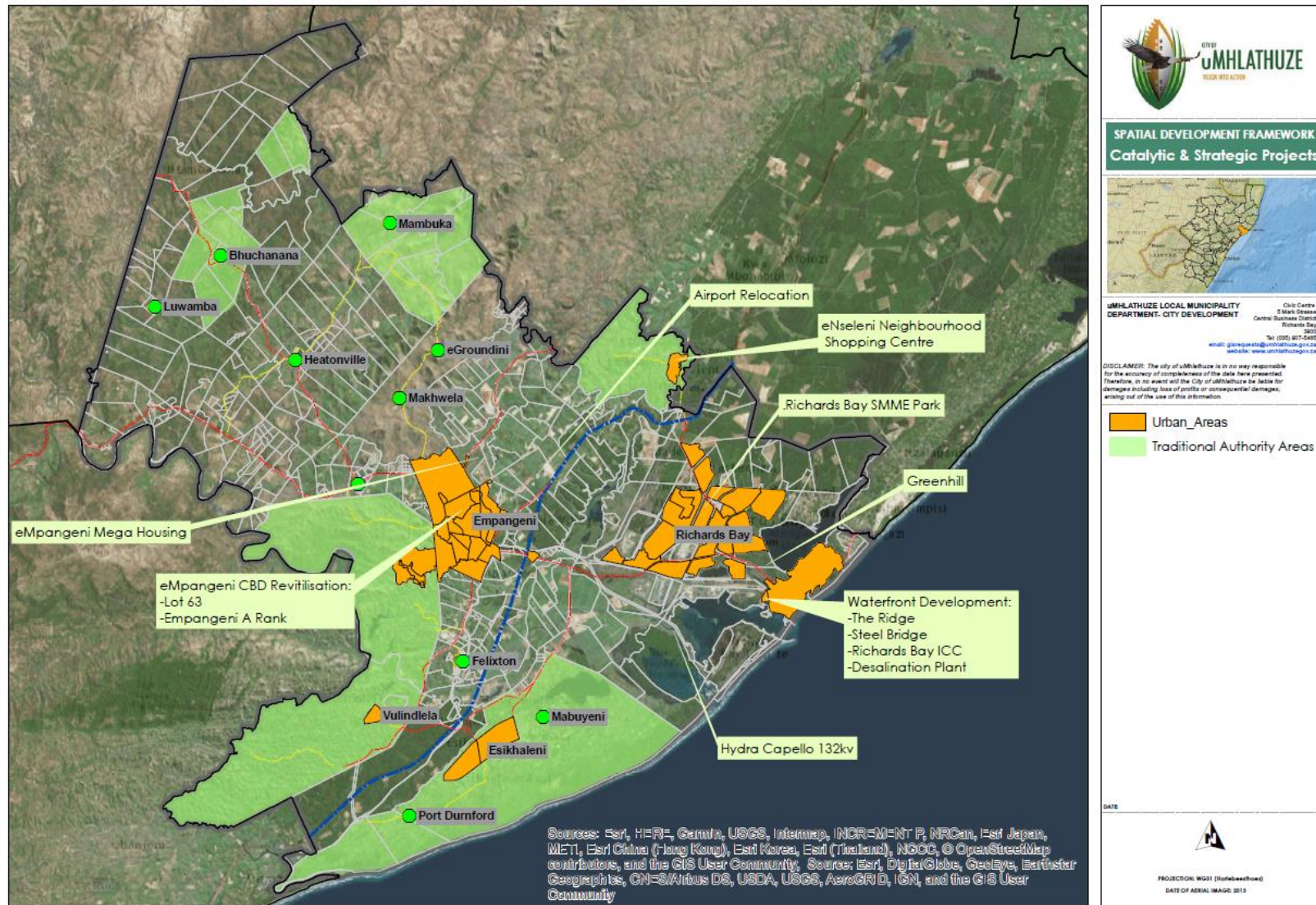
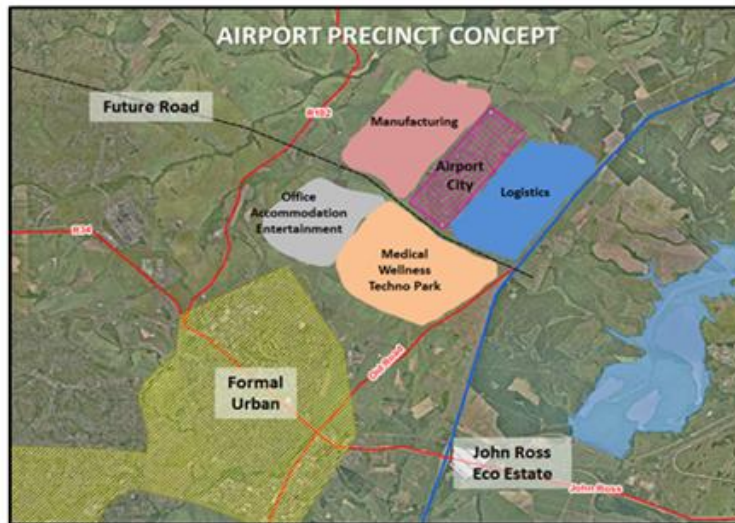
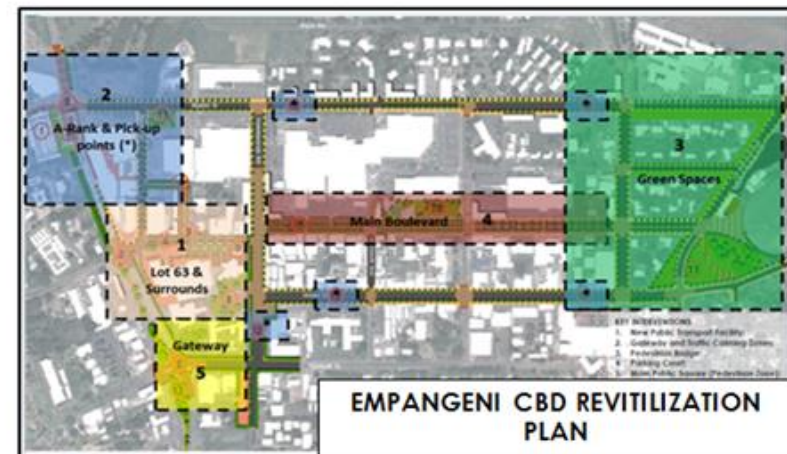


Figure 81: Selected Catalytic and Strategic Projects





16.15 Capital Expenditure Framework

The compilation of a draft CEF (Capital Expenditure Framework) is underway for submission to the Department of Cooperative Governance by the end of March 2019. Apart from being a core component of an SDF in terms of SPLUMA, the CEF is a prerequisite for qualification for the IUDG (Integrated Urban Development Grant). The purpose of the IUDG is to provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for public investment in economic infrastructure. Also, to ensure that public investments are spatially aligned and to promote the sound management of the assets delivered.

The prepared CEF will be included into the final SDF for adoption.

17. IMPLEMENTATION PLAN

UMHLATHUZE MUNICIPALITY IMPLEMENTATION PLAN																							
MUNICIPAL CHALLENGE	NATIONAL KEY PERFORMANCE AREAS	STRATEGIC GOALS	OBJECTIVE	STRATEGY	PERFORMANCE INDICATORS	Annual			BUDGET 2017/2018	BUDGET 2018/2019	FUNDING SOURCE & RESPONSIBILITY	AUDIT VERIFICATION DOCUMENT	Five Year Targets										
						Demand	Baseline	Backlog					Year 1 2017/2018	Quarter 1	Quarter 2	Mid-Year	Quarter 3	Quarter 4	Year 2	Year 3	Year 4	Year 5	
													Target	Target	Target	Target	Target	Target					
	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	DEMOCRATIC, RESPONSIBLE, TRANSPARENT, OBJECTIVE AND EQUITABLE MUNICIPAL GOVERNANCE	To ensure effective and efficient administration complying with its Legal Mandates	Provide administrative support for all Council Committees	No. of EXCO Meetings held	22					Dept. Corporate Serv	Minutes of Meeting	22	6	5	11	4	6	22	22	22	22	
					No. of COUNCIL Meetings held	12					Dept. Corporate Serv	Minutes of Meeting	12	3	3	6	3	3	12	12	12	12	
					No. of Portfolio Meetings held	150					Dept. Corporate Serv	Minutes of Meeting	150	45	30	30	45	150	150	150	150		
				Strengthen Council Oversight through training on Legislation and Policies																			
					No. of MPAC Meetings held	4						Dept. Corporate Serv	Minutes of Meeting	4	1	1	2	1	1	4	4	4	4
Low skills levels and limited skills development				To maintain an Organisational Performance Management System as a tool to monitor the progress of service delivery	Monitor, evaluate, measure and review the performance of the Municipality against indicators and targets set in the IDP	Number of SST Performance Agreements signed	7					Dept. Corporate Serv	Signed Agreements	7	7	0	7	0	0	7	7	7	7
						Number of Performance Audit Committee meetings	4					Dept. Corporate Serv	Minutes of Meeting	4	1	1	2	1	1	4	4	4	4
						Date of approval of Performance Management framework						Dept. Corporate Serv	Council Resolution for Approval of Framework	30-Jun	0	0	0	Draft	30-Jun	30-Jun		30-Jun	
				Ensure Institutionalisation of Batho Pele Culture and Principles	Increase sensitivity of government administrators to the aspirations of citizens through bi-annually awareness sessions on BP	No of Awareness / Knowledge Sharing Session of Batho Pele	2					Dept. Corporate Serv	Attendance register	2	0	1	1	0	1	2	2	2	2
				To promote a municipal governance system that enhances and embraces the system of participatory Governance	Facilitate the Functionality of Ward Committees through continues capacitation	Number of Ward Committee Management meetings	748					Dept. Corporate Serv	Minutes of Meeting	748	204	170	374	170	204	748	748	748	748
						Number of Ward community meetings	340					Dept. Corporate Serv	Minutes of Meeting	340	102	68	170	68	102	340	340	340	340
					Development of a Credible Integrated Development plan within prescribed legislative guidelines	Adopted Integrated Development by Council	30-Jun					Dept. Corporate Serv	Council Resolution for Approval of Framework	30-May	0	0	0	Draft	30-May	30-Jun	30-Jun	30-Jun	30-Jun
						Facilitation of Stakeholder and Community participation in policy making	Number of IDP/Budget Community Meetings held	22					Dept. Corporate Serv		22	0	11	11	3	8	22	22	22
				To promote and foster sound internal and external communication (this is a new objective)	An effective ICT Systems that enables efficient decision making and communication to support a sound and effective governance	Percent of time the ICT infrastructure is up and available	100%					Dept. Corporate Serv			100%	100%	100%	100%	100%	100%	100%	100%	100%
						Percent of completed projects meeting identified Organisational priorities and IT standards	100%				12 328 000	Internal Dept. Corporate Serv								100%	100%	100%	100%
				Develop a common understanding of risk amongst all Stakeholders so as to manage effectively	Ensure Risk Education and awareness through training, workshops and dissemination of information	Number of Enterprise Risk Management Committee meetings	4					Dept. Corporate Serv	Minutes of Meeting	4	1	1	2	1	1	4	4	4	4

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UMHLATHUZE MUNICIPALITY IMPLEMENTATION PLAN																						
MUNICIPAL CHALLENGE	NATIONAL KEY PERFORMANCE AREAS	STRATEGIC GOALS	OBJECTIVE	STRATEGY	PERFORMANCE INDICATORS	Annual			BUDGET 2017/2018	BUDGET 2018/2019	FUNDING SOURCE & RESPONSIBILITY	AUDIT VERIFICATION DOCUMENT	Five Year Targets									
						Demand	Baseline	Backlog					Year 1 2017/2018	Quarter 1	Quarter 2	Mid-Year	Quarter 3	Quarter 4	Year 2	Year 3	Year 4	Year 5
													Target	Target	Target	Target	Target	Target				
Aging municipal infrastructure	BASIC SERVICE DELIVERY AND INFRASTRUCTURE	EFFICIENT AND INTEGRATED INFRASTRUCTURE AND SERVICES	To expand and maintain infrastructure in order to improve access to Basic Services to the community	Eradicate water services backlogs through provision of basic water services	% of Household with access to water	100%	85%	15,00%			Dept. Infrastructure		85,90%	85,00%	85,10%	85,10%	85,45%	85,90%	95,82%	96,72%	97,63%	98,52%
Lack of water security of supply				Number of Household with access to water	110503	93928	16575	2 000 000		Dept. Infrastructure		94928	93928	94128	94128	94428	94928	105880	106880	107880	108880	
Aging municipal infrastructure				Reduction of water losses	%reduction in water losses	18%	20%		1 000 000		Dept. Infrastructure		18%	20%	20%	20%	18%	18%	16%	16%	14%	14%
Aging municipal infrastructure				Eradicate Sanitation services backlogs through provision of basic sanitation services	% of Household with access to Sanitation	100,00%	68,17%	31,83%			Dept. Infrastructure		69,00%	68,00%	68,00%	68,00%	69,00%	69,00%	79,54%	81,35%	83,16%	84,97%
				Number of Household with access to Sanitation		110503	75325	35178		33 473 200	MIG Dept. Infrastructure		77325	75575	76075	76075	76325	77325	87892	89892	91892	93892
Aging municipal infrastructure				Eradicate electricity supply backlogs through provision of basic electricity supply services	Number of Household with access to Electricity (Municipal Area)						Dept. Infrastructure		34316	34166	34216	34216	34266	34316	35381	35481	35581	35681
				Number new Electricity connections (Municipal Area)							Dept. Infrastructure	Number of Applications received Signed of Job cards	100	10	30	40	20	40	80	100	100	100
Aging municipal infrastructure	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	EFFICIENT AND INTEGRATED INFRASTRUCTURE AND SERVICES	To expand and maintain infrastructure in order to improve access to Basic Services to the community	Provide a weekly domestic solid waste removal service to the community	% of Household with access to weekly waste disposal	100%	73,00%	27,00%			Dept. ComServe		73,00%	73,00%	73,00%	73,00%	73,00%	73,00%	69,10%	69,10%	72,72%	74,53%
				Number of Household with access to weekly waste disposal	110503	80698	19662	1 000 000	1 700 000	Internal Dept. ComServe		81698	80698	80998	80998	81498	81698	76356	76356	80356	82356	
Aging municipal infrastructure				Provision of public transport facilities and infrastructure	Kilometres of rural gravel roads established		48km				Dept. Infrastructure	Signed Job cards	48km	12km	12km	24km	12km	12km	48Km	48km	48km	48km
					Kilometres of rural gravel roads maintained (grading)		600km				Dept. Infrastructure	Signed Job cards	600km	150km	150km	300km	150km	150km	600Km	600km	600km	600km
					Kilometres of tarred roads established				20 772 000		Dept. Infrastructure		2,2km	0	0	0	0	2,2km	2,2km	5km	3km	4km
					Kilometres of tarred roads rehabilitated				38 587 500	38 200 000	Internal Dept. Infrastructure		16km	9km	7km	16km	0	0	9km	15km	20km	10km
					Kilometres of urban gravel roads maintained (graveling)		40km				Dept. Infrastructure		40km	10Km	10km	20km	10km	10km	40Km	40km	40km	40km
					m2 of repairs to potholes and patching on urban tarred road		11184m²				Dept. Infrastructure		11184m²	2796m²	2796m²	5592m²	2796m²	2796m²	11184m²	11184m²	11184m²	11184m²
					Construction of Bus shelters and laybys				1 500 000	2 250 000	Internal Dept. Infrastructure		15Bus shelters	0	15 Bus shelters	15 Bus shelters	0	0				
					Construction of Pedestrian Bridges				1 500 000	2 000 000	Internal Dept. Infrastructure		10	0	5	5	5	1	1	1	1	1
					Maintenance of stormwater facilities						Dept. Infrastructure			23km	23km	46km	23km	23km	92Km	92km	92km	92km
					Number of kerb inlets maintained					3 000 000	Internal Dept. Infrastructure			769	769	1538	769	769	3077	3078	3079	3080
High rate of unemployment and sluggish economic growth			To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	Improve community standard of living through accelerated development of houses in rural areas	Number of Houses completed						Dept. City Dev								180	180	180	180
				To provide housing for vulnerable groups	Number of Houses completed						Dept. City Dev								10	10	10	10
				To provide low-cost Houses (Urban)	Number of Houses completed						Dept. City Dev								500	500	500	500
				To upgrade public sector hostels	Number of Hostel Units upgraded						Dept. City Dev											
High levels of poverty and inequalities	LOCAL ECONOMIC DEVELOPMENT	VARIABLE ECONOMIC GROWTH AND DEVELOPMENT	To create an environment that will create jobs and alleviate poverty.	Capacitate community through training in scarce skills	Number of people to provide training to.																	
				Facilitate and grow SMME's	Construction of SMME Retail Parks				8 570 000	10 000 000	Internal Dept. City Dev		1	0	0	0	0	1	0	50	50	50
					Construction of Market Stalls					1 192 000	Internal Dept. City Dev		2	0	0	0	1	1	1	1	1	1
				Promoting economic growth by successfully delivery of capital	% of Capital Projects completed	100%					Dept. Infrastructure		100%	5%	30%	35%	75%	100%	100%	100%	100%	100%
	SOCIAL COHESION	To promote social cohesion	Development and upgrade of sports facilities	No. of upgrades /developments					780 000	900 000	Internal Dept. ComServe		6	0	0	0	3	3	4	6	6	6
			Development of community facilities	No of facilities upgraded / hand over certification					3 000 000	2 196 000	Internal Dept. ComServe		3	0	0	0	1	2	3	3	4	7

SECTION F: FINANCIAL PLAN

18. BUDGET SUMMARY

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

In the process of compiling the Tabled 2019/20 MTREF the submissions received from the Departments which were all project based could be broken down into the following categories:

Scenario	Capital (Own funding)		
	2018/19	2019/20	2020/21
	R 000	R 000	R 000
Initial Departmental Submissions	885 697	645 184	823 494
Departmental reductions	(489 760)	(278 913)	(449 515)
DRAFT TABLE BUDGET	395 937	366 271	373 979

Scenario	Operating Budget		
	Revenue	Expenditure	Deficit
	R 000	R 000	R 000
First (incl tariff increases)	3 151 599	3 515 441	(363 842)
Second (incl tariff increases)	3 151 599	3 240 790	(89 191)
TABLED BUDGET	3 208 768	3 234 247	(25 479)

Furthermore, a critical review was undertaken of expenditure on non-core and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circular number

82. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

The **main challenges** experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- At the top of the list by far is the **lack of growth** in economic activity, but with an increase in domestic households, evidenced by a drop in Commercial and Industrial use of electricity and water, but a growth in the number of domestic water connections (cannot look at domestic electricity as jurisdiction is confined to urban areas only)
- The need to reprioritise projects and expenditure within the existing resource envelope. For both the Capital and Operating, financial budget allocations for the 2019/20 MTREF given to the Departments, are far exceeded. This leaves the unenviable difficult task for the CFO to cut the budget, as it is up to the Service and Support Departments to prioritize appropriately, not the CFO.
- 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 234.5 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;
- 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 they hold no legal title;
- 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 R15.6m – refer to Table 23 for details;
- Council resolution 12892 dated 5 December 2018, resolved that funding for the Seda Construction Incubator Partnership be considered during the budget process, although the request for this programme amounted to R 5.7 million, an amount of R 1.5 million could only be provided;
- Service Revenue from Water has dropped significantly due to reduction in usage from the effects of the down-turn in the economy in the last few years and a reduction in consumer behaviour, due to drought restrictions. The consequential water revenue loss is countered by

the Level 4 Drought Tariffs. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and is making a slight surplus of meant to be making a surplus of R 5.8 million, this surplus is not sustainable in the long term. The Administration has to look at cutting costs in this service to make it self-sustaining. This endeavour is further handicapped by both the Department of Water and Sanitation Abstraction Fee increases and the Water Boards Bulk Water Purchases being above inflation rate targets.

- Waste Water Management Service shows a deficit of R 11.9 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 slight deficit of R 2.7 million from a surplus of R 83.9 million on 2018/19 Adjusted Budget;
- Financial implications through the incorporation of the additional three wards from the de-established Ntambanana Municipality could only be properly assessed re-actively and are only taken account of properly in future budget years. The challenge is that as with the rest of the Ingonyama Trust wards, there is no Rates collected and very little service revenue;
- Although Employee related costs as a percentage of total Expenditure amounts to 26.6% 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 26.6% given the distortion in COU budget caused by the high Electricity Turnover. More significantly with a number of services outsourced, a more conservative approach would be to add the Contracted Services costs (10%) together with Employee related Costs. This figure amounts to 36.6% (26.6% +10%). 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;
- Owing to the economic slowdown, financial resources are limited due to reduced Revenue generation from the current consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances. This comment may appear very contradictory to the very clear improvement in Cash Flows overall, however that is simply due to the accumulations for the Capital Replacement Reserves (Capital Funds), funds of which disguise the very tight situation the Municipality finds itself with the Operating Budget. In other words, the financial position we find ourselves in is fairly positive for increasing capital allocations (on condition that they on revenue generating), versus a fairly negative outlook for operating activities.
- Preparation of a mSCOA project based budget without a budgeting tool within the financial system meant that the information had to be prepared manually which left room for possible errors to arise. The imminent light in the tunnel here is that the new ERP system does have

such a module, which should be available for use for the preparation of the 2020/21 MTREF in the 2019/20 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 2019/20 MTREF has been prepared using version 6.3.

The following budget principles, guidelines and assumptions directly informed the compilation of the 2019/20 MTREF:

- An energy savings fund has been set up as from the 2015/16 electricity tariffs. Two cents per Kilowatt hour is levied on all Enerflex tariffs. Funds made available for this initiative amount to the actual recoveries made during the 2018/19 financial year.
- 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 7%.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Repairs and Maintenance provisions reach the best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure target; and

National Treasury's MFMA Circular No. 93 and 94 were used to guide the compilation of the 2019/20 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 the MFMA. As indicated in the MFMA Budget Circular no. 94, this review is scheduled for 9th May 2019.

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

- Credibility;
- Relevance; and
- Sustainability.

The 2019/20 MTREF has been compiled with the above in mind to ensure that key observations by National Treasury during their previous reviews of Multi-year Budgets have been taken care of.

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

- Financial health
- Service delivery
- Institutional

- Governance

Table 104: Consolidated Overview of the 2019/2020 MTREF

Description R thousands	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
Total Operating Revenue	2 990 431	3 208 768	3 442 773	3 654 227
Total Operating Expenditure	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/ (Deficit) for the year	(58 882)	(25 479)	16 749	28 294
Total Capital Expenditure	586 328	597 533	597 872	604 957
TOTAL OPERATING & CAPITAL BUDGET	3 635 642	3 831 780	4 023 895	4 259 183

18.1 Budget Summary – annual budget tables

The following present the **main** budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council.

Table 105: Budget Summary

Description R thousands	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	371 074	397 694	442 661	474 453	495 732	495 732	495 732	520 380	556 806	584 647
Service charges	1 714 940	2 008 809	1 835 553	2 097 369	2 018 177	2 018 177	2 018 177	2 175 960	2 340 749	2 477 682
Investment revenue	32 411	60 875	76 056	55 000	55 000	55 000	55 000	58 000	60 000	65 000
Transfers recognised - operational	263 848	284 193	329 088	356 638	354 985	354 985	354 985	390 676	419 116	458 058
Other own revenue	105 209	152 643	192 197	71 413	66 536	66 536	66 536	63 753	66 101	68 840
Total Revenue (excluding capital transfers and contributions)	2 487 482	2 904 214	2 875 554	3 054 874	2 990 431	2 990 431	2 990 431	3 208 768	3 442 772	3 654 227
Employee costs	635 594	644 245	701 054	812 123	810 018	810 018	810 018	859 550	921 962	994 157
Remuneration of councillors	23 891	25 542	29 342	31 881	31 488	31 488	31 488	32 404	34 033	35 744
Depreciation & asset impairment	351 346	352 389	348 561	376 066	376 066	376 066	376 066	408 532	446 488	484 885
Finance charges	58 694	68 940	67 691	67 884	59 359	59 359	59 359	70 846	79 421	86 950
Materials and bulk purchases	1 128 765	1 270 670	1 032 313	1 115 178	1 101 272	1 101 272	1 101 272	1 218 059	1 278 052	1 331 638
Transfers and grants	18 149	9 319	11 517	12 534	15 179	15 179	15 179	12 087	12 511	13 011
Other expenditure	380 178	463 082	533 034	600 831	655 933	655 933	655 933	632 770	653 557	679 548
Total Expenditure	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit)	(109 135)	70 025	152 042	38 377	(58 882)	(58 882)	(58 882)	(25 479)	16 749	28 294
Transfers and subsidies - capital (monetary allocations) (N	222 338	143 210	135 362	129 224	129 224	129 224	129 224	191 232	169 733	181 473
Contributions recognised - capital & contributed assets	4 740	–	2 849	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	117 943	213 235	290 254	167 601	70 341	70 341	70 341	165 753	186 482	209 767
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	70 341	165 753	186 482	209 767

Table 106: Budget Summary (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
<u>Capital expenditure & funds sources</u>										
Capital expenditure	393 781	507 909	500 521	525 161	586 328	586 328	586 328	597 533	597 872	604 957
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	310 000	—	310 000	—
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	147 105	406 301	118 139	423 484
Total sources of capital funds	393 781	507 909	500 521	525 161	586 328	586 328	586 328	597 533	597 872	604 957
<u>Financial position</u>										
Total current assets	964 980	1 297 323	1 043 037	1 208 936	1 114 187	1 114 187	1 114 187	1 031 902	1 319 792	1 336 671
Total non current assets	4 992 812	5 389 214	5 599 874	5 731 941	5 810 156	5 810 156	5 810 156	5 999 134	6 150 518	6 270 590
Total current liabilities	718 433	852 781	712 303	657 177	771 983	649 437	649 437	719 927	782 259	824 933
Total non current liabilities	689 374	872 144	614 245	946 204	852 257	852 257	852 257	799 203	1 037 584	960 366
Community wealth/Equity	4 549 985	4 961 612	5 316 363	5 337 496	5 300 103	5 422 650	5 422 650	5 511 906	5 650 467	5 821 961
<u>Cash flows</u>										
Net cash from (used) operating	435 791	470 138	318 828	543 235	435 084	435 084	435 084	518 656	572 239	630 574
Net cash from (used) investing	(309 768)	(504 538)	(499 378)	(525 179)	(542 910)	(542 910)	(542 910)	(589 340)	(596 592)	(603 702)
Net cash from (used) financing	(85 254)	287 110	(74 144)	153 856	166 801	166 801	166 801	(84 326)	225 308	(102 090)
Cash/cash equivalents at the year end	462 406	715 116	460 422	638 788	525 851	525 851	525 851	370 841	571 796	496 577
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	462 406	715 116	460 422	638 748	525 851	525 851	525 851	370 841	571 796	496 577
Application of cash and investments	182 589	120 052	6 197	458 125	546 188	423 642	423 642	130 736	445 529	58 876
Balance - surplus (shortfall)	279 818	595 064	454 225	180 623	(20 337)	102 209	102 209	240 105	126 267	437 701

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
<u>Asset management</u>										
Asset register summary (WDV)	4 992 740	5 389 166	5 599 871	5 731 918	5 810 133	5 810 133	5 810 133	5 999 134	6 150 518	6 270 590
Depreciation	351 346	352 390	348 561	376 066	376 066	376 066	376 066	408 532	446 488	484 705
Renewal and Upgrading of Existing Assets	70 327	30 555	132 950	173 760	144 714	144 714	144 714	152 679	155 699	111 150
Repairs and Maintenance	369 221	379 822	417 124	608 208	620 158	620 158	620 158	682 598	720 127	759 497
<u>Free services</u>										
Cost of Free Basic Services provided	106 764	105 749	131 695	173 350	175 754	175 754	181 097	181 097	187 480	194 993
Revenue cost of free services provided	9 231	14 050	188 703	205 074	205 074	205 074	230 342	230 342	245 628	258 022
<u>Households below minimum service level</u>										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	0	0	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality has been paying attention to managing this aspect of its finances, and consequently its obligations are cash-backed. This places the municipality in a very positive financial position. To strengthen this favourable position, Council has adopted an Investment, Working Capital and Capital Replacement Reserves Policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. **This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.**

18.2 Cost Containment Measures

Cost containment policy approved by Council in terms of CR 10903 on 22 June 2016. Challenges in the implementation of the policy include political adherence to the measures contained in the policy for example Foreign Travel, Food parcels for public gatherings. Cost containment policy to be amended once cost containment regulations have been gazetted.

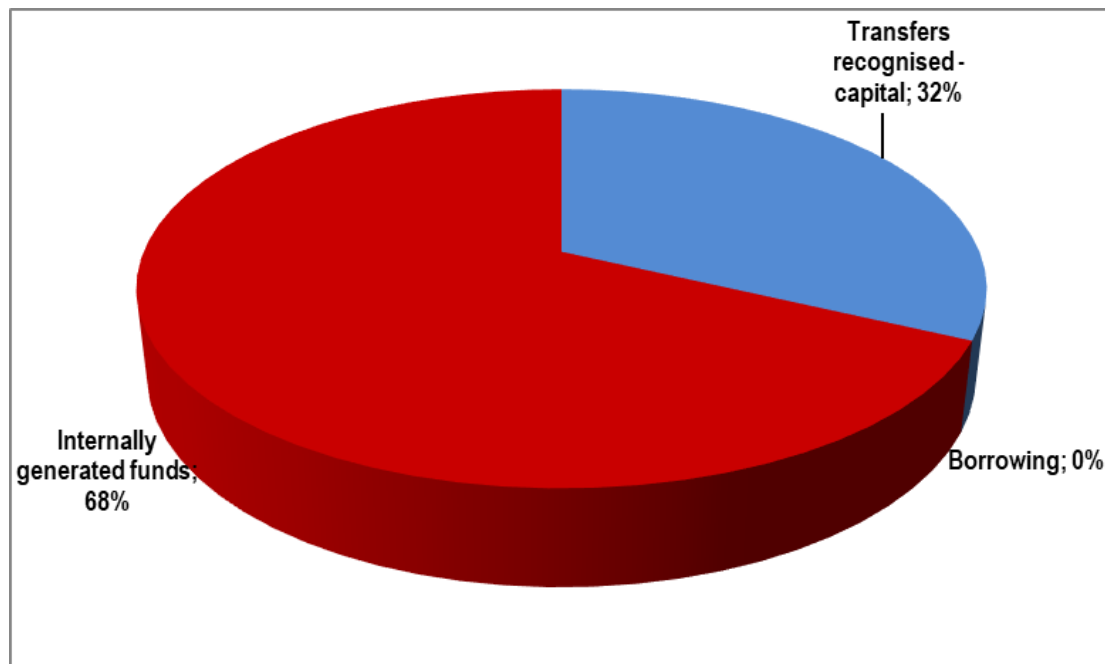
19. CAPITAL BUDGET SUMMARY

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

19.1.1 Table 107 : Medium-term outlook: capital revenue

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funded by:									
National Government	136 565	125 534	134 821	121 374	121 374	121 374	182 989	161 078	172 723
Provincial Government	85 773	10 365	541	7 850	7 850	7 850	8 243	8 655	8 750
District Municipality	–	5 625	–	–	–	–	–	–	–
Other transfers and grants	4 740	1 686	2 849	–	–	–	–	–	–
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	–	310 000	–
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	406 301	118 139	423 484
Total Capital Funding	393 781	507 909	500 521	525 161	586 328	586 328	597 533	597 872	604 957

The above table is graphically represented as follows for the 2019/20 financial year.



Capital grants and receipts equates to 32 per cent of the total funding source which represents R191.2 million for the 2019/20 financial year and decrease to R 181.5 million or 30 per cent by 2021/22.

19.1.2 Capital Projects

The following projects for 2019/20 MTREF as indicated in the table below will be funded from borrowing

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	NEW/ REPLACEMENT/ UPGRADE	MULTI/ SINGLE YEAR PROJECT	WARD LOCATION	WARD BENEFITTING	MTSF	IUDF	NKPA	IDP GOAL	IDP OBJECTIVE	IDP STRATEGY	PLANNED START DATE OF PROJECT	PLANNED COMPLETION DATE OF PROJECT	TABLED 2019/20
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT															
2	SUPPLY AND INSTALLATION OF ROLLERS DOORS	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.2	3.1.2.1	Jul-19	Jun-20	45 000
4	IT EQUIPMENT : BACKUP BATTERY	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-20	20 000
5	IT EQUIPMENT : COLOUR PRINTER	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-20	40 000
6	PERMIT CARD PRINTER	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-20	92 000
9	ALKANDSTRAND DETAILED PLANNING & DESIGN	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.3	3.1.3.1	Jul-19	Jun-20	500 000
10	WATER FRONT DETAILED TOWN PLANNING DESIGN	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.2	3.1.2.1	Jul-17	Jun-20	1 500 000
11	EMPANGENI BUSINESS HUB	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.2	3.1.2.1	Jul-19	Jun-20	500 000
12	RURAL FRAMEWORK PLAN IN PORT DURNFORD	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	6	6,1	6.1.1	6.1.1.3	Jul-19	Jun-20	500 000

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13	DESIGN AND CONSTRUCTION OF CENTRAL INDUSTRIAL AREA LINK ROAD	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	04	03	3	3,1	3.1.2	3.1.2.2	Jul-19	Jun-20	30 000 000
14	REPLACEMENT OF FURNITURE - CITY DEVELOPMENT	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-21	452 000
TOTAL CITY DEVELOPMENT															33 649 000
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES															
PUBLIC HEALTH AND EMERGENCY SERVICES															
16	FIRE STATION :UPGRADING AND TILING OF CONTROL ROOM	CAPITAL REPLACEMENT RESERVES	U	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	07	03	3	3,2	3.2.2	3.2.2.1	Jul-19	Jun-20	140 000
17	DISASTER MANAGEMENT RENOVATIONS TO BUILDINGS	CAPITAL REPLACEMENT RESERVES	U	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	07	03	3	3,2	3.2.2	3.2.2.1	Jul-19	Jun-20	2 500 000
18	DISASTER MANAGEMENT BUILDING COMMUNICATION SYSTEM	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1	1.1.4	1.1.4.5	Jul-19	Jun-20	850 000
19	DISASTER MANAGEMENT BUILDING FURNITURE	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	924 000
20	AIR POLLUTION EQUIPMENT	CAPITAL REPLACEMENT RESERVES	N	S	2,17,26	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-17	Jun-18	186 900
21	MACHINERY AND EQUIPMENT FOR AIR QUALITY	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	918 900
22	3 X OPEN BOOK CASES	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	23 100
23	OCCUPATIONAL HEALTH CLINIC VEHICLE	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	500 000

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24	MINIBUS FOR TRAINING AND DISASTER	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	500 000
25	CONVERSION OF LDVS INTO RAPID RESPONSE VEHICLE	CAPITAL REPLACEMENT RESERVES	U	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	560 000
26	DISASTER MANAGEMENT DOUBLE CAB LDV AND 15 SEATER MINI BUS	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	950 000
27	REFUSE TRUCKS	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	9 000 000
31	OCCUPATIONAL HEALTH CLINIC EQUIPMENT	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-21	100 000
32	OCCUPATIONAL HEALTH CLINIC FURNITURE	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	100 000
33	IT EQUIPMENT	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-20	800 000
36	UPGRADE ESELENI AND MZINGAZI MATERIAL RECOVERY CENTRES	CAPITAL REPLACEMENT RESERVES	U	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.4	Jul-19	Jun-20	1 400 000
38	SKIPS	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.4	Aug-16	Jun-21	2 200 000
39	FURNITURE FOR WASTE DEPOTS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	600 000
TOTAL PUBLIC HEALTH AND EMERGENCY SERVICES															33 649 000
PROTECTION SERVICES															
40	EQUIPMENT FOR TRAFFIC	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	111 000

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41	EQUIPMENT FOR TRAFFIC LICENSING	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	53 000
42	2 X REFRIGERATORS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	12 000
43	INDUSTRIAL PRINTER FOR TRAFFIC ADMIN	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	98 000
44	ROAD SAFETY CARPET	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	35 000
45	CAMERAS FOR EVIDENCE COLLECTION	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	10 000
46	CHAIRS FOR DUTY ROOM	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	6 000
TOTAL PROTECTION SERVICES															325 000
RECREATION AND ENVIRONMENTAL SERVICES															
47	NEW CEMETERY DEVELOPMENT- EXTENSION OF RICHARDS BAY CEMETERY	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-17	Jun-21	900 000
48	FURNITURE FOR CEMETERY	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	39 000
49	REFURBISHMENT OF HALLS - VARIOUS	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	2 000 000
50	ENSELENI LIBRARY - BUILDING EXTENSION	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-21	500 000
51	RICHARDS BAY LIBRARY - UPGRADING AND RENOVATION	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	430 000

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53	ENSELENI LIBRARY RFID SECURITY SYSTEM	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	200 000
54	LIFEGUARD RESPONSE VEHICLE	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	900 000
55	DOUBLE CAB BAKKIES	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	800 000
56	REPLACEMENT TRAILERS X 2	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	150 000
58	PORTABLE TOWER X 2	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-20	Jul-21	150 000
59	RENOVATE GENERAL WORKER'S STAFF ROOM	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	200 000
60	RESCUE EQUIPMENT	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	200 000
61	HIGH PRESSURE HOSE	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	30 000
62	BEAUTIFICATION (ALL AREAS)	CAPITAL REPLACEMENT RESERVES	N	M	9, 21	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-16	Jun-21	1 000 000
64	REPLACEMENT OF SLASHERS	CAPITAL REPLACEMENT RESERVES	R	S	26	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-17	Jun-21	200 000
66	FURNITURE (ABORICULTURE)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	200 000
67	FURNITURE (HORTICULTURE) - OFFICE CHAIRS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	50 000

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68	IMPROVEMENTS / RENOVATIONS TO ESIKHALENI, EMPANGENI, BRACKENHAM, AND MEERENSEE POOL	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	1 200 000
69	LANE REELS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	100 000
70	CASH REGISTERS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	50 000
71	FURNITURE VARIOUS POOLS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	100 000
72	CONSTRUCTION OF KICK-ABOUTS X 2	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	320 000
73	RURAL SPORT FIELD UPGRADE	CAPITAL REPLACEMENT RESERVES	U	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	812 000
74	RESURFACE : 4 X VOLLEYBALL COURT	CAPITAL REPLACEMENT RESERVES	U	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	1 200 000
75	UPGRADE :MAZUVUKILE	CAPITAL REPLACEMENT RESERVES	U	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	1 000 000
76	MACHINERY FOR SPORT FACILITIES MAINTENANCE	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19	750 000
77	FURNITURE	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	100 000
78	CONSTRUCTION OF ESIKHALENI FITNESS CENTRE	GOVERNMENT GRANTS - PROVINCIAL	N	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	8 243 000
79	UMHLATHUZE STADIUM RENOVATIONS	CAPITAL REPLACEMENT RESERVES	N	M	2	WHOLE OF MUNICIPALITY	0 6	02	2	2,1	2.1.1	2.1.1.7	Feb-18	Jun-18	4 500 000

TOTAL RECREATION AND ENVIRONMENTAL SERVICES																26 324 000
TOTAL COMMUNITY SERVICES																48 901 900
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES																
ADMINISTRATION																
80	RENOVATION TO VULINDLELA MULTI-PURPOSE SERVICE CENTRE	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-22		4 000 000
82	RENOVATIONS TO COUNCILLOR OFFICES	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-19		202 000
83	RENOVATIONS TO EMPANGENI MULTI-PURPOSE SERVICE CENTRE	CAPITAL REPLACEMENT RESERVES	U	M	8	9	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-22		1 799 000
84	RENOVATIONS TO NGWELEZANE MULTI-PURPOSE SERVICE CENTRE	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-22		5 000 000
85	ADMINISTRATIVE SUPPORT - MACHINERY	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22		6 000
86	ADMINISTRATIVE SUPPORT - FURNITURE	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22		206 000
87	EQUIPMENT FOR LEGAL SERVICES	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20		3 300
88	FURNITURE FOR LEGAL SERVICES	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20		16 700
TOTAL ADMINISTRATION																11 233 000
HUMAN RESOURCES																

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90	REPLACEMENT OF AIRCONDITIONER (LABOUR RELATIONS)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-20	14 000
91	VEHICLE NISSAN NP200	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	160 000
92	FURNITURE REPLACEMENT (HR ADMIN)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	59 000
93	EVACUATION CHAIR (OHS)	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	40 000
94	FURNITURE REPLACEMENT (OHS)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-21	4 000
95	FURNITURE REPLACEMENT (EAP)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-21	20 000
96	FURNITURE REPLACEMENT (TRAINING)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-21	30 000
97	LAPTOPS AND 2 SCREENS (EAP)	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-22	25 000
99	OFFICE EQUIPMENT (BLOW BREATHALIZER)	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-22	16 000
TOTAL HUMAN RESOURCES															368 000
INFORMATION, COMMUNICATION AND TECHNOLOGY															
100	DATA POINTS NEW / ADDITIONAL	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-22	31 000

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102	NETWORK INFRASTRUCTURE UPGRADE	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4. 5	Jul-19	Jun- 22	4 000 000
103	PUBLIC WIFI	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4. 5	Jul-17	Jun- 21	2 233 000
TOTAL INFORMATION, COMMUNICATION AND TECHNOLOGY															6 264 000
TOTAL CORPORATE SERVICE															17 865 000
PROJECTS UNDER THE RESPONSIBILITY OF THE CHIEF FINANCIAL OFFICER															
111	REPLACEMENT EQUIPMENT ALL FS SECTIONS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1. 7	Jul-19	Jun- 22	216 500
112	REPLACEMENT FURNITURE ALL FS SECTIONS	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1. 7	Jul-19	Jun- 22	216 500
TOTAL CHIEF FINANCIAL OFFICER															433 000
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: ELECTRICAL AND ENERGY SOURCE ELECTRICAL SUPPLY SERVICES															
113	11kV FORMHAULT SWITCHING SWITCHGEAR REPLACEMENT	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1. 3	Jul-17	Jun- 20	3 100 000
114	132 kV STATION REFURBISHMENT	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1. 3	Jul-19	Jun- 22	1 000 000
115	132 kV STATION REFURBISHMENT	BORROWING	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1. 3	Jul-17	Jun- 21	

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116	132KV OIL FILLED CABLES IN THE SOUTH DUNES BETWEEN HYDRA AND CAPELLA SUBSTATIONS	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-17	Jun-20	12 000 000
117	132kv OVERHEAD LINE REFURBISHMENT	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-17	Jun-22	500 000
118	132kv OVERHEAD LINE REFURBISHMENT	BORROWING	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-17	Jun-21	
119	AQUADENE DEVELOPMENT	BORROWING	U	M	26	26	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	
120	AQUADENE DEVELOPMENT	CAPITAL REPLACEMENT RESERVES	U	M	26	26	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	2 850 000
121	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 1	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-19	Jun-20	6 483 000
122	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 2	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-19	Jun-19	
123	ELECTRIFICATION OF EMPANGENI MEGA HOUSING - PHASE 1	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	May-18	Jun-22	31 740 500
124	ELECTRIFICATION OF EMPANGENI MEGA HOUSING - PHASE 1	BORROWING	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	May-18	Jun-22	
125	ENERGY SAVING INITIATIVE	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Sep-16	Jun-22	8 900 000
126	EQUIPMENT FOR ELECTRICITY SERVICES	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-22	80 800
127	FURNITURE FOR ELECTRICITY SERVICES	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-22	72 000

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128	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	CAPITAL REPLACEMENT RESERVES	N	M	15-19,30	15-19,30	06	02	2	2,1	2.1.1	2.1.1.3	Aug-15	Jun-22	14 000 000
129	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	BORROWING	N	M	15-19,30	15-19,30	06	02	2	2,1	2.1.1	2.1.1.3	Aug-15	Jun-22	
130	INSTALLATION OF APN CONNECTIVITY SYSTEM	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	800 000
131	INSTALLATION OF APN CONNECTIVITY SYSTEM	BORROWING	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	
132	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	500 000
133	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	BORROWING	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	
134	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-20	Jun-22	500 000
135	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	BORROWING	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-20	Jun-22	
136	IT- TOWER CUSTOMER SERVICES ELECTRICITY	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-22	8 500
137	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	1 500 000
138	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	BORROWING	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	
139	LAND AND BUILDING - AIRCONS	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-18	Jun-22	55 500

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140	LAPTOP AND DOCKING STATION - CUSTOMER SERVICES ELECTRICITY	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-19	Jun-22	20 300
141	METERING OF 132KV AND 11KV FEEDERS	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-20	Jun-22	500 000
142	METERING OF 132KV AND 11KV FEEDERS	BORROWING	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-20	Jun-22	
143	MV ELECTRICAL NETWORK REFUBISHMENT	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.3	Jul-17	Jun-22	2 500 000

146	PROCESS CONTROL PORTABLE DIGITAL RADIO SYSTEM CUSTOMER SERVICES ELECTRICITY	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1.3	Jul-19	Jun-19	24 000
147	QUALITY OF SUPPLY	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1.3	Jul-17	Jun-22	500 000
149	REFURBISHMENT OF INSTALLING COUNTERS OF ELECTRICITY CUSTOMER SERVICES	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	128 200
150	REPLACEMENT OF NON-ENERGY EFFICIENT ELECTRICAL EQUIPMENT	GOVERNMENT - NATIONAL	N	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	10 000 000
151	REPLACEMENT VEHICLES	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-22	15 383 000
153	TOOLS FOR CUSTOMER SERVICES AND PLANNING	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1.3	Jul-18	Jun-22	36 200
154	TOOLS FOR FLEET MANAGEMENT	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	2 000 000

TOTAL ELECTRICAL SUPPLY SERVICES															115 182 000
PROJECTS UNDER THE RESPONSIBILITY OF THE DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE SERVICES															
ENGINEERING SUPPORT SERVICES															
155	AIR CONDITIONERS FOR ENGINEERING SUPPORT SERVICES	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	70 000
156	ROADS PROJECTS - PHASE 3 MZINGAZI	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Feb-18	Jun-23	19 625 000
157	RURAL SANITATION	INTEGRATED URBAN DEVELOPMENT GRANT	N	N	5,12,13,14,15,22,16,18,19,20,22	5,12,13,14,15,22,16,18,19,20,22	06	02	2	2,1	2.1.1	2.1.1.2	Feb-14	Jun-23	36 941 000
158	RURAL/SEMI-URBAN AREAS	INTEGRATED URBAN DEVELOPMENT GRANT	N	M	10,11,16,17,19,20,21	10,11,16,17,19,20,21	06	02	2	2,1	2.1.1	2.1.1.1	Jun-13	Jun-21	36 940 000
TOTAL ENGINEERING SUPPORT SERVICES															93 576 000
TRANSPORT, ROADS AND STORMWATER															
159	3 x 10 TON TIPPER TRUCK	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	1 000 000
161	ANNUAL KERB REPLACEMENT CONTRACT	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-17	Jun-19	500 000
162	ANNUAL WALKWAY REHABILITATION	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-17	Jun-19	500 000
163	AQUADENE BULK SERVICES (ROADS & STORMWATER)	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-18	Jun-21	13 000 000

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165	ARTERIAL FRAMEWORK PLAN RENEWAL	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 18	Jun- 19	300 000
166	BUS SHELTERS & LAYBYES - ALL AREAS	CAPITAL REPLACEMENT RESERVES	N	M	4,5,7,8,18,23,2 7	4,5,7,8,18,23,2 7	06	02	2	2,1	2.1.1	2.1.1. 5	Se p- 16	Jun- 18	500 000
169	EMPANGENI "A" TAXI RANK	CAPITAL REPLACEMENT RESERVES	R	M	5	5,7,8,9,20,23,2 4,26,27,29,30	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 17	Jun- 18	300 000
170	ESIKHALENI INTERSECTION	CAPITAL REPLACEMENT RESERVES	N	M	14.16.21	14.16.21	06	02	2	2,1	2.1.1	2.1.1. 5	Mar -16	Jun- 21	30 500 000
171	MZINGAZI/TUZI GAZI STEEL BRIDGE	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 17	Jun- 22	5 000 000
173	PEDESTRIAN BRIDGES	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 18	Jun- 19	1 000 000
175	ROADS RESEALING	CAPITAL REPLACEMENT RESERVES	N	M	1, 2, 4, 7, 9, 17,23, 28	1, 2, 3, 4, 6, 7, 8,9, 14,15,16, 17,18,19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 31	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 16	Jun- 21	22 783 000
177	SUSTAINABLE RURAL ROADS	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALIT Y	WHOLE OF MUNICIPALIT Y	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 18	Jun- 19	7 500 000
179	TRAFFIC CALMING	CAPITAL REPLACEMENT RESERVES	N	M	3,7,16,19,23,2 6,27,28	3,7,16,19,23,2 6,27,28	06	02	2	2,1	2.1.1	2.1.1. 5	Se p- 15	Jun- 18	500 000
180	UPGRADE & NEW BULK SERVICES (HUMAN SETTLEMENT PROJECTS)	CAPITAL REPLACEMENT RESERVES	N	M	23 & 26	23 & 26	06	02	2	2,1	2.1.1	2.1.1. 5	Jan -17	Jun- 21	4 000 000
182	UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMLATHUZE	CAPITAL REPLACEMENT RESERVES	R	S	1	1	06	02	2	2,1	2.1.1	2.1.1. 5	Jul- 17	Jun- 19	3 400 000
183	UPGRADE AND RENOVATION TO ROADS AND STORM WATER DEPOT	CAPITAL REPLACEMENT RESERVES	U	S			06	02	2	2,1	2.1.1	2.1.1. 7	Jul- 19	Jun- 20	200 000

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184	WALKWAYS	CAPITAL REPLACEMENT RESERVES	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.5	Jul-18	Jun-19	1 000 000
TOTAL TRANSPORT, ROADS AND STORMWATER															91 983 000
WATER AND SANITATION															
185	RENOVATE AND UPGRADE OFFICES FOR ALL DEPOTS:NORTH,SOUTH, WEST, MECHANICAL	CAPITAL REPLACEMENT RESERVES	R	M	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	2 500 000
186	AIRCONDITIONER - WATER AND SANITATION SERVICES	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	100 000
187	3 x DOUBLE CB 4 x 4 WITH CANOPIES AND EXTRA'S (MECHANICAL)	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-21	447 000
188	3 X DOUBLE CAB 4X4 (NO ROOF RACK). HIGH RISE WITH DIFF LOCK AND A CANOPY (SCIENTIFIC SERVICES)	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-21	1 000 000
189	1 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 1 X 4TON TIPPER TRUCK WITH CRANE (SOUTHERN DEPOT)	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-21	1 000 000
190	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 2X 10 TON TRUCK WITH 20000LTR 1X TLB (4BY4) 1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-21	1 500 000
191	2 X TLB 4 X 4 (URBAN WATER & SANITATION) 1 X 4TON TIPPER TRUCK WITH CRANE 1 X 10 TON TRUCK 4X4 JETTING MACHINE - 4 X 1500 LITRE WATER TANKER 4X4 TRUCK	CAPITAL REPLACEMENT RESERVES	R	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.3	2.1.3.1	Jul-19	Jun-20	1 500 000

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	1 X 3TON 4X4 HONEYSUCKER 4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)														
194	WATER QUALITY EQUIPMENT (SOFTWARE)	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-17	Jun-22	3 000 000
195	MOBILE GIS DATABASE ENHANCEMENTS AND CAPTURING	CAPITAL REPLACEMENT RESERVES	R	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-17	Jun-22	400 000
196	COMPUTER EQUIPMENT FOR WATER AND SANITATION	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	09	04	1	1.1.	1.1.4	1.1.4.5	Jul-17	Jun-22	500 000
197	UPGRADING OF MS 2 PUMP STATION CAPACITY	CAPITAL REPLACEMENT RESERVES	R	M	2	2 & 3	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-22	2 000 000
198	UPGRADE OF MS9 PUMP STATION CAPACITY	CAPITAL REPLACEMENT RESERVES	R	M	2	1, 2, 3, 4	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-22	500 000
199	REPLACEMENT OF PUMPS	CAPITAL REPLACEMENT RESERVES	R	M	2	WHOLE OF MUNICIPALITY	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-22	4 000 000
200	STANDBY PUMPS	CAPITAL REPLACEMENT RESERVES	R	M	2	WHOLE OF MUNICIPALITY	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-22	876 100
202	UPGRADING OF BIRDSWOOD PUMP STATION CAPACITY	CAPITAL REPLACEMENT RESERVES	U	M	2	4	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-21	200 000
206	VELDENVLEI PUMP STATION	CAPITAL REPLACEMENT RESERVES	R	M	2	1,2,3,4	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-22	9 700 000
208	UPGRADE - VULINDLELA SEWER PIPELINE	CAPITAL REPLACEMENT RESERVES	R	M	30	30	06	02	2	2.1	2.1.1	2.1.1.2	Jul-17	Jun-22	6 300 000
209	REFURBISHMENT WASTE WATER TREATMENT WORKS	CAPITAL REPLACEMENT RESERVES	N	M	2	WHOLE OF MUNICIPALITY	06	02	2	2.1	2.1.1	2.1.1.2	Jul-18	Jun-22	6 000 000

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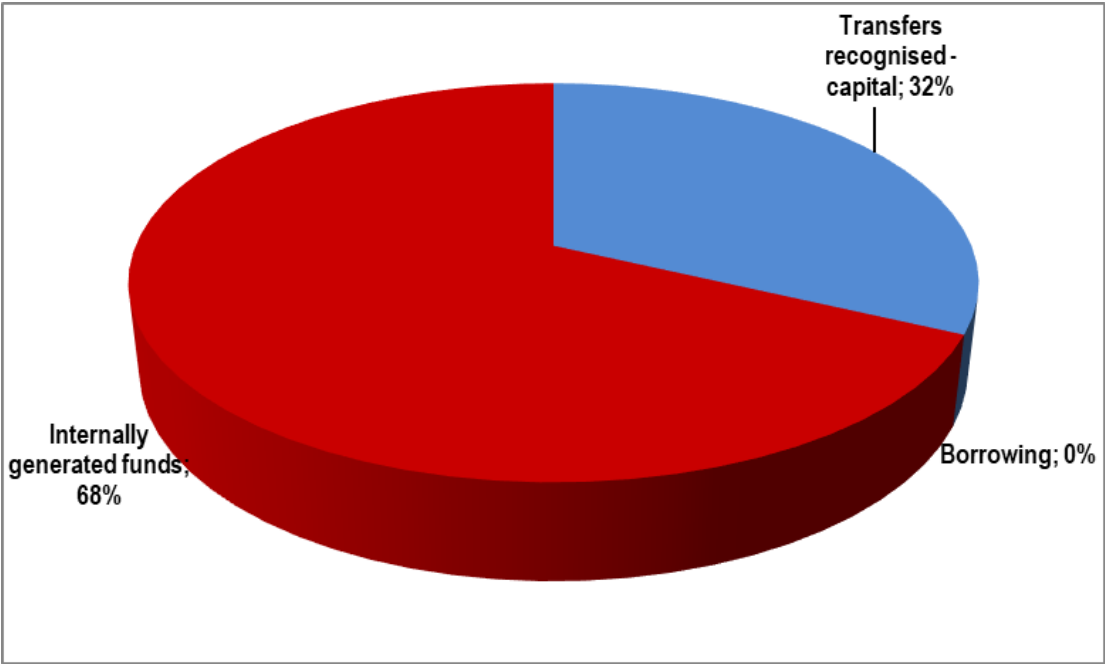
212	JOHN ROSS MACERATOR UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.2	Jul-19	Jun- 20	1 700 000
213	NSELENI UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.2	Jul-19	Jun- 20	2 700 000
215	ARBORETUM UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.2	Jul-19	Jun- 20	4 600 000
216	FURNITURE - WATER AND SANITATION SECTION	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.7	Jul-17	Jun- 22	200 000
217	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	CAPITAL REPLACEMENT RESERVES	R	M	2	1,2	06	02	2	2,1	2.1. 1	2.1.1.2	Jul-17	Jun- 22	2 000 000
218	WATER QUALITY EQUIPMENT	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.7	Jul-19	Jun- 21	3 000 000
220	LABORATORY EQUIPMENT	CAPITAL REPLACEMENT RESERVES	N	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.7	Jul-17	Jun- 22	5 000 000
221	NEW WATER METERS (RURAL) - KWA-DUBE TRADITIONAL AREAS	CAPITAL REPLACEMENT RESERVES	N	S	14,15,16	14,15,16	06	02	2	2,1	2.1. 1	2.1.1.1	Jul-17	Jun- 22	1 000 000
223	WATER LOSS AND DROUGHT RELIEF PROJECT	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.1	Jul-18	Jun- 22	1 000 000
224	UPGRADING OF VALVES IN BIRDSWOOD	CAPITAL REPLACEMENT RESERVES	R	M	2	4	06	02	2	2,1	2.1. 1	2.1.1.1	Jul-17	Jun- 22	700 000
225	REPLACEMENT OF WATER PIPE RETICULATION IN MEERENSEE	CAPITAL REPLACEMENT RESERVES	R	M	2	1,2,3,4	06	02	2	2,1	2.1. 1	2.1.1.1	Jul-17	Jun- 22	1 000 000
226	UPGRADING OF VALVES IN ESIKHALENI	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPAL ITY	06	02	2	2,1	2.1. 1	2.1.1.1	Jul-19	Jun- 22	6 000 000

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228	UPGRADING OF VALVES IN RICHARDS BAY	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-19	Jun-22	2 000 000
231	MANDLANZINI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-19	Jun-22	3 400 000
234	MZINGAZI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	CAPITAL REPLACEMENT RESERVES	U	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-19	Jun-20	12 000 000
235	200 JOJO TANKS	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-19	Jun-20	1 000 000
238	NTAMBANANA WATER RETICULATION	CAPITAL REPLACEMENT RESERVES	N	M	31, 32, 33, 34	31, 32, 33, 34	06	02	2	2,1	2.1.1	2.1.1.1	Jul-19	Jun-22	63 000 000
239	NSELENI PIPE REPLACEMENT (WSIG) (PHASE II)	GOVERNMENT - NATIONAL	R	M	2, 3, 4	2, 3, 4	06	02	2	2,1	2.1.1	2.1.1.1	Nov-16	Jun-18	8 000 000
240	REDUCTION OF NON-REVENUE (WSIG)	GOVERNMENT - NATIONAL	N	M	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Mar-17	Jun-22	10 000 000
241	MEERENSEEPIPE REPLACEMENT (WSIG) (PHASE I)	GOVERNMENT - NATIONAL	N	M	2	1, 2, 3, 4	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-22	12 000 000
242	VELDENVLEI PIPE REPLACEMENT (WSIG) (PHASE I)	GOVERNMENT - NATIONAL	N	M	2	2, 3, 4, 5	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-22	10 000 000
246	REPLACEMENT OF PRESSURE REDUCING VALVES	CAPITAL REPLACEMENT RESERVES	N	M	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-18	Jun-22	1 000 000
252	BULK MASTER PLAN	CAPITAL REPLACEMENT RESERVES	R	M	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-17	Jun-22	1 000 000
253	NEW WATER METERS	CAPITAL REPLACEMENT RESERVES	N	S	2	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.1	Jul-20	Jun-22	2 000 000
TOTAL WATER AND SANITATION															195 823 100

TOTAL INFRASTRUCTURE SERVICES															381 382 100
OFFICE OF THE MUNICIPAL MANAGER															
255	FURNITURE - OFFICE OF MUNICIPAL MANAGER	CAPITAL REPLACEMENT RESERVES	R	S	WHOLE OF MUNICIPALITY	WHOLE OF MUNICIPALITY	06	02	2	2,1	2.1.1	2.1.1.7	Jul-19	Jun-22	120 000
TOTAL OFFICE OF THE MUNICIPAL MANAGER															120 000
TOTAL CAPITAL BUDGET															597 533 000

Figure 82: Sources of Capital Revenue



Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R406.3 million in 2019/20, R118,1 million in 2020/21 and R423.5 million in 2021/22

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

uMhlathuze Local Municipality: Draft IDP Review 2019/2020

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - CITY DEVELOPMENT	86 858	12 650	9 935	3 326	4 065	4 065	4 065	33 000	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	8 092	13 024	25 038	798	14 091	14 091	14 091	–	3 335	783
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	1 898	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	27 725	25 165	9 794	10 190	17 948	17 948	17 948	16 943	21 246	25 052
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	1 285	9 682	14 707	44 073	45 741	45 741	45 741	13 501	12 551	13 302
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	16 063	49 093	27 887	67 954	72 361	72 361	72 361	6 633	6 340	6 718
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	–	–	–	–
Vote 8 - FINANCIAL SERVICES	11	–	–	354	91	91	91	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	18 112	19 187	27 439	76 523	79 806	79 806	79 806	88 498	97 803	112 387
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	160 073	140 968	163 021	115 396	118 425	118 425	118 425	244 557	268 442	253 330
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	11 259	123 061	57 844	112 972	108 197	108 197	108 197	107 008	115 044	121 069
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	–	–	–	–	–	–	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	34	427	427	427	427	–	–	–
Capital multi-year expenditure sub-total	331 376	392 830	335 700	432 013	461 152	461 152	461 152	510 140	524 761	532 642

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote										
Single-year expenditure to be appropriated										
Vote 1 - CITY DEVELOPMENT	938	457	8 553	–	–	–	–	452	682	727
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	2 139	2 393	2 743	2 459	3 753	3 753	3 753	6 453	5 789	4 935
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	–	383	495	315	535	535	535	325	356	459
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	4 526	791	3 440	19 942	17 420	17 420	17 420	7 331	6 067	7 172
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	4 290	4 129	8 689	6 216	7 710	7 710	7 710	3 685	2 888	2 984
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	59	2 542	45 291	4 416	5 220	5 220	5 220	5 403	2 850	2 876
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	1	–	–	–	35	35	35	153	236	87
Vote 8 - FINANCIAL SERVICES	394	182	578	–	700	700	–	433	455	485
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	41 570	80 769	84 030	38 017	67 951	67 951	67 951	46 439	45 136	43 030
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	8 220	22 979	9 747	1 500	1 500	1 500	1 500	13 200	7 927	7 927
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	268	–	621	20 083	20 006	20 006	20 006	3 400	600	1 500
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	454	565	200	346	346	346	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	68	–	–	–	–	120	126	134
Capital single-year expenditure sub-total	62 405	115 079	164 821	93 148	125 176	125 176	124 476	87 393	73 111	72 315
Total Capital Expenditure - Vote	393 781	507 909	500 521	525 161	586 328	586 328	585 628	597 533	597 872	604 957

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote										
Capital Expenditure - Functional										
Governance and administration	57 206	81 039	128 345	102 236	131 256	131 256	131 256	49 524	46 914	44 636
Executive and council	–	182	20	–	–	–	–	120	126	134
Finance and administration	148	80 857	128 325	102 236	131 256	131 256	131 256	49 404	46 788	44 502
Internal audit	57 058	–	–	–	–	–	–	–	–	–
Community and public safety	136 016	72 544	43 331	80 981	89 431	89 431	89 431	43 477	43 564	48 810
Community and social services	16 382	24 017	26 027	55 463	62 072	62 072	62 072	23 362	22 738	25 586
Sport and recreation	22 831	20 564	10 584	24 958	26 860	26 860	26 860	19 975	19 926	22 874
Public safety	6 253	17 433	6 926	559	499	499	499	140	900	350
Housing	86 815	9 576	(206)	–	–	–	–	–	–	–
Health	3 736	954	–	–	–	–	–	–	–	–
Economic and environmental services	11 542	126 626	97 197	137 876	146 929	146 929	146 929	144 989	116 584	123 531
Planning and development	16	3 531	19 313	3 953	4 838	4 838	4 838	33 452	682	727
Road transport	11 526	123 095	77 183	133 723	141 852	141 852	141 852	110 408	115 644	122 569
Environmental protection	–	–	701	200	239	239	239	1 129	258	235
Trading services	187 690	227 700	231 648	204 068	218 713	218 713	218 713	359 544	390 809	387 980
Energy sources	17 822	60 270	57 776	85 472	95 773	95 773	95 773	97 587	107 210	122 124
Water management	115 923	104 593	84 873	68 773	70 710	70 710	70 710	180 040	170 727	185 027
Waste water management	52 450	59 354	87 895	48 123	49 215	49 215	49 215	77 717	105 642	76 230
Waste management	1 495	3 484	1 103	1 700	3 015	3 015	3 015	4 200	7 231	4 600
Other	1 327	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	393 781	507 909	500 521	525 161	586 328	586 328	586 328	597 533	597 872	604 957
Funded by:										
National Government	136 565	125 534	134 821	121 374	121 374	121 374	121 374	182 989	161 078	172 723
Provincial Government	85 773	10 365	541	7 850	7 850	7 850	7 850	8 243	8 655	8 750
District Municipality	–	5 625	–	–	–	–	–	–	–	–
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	310 000	–	310 000	–
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	147 105	406 301	118 139	423 484
Total Capital Funding	393 781	507 909	500 521	525 161	586 328	586 328	586 328	597 533	597 872	604 957

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 2019/20 R510 million has been allocated of the total R597.5 million capital budget, which totals 85 per cent. This allocation increases to R 525 million in 2020/21 and increases to R 532.6 million in 2021/22.
3. Single-year capital expenditure has been appropriated at R 87.4 million for the 2019/20 financial year and reduces slightly over the MTREF to levels of R 73.1 million and R 72.3 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 2019/20, capital transfers totals R 191.2 million (32 per cent) and decreases to R 169.7 million in the 2020/21 financial year (28 per cent). Borrowing has been provided at R 310 million over the MTREF with internally generated funding totaling R 406.3 million, R 118.1 million and R 423.5 million for each of the respective financial years of the MTREF

Table 109: Budgeted Financial Position

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
ASSETS										
Current assets										
Cash	172 406	70 116	45 422	138 748	25 851	25 851	25 851	70 841	71 796	96 577
Call investment deposits	290 000	645 000	415 000	500 000	500 000	500 000	500 000	300 000	500 000	400 000
Consumer debtors	288 063	350 981	412 171	456 033	477 955	477 955	477 955	482 541	565 107	652 599
Other debtors	146 799	156 427	97 606	33 479	33 479	33 479	33 479	97 606	97 606	97 606
Current portion of long-term receivables	39	30	46	34	34	34	34	48	51	54
Inventory	67 672	74 768	72 792	80 642	76 868	76 868	76 868	80 865	85 232	89 835
Total current assets	964 980	1 297 323	1 043 037	1 208 936	1 114 187	1 114 187	1 114 187	1 031 902	1 319 792	1 336 671
Non current assets										
Long-term receivables	72	48	–	24	24	24	24	–	–	–
Investment property	125 125	124 379	123 373	124 144	123 364	123 364	123 364	123 195	123 018	122 825
Property, plant and equipment	4 857 716	5 230 609	5 406 836	5 515 086	5 558 092	5 558 092	5 558 092	5 747 328	5 901 057	6 023 890
Intangible	7 132	31 411	66 898	89 676	125 665	125 665	125 665	125 599	123 431	120 863
Other non-current assets	2 767	2 767	2 767	3 012	3 012	3 012	3 012	3 012	3 012	3 012
Total non current assets	4 992 812	5 389 214	5 599 874	5 731 941	5 810 156	5 810 156	5 810 156	5 999 134	6 150 518	6 270 590
TOTAL ASSETS	5 957 792	6 686 537	6 642 911	6 940 877	6 924 343	6 924 343	6 924 343	7 031 036	7 470 310	7 607 261
LIABILITIES										
Current liabilities										
Borrowing	122 346	155 996	145 259	84 326	84 326	84 326	84 326	84 692	102 090	99 429
Consumer deposits	45 197	67 947	82 040	52 876	55 837	55 837	55 837	86 306	90 967	95 879
Trade and other payables	528 311	614 938	469 828	494 097	494 097	494 097	494 097	532 633	571 703	610 835
Provisions	22 579	13 900	15 176	25 878	15 176	15 176	15 176	16 296	17 499	18 790
Total current liabilities	718 433	852 781	712 303	657 177	649 437	649 437	649 437	719 927	782 259	824 933
Non current liabilities										
Borrowing	348 100	539 613	394 166	608 787	608 787	608 787	608 787	528 708	736 618	637 189
Provisions	341 275	332 532	220 079	337 417	243 470	243 470	243 470	270 495	300 966	323 177
Total non current liabilities	689 374	872 144	614 245	946 204	852 257	852 257	852 257	799 203	1 037 584	960 366
TOTAL LIABILITIES	1 407 807	1 724 925	1 326 548	1 603 381	1 501 694	1 501 694	1 501 694	1 519 130	1 819 843	1 785 300
NET ASSETS	4 549 985	4 961 612	5 316 363	5 337 496	5 422 650	5 422 650	5 422 650	5 511 906	5 650 467	5 821 961
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	4 420 396	4 958 862	5 122 977	4 968 313	5 053 467	5 053 467	5 053 467	5 390 704	5 223 755	5 694 040
Reserves	129 588	2 750	193 386	369 183	369 183	369 183	369 183	121 202	426 712	127 921
TOTAL COMMUNITY WEALTH/EQUITY	4 549 985	4 961 612	5 316 363	5 337 496	5 422 650	5 422 650	5 422 650	5 511 906	5 650 467	5 821 961

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order

of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 198 to 200 providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position

19.2 Capital expenditure

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

Table 110: 2018/19 Medium-term capital budget per vote

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote										
Capital Expenditure - Functional										
Governance and administration	57 206	81 039	128 345	102 236	131 256	131 256	131 256	49 524	46 914	44 636
Executive and council	–	182	20	–	–	–	–	120	126	134
Finance and administration	148	80 857	128 325	102 236	131 256	131 256	131 256	49 404	46 788	44 502
Internal audit	57 058	–	–	–	–	–	–	–	–	–
Community and public safety	136 016	72 544	43 331	80 981	89 431	89 431	89 431	43 477	43 564	48 810
Community and social services	16 382	24 017	26 027	55 463	62 072	62 072	62 072	23 362	22 738	25 586
Sport and recreation	22 831	20 564	10 584	24 958	26 860	26 860	26 860	19 975	19 926	22 874
Public safety	6 253	17 433	6 926	559	499	499	499	140	900	350
Housing	86 815	9 576	(206)	–	–	–	–	–	–	–
Health	3 736	954	–	–	–	–	–	–	–	–
Economic and environmental services	11 542	126 626	97 197	137 876	146 929	146 929	146 929	144 989	116 584	123 531
Planning and development	16	3 531	19 313	3 953	4 838	4 838	4 838	33 452	682	727
Road transport	11 526	123 095	77 183	133 723	141 852	141 852	141 852	110 408	115 644	122 569
Environmental protection	–	–	701	200	239	239	239	1 129	258	235
Trading services	187 690	227 700	231 648	204 068	218 713	218 713	218 713	359 544	390 809	387 980
Energy sources	17 822	60 270	57 776	85 472	95 773	95 773	95 773	97 587	107 210	122 124
Water management	115 923	104 593	84 873	68 773	70 710	70 710	70 710	180 040	170 727	185 027
Waste water management	52 450	59 354	87 895	48 123	49 215	49 215	49 215	77 717	105 642	76 230
Waste management	1 495	3 484	1 103	1 700	3 015	3 015	3 015	4 200	7 231	4 600
Other	1 327	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	393 781	507 909	500 521	525 161	586 328	586 328	586 328	597 533	597 872	604 957
Funded by:										
National Government	136 565	125 534	134 821	121 374	121 374	121 374	121 374	182 989	161 078	172 723
Provincial Government	85 773	10 365	541	7 850	7 850	7 850	7 850	8 243	8 655	8 750
District Municipality	–	5 625	–	–	–	–	–	–	–	–
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	310 000	–	310 000	–
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	147 105	406 301	118 139	423 484
Total Capital Funding	393 781	507 909	500 521	525 161	586 328	586 328	586 328	597 533	597 872	604 957

For 2019/20 an amount of R493 million has been appropriated for the development of infrastructure which represents 83 per cent of the total capital budget. In the outer years this amount totals R504 million, 84 per cent and R 508 million, 84 per cent respectively for each of the financial years. Road Transport infrastructure receives the highest allocation of R140.6 million in 2019/20 which equates to 28 per cent followed by water infrastructure at 35 per cent, R 167.7 million, electricity infrastructure at 19 per cent, R105.6 million and then waste water infrastructure at 16 per cent, R105.3 million.

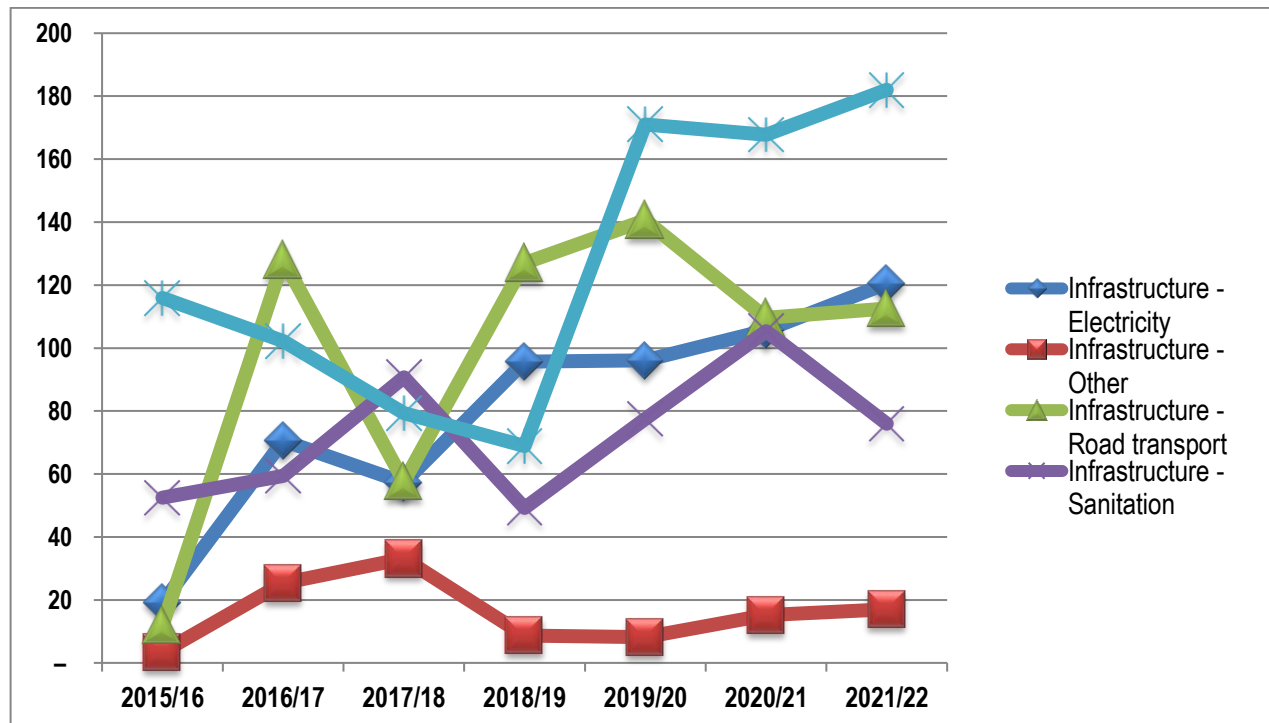
Total new assets represent 65 per cent or R 386 million of the total capital budget, asset renewal equates to 9 per cent or R 53.7 million and upgrade of existing assets 9 per cent or R 53.8 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 30 MBRR A9 (Asset Management) on page 81. 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 159 to 174).

Furthermore, pages 178 to 188 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 83: Capital Budget for Infrastructure Projects



20. OPERATIONAL BUDGET SUMMARY

20.1 Operating Revenue Framework

The minister of Finance in his 2019 budget speech highlighted the following key points in relation to the country's GDP: "We now expect a slower but still steady recovery after the 2018 technical recession. It is expected that real GDP growth in 2019 will rise to 1.5 per cent, and then strengthen moderately to 2.1 per cent in 2021" (Source – 2019 Budget Speech, NT).

Statistics South Africa declared the country entered in a technical recession, when the country's real gross domestic product decreased by 0.7% in the second quarter of 2018. This followed a GDP contraction of 2.2% in the first quarter. A technical recession is a result of two consecutive quarters of negative growth.

The decline in GDP was led by agriculture production that fell by 29 per cent in the second quarter of 2018, following a 34 per cent plunge in the first quarter. This was largely driven by a decline in the production of field crops and horticultural products, continued drought conditions in large part of the country, resulted in extensive crop damage. (Source – Financial News24, SA in technical recession as second quarter GDP falls, Sept 2018).

This has ultimately affected the city in making a strategic decision to provide more consumer support in its 2019/20 budget by providing more rebates for consumers falling within the pensioners category and houses with the market value of R400 000. These consumers will benefit with a rebates of more than R200 000 a year in Property Rates levies. This is to cushion consumers falling below the affluent category.

The South African economy however, in the third quarter of the 2018, grew by 2.2% bringing to an end the country's second recession since 1994. Higher contributions to growth in a number of industries, most notably in manufacturing, transport as well as finance and business services were enough to lift economic growth back into positive territory. (Source- <http://www.statssa.gov.za>)

The minister of Finance in his 2019 budget speech also emphasised on the need to build a strong culture of payment in our country. "Collecting the revenue due to the state is the underlying foundation of our democracy, of building a nation, and it is our duty to pay for services especially if we can afford to do so." (Source – 2019 Budget Speech, NT).

The City of uMhlathuze has taken strides towards fostering the consumer relations by embarking on Consumer Education Campaigns under the theme: "Thuma Mina, Siyasizana" (Help-Us-Help-you) where municipal services are brought closer to the community. The drive is aimed at encouraging the community to pay their accounts and thereby assisting the government with accelerating service delivery backlogs.

This ideology was also highlighted in the 2019 budget speech: "Thuma Mina. Pay your municipal bills on time". The drive has had positive impact towards recovery of outstanding debt thus far.

The City must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the city.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 96 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and
- Increase ability to extend new services and recover costs where economically possible;
- The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

It is also imperative when preparing Revenue projections, tariff increases must be a reflective the country's economic performance in order to be able to project credible and realistic revenue forecasts.

Economy Data	2013	2014	2015	2016	2017
Population (million)	53.1	53.9	54.8	55.6	56.5
GDP per capita (USD)	6.7	6.6	6.1	5.3	6.2
GDP (USD bn)	357	358	334	297	355
Economic Growth (GDP, annual variation in %)	2.5	1.8	1.3	0.6	1.3
Consumption (annual variation in %)	2.0	0.8	1.8	0.7	2.2
Investment (annual variation in %)	7.2	0.7	3.4	-4.1	0.4
Industrial Production (annual variation in %)	1.3	0.1	-	0.7	-0.5
Unemployment Rate	24.7	25.1	25.4	26.7	27.5

The above indicates that South Africa as a country was at its peak in 2013 when compared with 2017. Revenue streams cannot be expected to be expanded when the economy is constraint.

More concerning is the reduction of Industrial production in 2017, indicating that less was produced; inevitably, less was derived back by industries. Consequently, this has an impact on the high unemployment rate which affects the community's affordability on basic services.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 111: Summary of revenue classified by main revenue source

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source									
Property rates	371 074	397 694	442 661	474 453	495 732	495 732	520 380	556 806	584 647
Service charges - electricity revenue	1 330 889	1 515 882	1 289 012	1 579 530	1 443 739	1 443 739	1 573 324	1 696 060	1 800 796
Service charges - water revenue	235 785	336 986	378 129	337 842	366 612	366 612	388 299	415 408	436 157
Service charges - sanitation revenue	79 788	82 058	70 317	99 625	123 455	123 455	101 068	108 092	113 481
Service charges - refuse revenue	68 478	73 883	98 095	80 372	84 372	84 372	113 268	121 189	127 249
Rental of facilities and equipment	9 024	8 301	6 793	8 449	8 599	8 599	10 802	11 212	11 682
Interest earned - external investments	32 411	60 875	76 056	55 000	55 000	55 000	58 000	60 000	65 000
Interest earned - outstanding debtors	2 221	3 212	103	3 398	86	86	109	113	117
Fines, penalties and forfeits	14 461	17 190	15 818	4 087	7 698	7 698	7 981	8 260	8 590
Licences and permits	3 305	3 701	3 756	3 808	3 308	3 308	3 407	3 526	3 667
Agency services	6 250	6 595	6 356	7 797	5 797	5 797	5 970	6 179	6 427
Transfers and subsidies	263 848	284 193	328 246	356 638	354 985	354 985	390 676	419 116	458 058
Other revenue	54 395	112 276	156 965	43 875	40 291	40 291	35 484	36 812	38 357
Gains on disposal of PPE	15 553	1 368	2 405	—	759	759	—	—	—
Total Revenue (excluding capital transfers and contributions)	2 487 482	2 904 214	2 874 712	3 054 874	2 990 431	2 990 431	3 208 768	3 442 773	3 654 227

Table 112 Percentage proportion in revenue by main revenue source

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	%
Revenue By Source								
Property rates	495 732	16.6%	520 380	16.2%	556 806	16.2%	584 647	16.0%
Service charges - electricity revenue	1 443 739	48.3%	1 573 324	49.0%	1 696 060	49.3%	1 800 796	49.3%
Service charges - water revenue	366 612	12.3%	388 299	12.1%	415 408	12.1%	436 157	11.9%
Service charges - sanitation revenue	123 455	4.1%	101 068	3.1%	108 092	3.1%	113 481	3.1%
Service charges - refuse revenue	84 372	2.8%	113 268	3.5%	121 189	3.5%	127 249	3.5%
Rental of facilities and equipment	8 599	0.3%	10 802	0.3%	11 212	0.3%	11 682	0.3%
Interest earned - external investments	55 000	1.8%	58 000	1.8%	60 000	1.7%	65 000	1.8%
Interest earned - outstanding debtors	86	0.0%	109	0.0%	113	0.0%	117	0.0%
Fines, penalties and forfeits	7 698	0.3%	7 981	0.2%	8 260	0.2%	8 590	0.2%
Licences and permits	3 308	0.1%	3 407	0.1%	3 526	0.1%	3 667	0.1%
Agency services	5 797	0.2%	5 970	0.2%	6 179	0.2%	6 427	0.2%
Transfers and subsidies	354 985	11.9%	390 676	12.2%	419 116	12.2%	458 058	12.5%
Other revenue	40 291	1.3%	35 484	1.1%	36 812	1.1%	38 357	1.0%
Total Revenue (excluding capital transfers and contributions)	2 990 431	100%	3 208 768	100%	3 442 773	100%	3 654 227	100%
Total revenue from rates and service charges	2 513 909	84.1%	2 696 339	84.0%	2 897 555	84.2%	3 062 329	83.8%

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 84 per cent of total operating revenue mix. In 2018/19, revenue from rates and service charges totalled R2.5 billion and is projected to increase to R2.7 billion in 2019/20 and steadily increase to R2.9 billion and R3 billion in 2020/21 and 2021/22 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 583 million in the 2019/20 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 R388 million in 2019/20. 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 R390 million in the 2019/20 financial year, steadily increases to R419 million in 2020/21 and to R458 million in 2021/22. Local Government Equitable Share will grow at an average annual rate of above 8.2 per cent over the MTREF. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 113 : Operating Transfers and Grant Receipts

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	245 591	275 248	314 327	344 324	342 679	342 679	377 106	404 938	443 194
Local Government Equitable Share	229 925	251 497	292 009	326 255	326 255	326 255	362 965	396 640	434 454
Finance Management	1 600	2 537	2 650	2 650	2 650	2 650	2 650	2 650	2 650
Municipal Systems Improvement	930	–	–	–	1 055	1 055	–	–	–
EPWP Incentive	2 961	5 055	4 143	5 189	5 189	5 189	4 492	–	–
Project Management Unit	2 675	3 344	5 437	5 230	5 230	5 230	6 999	5 648	6 090
Infrastructure Skills Development Grant	7 500	6 500	3 879	5 000	2 300	2 300	–	–	–
Municipal Demarcation Transition Grant	–	6 314	6 209	–	–	–	–	–	–
Provincial Government:	11 929	10 017	12 652	12 314	12 306	12 306	13 570	14 178	14 864
Museums	166	175	183	192	192	192	202	214	225
Provincialisation of Libraries	6 789	7 506	7 881	8 275	8 275	8 275	8 689	9 123	9 625
Libraries	1 020	1 432	1 504	1 576	1 576	1 576	2 283	2 445	2 618
Housing	3 829	904	1 316	2 213	2 213	2 213	2 396	2 396	2 396
Enhanced Extended Discount Benefit Scheme	25	–	16	–	–	–	–	–	–
Cleanest Town Awards	100	–	–	–	–	–	–	–	–
Hostels	–	–	152	–	–	–	–	–	–
Sport and Recreational	–	–	–	58	50	50	–	–	–
Career Exp - Dept of Public Works	–	–	800	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	–	800	–	–	–	–	–	–
District Municipality:	200	318	100	–	–	–	–	–	–
Beach Festival	200	–	–	–	–	–	–	–	–
Refuse Removal Grant	–	318	–	–	–	–	–	–	–
Speakers Funeral	–	–	100	–	–	–	–	–	–
Other grant providers:	681	319	2 359	–	–	–	–	–	–
Umhlathuze Village Beneficiaries Contribution	51	26	24	–	–	–	–	–	–
Chieta Funding	630	199	534	–	–	–	–	–	–
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	–	–	–	–	–	–
LG Seta	–	–	742	–	–	–	–	–	–
Total Operating Transfers and Grants	258 401	285 902	329 438	356 638	354 985	354 985	390 676	419 116	458 058

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 9.41 per cent increase for Eskom tariff charges which will result in higher costs being transferred to the consumer as the bulk purchases incurred by the municipality will increase

significantly when compared to the previous year's average increase of 6.8 per cent on bulk purchases.

Mhlathuze Water bulk tariffs have increased by an average of 10.75 per cent which is far beyond the inflation target of 5.4 per cent. The drought and capital infrastructure planned upgrades by the Water board, has resulted in the tariff hike beyond CPI. This means consumers will continue to pay more on water if water conservations are not applied by the consumers.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

▪ **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 rates base is expected to increase moderately in 2019/20 MTREF due to housing projects underway and future planned city development projects that will increase the city's rate base.

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

Table 114 Property Rates Policy exemptions and rebates

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

Vacant Land	No rebates, exemptions or reductions
-------------	--------------------------------------

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a 6.5 per cent increase from 1 July 2019 is contained below:

Table 115 Comparison of proposed rates to levied for the 2019/20 financial year

Category	Current Tariff (1 July 2018)	Proposed tariff (from 1 July 2019)	Ratio to Residential Tariff
	C	c	
Residential Properties - Private	0.0097	0.0103	1 : 1
Residential Properties - Municipal	0.0097	0.0103	1 : 1
Residential Properties - State	0.0097	0.0103	1 : 1
Business / Commercial - Private	0.0204	0.0217	1 : 2,1
Business / Commercial - Municipal	0.0204	0.0217	1 : 2,1
Business / Commercial - State	0.0204	0.0217	1 : 2,1
Agricultural Properties - Private	0.0024	0.0026	1 : 0,25
Agricultural Properties - Municipal	0.0024	0.0026	1 : 0,25
Agricultural Properties - State	0.0024	0.0026	1 : 0,25
Industrial Properties - Private	0.0213	0.0227	1:2,2
Industrial Properties - Municipal	0.0213	0.0227	1:2,2
Industrial Properties - State	0.0213	0.0227	1:2,2
Mining - Private	0.0224	0.0226	1:2,3
Mining - Municipal	0.0224	0.0226	1:2,3
Mining - State	0.0224	0.0226	1:2,3
Public Service Purposes (State Owned)	0.0107	0.0114	1:1,1
Vacant Land - Private	0.0194	0.0217	1: 2,1
Vacant Land - Municipal	0.0194	0.0217	1: 2,1
Vacant Land - State	0.0194	0.0217	1: 2,1
Public Service Infrastructure - Private	0.0024	0.0026	1:0,25
Public Service Infrastructure - Municipal	0.0024	0.0026	1:0,25
Public Service Infrastructure - State	0.0024	0.0026	1:0,25
Public Benefit Organisations	0.0024	0.0026	1:0,25
Municipal Properties	0.0097	0.0103	1 : 1

▪ 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 5.2 per cent (**Source - NT 2019/20 Budget Circular No. 94 – Annexure L2 – DMS 1332895**).

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.

On average the cost of providing water is R44 per litre, and on average revenue charged to both business and households is R38 per litre. The city subsidises by R6 per litre on all units sold to the community. Water Service need to save approximately R74 million on its cost drivers to break even or through the economies of scope by expansion of the units sold.

The high cost drivers are attributed by the bulk costs from uMhlathuze Water which constitute about 18 per cent of the total main cost drivers, followed by Depreciation at 16.7 per cent and Repairs and Maintenance at 16.2 per cent.

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

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

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

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

Table 116 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
	Rand per kℓ	Rand per kℓ
RESIDENTIAL	Prices excluding VAT	Prices excluding VAT
0 - 0.2 kℓ per day (0 - 6 kℓ)	0	0
0 - 0.2 kℓ per day (0 - 6 kℓ)	4,8139	5,1509
0.2 - 0.5 kℓ per day (7 - 15 kℓ)	5,7766	6,1810
0.5 - 1.0 kℓ per day (16 - 30 kℓ)	13,5227	14,4693
1.0 - 2.0 kℓ per day (31 - 60 kℓ)	17,9197	19,1741
2 and above kℓ per day (60+ kℓ)	23,3727	25,0088
NON-RESIDENTIAL		
0,0 - 0,5 kℓ per day	10,5924	11,3339
0,5 - 1,0 kℓ per day	15,4463	16,5275
1,0 - 2,0 kℓ per day	18,2420	19,5189
above 2,0 kℓ per day	18,0190	19,2803

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

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

Monthly consumption kℓ	Current amount 2018/19 Payable R	Proposed amount 2019/20 payable R	Difference (Increase) R	Percentage change
20	270,45	289,39	18,93	7,00%
30	405,68	434,08	28,40	7,00%
40	716,79	766,96	50,18	7,00%
50	895,99	958,71	62,72	7,00%
80	1 869,82	2 000,70	130,89	7,00%
100	2 337,27	2 500,88	163,61	7,00%

▪ Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2019/20 have an increase of 9.41 per cent effective from the 1st of July 2019.

Registered indigents will again be granted 50 kWh per month.

In addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month; the following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

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

Monthly Consumption kWh	Current amount 2018/19 payable R	Proposed amount 2019/20 payable R	Difference (Increase) R	Percentage change
100	114,68	124,26	11,56	10,08%
250	286,70	315,60	28,90	10,08%
500	809,25	891,50	82,25	10,16%
750	1 268,25	1 397,25	129,00	10,17%
1 000	1 691,00	1 863,00	172,00	10,17%
2 000	3 849,40	4 242,00	392,60	10,20%

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 inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Electrical Supply Services strives to provide sustainable and cost effective networks to support the forecast load growth. This is achieved by providing network-strengthening investment decisions to ensure network integrity and to maintain quality of supply criteria during normal and abnormal network configurations.

The City requires an estimated funding of R600 million over the MTREF for infrastructure asset upgrades and renewals to minimise the risk of revenue losses as a result of network or plant failure. It will also minimize the cost associated with loss of supply and injury or death to the public. Department of Energy and DBSA have been approached to assist with the funding in some of the critical projects identified as per council report **RPT 153971**.

The capital requirement mentioned above cannot be funded through municipal tariffs alone. Funding these necessary upgrades and renewals through increases in the municipal electricity tariff would be unaffordable for the consumers; hence, additional loans are necessary to fund the critical municipal infrastructure renewals.

▪ Sanitation and Impact of Tariff Increases

A tariff increase of 5 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. Properties below the market value of R130 000 are not charged for sewerage discharged.

The following table compares the current and proposed tariffs:

Table 119: Comparison between current sanitation charges and increases

Tariff Code	Detail	2018/19		2019/20		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	
SN	Rebate = 100%	(8,83)	(10,15)	(9,27)	(10,66)	5,00
	Valuation of Residential property value < R 130 000					
SO	Rebate = 25%	(2,21)	(2,54)	(2,32)	(2,67)	5,00
	Valuation of Residential property value R 130 001 to R 170 000					
IA	Rebate = 25%	8,83	10,15	9,27	10,66	5,00
	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 120 Comparison between current sanitation charges and increases, single dwelling- houses

Monthly sanitation consumption kℓ	Current amount 2018/19 Payable R	Proposed amount 2019/20 payable R	Difference (5% increase) R
20	176,60	185,40	8,80

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

▪ Waste Removal and Impact of Tariff Increases

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

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

The city operates business waste removal based on the number of times (demand based) the service is required by the business. The city has approximately 4600 businesses that are serviced by council and in 2019/20 financial year, this service will be expanded.

The waste removal is proposed to increase by 12 per cent effective from 1 July 2019. The increase when converted to monetary value is R18 including VAT. Cost drivers analyses was conducted and based on the high cos drivers, the double digit increase was necessary to bridge the gap of grant reliance within the service from equitable share

The following table compares current and proposed amounts payable from 1 July 2019:

Table 121 Comparison between current waste removal fees and increases

Tariff Code	Detail	2018/19		2019/20		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	
RK	Rebate = 100%	129,29 – 100% = 0,00	148,68 – 100% = 0,00	144,80 – 100% = 0,00	166,52 – 100% = 0,00	0%
	Refuse valuation sliding scale, Residential property value < R 120 000					
RL	Rebate = 25%	129,86 – 25% = 97,40	148,68 – 25% = 111,51	144,80 – 25% = 108,60	166,52 – 25% = 124,89	8%
	Refuse valuation sliding scale Residential property value R 120 001 to R 170 000 for					
IA	Refuse valuation sliding scale Residential property value R 170 001 – R 400 000	129,29	148,68	144,80	166,52	12 %
IA	Refuse valuation sliding scale Residential property value R 400 001 – R 600 000	129,86	149,34	146,74	168,75	13 %
IA	Refuse valuation sliding scale Residential property value R 600 001 – R 800 000	130,43	149,99	148,69	170,99	14 %
IA	Refuse valuation sliding scale Residential property value R 800 001 – R 1 000 000	131,01	150,66	149,35	171,75	14 %

IA	Refuse valuation sliding scale Residential property value R 1 000 001 – R 1 500 000	131,58	151,32	150,00	172,50	14 %
IA	Refuse valuation sliding scale Residential property value R 1 500 001 and above	132,14	151,96	151,96	174,75	15 %
RM	Residential – Basic Tariff	129,29	148,68	144,80	166,52	12 %

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

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

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

Middle income household range is defined as:

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

Affordable household range is defined as:

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

Indigent household is defined as:

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

Table 122 MBRR SA14 – Household bills

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	445.25	473.79	521.17	555.82	555.82	555.82	5.8%	587.96	608.54	632.88
Electricity: Consumption	1 274.06	1 366.66	1 391.85	1 470.10	1 470.10	1 470.10	10.1%	1 619.20	1 675.87	1 742.91
Water: Basic levy	17.54	18.60	20.27	22.70	22.70	22.70	2.2%	23.21	24.02	24.98
Water: Consumption	219.24	232.40	253.31	283.71	283.71	283.71	7.0%	303.57	314.20	326.77
Sanitation	145.60	154.40	165.20	176.76	176.76	176.76	4.9%	185.40	191.89	199.56
Refuse removal	106.48	112.87	120.77	130.43	130.43	130.43	14.0%	148.69	153.89	160.05
sub-total	2 208.17	2 358.72	2 472.57	2 639.52	2 639.52	2 639.52	8.7%	2 868.03	2 968.41	3 087.15
VAT on Services	246.81	263.89	273.20	312.56	312.56	312.56		342.01	353.98	368.14
Total large household bill:	2 454.98	2 622.61	2 745.77	2 952.08	2 952.08	2 952.08	8.7%	3 210.04	3 322.39	3 455.29
% increase/decrease		6.8%	4.7%	7.5%	-	-	8.7%		3.5%	4.0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	315.25	335.46	369.00	393.54	393.54	393.54	5.8%	416.29	430.86	448.10
Electricity: Consumption	689.46	739.10	752.65	793.70	793.70	793.70	10.1%	874.00	904.59	940.77
Water: Basic levy	17.54	18.60	20.27	22.70	22.70	22.70	2.2%	23.21	24.02	24.98
Water: Consumption	167.00	177.01	192.95	216.10	216.10	216.10	7.0%	231.23	239.32	248.89
Sanitation	145.60	154.40	165.20	176.76	176.76	176.76	4.9%	185.40	191.89	199.56
Refuse removal	106.01	112.37	120.24	129.86	129.86	129.86	13.0%	146.74	151.88	157.95
sub-total	1 440.86	1 536.94	1 620.31	1 732.66	1 732.66	1 732.66	8.3%	1 876.87	1 942.56	2 020.25
VAT on Services	157.59	168.21	175.18	200.87	200.87	200.87		219.09	226.75	235.82
Total small household bill:	1 598.45	1 705.15	1 795.49	1 933.53	1 933.53	1 933.53	8.4%	2 095.96	2 169.31	2 256.07
% increase/decrease		6.7%	5.3%	7.7%	-	-	8.4%		3.5%	4.0%
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates	123.50	131.42	144.56	145.50	145.50	145.50	0.3%	145.92	151.02	157.06
Electricity: Consumption	9.99	10.72	10.91	11.47	11.47	11.47	10.0%	12.62	13.07	13.59
Water: Basic levy	17.54	18.60	20.27	22.70	22.70	22.70	2.2%	23.21	24.02	24.98
Water: Consumption	92.43	97.97	106.79	119.60	119.60	119.60	7.0%	127.98	132.45	137.75
Sanitation	145.60	154.40	165.20	176.76	176.76	176.76	4.9%	185.40	191.89	199.56
Refuse removal	105.55	111.88	119.71	129.29	129.29	129.29	12.0%	144.80	149.87	155.86
sub-total	494.61	524.99	567.44	605.32	605.32	605.32	5.7%	639.93	662.32	688.80
VAT on Services	51.96	55.10	59.20	68.97	68.97	68.97		74.10	76.69	79.76
Total small household bill:	546.57	580.09	626.64	674.29	674.29	674.29	5.9%	714.03	739.01	768.56
% increase/decrease		6.1%	8.0%	7.6%	-	-	5.9%		3.5%	4.0%

20.2 Operating Expenditure Framework

The City's expenditure framework for the 2019/20 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 7 per cent, expenditure allocations in excess of the 2018/19 Adjustments budget are very limited;
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8 per cent of Asset Cost and 13 per cent of Operating Expenditure. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit of ensuring budget allocations are used efficiently and effectively;
- Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project 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 2019/20 MTREF (classified per main type of operating expenditure):

Table 123 Summary of operating expenditure by standard classification item

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Expenditure By Type									
Employee related costs	635 594	644 245	701 054	812 123	810 018	810 018	859 550	921 962	994 157
Remuneration of councillors	23 891	25 542	29 342	31 881	31 488	31 488	32 404	34 033	35 744
Debt impairment	36 646	8 891	27 154	26 513	29 730	29 730	31 454	33 027	34 678
Depreciation & asset impairment	351 346	352 389	350 037	376 066	376 066	376 066	408 532	446 488	484 885
Finance charges	58 694	68 940	67 691	67 884	59 359	59 359	70 846	79 421	86 950
Bulk purchases	1 025 277	1 173 350	927 274	1 000 945	974 726	974 726	1 096 949	1 153 378	1 201 977
Other materials	103 488	97 320	105 039	114 233	126 546	126 546	121 110	124 675	129 661
Contracted services	228 681	298 686	338 720	312 731	366 946	366 946	323 135	333 509	346 849
Transfers and subsidies	18 149	9 319	11 517	12 534	15 179	15 179	12 087	12 511	13 011
Other expenditure	112 555	154 209	164 869	261 588	259 257	259 257	278 181	287 022	298 022
Loss on disposal of PPE	2 296	1 296	1 449	–	–	–	–	–	–
Total Expenditure	2 596 617	2 834 188	2 724 145	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932

The budgeted allocation for **employee related costs** for the 2019/20 financial year totals R 859,6 million, which equals 27 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 6.5 per cent.

For budget purposes a 6.5 per cent increase has been utilised. An annual increase of 6 and 6 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R163m worth) which cannot be filled as there is no corresponding increase in the economy i.e. in the tax base. Consequently, the associated risk is that there may be many organizational and municipal service delivery activities, which pre-restructuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 37 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

A revised wage curve has been received from the South African Local Government Bargaining Council. It is apparent that this revised wage curve will be accepted by both SALGA and the unions and therefore implementation is imminent. Based on Draft calculations it is expected that the additional annual amount required will be R 20 million, however no provision was made on the 2019/20 MTREF for this implementation.

A provision of R 10 million was however made on the 2019/20 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 2019/20 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 2019/20 financial year this amount is R32.4 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 R408.5 million for the 2019/20 financial and equates to 12.6 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up 2.1 per cent (R70.8 million) of operating expenditure excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Mhlathuze Water Board. The annual price increases have been factored into the budget appropriations. Of the R989 million total electricity comprises R 990 million and water R107 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 12 per cent as administration needs to place lesser reliance on contracted services. Contracted services together with Employee Related Costs amount to 37% (27 % + 10%) of total operating cost. There is a direct relationship between the efficiency and effectiveness of personnel versus that of the private sector, with the common fact between both sectors lying with level of management of resources they have at their disposal.

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

Further details relating to contracted services can be seen in Table 70 MBRR SA1 (see pages 191 to 196).

The following figure gives a breakdown of the main expenditure categories for the 2019/20 financial year.

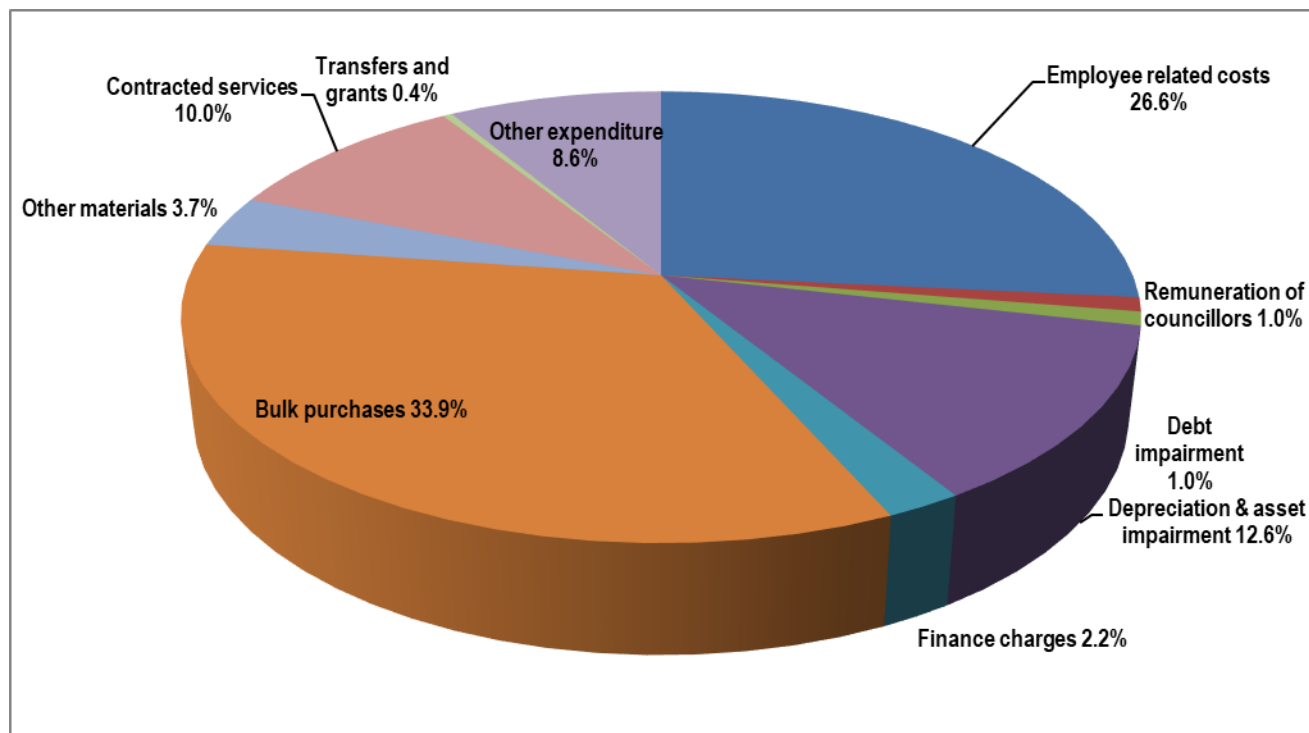


Figure 84: Main operational expenditure categories for the 2019/20 financial year

▪ **Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance. The weakness however in this environment is that there is no Municipal wide asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 124: Operational repairs and maintenance

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and Maintenance by Expenditure Item									
Employee related costs	226 610	208 536	209 087	431 151	431 151	431 151	494 275	525 825	557 422
Other materials	42 626	50 483	73 130	77 717	88 647	88 647	84 738	86 993	90 473
Contracted Services	99 985	120 804	134 906	99 341	100 361	100 361	103 585	107 309	111 602
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497

During the compilation of the 2019/20 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 2019/20 financial year, from R 620 million to R 683 million. In relation to the total operating

expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **22.4; 22.3 and 22.2 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **12.3; 12.5 and 12.9 per cent** of the respective financial years MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 125: Repairs and maintenance per asset class

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	256 209	247 665	302 041	471 241	472 528	472 528	486 649	513 889	541 803
Roads Infrastructure	70 826	75 976	69 391	95 313	95 441	95 441	98 921	105 151	111 809
Storm water Infrastructure	8 918	–	40 209	38 687	39 714	39 714	39 930	41 879	43 917
Electrical Infrastructure	45 546	53 744	65 780	160 750	161 468	161 468	170 117	180 737	190 554
Water Supply Infrastructure	87 402	81 723	92 452	105 918	104 952	104 952	109 014	113 846	119 299
Sanitation Infrastructure	42 223	34 816	29 989	65 303	65 684	65 684	63 219	66 636	70 359
Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Rail Infrastructure	–	1 385	853	1 175	1 175	1 175	1 211	1 253	1 303
Information and Communication Infrastructure	1 293	21	3 369	4 095	4 095	4 095	3 208	3 321	3 453
Community Assets	69 026	59 882	73 421	98 193	97 037	97 037	112 239	118 537	125 540
Other assets	20 121	25 097	250	897	2 152	2 152	5 355	5 568	5 813
Computer Equipment	–	–	–	–	–	–	1 010	1 045	1 087
Furniture and Office Equipment	–	–	527	616	617	617	27	28	29
Machinery and Equipment	4 449	17 225	1 308	1 478	1 478	1 478	21 413	22 163	23 049
Transport Assets	19 415	29 954	39 474	35 784	46 346	46 346	55 793	58 779	62 050
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497
R&M as a % of PPE	7.6%	7.3%	7.7%	11.0%	11.2%	11.2%	12.3%	12.5%	12.9%
R&M as % Operating Expenditure	14.2%	13.4%	15.3%	20.2%	20.3%	20.3%	22.4%	22.3%	22.2%

For the 2019/20 financial year, 71 per cent or R 486 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 25 per cent (R 170 million) followed by water infrastructure at 16 per cent (R 109 million), road transport infrastructure at 14 per cent (R 99 million) and sanitation at 9 per cent (R63 million). Community assets has been allocated R 112 million of total repairs and maintenance equating to 16 per cent. Transport assets has been allocated R 55.8 million (8 per cent).

21. SUMMARY OF BUDGET POLICIES

21.1 Overview of budget related-policies

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

21.1.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was last reviewed and approved by Council in July 2012. A revised Credit Control Policy approved by Council during the 2017/18 budget year in terms of Council Resolution number 11979 dated 21 November 2017 and is available on **DMS 1158108**.

A major change to the policy is the policy principle where, the municipality will enter into service agreement with owners of the property and have personal surety-ships with business owners. This will assist the municipality with recoverability of outstanding debtors.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 per cent on current billings.

21.1.2 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 2019/20 financial year.

21.1.3 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 2019/20 financial year.

21.1.4 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.

21.1.5 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 2019/20 financial year.

21.1.6 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 2019/20 financial year.

21.1.7 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.

21.2 Overview of budget assumptions

21.2.1 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.

21.2.2 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 2019/20 MTREF:

- National Government macro-economic targets as per MFMA circular 93 and 94;
- 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 27 per cent of total operating expenditure in the 2019/20 MTREF.

21.2.3 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 2019/20 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.

21.2.4 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.

21.2.5 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.

21.2.6 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 6.5 per cent. For budget purposes a 6.5 per cent increase has been utilised.

21.2.7 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.

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

The slow spend on the 2018/19 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 2019/20 MTREF. Despite a monthly monitoring of the procurement plan being undertaken through the Capital Spend Project Team, spending in the 2018/19 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.

22. ALIGNMENT OF IDP WITH BUDGET

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance are reflected in the IDP uMhlathuze municipality. The City of uMhlathuze has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities.

The IDP drives the strategic development of the Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

The 2017/2022 Fourth Generation IDP is a five year IDP for the term of office which is reviewed on an annual basis. Council is in a process of drafting the first review of the 2017/2022 which is 2019/20 IDP Review. Like the third generation IDP, the Fourth Generation is outcome based and built on the foundations of Government Priorities which includes National Development Plan, Provincial Development Plan, State of the Nation Address, State of the Province Address, Integrated Urban Development Framework and other important government imperatives.

Through the IDP, Government priorities are translated in our strategic framework and escalated to Strategic Goals, Strategic Objectives, Strategies, Key Performance indicators, which are then further developed into programs and projects. This directly informs the municipal Service Delivery and Budget Implementation Plan. This fair alignment between IDP and Government priorities is confirmed through our budgeting, which takes into serious consideration the strategic objectives when budgeting.

The fourth generation IDP was developed with special consideration to the following aspects:

- Development of new council strategic agenda for long term aligned to NDP and PGDS;
- Development and review of IDP core sector plans;
- Implementation of the Economic Transformation Roadmap for uMhlathuze Municipality;
- Alignment with Government Priorities E.g. State of the Nation Address, KZN State of the Province Address, NDP, PGDP, DGDP, IUDF etc.;
- Community inputs received during the community outreach programs (IDP Roadshows);
- MEC Letter with assessment comments on the Final IDP Review 2016/17;
- Self-Assessment;
- Different stakeholder comments and requirements; and
- Legislative compliance in terms of chapter, 4, 5 and 6 of MSA Act No 32 of 2000.

Council engaged with all relevant stakeholders to solicit views and inputs for the uMhlathuze Fourth Generation IDP (2017/2022).

The IDP has been taken into a business and financial planning process leading up to the 2019/2020 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 2019/2020 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 126: Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	1 084	6 988	13 307	191	2 189	2 189	2 254	2 334	2 427
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	16	–	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	20	2 560	1 425	2 823	352	352	373	395	419
	To promote Access to Information and Accountability	1.1.5	9	111	3 743	352	2 481	2 481	2 587	2 677	2 785
	To bring the organisation to an enabled risk maturity level	1.1.6	3 250	11	140	–	–	–	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7	–	6	75	–	–	–	–	–	–
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	2 002 708	2 455 085	2 369 461	2 589 414	2 525 310	2 525 310	2 782 617	2 961 691	3 150 619
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality	2.1.2	102 060	–	4 019	–	3 858	3 858	4 034	4 092	4 159
	To ensure effective Fleet Management	2.1.3	9 712	655	2 822	1 790	2 553	2 553	1 897	2 012	2 131
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	–	–	–	3 194	–	–	–	–	–
	Enhanced sectoral development trough trade investment and business retention)	3.1.2	22 508	4 525	22 823	–	–	–	–	–	–
	To create enabling environment for the informal economy	3.1.3	786	–	186	–	1 293	1 293	1 329	1 375	1 431
	Clear City identity	3.1.4	11 579	14	–	–	–	–	–	–	–
	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	644	–	–	–	–	–	–	–	–
	Promote SMME and Entrepreneurial development	3.1.6	–	–	–	–	–	–	–	–	–

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

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 3: Local Economic Development											
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	114 476	15 446	15 415	1 204	1 204	1 204	1 240	1 284	1 335
	To ensure Provision of fire and rescue services	3.2.2	–	1 436	8 379	1 102	1 002	1 002	1 033	1 070	1 114
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	512	–	–	–	1 009	1 009	10	10	11
	To ensure air quality management	3.3.2	11 656	30	382	1 009	–	–	–	–	–
	Cater for alternate future burial option	3.3.3	–	617	1 093	526	–	–	490	508	528
3.4 Social Cohesion	To promote social cohesion	3.4.1	8 753	23 714	–	38 184	–	–	–	–	–
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	8 413	1 351	3 649	13	13	13	14	15	16
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	414 675	531 608	554 231	541 455	563 169	563 169	588 051	626 725	659 858
	Sustainable Financial and supply chain Management	5.2.1	252	1 813	5 521	1 125	1 145	1 145	1 180	1 221	1 270
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	–	16	–	–	–	–	–	–	–
	Effective Management of Council owned Immoveable properties.	6.2.2	1 465	1 409	6 938	1 715	14 077	14 077	12 890	7 097	7 597
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	12	154	–	–	–	–	–	–
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			2 714 560	3 047 423	3 013 766	3 184 097	3 119 655	3 119 655	3 400 000	3 612 505	3 835 700

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

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
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	106 858	19 846	130 905	23 444	40 788	40 788	33 937	39 157	44 403
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	6 555	21 838	–	7 313	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	877	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	27 807	51 346	9 228	14 877	14 877	8 588	9 115	9 693
	To promote Access to Information and Accountability	1.1.5	33 773	2 834	8 782	4 659	7 772	7 772	7 836	8 846	9 890
	To bring the organisation to an enabled risk maturity level	1.1.6	9 442	20 282	908	1 439	1 674	1 674	2 058	2 822	3 575
	Ensure reliability and maintain independence of internal audit activity	1.1.7	1 028	(771)	11 810	44	6 588	6 588	47	51	55
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	1 864 193	2 320 798	2 119 232	2 511 909	2 659 704	2 659 704	2 862 418	3 028 612	3 195 925
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	23 419	–	12 686	–	18 279	18 279	19 604	20 614	21 875
	To ensure effective Fleet Management	2.1.3	85 419	61 283	59 953	(27 150)	(13 886)	(13 886)	(29 024)	(30 260)	(31 361)
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	32 424	45 664	–	64 363	70 113	70 113	–	–	–
	Enhanced sectoral development through trade investment and business retention)	3.1.2	2 955	–	58 669	–	6 567	6 567	76 819	81 737	86 712
	To create enabling environment for the informal economy	3.1.3	3 232	–	4 585	–	–	–	6 259	6 743	7 167
	Clear City identity	3.1.4	45 853	6 028	–	6 514	–	–	–	–	–
	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	42 011	–	–	–	–	–	–	–	–
	Promote SMME and Entrepreneurial development	3.1.6	–	–	–	–	–	–	–	–	–

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 3: Local Economic Development											
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	73 778	44 725	38 185	63 616	69 722	69 722	76 695	82 496	88 596
	To ensure Provision of fire and rescue services	3.2.2	5 391	52 603	46 400	71 238	75 081	75 081	85 039	90 713	96 769
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	7 267	—	—	—	—	—	11 760	13 016	14 295
	To ensure air quality management	3.3.2	99 432	7 214	6 020	11 050	11 049	11 049	—	—	—
	Cater for alternate future burial option	3.3.3	20 660	8 880	9 097	12 541	12 719	12 719	14 264	15 740	17 281
3.4 Social Cohesion	To promote social cohesion	3.4.1	—	168 910	—	219 302	—	—	—	—	—
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	30 713	3 783	26 874	5 749	7 316	7 316	7 337	7 802	8 307
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	97 644	15 214	97 846	19 535	29 838	29 838	22 319	22 379	23 536
	Sustainable Financial and supply chain Management	5.2.1	—	562	16 616	2 649	2 655	2 655	1 982	2 098	2 226
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	1 410	3 289	—	4 008	—	—	—	—	—
	Effective Management of Council owned Immoveable properties.	6.2.2	1 147	1 698	22 137	2 017	25 819	25 819	23 839	21 104	22 990
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	1 137	1 701	1 460	3 031	2 639	2 639	2 471	3 238	4 001
Allocations to other priorities											
Total Expenditure			2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 023	3 625 932

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

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
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	120	815	20	444	-	-	-	-	-
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	-	-	-	-	-	-	-	-	-
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	-	-	-	-	-	-	-	-	-
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	-	-	73 168	-	77 310	77 310	12 036	9 190	9 594
	To promote Access to Information and Accountability	1.1.5	16 213	49 093	-	72 370	-	-	-	-	-
	To bring the organisation to an enabled risk maturity level	1.1.6	-	-	48	-	-	-	-	-	-
	Ensure reliability and maintain independence of internal audit activity	1.1.7	2 774	72	-	-	-	-	-	-	-
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	204 715	331 878	344 971	375 835	402 135	402 135	512 462	550 153	560 819
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	86 815	-	(206)	2 000	10 056	10 056	-	-	-
	To ensure effective Fleet Management	2.1.3	40 515	2 149	53 693	29 068	54 742	54 742	37 350	35 728	33 294
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	4 908	29 686	-	2 561	2 195	2 195	-	-	-
	Enhanced sectoral development through trade investment and business retention)	3.1.2	1 397	-	18 805	10 000	971	971	32 045	-	-
	To create enabling environment for the informal economy	3.1.3	-	-	54	-	-	-	500	-	-
	Clear City identity	3.1.4	-	54 157	-	-	3 001	3 001	-	-	-
	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	-	-	-	1 192	-	-	-	-	-
	Promote SMME and Entrepreneurial development	3.1.6	-	-	-	-	-	-	-	-	-

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 3: Local Economic Development											
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	–	–	395				–	–	–
	To ensure Provision of fire and rescue services	3.2.2	–	5 910	6 926	559	499	499	2 640	2 800	1 250
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	3 092	–	–	–	–	–	–	–	–
	To ensure air quality management	3.3.2	–	174	701	200	239	239			
	Cater for alternate future burial option	3.3.3	–	–	305	641	1 230	1 230			
3.4 Social Cohesion	To promote social cohesion	3.4.1	32 697	26 076	–	30 291	33 953	33 953			
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	9	4 720	609	–	–	–	–	–	–
National KPA 5: Municipal Financial Viability and Management						–	–	–		–	–
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	–	185	578	–	–	–	–	–	–
	Sustainable Financial and supply chain Management	5.2.1	527	13	–	–	–	–	–	–	–
National KPA 6: Cross Cutting				–		–	–	–	500	–	–
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	–	97	–	–	–	–	–	–	–
	Effective Management of Council owned Immovable properties.	6.2.2	–	2 542	454	–	–	–	–	–	–
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	341	–	–	–	–	–	–	–
Allocations to other priorities											
Total Capital Expenditure			393 781	507 909	500 521	525 161	586 328	586 328	597 533	597 872	604 957

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Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
National KPA 1: Good Governance and Public Participation												
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1		96	120	815	1 229	629	629	444	700	649
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2		–	–	–	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3		–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4		–	–	–	–	–	–	–	–	–
	To promote Access to Information and Accountability	1.1.5		23 342	16 213	49 093	44 353	64 871	64 871	72 370	15 527	20 513
	To bring the organisation to an enabled risk maturity level	1.1.6		1 046	–	–	180	180	180	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7		–	2 774	72	–	–	–	–	–	–
National KPA 2: Basic Services and Infrastructure Provision												
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1		313 298	204 715	331 878	378 457	377 931	377 931	375 835	411 612	431 900
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2		7 144	86 815	–	9 500	14 564	14 564	2 000	–	–
	To ensure effective Fleet Management	2.1.3		59 074	40 515	2 149	55 396	61 196	61 196	29 068	58 932	50 126
National KPA 3: Local Economic Development												
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1		5 886	4 908	29 686	1 297	2 297	2 297	2 561	2 052	819
	Stimulate key sectors that promote economic growth and create jobs	3.1.2		72	1 397	–	5 070	2 968	2 968	10 000	–	–
	To create enabling environment for the informal economy	3.1.3		–	–	–	–	–	–	–	–	–
	Clear City identity	3.1.4		–	–	54 157	–	–	–	–	–	–
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5		–	–	–	3 500	10 026	10 026	1 192	1 500	1 800

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
National KPA 3: Local Economic Development												
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1		–	–	–	–	–	–	–	–	–
	To ensure Provision of fire and rescue services	3.2.2		–	–	5 910	275	6 642	6 642	559	650	581
3.3 Safe and Healthy Living Environment	Efficient and effective waste management services	3.3.1		7 268	3 092	–	500	500	500	–	–	–
	To ensure air quality management	3.3.2		–	–	174	740	740	740	200	210	403
	Cater for alternate future burial option	3.3.3		–	–	–	900	900	900	641	1 100	1 500
3.4 Social Cohesion	To promote social cohesion	3.4.1		37 021	32 697	26 076	19 858	27 061	27 061	22 441	31 473	33 765
National KPA 4 : Municipal Institutional Development and Transformation												
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1		82	9	4 720	–	–	–	–	–	–
National KPA 5: Municipal Financial Viability and Management												
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1		–	–	185	–	–	–	–	–	–
	Sustainable Financial and supply chain Management	5.2.1		43	527	13	–	–	–	–	–	–
National KPA 6: Cross Cutting												
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1		–	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1		–	–	97	–	–	–	–	–	–
	Effective Management of Council owned Immovable properties.	6.2.2		–	–	2 542	–	–	–	–	–	–
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1		–	–	341	–	–	–	–	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	454 373	393 781	507 909	521 255	570 505	570 505	517 311	523 756	542 057

23. FUNDED PROJECTS

23.1 List of Major Municipal Capital Projects for 2019/2020

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	TABLED 2019/20	TABLED 2020/21	TABLED 2021/22
11	EMPEMBENI RESERVOIR		23 000 000	26 000 000
12	ENERGY SAVING INITIATIVE	8 900 000	9 211 500	9 533 900
13	ESIKHALENI INTERSECTION	30 500 000		
14	ESIKHALENI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE		2 000 000	4 000 000
15	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	14 000 000	7 000 000	8 619 300
16	IMPROVEMENTS / RENOVATIONS TO ESIKHALENI, EMPANGENI, BRACKENHAM, AND MEERENSEE POOL	1 200 000	2 371 000	2 525 000
17	LABORATORY EQUIPMENT	5 000 000	3 000 000	3 000 000
18	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	2 000 000	2 000 000	2 000 000
19	MV ELECTRICAL NETWORK REFUBISHMENT	2 500 000	1 587 500	587 500
20	MZINGAZI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	12 000 000		
21	MZINGAZI/TUZI GAZI STEEL BRIDGE	5 000 000	20 000 000	10 000 000
22	NETWORK INFRASTRUCTURE UPGRADE	4 000 000	6 077 000	6 455 000

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	TABLED 2019/20	TABLED 2020/21	TABLED 2021/22
1	132KV OIL FILLED CABLES IN THE SOUTH DUNES BETWEEN HYDRA AND CAPELLA SUBSTATIONS	12 000 000		
2	AQUADENE BULK SERVICES (ROADS & STORMWATER)	13 000 000	20 000 000	20 000 000
3	AQUADENE DEVELOPMENT	2 850 000	3 209 200	3 000 000
4	ARBORETUM UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	4 600 000	3 700 000	
5	BEAUTIFICATION (ALL AREAS)	1 000 000	2 000 000	2 500 000
6	COASTAL EROSION PROTECTION		6 000 000	10 000 000
7	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR		4 000 000	4 000 000
8	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)		22 000 000	25 000 000
9	DISASTER MANAGEMENT RENOVATIONS TO BUILDINGS	2 500 000	2 000 000	1 000 000
10	ELECTRIFICATION OF EMPANGENI MEGA HOUSING - PHASE 1	31 740 500	60 000 000	75 259 500
NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	TABLED 2019/20	TABLED 2020/21	TABLED 2021/22
23	NEW & REPLACEMENT OF IT RELATED EQUIPMENT		465 000	515 000
24	NEW WATER METERS	2 000 000	3 000 000	3 000 000
25	NTAMBANANA WATER RETICULATION	63 000 000	15 000 000	15 000 000
26	PEDESTRIAN BRIDGES	1 000 000	2 200 000	5 000 000
27	REFURBISHMENT OF HALLS - VARIOUS	2 000 000	3 320 000	3 500 000
28	REFURBISHMENT WASTE WATER TREATMENT WORKS	6 000 000	9 000 000	13 000 000
29	REFUSE SKIPS	2 200 000	3 831 000	3 750 000
30	REFUSE TRUCKS	9 000 000	11 900 000	12 000 000
31	RENOVATE AND UPGRADE OFFICES FOR ALL DEPOTS:NORTH,SOUTH, WEST, MECHANICAL	2 500 000	1 000 000	1 000 000
32	RENOVATION TO EMPANGENI MULTI-PURPOSE SERVICE CENTRE	1 799 000		12 076 000
33	RENOVATIONS TO eNSELENI MULTI-PURPOSE SERVICE CENTRE		11 339 000	
34	RENOVATIONS TO NGWELEZANE MULTI-PURPOSE SERVICE CENTRE	5 000 000		

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	TABLED 2019/20	TABLED 2020/21	TABLED 2021/22
35	REPLACEMENT OF PUMPS	4 000 000	2 000 000	2 000 000
36	REPLACEMENT VEHICLES	15 383 000	15 921 400	16 478 600
37	ROADS RESEALING	22 783 000	20 280 000	27 656 000
38	SUSTAINABLE RURAL ROADS	7 500 000	10 000 000	15 000 000
39	UMHLATHUZE STADIUM RENOVATIONS	4 500 000	4 900 000	5 277 000
40	UPGRADE - VULINDLELA SEWER PIPELINE	6 300 000	2 000 000	2 000 000
41	UPGRADE & NEW BULK SERVICES (HUMAN SETTLEMENT PROJECTS)	4 000 000	10 000 000	
42	UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMHLATHUZE	3 400 000	600 000	1 500 000

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	TABLED 2019/20	TABLED 2020/21	TABLED 2021/22
43	UPGRADE OF MS9 PUMP STATION CAPACITY	500 000	17 500 000	1 500 000
44	UPGRADING OF BIRDSWOOD PUMP STATION CAPACITY	200 000	13 000 000	
45	UPGRADING OF MS 2 PUMP STATION CAPACITY	2 000 000	9 616 800	3 000 000
46	UPGRADING OF VALVES IN ESIKHALENI	6 000 000		3 000 000
47	VELDENVLEI PUMP STATION	9 700 000	6 000 000	6 700 000
48	VULINDLELA UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE		3 400 000	4 100 000
49	WATER QUALITY EQUIPMENT (SOFTWARE)	3 000 000	2 000 000	2 000 000

23.2 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

23.3 Private Investment Projects

23.3.1 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

23.3.2 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.

23.3.3 SAPPI Housing Development

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

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

23.3.4 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.

23.3.5 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.

23.3.6 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.

23.3.7 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.

23.3.8 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.

24. REPORT OF THE AUDITOR GENERAL

24.1.1 AG Opinion and Management Plan

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

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

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

Opinion

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

24.3 Management Responses to Auditor General's Report

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

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

Restatement of corresponding figures

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

Outstanding investigation

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

Procurement and contract management

The Municipality is still of the view that the legislation framework with regards to local content as envisaged in the Preferential Procurement Regulations of 2011 during the 2017/2018 financial year was followed. The Municipality will engage with the office of the Chief Procurement Officer and the Office of the Accountant-General on the matter.

SECTION G: ANNUAL OPERATIONAL PLAN –SDBIP

DRAFT SDBIP FOR 2019/2020 IS AN ANNEXURE TO THE IDP

SECTION H: ORGANISATIONAL AND INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

25. ANNUAL PERFORMANCE REPORT

25.1 ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

25.1.1 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."***

25.1.2 Introduction

The first performance management framework was adopted by the uMhlathuze Municipality on 28 May 2002. The framework was reviewed and amended during 2012/2013 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of Kwazulu-Natal. The framework/policy was again reviewed in May 2015 to address the Auditor General finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

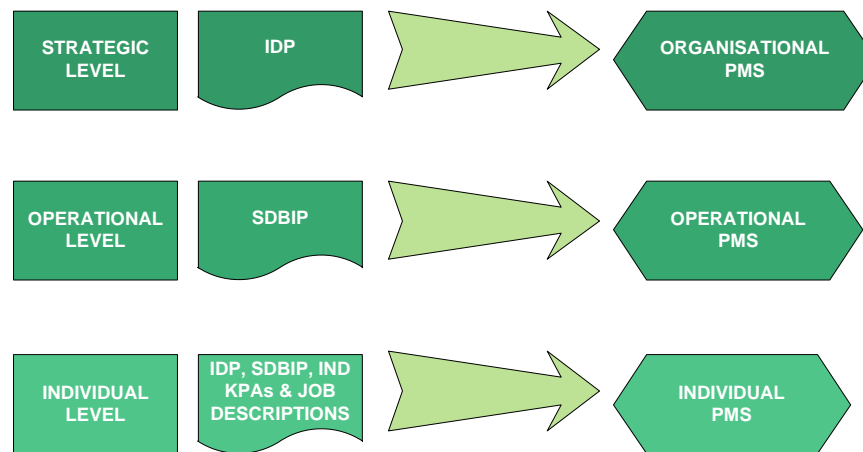
The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg 21 of 17 January 2014) were also included in the reviewed framework, since it was promulgated after the adoption of the previous Performance Management Framework and Policy.

The approved and adopted Performance Management Framework/Policy has been adopted in June 2016, per item on RPT 160112 and framework/policy document on DMS 1122026 together with the newly established Standard Operating Procedure (DMS 1077198) to clarify the processes to collect, collate, verify and store of performance information and documents are available on Councils official website (www.umhlathuze.gov.za under the "Performance Management" link).

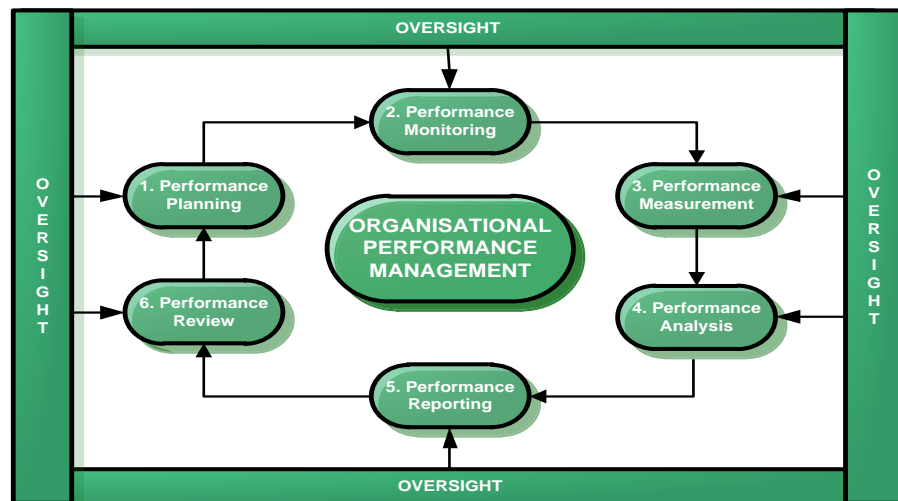
The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees,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

25.1.3 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:

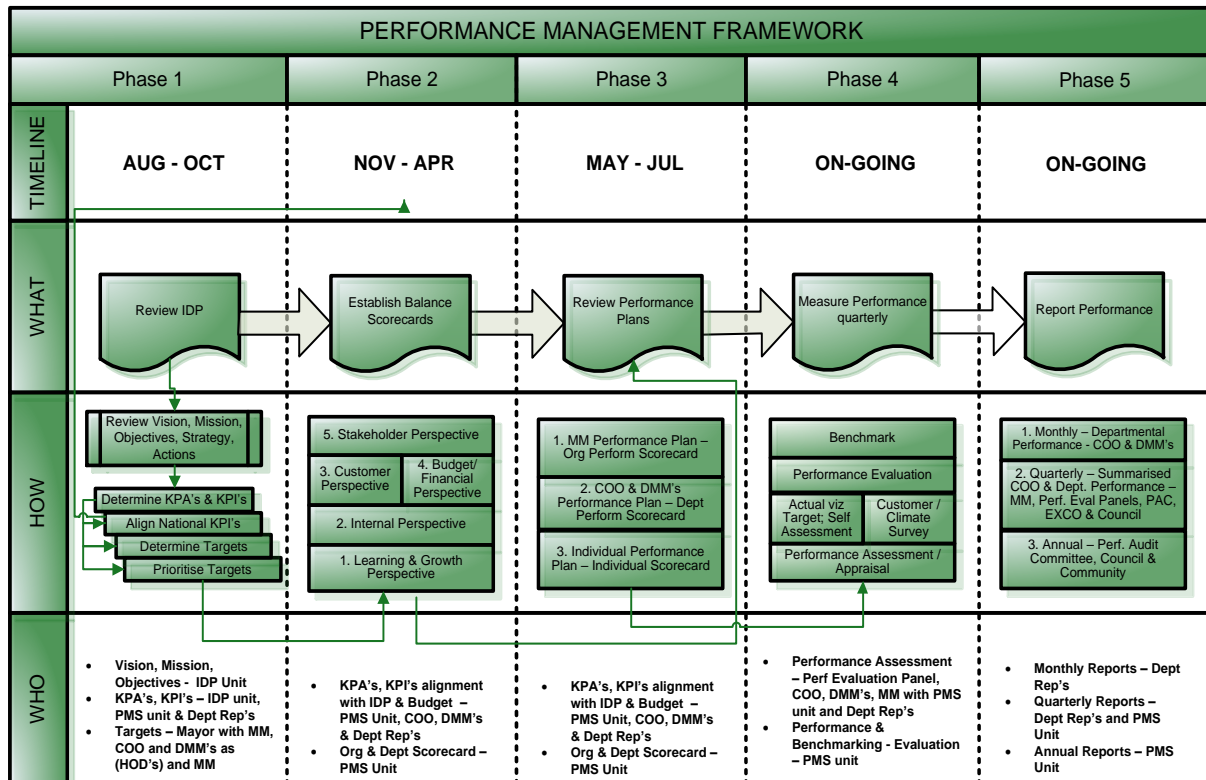


Figure 85: uMhlathuze Performance Management Framework diagram

25.1.4 Performance Audit Committee

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

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

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

Performance Achievements reported in terms of the Departmental Service Delivery Budget Implementation Plans (Component 3)

25.1.5 Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council Resolution on 7 March 2017, by Council Resolution 111367, Item on RPT 161834 for the 2017/2017 financial year. Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

For purposes of evaluating the annual performance of the municipal manager (section 54A), an evaluation panel constituting of the following persons was established –

- (i) Executive Mayor or Mayor;
- (ii) Chairperson of the Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
- (iv) Mayor and/or Municipal Manager from another Municipality; and
- (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor."

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

For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:

- (i) Municipal Manager;
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and
- (iv) Municipal Manager from another Municipality."

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

Performance Evaluation sessions are conducted at the end of each quarter. The first and the third quarter assessment are informal assessments. Formal assessments are conducted on the Second and Fourth quarter. The final(Fourth) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the financial year are performed in November to allow sufficient time for validation and auditing of information reported on the completed financial year. The minutes of all meetings are available on the GroupWise electronic document management system. The final performance evaluation results

and scores are reported via the Performance Audit Committee to the Executive Committee and Council before submission of the Annual Financial Statements and the Annual Report.

25.1.6 Auditing of Performance Information

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides for a single audit committee as further being recommended by National Treasury in terms of their MFMA Circular no. 65 of November 2012. The municipal Council has however taken a decision to continue with a separate Performance Audit Committee and Audit Committee to allow for Councillors to serve on the Performance Audit Committee to enable Councillors to provide input towards Performance Management related matters.

The Audit Committee relies on the work done by the Performance Audit Committee in terms of the Audit Committee charter and receives and considers reports presented to it by the Performance Audit Committee at its scheduled meetings.

In carrying out its mandate, the Audit Committee and Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measureable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the Municipality's annual reports within the stipulated timeframes. Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.
- At least twice during a financial year submit an audit report to the municipal council concerned.

In reviewing the municipality's performance management system, the Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit Unit within the office of the Municipal Manager coordinates and manages the Internal Audit function within the municipality.

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.
Review of Performance Information - Quarter 2	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 4 (Annual Performance Report)	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

The Auditor General finally audits all achievements reported in the Organisational Performance Management System Scorecard as reported in the Draft Annual Performance Report that is submitted together with the Draft Annual Financial Statements at the end of August of each year. Their findings are reported in their management letter and are included in the Annual Report. The information reported therefore is validated for correctness.

25.1.7 Customer Satisfaction

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

25.1.8 Annual Organisational Performance Information

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

The Organisational Performance Scorecard (Tables) once finalized and approved is read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information.

The number of households served with basic services as reflected in the table also includes the performance of external service providers delivering basic services to the community as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000). Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze Municipality in the municipal licensed area, through purchasing electricity from ESKOM. Also other Basic Services delivered by uMhlathuze Municipality include, solid waste removal (refuse collection) and sanitation. The uMhlathuze municipality is fortunate not to become reliant on external service providers, i.e. water, sanitation, solid waste removal services delivered by the district municipality like most other local municipalities do.

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

26. DRAFT ORGANIZATIONAL PERFORMANCE SCORECARD (2019/2020)

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

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

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3.4.1.2	Actions supportive of the human settlement outcome	Local Economic Development	To promote social cohesion	Development of community facilities	Number of sport field upgraded/constructed	10	N/A	5	5	4	0	0	5	TBA
3.4.1.2					Number of community halls/museum/library upgraded	2	N/A	3	3	0	0	0	3	TBA
3.4.1.1				Development of sports and recreation programmes	Number of mass recreational programmes implemented	12	N/A	4	5	2	5	0	0	TBA
6.1.1.3	Actions supportive of the human settlement outcome	Cross Cutting	To plan and manage existing and future development	To review and implementation of human settlements sector plan	Number of Post 1994 Housing stock transferred (400)	158	389	389	60	189	0	30	30	TBA
3.1.5.3		Local Economic Development	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	Promoting economic growth by providing skills empowerment to the unemployed	Number of scarce skills training provided	7	N/A	4	5	2	5	0	0	TBA
3.1.5.1				Promote economic growth by successful implementation of EPWP community based projects	Number of jobs created through the municipality's Capital Projects (EPWP) (Cumulative quarterly)	New	N/A	478	478	240	231	123	124	TBA
3.1.5.1					Number of jobs created (EPWP) through the municipality's LED Initiatives/Projects (Cumulative quarterly)	1695	N/A	1228	1228	500	982	123	123	TBA
4.1.1.2	Implement differentiated approach to Municipal financing, planning and support	Municipal Transformation and Institutional Development	To create an appropriate organisational climate that will attract and ensure retention of staff	Compliance with Employment Equity Act	Number of women employed by the municipality (Number of new appointments)	768	N/A	768 + 18	20 new females	773 + 9	16 appointments Total = 763	763+2	765+2	TBA
4.1.1.2					Number of Youth employed by the municipality (Number of new appointments)	552	N/A	552 + 38	38 new youth	552 + 19	30 appointments Total = 555	555 + 4	559 + 44	TBA
4.1.1.2					Number of people with Disability employed by the municipality (Target additional to baseline)	21	N/A	21 + 4	4 new people with disability	23	21	2	2	TBA
4.1.1.4				Improve Citizens Skills levels and education	Workplace Skills training programs conducted	173	N/A	120	120	60	84	18	18	TBA
4.1.1.4					% Budget Spent on Workplace Skills Plan (cumulative)	95,48%	N/A	95%	95%	50%	52,21%	75%	95%	TBA
4.1.1.4					% Operating Budget spent on implementing Workplace Skills Plan	0,82%	N/A	0,80%	0,80%	0,01	0,81%	0,80%	0,80%	TBA
1.1.2				Compliance with Employment Equity Act	Number of S57 Performance Agreements signed (cumulative)	8	N/A	8	8	8	8	8	8	TBA
5.1.1.4	Implement differentiated approach to Municipal financing, planning and support	Financial Viability and Financial Management	Compliance with financial legislation and policies	Debt coverage ratio (cumulative)	(Total operating revenue received - operating grants) / debts service payments (interest & redemption due for the year) (x 1000) (cumulative)	2,4 59 695 / 191 763 = 12.83	N/A	2,698 236 / 224 028 = 12.04	2,635 445 600 / 211 057 100 = 12.49	1,349 118 / 224 028 = 6.02	1350 729 / 224028 = 6.03	2,976 584 199 / 211 057 100 = 9.37	2,635 445 600 / 211 057 100 = 12.49	TBA
5.1.1.4				Outstanding service debtors to revenue	Outstanding service debtors / revenue actually received for services	393 220 937 / 2279023489 = 0.17	N/A	398 452 364 / 2 468 949 600 = 0.16	415 034 400 / 2 513 909 400 = 0.17	398 452 364 / 1 234 474 800 = 0.323	420 034 827 / 1 234 474 800 = 0.34	415 034 400 / 628 477 350 = 0.66	415 034 400 / 628 477 350 = 0.66	TBA
5.1.1.4				Cost coverage ratio (cumulative)	[(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment / Monthly fixed operating expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)]	446 217 / 206 251 = 2.16	N/A	638 788 / 217 827 = 2.93	525 850 793 / 220 293 150 = 2.39	906 515 / 217 827 = 4.16	344 881 / 218 827 = 1.54	402 684 660 / 220 293 150 = 1.83	525 850 793 / 220 293 150 = 2.39	TBA
5.2.1.6			Sustainable Financial and supply chain Management	Percentage Capital Budget spent on Capital project i.t.o. IDP	Capital Budget amount spent on Capital Projects / Total Capital Budget x 100 = Percentage spent YTD	468 600 846 / 570 504 800 = 82.14%	N/A	498 902 760 / 525 160 800 = 95%	557 011 980 / 586 328 400 = 95%	183 806 280 / 525 160 800 = 35%	201 185 561 / 577 550 500 = 35%	283 164 200 / 586 328 400 = 50%	557 011 980 / 586 328 400 = 95%	TBA

SECTION I: STATUS OF SECTOR PLANS & ANNEXURES

26.1 STATUS OF SECTOR PLANS AND OTHER MUNICIPAL PLANS

No	Sector Plan	Completed (Y/N)	Adopted (Y/N)	Adoption Date	Date of Next Review
1.	Disaster Management Plan Disaster Management Framework	Yes	Yes	01/12/2009 master plan (reviewed annually) March 2018	
2.	Water Service Delivery Plan	Yes	Yes	29 May 2019	
3.	Energy Sector Plan	Yes	Yes	30 May 2009 DMS637608	2015
4.	LED Strategy [Economic Transformation roadmap]	Yes	Yes	October 2016	2019
5.	Tourism Strategy	Yes	Yes	DMS 925775 22 April 2014 2014-2018	2019
6.	Pavement Management System	Yes	No	To be adopted	2016
7.	Integrated Human Settlement Plan	Yes	Yes	31 May 2017	2019
8.	Air Quality Management Plan	Yes (Draft)	No		
9.	Spatial Development Framework	Yes	Yes	31 May 2017	2019
10.	Land Use Scheme	Yes	Yes		
11.	Electricity Network Plan	Yes (2016)	No		
12.	Integrated Waste Management Plan	Yes	Yes	March 2019	2019

- o An effort will be made by the municipality to review its sector plans; this is necessary for inclusion of information of newly incorporated wards.

26.2 IDP ANNEXURES

Annexure	Document Description	Hard Copy	Electronic
"A"	Disaster Management Framework and Disaster Management Plan	Yes	
"B"	Spatial Development Framework 2019/2020	Yes	Yes
"C"	LED Plan [Road Map] 2016		Yes
"D"	Draft Water Service Delivery Plan 2018		Yes
"E"	Draft Service Delivery and Implementation Plan (SDBIP)	Yes	
"F"	Electricity Master Plan		Yes
"G"	Integrated Waste Management Plan		Yes
"H"	Informal Trading Policy		Yes
"I"	Indigent Policy		Yes
"J"	Draft Integrated Human Settlement Plan 2019		Yes
"K"	Roads Maintenance Plan		Yes
"L"	Water and Sanitation Maintenance		Yes
"M"	Full Municipal Organogram		Yes
"N"	Public Participation Report 2019/2020		Yes
"O"	Ward Based Plans		Yes
"P"	Batho Pele Customer Care Policy , Service Charter and Standards		Yes
"Q"	Revenue Raising Strategy		Yes

“R”	Agricultural Support Plan		Yes
‘S”	‘Tourism Marketing Strategy		Yes
“T”	Expanded Public Works (EPWP) Policy		Yes
“U”	UMhlathuze Bulk Water Master Plan		Yes
“V”	UMhlathuze Bulk Sewer Master Plan		Yes
“W”	Electricity Operations and Maintenance Plan		Yes
“X”	Supply Chain Management Policy		Yes