

SECTION C

KEY ISSUES & OBJECTIVES: IDP 2008/09

1. Buffalo City Municipality’s Vision

BCM's long-term vision was borne out of an analysis of the Buffalo City situation and developed through intensive participatory processes. It responds to the key issues and provides a motivating vision for the future:

*A people-centred place of opportunity
where the basic needs of all are met
in a safe, healthy and sustainable environment*

2. Responding to the key issues: BCM key objectives

2.1 Hierarchy of Objectives

In pursuit of realising the vision, and in response to the issues as well as in line with national and provincial goals, BCM has developed a hierarchy of objectives. Six key over-arching objectives have been distilled in response to the key issues and more detailed cluster objectives have been defined in response to specific cluster issues. These cluster objectives are regarded as sub-objectives, supporting the achievement of the key objectives. Figure C.1 below illustrates the relationship between the vision, objectives and the projects.

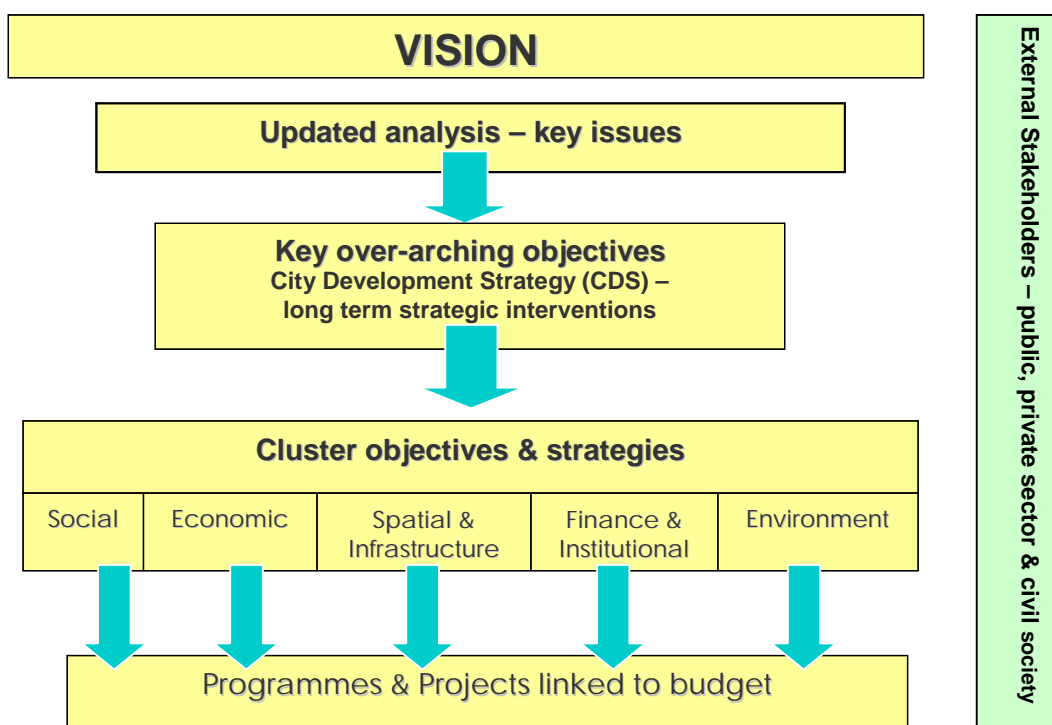


Figure C.1: IDP 2006-2011: Hierarchy of Objectives

2.2 BCM 6 Key Objectives

The over-arching six key objectives are detailed below, whilst the cluster objectives are detailed in Section D.

KEY ISSUES	BCM KEY OBJECTIVES
<i>It is necessary for all Local, Provincial and National stakeholders to support and work together to ensure the achievement of Buffalo City's long-term vision set out in its City Development Strategy (CDS).</i>	BCM1 Local, Provincial & National stakeholders support and work together to achieve the vision for Buffalo City.
<i>The sustainability of BCM is dependent on expanding its revenue in relation to costs and its financial viability, whilst implementing its mandate.</i>	BCM2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.
<i>Inefficiencies exist within the institution, which compromise BCM's ability to deliver services.</i>	BCM3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.
<i>Low economic growth, high unemployment, low skills levels, high levels of poverty and high inequality exist within BCM.</i>	BCM4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality.
<i>Whilst BCM delivers basic services (water, sanitation, waste removal & electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities and an enriching environment.</i>	BCM5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural & psychological needs. (live, work & play)
<i>Lack of sustainable development and inappropriate use of resources has a harmful impact on the health and well-being of present and future generations of BCM.</i>	BCM6 BCM has a safe, healthy and sustainable environment protected for the benefit of present and future generations through securing ecologically sustainable development and use of natural resources, whilst promoting justifiable social and economic development.

* **Mandate:** as per the objectives for local government (152 constitution): provision of democratic and accountable local government, ensuring the provision of services in a sustainable manner, promoting social and economic development, promoting a safe and healthy environment, encouraging the involvement of communities and community organisation in matters of local government.

2.3 BCM City Development Strategy (CDS)

The CDS is seen as a component of the city's ongoing strategic planning through Integrated Development Planning, and complements the strategic planning process giving content to BCM's long-term vision as expressed in the 6 key objectives, through the identification of selected, catalytic focus areas and interventions.

What is a CDS?

It has become apparent that there is a need to apply a more strategic approach to facilitate the fulfilment of the long term visions and goals. The concept of City Development Strategies has therefore been developed and applied in some cities / municipalities. The Cities Alliance (supported by UNDP, WB and UN-Habitat) and, specifically in South Africa, the Cities Network has been instrumental in the facilitation of such a process. Thereby a scenario is defined for the City and its economic growth, environmental and poverty reduction objectives, with clear priorities for action and investment.

A City Development Strategy can be given contents and structure in many ways. There is no set standard to follow. BCM has opted to formulate the contents of its CDS with the following main characteristics:

- A road map for the future with a long term perspective of 20-25 years
- Integrated with and giving direction to the short/medium term IDP
- Overall focus on poverty alleviation based on growth and development
- Clear focus on a selection of action areas
- Positioning of the municipality in the regional and national context
- Requiring tight interaction between the various spheres of government
- Building on private / public partnerships (PPP)
- Engaging in the new economy – the knowledge and information society, higher education etc
- Taking into account national and international trends, opportunities and threats

Further, one of the core strategic emphases of the BCM CDS is 'crowding in' public investment in economically productive public infrastructure'.

Once again it must be emphasized that the CDS is still been deliberated within Council and with key stakeholders and it has undergone refinement. The CDS continues to influence the strategic intent and direction of the IDP. A CDS Executive Report is attached as an annexure.

3. IDP 2008/09: Key Issues

3.1 Long-term Development Strategy

In last year's IDP (06/07) the lack of a clear 20-30 year long-term development strategy was highlighted. Over the course of the year BCM has developed a long term strategy or City Development Strategy (CDS). This long-term development strategy is not seen as separate to the city's ongoing strategic planning through Integrated Development Planning, but is seen as complementing the strategic planning process giving content to BCM's long-term vision as expressed in the 6 key objectives. The CDS gives content to these key objectives through the identification of selected, catalytic focus areas and interventions.

A key to the development and implementation of this strategy has been the participation and 'buy-in' of all stakeholders, including National, Provincial and Local Government. Thus as part of the strategy, development bi-laterals have been and will continue to be held with all relevant stakeholders.

The focus of the BCM CDS is, however, consciously focused on economic development and is based on the following premise:

- poverty cannot be sustainably addressed without real growth in the economic performance of the urban core areas;
- poverty reduction in a poor region requires a successful urban economy as the future economic growth will largely be urban and in the future more people will find employment in urban based economic activities than all other economic activities combined;
- the CDS neither detracts nor undermines any current poverty alleviation initiatives with the region, wishing to bolster and support these through a more comprehensive focus on the economic performance of a city in a region.

Preparation of the first generation CDS started in mid-2006 and a series of strategic planning sessions, so called Rapid Planning Session (RPi), were held, culminating in a first CDS document as well as revised versions including the Executive Report.

3.2 Financial Viability

In order for BCM to achieve and continue to achieve its mandate, it needs to maintain financial viability and expand its revenue in relation to costs.

Whilst most of BCM financial fundamentals have shown improvement, as well as a level of financial stability and predictability within the operating budget, there remain serious issues to be addressed.

Maintenance of the City’s assets remains a key issue for BCM. BCM continues to face a critical situation with much of its infrastructure past its functional life and operating beyond its design capacity. This results in more frequent power outages, poor quality of electricity supply, increasing risk of environmental pollution because of sewer overflows and deteriorating sewage conveyance systems, increasing water losses because of bursts and leaks and increasing threats of water shortages because of conveyance bottlenecks.

The estimated cost of deferred maintenance for BCM is broken up as follows:

Table C.1: Estimated Deferred Maintenance

Electricity:	195,000,000
Water:	190,198,000
Wastewater (Sewerage):	230,000,000
Roads:	
Entire Network	373,000,000
Buildings:	
Office Accommodation	12,000,000
Depots	12,000,000
City Hall	16,000,000
Vehicles:	
Replacement	25,000,000
Development Planning Transport	
Traffic signals	4,000,000
Direction Signs	3,000,000
City Bus recapitalisation	30,000,000
Bus Depot Equipment	100,000
Public transport infrastructure	20,000,000
Metropolitan main roads	228,000,000
Community Services	
Amenities	2,200,000
Arts & Culture	2,450,000
Integrated Environmental Development	2,500,000
TOTAL	R1,345,448,000

BCM recognises the importance of dealing with deferred maintenance and it understands that effective, reliable, sustainable and affordable delivery of services is

the minimum requirement for residential consumers and forms the basic conditions for development, economic investment and growth of tourism within Buffalo City.

Further, the development and extension of services to new consumers has implications for the operating budget in terms of additional staff costs, operating costs and maintenance costs, which the operating budget has a limited ability to absorb.

The above are examples of BCM's inability to match its investment needs with the available resources. There is thus a need to increase revenue through:

- ensuring all the revenue due to the municipality is fully recovered;
- exploring additional funding sources;
- re-negotiating existing funding streams, including motivating for fully-funded Service Level Agreements for functions performed on behalf of Province;
- considering alternative service delivery mechanisms; and
- considering 'levels of service' in relation to affordability.

3.3 Institutional Capacity

BCM was established in 2000 and its establishment brought together the Transitional Local Authorities of East London and KWT, as well as the large rural areas that previously fell under the Representative and Coastal Councils. Since then, substantial work has been undertaken to structure and re-orientate the municipality on an operational level. However, there remains inefficiencies within the institution, which compromise BCM's ability to deliver services and fully achieve the objectives set out in the IDP.

3.4 Poverty, Unemployment and Low Economic Growth

The high levels of poverty are apparent in the statistics from Census 2001 where approximately 70% of households indicated they have an income of less than R1500 per month (the household subsistence level), with 28% of all households indicating they have R0 income. Of even greater concern is that these R0 income households have more than doubled since Census 1996, where 14% of the households in BCM were R0 income households. This growing poverty is confirmed by an increase in the unemployment rate from 1996 to 2001, with the unemployment rate in 2004 estimated at 39%

The ward survey undertaken in the second half of 2004 and the issues raised at the Mayoral Imbizo in November 2006 confirm the above. The vast majority of wards indicated that unemployment and job creation were critical issues for their wards.

Growing unemployment is a symptom of Buffalo City's slow economic growth. The average compounded annual growth in GDP from 1995 to 2004 was 2,5%.

In order to meet the President's target of cutting unemployment by half by 2014, approximately 7340 new jobs will have to be created per annum in Buffalo City.

One of the greatest threats to the future development of BCM is the lack of appropriate education and skills levels. A fifth of BCM's potential labour have not attended school or completed their primary phase. Further, according to Census 2001, only 21% of Buffalo City's 20 and over population, had standard 10 (or grade 12), 16% had post-school education and only 17% of 15 - 24 year olds were enrolled in post-school study.

The Eastern Cape also has an estimated HIV prevalence rate of 16,27% (2006). The HIV/Aids pandemic will further exacerbate poverty within BCM, due to a loss of income to households as economically active members become sick, increased costs of caring for the sick and many households will become child-headed households without any income. Another impact of the pandemic will be reduced life expectancy and loss of skilled workers.

The vast majority of households in Buffalo City earn below the household subsistence level. There is also high and growing unemployment, slow economic growth, low education and skills levels and rampant HIV/Aids. This situation has obvious consequences for the quality of life of Buffalo City's residents, its future development, its long-term sustainability and financial viability.

3.5 Sustainable Human Settlements

BCM has successfully re-oriented its administration to deliver on basic needs and housing. However, there still remains a huge challenge to meet the remaining backlogs within the targeted time-frames.

The table below details the findings of Census 2001 in terms of the extent to which basic services are enjoyed by the residents of Buffalo City.

Table C.2: Household Access to Basic Services (Census 2001)

	Water (access to piped water in dwelling/ yard or within 200m)	Sanitation (flush toilet, septic tank, chemical toilet, VIP)	Electricity (for lighting)	Refuse Removal (1 x week)
No of Households	148 894	135 672	122 872	136 316
% of Household	78%	71%	63%	71%

In terms of housing, Census 2001 estimated that 63% of households had formal shelter. BCM estimates that the total housing backlog, for low-income households, stood at 75 000 units in 2005. The challenge of housing as well as the provision of basic services to all residents of BCM is confirmed in the ward survey and the issues raised at the Mayoral Imbizo in October 2007.

The challenge is not only about providing basic services and housing, but is also about 'building sustainable human settlements' where residents have access to social and community facilities, economic opportunities, a healthy and sustainable environment and where opportunities can be accessed through convenient public transport and a safe road network.

This challenge is confirmed by the ward survey and Mayoral Imbizo where the top issue was 'roads and transport', highlighting the need for mobility in order to access services and opportunities. Further, after housing, unemployment and basic services, the remaining responses from the ward survey & the Mayoral Imbizo focused on accessing social and community facilities and services.

In order to achieve the objective of 'sustainable human settlements' and given the levels of poverty, the limited resources of the municipality and the imperative of sustainability, the municipality will need to:

- plan and implement in an integrated way;
- focus on consolidating the urban fabric by overcoming the fragmented patterns of development and avoiding development in the urban periphery;
- build on its strengths through utilising existing infrastructure (engineering, social, transport and roads) and focusing on nodes;
- review 'levels of service' and provide an affordable level of service (for both the municipality and the consumer);
- place more emphasis on social/community facilities and services, local economic development and the natural environment; and
- emphasize access and mobility.

Vital to building 'sustainable human settlements' is, integrated planning and implementation. BCM is currently in the process of developing an '**Integrated Sustainable Human Settlement Plan**', which will guide future investment.

The **Mdantsane Urban Renewal Programme (MURP)** is a key programme for BCM and serves as a pilot for integrated development, 'building sustainable human settlements' and developing alternative, replicable models of service delivery. MURP is not only an example of BCM directorates working together, but of partnership and coordination with other spheres of government, stakeholders (inter-governmental relationships) and the international community (EU Commission, Germany, France and Sweden). It seeks to ensure that: "Mdantsane in the year 2020 will be an integrated and productive socio-economic hub for Buffalo City".

3.6 Sustainable Development

Buffalo City comprises a large area of over 2,515 km². The area is geographically and environmentally diverse with a range of ecosystems, from coastal to forested areas in the hinterland. Many of these areas are conservation worthy; subtropical thicket; wetlands; river systems; cultural sites; rare and endangered species; and of particular importance, economically and biophysically, is the 70km of coastline.

Similarly, the nature of human activities, socio-economic conditions and levels of development vary considerably, with Buffalo City having high levels of poverty.

Many of the ecosystems within BCM are stressed and are in need of conservation and/ or remedial attention. For example, many terrestrial habitats are becoming infested with invasive alien vegetation, while many water systems (both fresh and marine) are subjected to pollution. In addition, development pressure is increasingly placing coastal and other conservation areas under severe threat.

These pressures on the biophysical environment impact on the state and quality of the natural environment and consequently the health, well-being and opportunities of present and future generations.

Whilst it is recognised that development is necessary to address the high levels of poverty, the challenge is to secure ecologically sustainable development, whilst promoting justifiable social and economic development.

Almost all these key issues highlighted above were reiterated at the Mayoral Strategic session held in November 2007, with more emphasis put on the following:

- ❑ **Growth targets:** In order to ensure the IDP delivers on a sustainable basis it will be essential to set targets to grow the revenue base by up to 10% over the next five years.
- ❑ **Good Governance:** To achieve this, there is a need to find people with the right skills to do the work at hand. Creating career paths, initiating a mentorship programme and rethinking the work ethic are regarded as some of the factors that would contribute towards the success of the strategy.
- ❑ **Branding:** BCM's primary focus for the year ahead should be brand development. This will also entail the City is positioned well to optimize its comparative advantages.
- ❑ **Addressing Basic Needs:** There is a need to focus the basic needs programme with issues raised in the Mayoral Imbizo and ward survey. Key among issues raised was roads and transport and a concerted effort would be required in the year ahead to address challenges related to these.
- ❑ **Partnerships:** A focus for the year ahead should be making BCM more attractive for the private sector and thus encourage investors to remain in the city or new investors to take up opportunities in order to grow our revenue base.
- ❑ **Strong Foundations:** In order to ensure the city meets its objectives as stipulated it is imperative to focus on certain key strategies such as ensuring provision of key economic infrastructure, retaining skilled people, promoting

effective internal and external communication, and implement proper billing on services.

- **Budget Parameters:** BCM realizes that funds must be transferred from the Operational to Capital budget if the goals related to maintenance and servicing expansion are to be achieved. The implication of this will be a focus on weak strategic areas in the revenue budget, such as, water losses, overtime, vehicle costs, fuel & oil and security.

4. Informants of the IDP 2008/09

The key issues and objectives for IDP 2008/09 emanate from the review of new data, sector strategies and plans, the Mayoral Imbizo held in October 2007 and were distilled during the deliberations of the :

- IDP, Budget and Performance Management Representative Forum
- Mayoral Strategic Session in November 2007
- Management Meetings
- BCM Cluster Workshops
- BCM Directorates
- BCM Strategic Workshop in April 2008

The key issues and objectives of the IDP 2008/09 are developed within the framework of National, Provincial and District plans and policies. Whilst it is not practical to detail all these plans and policies in this document, the normative principles from the National Spatial Development Perspective (NSDP) and the targets set in the Provincial Growth and Development Plan (PGDP) are highlighted:

Table C.3: NSDP - Normative Principles

<ul style="list-style-type: none"> • Economic growth is a prerequisite for the achievement of other policy objectives, key among which would be poverty alleviation. • Government spending on fixed investment, beyond the constitutional obligation to provide basic services to all citizens, should therefore be focused on localities of economic growth and/ or economic potential in order to attract private-sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities. • Efforts to address past and current social inequalities should focus on people not places. In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, government spending, beyond basic services, should focus on providing social transfers, human resource development and labour market intelligence. This will enable people to become more mobile and migrate, if they choose, to localities that are more likely to provide sustainable employment or other economic opportunities. • 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. Infrastructure investment and development spending should primarily support localities that will become major growth nodes in South Africa and the Southern African Development Community region to create regional gateways to the global economy.

Table C.4: PGDP - Targets for Growth & Development in the Eastern Cape: 2004-2014

<ul style="list-style-type: none"> • To maintain an economic growth rate of between 5% - 8% per annum. • To halve the unemployment rate by 2014. • To reduce by between 60%-80% the number of households living below the unemployment rate by 2014. • To reduce by between 60%-80% the proportion of people suffering from hunger by 2014. • To establish food self-sufficiency in the province by 2014. • To ensure universal primary education by 2014, with all children proceeding to the first exit point in a secondary education. • To improve the literacy rate in the province by 50% by 2014. • To eliminate gender disparity in education and employment by 2014. • To reduce by two thirds the under-five mortality rate by 2014. • To reduce by three-quarters the maternal mortality rate by 2014. • To halt and begin to reverse the spread of HIV-Aids by 2014 • To halt and begin to reverse the spread of tuberculosis by 2014. • To provide clean water to all in the province by 2014. • To eliminate sanitation problems by 2014.
