

# **BUFFALO CITY MUNICIPALITY**



## **DRAFT INTEGRATED DEVELOPMENT PLAN REVIEW 2010 – 2011**

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- ❑ Finally, overall support to the process was provided by Buffalo City Municipality’s IDP, Budget Integration & Performance Management Unit and the Budget & Treasury Office:

ACTING MUNICIPAL MANAGER  
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## GLOSSARY OF ABBREVIATIONS

A.B.E.T.	Adult Basic Education Training
A.D.M.	Amathole District Municipality
A.R.T.	Anti-Retroviral Therapy
B.B.B.E.E.	Broad-Based Black Economic Empowerment
B.C.M.	Buffalo City Municipality
B.C.D.A.	Buffalo City Development Agency
B.C.D.S.	Buffalo City Development Strategy
B.E.E.	Black Economic Empowerment
B.M.S.	Bridge Management System
C.B.D.	Central Business District
C.D.S.	City Development Strategy
C.I.P.	Capital Investment Plan
D.B.S.A.	Development Bank South Africa
D.C.S.A.	Daimler Chrysler South Africa
D.L.A.	Department of Land Affairs
D.L.G.H.	Department of Local Government & Housing
D.M.F.	Disaster Management Fund
D.P.L.G.	Department of Provincial & Local Government
D.P.L.G.H.	Department of Provincial & Local Government & Housing
D.T.I.	Department of Trade & Industries
D.W.A.F.	Department of Water & Forestry
E.C.	European Commission
E.C.D.O.H.	Eastern Cape Department of Health
E.C.G.D.S.	Eastern Cape Growth & Development Strategy
E.F.F.	External Financing Fund
E.L.	East London
E.L.I.D.Z.	East London Industrial Development Zone
E.U.	European Union
F.M.G.	Finance Management Grant

G.A.M.A.P.	Generally Accepted Municipal Accounting Practice
G.D.P.	Growth and Development Plan
G.D.S.	Growth & Development Strategy
G.I.S.	Geographic Information Systems
G.R.A.P.	Generally Recognized Accounting Practice
G.T.Z.	German Agency for Technical Cooperation
G.V.A.	Gross Value Added
H.R.	Human Resources
I.C.Z.M.P.	Integrated Coastal Zone Management Plan
I.D.C.	Industrial Development Cooperation
I.D.P.	Integrated Development Plan
I.D.Z.	Industrial Development Zone
I.E.M.	Integrated Environment Management
I.E.M.P.	Integrated Environmental Management Plan
I.N.E.P.	Integrated National Electrification Programme
I.P.M.S.	Individual Performance Management System
I.T.	Information Technology
KfW	German Development Bank
K.W.T.	King Williams Town
L.A. 21	Local Agenda 21
L.E.D.	Local Economic Development
L.G.H.	Local Government Housing
L.O.S.	Levels of Service
L.S.D.F.	Local Spatial Development Framework
M.E.C.	Member of the Executive Council
M.E.L.D.	Mdantsane East London Development
M.F.M.A.	Municipal Finance Management Act
M.I.G.	Municipal Infrastructure Grant
M.S.	Municipal Scorecard
M.S.A.	Municipal Systems Act
M.T.I.E.F.	Medium-Term Income and Expenditure Framework
M.U.R.P.	Mdantsane Urban Renewal Programme
N.A.T.I.S.	National Traffic Information system
N.E.R.S.A.	National Electricity Regulator of South Africa
N.G.O.'s	Non-Government Organisations
N.S.D.P.	National Spatial Development Perspective
O.D.A.	Organizational Development Africa

O.S.S.	Open Space System
P.G.D.P.	Provincial Growth and Development Plan
P.H.C.	Primary Health Care
P.M.S.	Performance Management System
P.M.T.C.T.	Prevention of Mother to Child Transmission
P.P.E.	Property, Plant & Equipment
P.P.P.'s	Public Private Partnerships
R.G.	Restructuring Grant
R.M.S.	Road Management System
R.S.A.	Republic of South Africa
S.A.	South Africa
S.A.C.N.	South African Cities Network
S.D.	Sustainable Development
S.D.B.I.P.	Service Delivery and Budget Implementation Plan
S.D.F.	Spatial Development Framework
S.I.D.A.	Swedish international Development Cooperation Agency
S.L.G.P.	Strengthening Local Governance Programme
S.M.M.E.	Small, Medium & Micro Enterprises
S.P.S.P.	Sector Policy Support Programme
S.T.E.P.	Sub-Tropical Thicket Ecosystem Planning
U.N.C.E.D.	United Nations Conference on the Environment & Development
V.C.T.	Voluntary Counselling & Testing
V.I.P.	Ventilated Improved Pit Latrine
W.S.A.	Water Services Authority
W.S.D.P.	Water Services Development Plan

# Executive Summary

## 1. What is an IDP?

An Integrated Development Plan, adopted by the council of a Municipality, is the key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) as:

*35(1)(a) "...the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality;  
(b) binds the municipality in the exercise of its executive authority..."*

In terms of the MSA section 34 a municipality is required to review its IDP annually. Annual reviews allow the municipality to expand upon or refine plans and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning.

The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the Municipality.

This document sets out the results of the Municipality's 2010/11 IDP Review Process, and details the following: -

The process followed to review Buffalo City's IDP;

The key informants that have provided the basis for amending certain elements of the IDP;

The amended Objectives, Strategies, Indicators and Targets, which have been revised on the basis of the informants identified herein.

## 2. The process followed:

In August 2009, Council adopted the Process Plan, which outlined the process to be followed in conducting a review towards the 2010/11 Integrated Development Plan. Below is a summary of some of the key activities that were carried out during the review and development of IDP and Budget:

- An advertisement was placed in the local newspaper in September 2009 calling for sector organizations and stakeholders to nominate members for the IDP, Budget & PMS Representative Forum.
- IDP Sessions with all Buffalo City Councillors that were held on 1 and 12 September 2009, to assess progress with implementation of ward needs and identify new ward priorities in terms of service delivery.
- An IDP/Budget/PMS External Representative Forum was held on 30 September 2009, to review progress in implementation of the 2008/09 IDP, report on performance of the first quarter of 2009/10 and to outline the review process towards 2010/11
- Technical Cluster meetings were convened on 4-12 November 2009 to conduct a situation analysis exercise and to commence a review objectives and strategies towards 2010/11.
- An Institutional Strategic Planning workshop which was held in Fish River Sun from 29 November to 1 December 2009.
- An IDP/Budget/PMS Workshop that was held on 11 December 2009 to consider outstanding issues from the Institutional strategic planning session and to assess progress in terms of the action plans of each directorate.
- IDP/PMS/Budget Technical Working Group Meetings that are held as part of an ongoing interaction with BCM Directorates.
- Directorates submitted business plans for proposed projects from 8 – 18 February 2010

- An IDP/Budget/PMS Workshop held on 25 February 2010, wherein Clusters presented their draft IDP Objectives and Strategies as well as preliminary projects for 2010/11-2012/13 MTREF period. An update on Buffalo City Municipality's readiness to become a metro was provided and deliberated at length by internal stakeholders.
- An IDP/Budget & PMS External Representative Forum was held on 4 March 2010 to engage external stakeholders on draft IDP Objectives, Strategies, Indicators, Targets and preliminary projects for 2010/11 – 2012/13 MTREF period. External stakeholders were updated on BCM's readiness to become a metro and on the Municipal Turn-around Strategy which is in the process of development.
- IDP Thematic Clusters convened from 9-12 March 2010 to prioritise their projects in line with the available budget for 2010/11 – 2012/13 MTREF period.
- IDP/Budget Public hearings which are scheduled to commence from 14-30 April 2010, wherein the draft IDP and Budget will be presented to the broader BCM community. Inputs from the broader community consultations will be taken into consideration prior to finalisation of the 2010/11 IDP and Budget.

### 3. IDP Informants and Key Issues:

The IDP review process was undertaken within the framework of National, Provincial and District policies and legislation. Amendments contained in this revised IDP for 2010/11 were informed by the following:

- an assessment of IDP implementation;
- changing internal and external circumstances
- IDP/Budget Public hearings in May 2009
- Cluster situation analysis reports;
- Comments from the MEC;
- The 5 Local Government Strategic Objectives (2006-2011);
- Millennium Development Goals;
- Provincial Growth & Development Plan;
- National Spatial Development Perspective;
- Draft BCM City Development Strategy.
- BCM Turn Around Strategy
- Imminent Metropolitan Municipality Status

#### 3.1 Key Issues

Buffalo City's key issues or strategic focus areas have been identified and distilled over a number of years. Due to the time it takes to address some of the strategic focus areas, most of the focus areas still remain relevant to date. These key issues include:

- Expediting the provision of key services such as roads, electricity, water and sanitation.
- Improving financial / revenue generating capacity of BCM through devising and implementing support tools.
- "Growing the cake" by stimulating local economic development.
- Supporting BCM staff through training and staff retention programmes
- Improving communication, both internally and externally.
- Attaining institutional stability, both administratively and politically.
-

Through public engagements, further priority areas emerged and these have been distilled into the following 5 priority issues, which BCM has to address going forward. The 5 priority issues relate to:

- Roads & Transport
- Electricity
- Water & Sanitation
- Housing & Land
- Waste Management

Other long standing key issues for Buffalo City Municipality include the following:

❑ **Long-term Development Strategy**

Lack of a clear long-term development strategy was highlighted in previous years. In this regard BCM has worked with key stakeholders to develop the 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 regarded 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.

Currently the City Development Strategy is undergoing a review, which will culminate in a Conference with all key stakeholders in 2010.

Fundamental to the development and implementation of this strategy is the participation and 'buy-in' of all stakeholders, including National, Provincial and Local Government. In this regard BCM will continue engage relevant external stakeholders through development bi-laterals.

❑ **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.

❑ **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 remain inefficiencies within the institution, which compromise BCM's ability to deliver services and fully achieve the objectives set out in the IDP.

❑ **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 zero income. Growing unemployment is also a symptom of Buffalo City's slow economic

growth. The average compounded annual growth in GDP from 1995 to 2005 was 2, 5%. 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 as well as widespread HIV/Aids. In view of these challenges BCM will strive to create decent work and sustainable livelihoods.

#### ❑ 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. To date there is backlog of about 75 000 units in both urban and rural areas.

#### ❑ Rural Development, land reform, food production and security

Agricultural and rural development in Buffalo City is impeded by infrastructure backlogs as well as the slow pace of the land reform programme. A number of opportunities for agricultural development which will enhance food production and security exist within BCM and amongst others, include:

- Dairy
- Tunnel farming
- Essential oils
- Agro processing

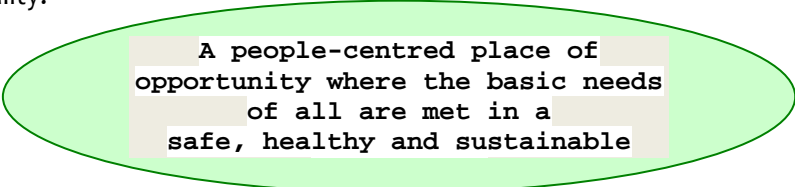
These and other rural development related issues will be considered and expanded on in the Agricultural and Rural Development Strategy which is currently being developed by BCM.

#### ❑ Sustainable Development

Buffalo City covers a large area of over 2,515 square kilometres. 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 70 km of coastline. 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.

## 4. IDP Contents:

Buffalo City Municipality's Integrated Development Plan sets out the long-term vision of the Municipality:



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

The 2010/11 IDP Review details the key issues or development priorities for the municipality, the objectives, which respond to the key issues and contribute towards the fulfilment of this vision and the strategies, the means by which these objectives will be achieved and the linked projects and programmes.

## 5. IDP Key Objectives:

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

KEY ISSUE	BCM KEY OBJECTIVES
<i>Buffalo City lacks a clearly defined long-term development strategy this negatively impacts on the ability of BCM &amp; Buffalo City stakeholders to work towards the achievement of Buffalo City's vision.</i>	<b>BCM1</b> 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>	<b>BCM2</b> 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>	<b>BCM3</b> 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>	<b>BCM4</b> 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 &amp; electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities and an enriching environment.</i>	<b>BCM5</b> 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>	<b>BCM6</b> BCM has a safe, healthy & 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.
* <b>Mandate:</b> 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 & economic development, promoting a safe & healthy environment, encouraging the involvement of communities and community organisation in matters of local government.	

On the basis of these key objectives and the informants, cluster objectives have been reviewed and refined, according to the thematic Clusters:

1. Social Cluster & Environmental Cluster
2. Economic Development Cluster
3. Spatial & Infrastructure Cluster
4. Finance & Institutional Cluster

## 6. Metropolitan Municipality Readiness

In July 2008 the Municipal Demarcation Board made a determination that Buffalo City Municipality will become a metropolitan municipality in 2011, thus joining the ranks of the existing six metros in the country. Current outer boundaries of the municipality will however remain unchanged, whilst internal ward boundaries will be altered which will result in five extra new wards and councillors.

Interim arrangements to be put in place as part of preparations towards attaining a metropolitan municipality status in 2011 include:

- Establishment of a political forum which includes Mayors, Speakers, Chief Whips and Mayoral Committee Members to oversee the transition and design process
- Appointment of an Interim Management Team to be led by the existing Municipal Managers and a Transition Project Management Unit (TPMU)
- Approval of a Transformation Plan with time frames, clear milestones and effective dates for implementation.

BCM is presently working towards a 'new' Metro Municipality with an altered strategy, organisational plans and institutional design equipped to meet the needs of the entire metropolitan area.

The 2011-2016 integrated development plan will have to be developed and ratified by a new council once it is elected to allow it to coincide with a full term of council.

### 6.1 Municipal Turn-around Strategy

Cooperative Governance and Traditional Affairs Department commissioned an evaluation of local government which culminated in the State of Local Government in South Africa report. The report details a plethora of challenges that currently bedevil the sphere of government which is closest to communities. Such challenges hamper the functioning of local government and its ability to deliver services. Following the assessment of local government turn-around strategy has been proposed. However, the strategy avoids a 'one size fits all approach' meaning each municipality has develop its own turn-around strategy which is commensurate with local conditions and challenges.

BCM has developed a turn-around strategy, attached as annexure D. Current considerations which inform the turn-around strategy include:

- Service Delivery Improvement
- Supply Chain Management
- Organisational Design and efficiency enhancement; and
- Clean Audit Interventions

Through development and implementation of the municipal turn-around strategy, BCM is striving to:

- Meet basic needs of communities
- Build clean, effective, efficient, responsive and accountable local government

- Improve performance and professionalism
- Strengthen partnerships between communities, civil society and the municipality.

## 7. IDP Review 2010/11 - Report Structure

This IDP Review (2010/11) document is structured as follows:

<b>Section A</b>	<b>Introduction</b>
<b>Section B</b>	<b>BCM Overview and Updated Situation Analysis</b> <i>This section provides a brief overview of the situation in BCM and focuses on new developments.</i>
<b>Section C</b>	<b>Key Issues &amp; Objectives: IDP 2010/11</b> <i>This section outlines key issues &amp; key strategic objectives for IDP 2010/11</i>
<b>Section D</b>	<b>IDP Cluster Issues, Objectives &amp; Strategies</b> <i>This section sets out the reviewed Cluster objectives, strategies, indicators and targets.</i>
<b>Section E</b>	<b>To be added</b>
<b>Section F</b>	<b>Five-Year Financial Plan</b> <i>This section sets out the overall strategic framework for Financial Management in the BCM, including key financial policies and strategies.</i>
<b>Section G</b>	<b>Spatial Development Framework</b> <i>This section highlights key elements of the Buffalo City SDF.</i>
<b>Section H</b>	<b>Operational Framework &amp; Strategies</b> <i>This section sets out the institutional arrangements developed by BCM to operationalize the delivery of its mandates in terms of the Constitution and Municipal legislation.</i>
<b>Section I</b>	<b>Performance Management</b> <i>This section includes Performance Management details.</i>
<b>Annexure</b>	<b>To be added before approval of the draft by Council</b>

# Section A

## INTRODUCTION

### 1. The Buffalo City Municipality IDP 2010/11

An Integrated Development Plan, adopted by the council of a municipality, is the key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) as:

*35(1)(a) "...the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality";*  
*(b) "binds the municipality in the exercise of its executive authority..."*

In terms of the MSA section 34 a municipality is required to review its IDP annually. Annual reviews allow the municipality to expand upon or refine plans and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning.

The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the municipality.

#### 1.1 Purpose of this Document

This document sets out the results of the municipality's 2010/11 IDP review process, and describes the following: -

- The process followed to review the BCM's IDP;
- The key informants that have provided the basis for amending certain elements of the IDP;
- The amended Objectives, Strategies, Programmes and Projects, which have been revised on the basis of the informants identified herein.

#### 1.2 IDP Contents:

Buffalo City Municipality's Integrated Development Plan sets out the long-term vision of the Municipality:

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

The 2010/11 IDP Review details the key issues or development priorities for the municipality, the objectives, which respond to the key issues and contribute towards the fulfilment of this vision and the strategies, the means by which these objectives will be achieved and the linked projects and programmes

### 1.3 Basis for the IDP 2010/11

The IDP 2010/11 was undertaken as part of the continuous cycle of planning, implementation and monitoring as illustrated in the Figure below.

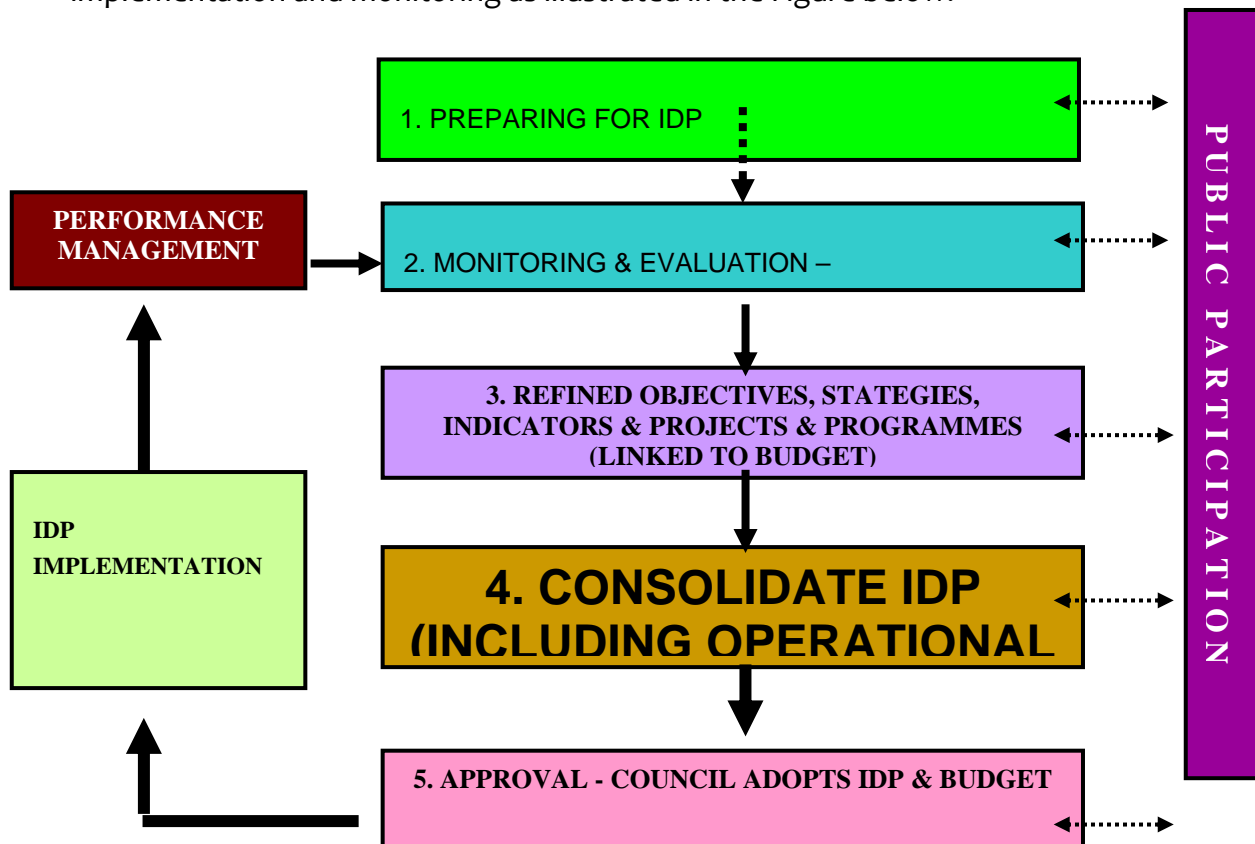


Figure A.1: IDP Review Process

The IDP 2010/11 review was undertaken within the framework of National, Provincial and District plans and policies, with particular consideration being given to the National Spatial Development Perspective (NSDP) and the Eastern Cape Provincial Growth & Development Plan (PGDP).

The amendments contained in this reviewed IDP towards 2010/11 were formulated on the basis of:

- an assessment of implementation performance and the achievement of IDP targets and strategic objectives – considering the impact of successes and the corrective measures necessary to address problems;
- Updated cluster situation analysis reports, which constitute section B of the IDP;
- IDP/Budget Public hearings held in May 2009;
- changing internal & external circumstances, impacting on priority issues, objectives & strategies;
- the powers & functions of the municipality;

And were distilled through the deliberations of the:

- Institutional Strategic Planning Session held from 29 November – 1 December 2009 at Fish River Sun
- IDP, Budget and Performance Management External Representative Forum meetings held on 30 September 2009 and 4 March 2010.

- IDP/Budget/PMS Workshops
- IDP Technical Working Group Meetings

## 1.4 The Process Followed

In August 2009, Council adopted the Process Plan, which outlined the process to be followed in conducting a review towards the 2010/11 Integrated Development Plan. Below is a summary of some of the key activities that were carried out during the review and development of IDP and Budget:

- An advertisement was placed in the local newspaper in September 2009 calling for sector organizations and stakeholders to nominate members for the IDP, Budget & PMS Representative Forum.
- IDP Sessions with all Buffalo City Councillors that were held on 1 and 12 September 2009, to assess progress with implementation of ward needs and identify new ward priorities in terms of service delivery.
- An IDP/Budget/PMS External Representative Forum was held on 30 September 2009, to review progress in implementation of the 2008/09 IDP, report on performance of the first quarter of 2009/10 and to outline the review process towards 2010/11
- Technical Cluster meetings were convened on 4-12 November 2009 to conduct a situation analysis exercise and to commence a review objectives and strategies towards 2010/11.
- An Institutional Strategic Planning workshop which was held in Fish River Sun from 29 November to 1 December 2009.
- An IDP/Budget/PMS Workshop that was held on 11 December 2009 to consider outstanding issues from the Institutional strategic planning session and to assess progress in terms of the action plans of each directorate.
- IDP/PMS/Budget Technical Working Group Meetings that are held as part of an ongoing interaction with BCM Directorates.
- Directorates submitted business plans for proposed projects from 8 – 18 February 2010
- An IDP/Budget/PMS Workshop held on 25 February 2010, wherein Clusters presented their draft IDP Objectives and Strategies as well as preliminary projects for 2010/11-2012/13 MTREF period. An update on Buffalo City Municipality's readiness to become a metro was provided and deliberated at length by internal stakeholders.
- An IDP/Budget & PMS External Representative Forum was held on 4 March 2010 to engage external stakeholders on draft IDP Objectives, Strategies, Indicators, Targets and preliminary projects for 2010/11 – 2012/13 MTREF period. External stakeholders were updated on BCM's readiness to become a metro and on the Municipal Turn-around Strategy which is in the process of development.
- IDP/Budget Public hearings which are scheduled to commence from 14-30 April 2010, wherein the draft IDP and Budget will be presented to the broader BCM community. Inputs from the broader community consultations will be taken into consideration prior to finalisation of the 2010/11 IDP and Budget.

## SECTION B

# UPDATED SITUATION ANALYSIS

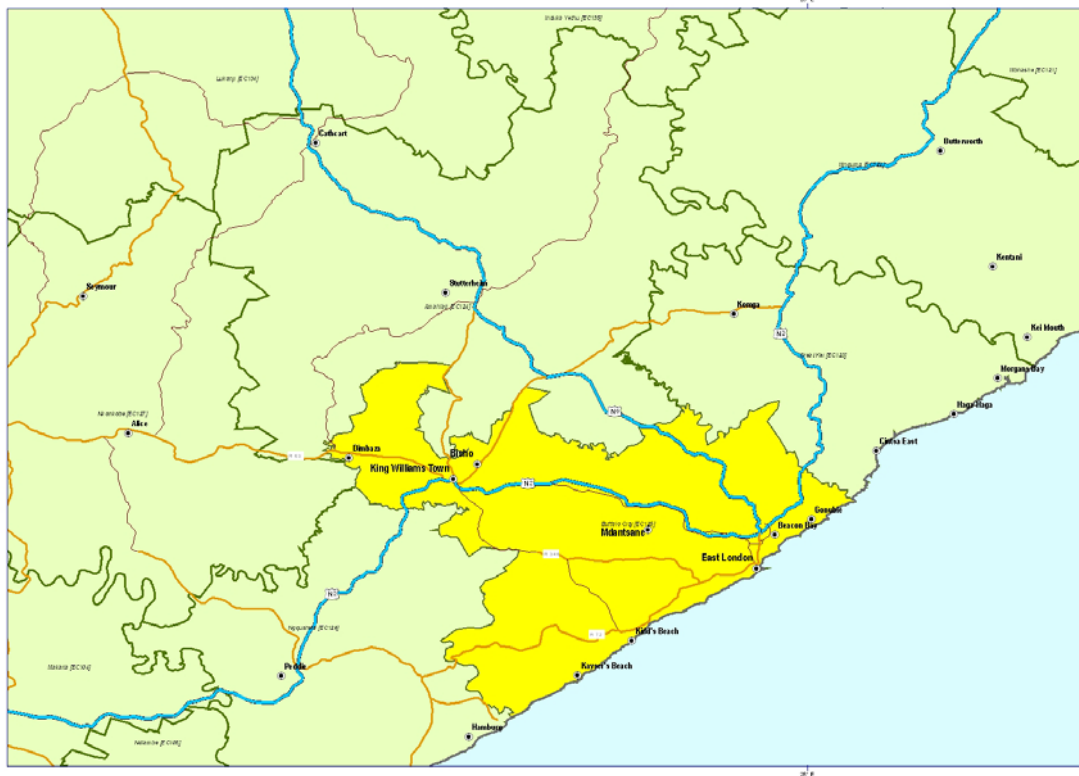
### 1. Buffalo City Profile

#### 1.1 Buffalo City in Context

Buffalo City is situated relatively centrally in the Eastern Cape Province, which is bounded to the south-east by the long coastline along the Indian Ocean.

The Eastern Cape Province is the second largest province in land area in South Africa, and covers some 169,580 square kilometres, which is 13,9% of South Africa's total land area. The province has the third largest population of South Africa's Provinces, approximately 6,4 million people (Census 2001), which is 14,1% of South Africa's people. The province is generally seen as one of the two poorest in South Africa. There are two major urban conurbations within the Province, Nelson Mandela Metropolitan and Buffalo City.

Buffalo City is the key urban centre of the eastern part of the Eastern Cape. It consists of a corridor of urban areas, stretching from the port city of East London to the east, through to Mdantsane and reaching Dimbaza in the west. East London is the primary node, whilst the King Williams Town (KWT) area is the secondary node. It also contains a wide band of rural areas on either side of the urban corridor. (See Figure B.1 below). Buffalo City's land area is approximately 2,515 km<sup>2</sup>, with 68km of coastline.



**Figure B.1: BCM Boundaries and Key Urban Centres**

Source: BCM GIS Department

Both King William's Town and East London have important functions. KWT functions as a Regional Service Centre and together with Bhisho, is the Provincial Administrative Centre and contains the seat of the Provincial Government of the Eastern Cape Province, whilst East London is the dominant economic centre.

Buffalo City is broadly characterised by three main identifiable land use patterns.

The first has been described above, that is, the dominant urban axis of East London – Mdantsane–KWT–Dimbaza, which dominates the industrial and service sector centres and attracts people from throughout the greater Amathole region in search of work and better access to urban service and facilities.

The second is the area comprising the fringe peri-urban and rural settlement areas, which, whilst remaining under the influence of the urban axis, is distinct in character and land use patterns. These include the Newlands settlements, those settlements that previously fell within the former Ciskei Bantustans, and the Ncera settlements located west of East London.

Thirdly, the commercial farming areas form a distinctive type of area. These areas are dominant in the north-eastern and south-western (coastal) sectors of the Municipality and are characterised by extensive land uses, with certain areas making use of intensive farming (irrigation-based).

## 1.2 Buffalo City Population

The Community Survey conducted in October 2007 by Statistics South Africa, estimates the total population of Buffalo City to be 724 306, a marked growth from the 2001 census which put it at 701 895. However, the community survey does not provide a breakdown of the population figures per constituent areas of BCM as it is normally done in previous censuses. In the last two censuses the BCM population was broken down as follows:

Table B.1: Population 2001 & 1996 (Census)

Area	2001	1996
KWT & Surrounds	184,246	183,934
East London Area	204,862	187,120
Mdantsane Area	168,284	176,483
Rural South	63,967	62,530
Rural North	80,536	76,881
<b>Total</b>	<b>701,895</b>	<b>686,948</b>

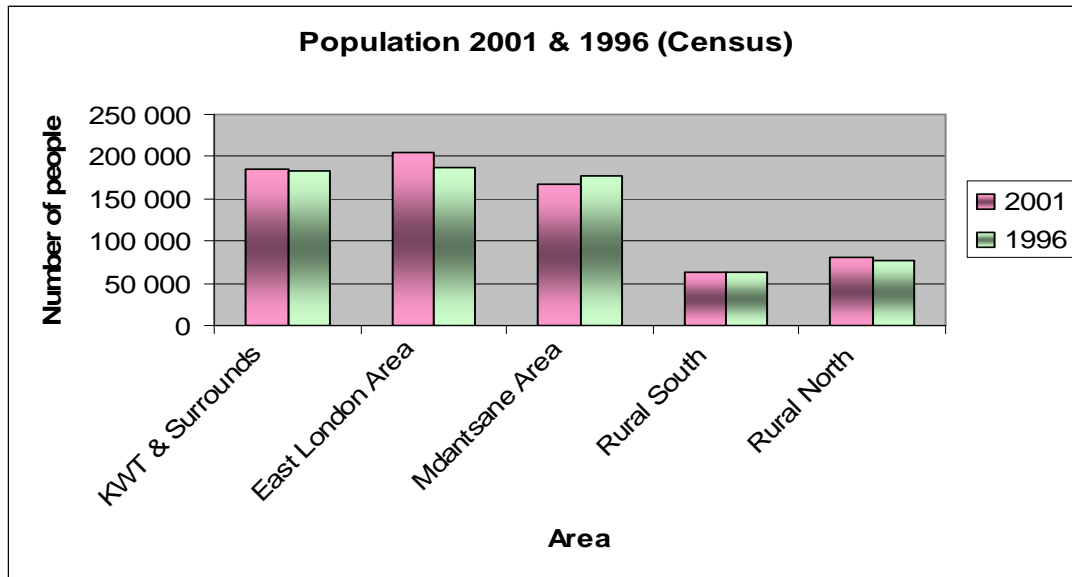


Fig B2: Population 2001 & 1996 (Census)

Whilst there has been some debate regarding possible under-counting of BCM in the Censuses, the Census figures are recognized as the official statistics.

The population has grown relatively slowly from 1996 - 2001 at 2,87%, an average of 0.6% per annum. Households have, however, grown at a much faster rate, as extended households 'disaggregate'. The growth rate for households over the five year period was 19,82%, an average annual household growth of 3,68%. This growth in the number of households translates into an increased demand for municipal services.

Table B.2: Households 2001 (Census) & 2007 (Community Survey)

	2001	2007
Households	191 234	208 389

Table B.3 details the movement of the population in and out of Buffalo City over the period 1996 –2001. The statistics reflect a lower level of migration than previously anticipated, with only 6,6% of the population newly migrant and the ratio of out-migration to in-migration being 49:51. Internal migration, moving from one settlement to another within the boundaries of Buffalo City, also needs to be considered by BCM.

Table B.3: Movement of Population into, within and out of Buffalo City 1996 – 2001

Total % of 2001 pop that is newly migrant	Ratio of out- migration to in-migration	
	Out	In
	6,66%	49

Table B.4 details the gender split, with 53 % of the population being female and 47% male, in 2001.

Table B. 4: Gender 2001, 1996 (Censuses) &amp; 2007 Community Survey

2001		1996		2007	
Female	Male	Female	Male	Female	Male
372,730	329,159	362,650	324,297	370,191	354,115

Table B.5 details the age split within the population. The percentage of the population aged 15 – 64 has grown since 1996, indicating an increased number of people looking for employment opportunities. Since 2007 the percentage of population aged 15-34 has increased, again more youth looking for employment opportunities.

Table B. 5: Age 2007, 2001 &amp; 1996

	2007	2001	1996
% of Cities Population Aged 0- 4	8,70	7,15	8,40
% of Cities Population Aged 5 - 14	18,10	18,62	20,82
% of Cities Population Aged 15 - 34	39,0	37,77	37,35
% of Cities Population Aged 35 - 64	28,50	30,25	27,69
% of Cities Population Aged >65	5,65	6,21	5,74

Table B.6: Percentage distribution of households by type of main dwelling

	Census 2001	CS 2007
House or brick structure on a separate stand or yard	54.0	58.8
Traditional dwelling / hut / structure made of traditional materials	8.1	4.5
Flat in block of flats		
Town / cluster / semi-detached house (simplex: duplex: triplex)	3.8	6.1
House / flat / room in backyard	1.8	1.7
Informal dwellings / shack in backyard	2.3	3.2
Not in backyard e.g. in an informal/squatter settlement		
Room / flatlet not in backyard but on a shared property	5.6	4.1
Caravan or tent	23.0	20.4
Private ship / boat	1.0	0.8
Workers' hostel (bed / room)	0.2	0.2

Other	0.0	0.0
<b>Total</b>	-	0.1
	-	0.2
	<b>100.0</b>	<b>100.0</b>

In Buffalo City Local Municipality, the majority of households used house or brick structure stand or yard, the figures stood at 54.0% in 2001 and 58.8% in 2007. The percentage of those in informal / squatter settlement was 23.0% in 2001 and 20.4% in 2007.

**Table B.7: Percentage distribution of households by tenure status**

	Census 2001	CS 2007
Owned and fully paid off	36.6	43.3
Owned but not yet paid off	15.1	13.8
Rented	18.1	21.0
Occupied rent-free	30.2	21.0
Other	-	0.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

In 2001, households that occupied rent-free properties were 30.2%, this figure declined to 21.0% in 2007. Most households in this area owned and fully paid off their properties; the figure was 36.6% in 2001 and it increased to 43.3% in 2007.

**Table B.8: Percentage distribution of households by type of energy / fuel used for lighting**

	Census 2001	CS 2007
Electricity	62.9	74.3
Gas	0.5	0.3
Paraffin	34.5	23.8
Candles	1.8	1.0
Solar	0.1	0.0
Other	0.2	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Electricity consumption increased from 62.9% in 2001 to 74.3% in 2007. Paraffin usage was 34.5% in 2001 and declined to 23.3% in 2007.

Table B.9: Percentage distribution of households by type of energy / fuel used for heating

	Census 2001	CS 2007
Electricity	35.8	46.5
Gas	1.0	1.1
Paraffin	46.5	43.3
Wood	11.0	6.0
Coal	0.6	0.4
Animal dung	0.3	0.1
Solar	0.1	0.1
Other	4.8	2.7
Not applicable	0.0	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The main source of energy / fuel used for heating in 2001 was paraffin at 46.5%, this figure changed slightly to 43.3% in 2007. Electricity consumption rose from 35.8% in 2001 to 46.5% in 2007. Usage of wood dropped from 11.0% in 2001 to 6.0% in 2007.

Table B.10: Percentage distribution of households by type of water source

	Census 2001	CS 2007
Piped water		
Inside the dwelling	31.4	47.8
Inside the yard	27.4	18.4
From access point outside the yard	34.9	31.8
Borehole	0.3	0.2
Spring	0.0	0.0
Dam / pool	1.8	0.2
River / stream	1.2	0.3
Water vendor	0.1	0.3
Rainwater tank	0.6	0.6
Other	2.3	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

In 2001, the percentage of households that fetched piped water from access points outside the yard was 34.9%, this figure dropped to 31.8% in 2007. Those that had access to piped water inside the dwelling were 31.4% in 2001 and 47.8% in 2007.

Table B.11: Percentage distribution of households by type of toilet facilities

	Census 2001	CS 2007
Flush toilet (connected to sewerage system)	63.8	62.0
Flush toilet (with septic tank)	2.5	4.7
Dry toilet facility	-	3.4
Chemical toilet	1.1	0.2
Pit latrine with ventilation (VIP)	3.5	2.5
Pit latrine without ventilation	15.2	14.1
Bucket latrine	1.4	1.3
None	12.4	11.6
Not applicable	0.0	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The majority of households had access to flush toilet (connected to sewerage system) in 2001 with a total of 63.8% households, in 2007 there was a slight variation to 62.0%. Those that used pit latrine without ventilation were 15.2% in 2001 and 14.1% in 2007.

Table B.12: Percentage distribution of households by type of refuse disposal

	Census 2001	CS 2007
Removed by local authority / private company		
At least once a week	71.3	70.8
Less often	1.2	0.9
Communal refuse dump	0.8	1.0
Own refuse dump	21.7	23.5
No rubbish disposal	5.0	3.7
Other	-	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Households that used own refuse dump were 21.7% in 2001 and a slight increase to 23.5% in 2007. Those with access to local authority / private company services at least once a week were 71.3% in 2001 and 70.8% in 2007.

Table B.13: Percentage distribution of households by type of energy / fuel used for cooking

	Census 2001	CS 2007
Electricity	43.0	59.6
Gas	3.0	2.6

Paraffin	46.2	34.4
Wood	6.7	3.0
Coal	0.3	0.1
Animal dung	0.5	0.2
Solar	0.1	0.0
Other	0.2	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The main type of energy / fuel used for cooking in 2001 was paraffin at 46.2%, there was a decline in 2007 to 34.4%. Electricity usage, which stood at 43.0% in 2001, increased to 59.6% in 2007. Wood usage declined from 6.7% in 2001 to 3.0% in 2007.

## 2. Cross-Cutting Issues

The White Paper, 1998 indicates that developmental local government needs to be committed to working with communities in order to find sustainable ways of meeting their social, economic and material needs and in doing so, specifically target those members and groups within communities who are most often marginalized or excluded such as women, persons with disabilities, the poor, those most effected by apartheid planning and the lack of sustainable spatial developments.

The Department of Provincial and Local Government (dplg) IDP Guide Pack (V) purports the notion that “one size does not fill all” and that sustainable development requires the integration of community specific; social, economic and environmental factors within all planning phases. In this vein the guide lists the following cross-cutting issues; Natural Environment, Spatial Development, Economic Dimension , Institutional Dimension, Poverty, Gender, HIV and AIDS, Rural and Urban Development.

The Department of Provincial and Local Government (dplg) Framework for an Integrated Local Government Response to HIV and AIDS describes the terms of “susceptibility” as being the causes of people becoming at risk or negatively impacted on due to biological (access to clean water and health services), behavioural (gender inequality) and social factors (children and women at risk of social violence as a result of unsafe housing and inadequate environmental lighting). The second term is that of “vulnerability” and refers to the consequences of becoming more disadvantaged for example; being HIV infected, the ability of child headed households, indigents and those living in abject poverty to access livelihood assets and support from the state and other agencies (dplg 2007). This document has very basic and generic examples of how directorates and departments can mainstream not only HIV and AIDS but all the cross-cutting issues.

In terms of the Buffalo City Municipality (BCM) Integrated Development Plan (IDP) 2009-2010, “cross-cutting issues refer to those issues, which require a multi-sectoral response and thus need to be considered by all clusters”.

Within the context of this IDP the following are termed cross-cutting issues;

- HIV and AIDS
- Local Agenda 21
- Poverty
- Gender
- Disability
- Older Persons
- Youth & Children

Emanating from the cross-cutting issues the following are considered as Special Programmes Focal Areas; HIV and AIDS, Youth & Children, Gender, Disability and Older Persons and each these Focal Areas has dedicated BCM Strategies which have been developed to address the specified issues of susceptibility and vulnerability facing these documented groups. It is acknowledged that no single one of these can be viewed or managed in isolation and as such are interlinked and interdependent.

BCM has embarked on a process of mainstreaming cross-cutting issues, through supporting the different directorates in their respective clusters to take cognisance of how these issues impact on their service delivery and also how municipal services impact on the cross-cutting issues either negatively or positively. A dedicated department within the Directorate: Executive Support Services namely Public Participation and Special Programmes seeks to strategically assist with the mainstreaming of HIV and AIDS, Gender, Youth and Children, Persons with Disabilities and Older Persons through the IDP.

## 2.1 HIV and AIDS

The BCM **HIV and AIDS Cross-Cutting Strategy** which was developed in 2004 is currently under review during the third quarter of the 2009/10 financial year.

The HIV and AIDS epidemic in South Africa is one of the most severe in the world with approximately 5.6 million South Africans being HIV positive in 2008. The general population HIV prevalence rate is 12%, with individuals between the ages of 20 and 64 years of age having an estimated prevalence rate of 20%. The 2008 estimate of the general antenatal clinic prevalence rate for pregnant women attending public health clinics was 29%. The Eastern Cape Province in which BCM is situated has the third largest number of HIV positive infections in the country namely 11% or 730 000 of the general South African population. Both the Eastern Cape general and antenatal population and antenatal prevalence figures of 20% and 29% respectively are the same as the general South African population prevalence figures. Less than half (49 000) of the 111 000 Eastern Cape persons in need of Antiretroviral Treatment were able to access such treatment by mid year 2008. Within the Eastern Cape the number of new infections during 2008 was estimated at 223 per day and at least 120 AIDS deaths per day.

HIV and AIDS remains therefore a large and growing threat to BCM's ability to be a productive, inclusive, sustainable and well-governed city. HIV and AIDS are considered to be a strategic priority because of its potential to undermine development and exacerbate poverty. Research has estimated that by 2015, the labour force in South Africa will decrease by 21% due to HIV and AIDS thereby impacting on service delivery to and the ensuing income generators.

The BCM HIV and AIDS Cross-Cutting Strategy has an internal and external focus. The internal focus addresses Employee and Councillor Wellness Issues with the custodian being the Directorate: Corporate Services. The 2004 BCM Employee HIV Prevalence Study results showed that the BCM HIV prevalence was at 10.3%. In 2007 the BCM Employee Prevalence rate was 8.96%. Results of the 2004 Economic Impact Study show that the cost to BCM, per employee lost to HIV and AIDS, averages two years' salary (1-2% of labour costs). As an employer, BCM has embarked on a wellness programme which includes a workplace peer education programme and a partnership with Siyakhana, a Daimler Chrysler Chamber Health Trust initiative. BCM also played a role in the development of a Local Government Workplace Toolkit for HIV and AIDS by the Department of Provincial and Local Government (dplg).

The external or community focus has the Directorate: Health and Public Safety as its custodian and will be elaborated on in the relevant cluster narrative.

In addition to these custodian Directorates, the Directorate: Executive Support Services is the custodian for the Local AIDS Council (LAC) which is a stakeholder platform of role-players in the fight against HIV and AIDS. The inputs from this stakeholder forum are fed into the IDP in order that the voices of those who are infected and affected are considered in municipal planning processes.

## **2.2 Local Agenda 21**

Local Agenda 21 is the outcome of the United Nations Conference on the Environment and Development (UNCED), which was held in 1992 in Rio de Janeiro, Brazil. It is a global action plan to reduce environmental degradation and promote equitable development into the 21st century. Local authorities play an important part in the transformation towards sustainability, as many of the problems we are facing today, as well as solutions, have their roots in local activities.

There is international, national and local legal and regulatory support for the establishment of Local Agenda 21 (LA 21) Programmes.

Local Agenda 21 requires a multi-disciplinary approach. The Integrated Environmental & Sustainable Development Unit has overall strategic responsibility for LA 21 and plays an important role as the facilitator and co-ordinator of the LA 21 programme.

## **2.3 Poverty Alleviation**

The high levels of poverty are apparent in the statistics from Census 2001 where approximately 70% of households have an income of less than R1500 per month (the household subsistence level) and 28% of all households have R0 income. Of even greater concern is that these R0 income households have more than doubled since Census 1996, when 14% of the households in BCM had R0 income.

Poverty alleviation is a central issue for BCM and is addressed, within the available resources, through various IDP programmes and projects. Examples of these include

BCM's LED programme, the provision of free basic services to qualifying households and the Mdantsane Urban Renewal Programme.

## 2.4 Gender Equity

The **BCM Gender Policy and Strategy** was launched in 2007 and aims to promote the protection, development and attainment of gender equality both within the municipality and within the community.

Within the Amathole District 51% of households are women headed particularly within the rural areas as a result of migrant labour. Historically, women headed households are more likely to be poorer than those householders headed by men. In addition to this, women generally have multi roles within the household which often hampers them from gaining and maintaining meaningful employment. It is significant that 59.2% of women in Amathole District are unemployed, compared to 55.9% of males. This unemployment rate is higher than the provincial average of 57.8% and 51.4% for women and men in the Eastern Cape, respectively. Thus, women in BCM, similar to women in the Eastern Cape and South Africa are faced with various challenges relating to being unemployed.

In the Municipality, women account for 42% of the Mayoral Executive Committee. Both the Executive Mayor and the Speaker are women. In terms of employment equity, BCM has put in place an Employment Equity Plan with monitoring indicators that are gender disaggregated. The indicators show that women comprise 34% of the total staff of the directorates. The higher representation of women, approximately 33% is found in semi-skilled and discretionary decision-making levels.

Within BCM, several initiatives have been undertaken related to gender mainstreaming. For instance, BCM has undertaken a 10% target for awarding preferential procurement contracts to companies in which women specifically have a major share. BCM has also developed its procurement principals such that when scoring informal tenders, women are scored to a maximum of 4/20 points for tenders below R200 000. A sexual harassment policy is in place and sexual harassment is taken seriously by the Municipality.

The BCM Ward Committees also focus on ensuring representation of women and within the 10 person Ward Committee and it is mandatory for 1 member to represent women. It is envisaged that following the 2009 election of Ward Committees, the BCM Gender Forum will be revitalised thereby providing for gender issues to be included into the IDP and municipal planning processes.

## 2.5 Children & Youth

The BCM **Youth Development Strategy** which was launched in 2005 was reviewed during 2009. The reviewed Strategy will place greater emphasis on Orphans and Vulnerable Children (OVCs) and mainstreaming youth development in the affairs and structures of the BCM and the monitoring and evaluation of youth programmes.

According to Census 2001, approximately 64% of Buffalo City's population can be categorised as either children 26% (0-14 yrs) or youth 38% (15-34 yrs). This group is the most susceptible and vulnerable and greatly affected by the social ills ravaging our society.

BCM has a very high unemployment rate of 53% which is invariably linked to skills and education. In 2004 60% of the unemployed had low skills levels and had not progressed beyond Grade 9 (ABET4) and 65% were younger than 29. According to the State of the Cities Report 2006, only 1.2% of the BCM population possess a university degree whilst 16.2% have no schooling at all.

Employment is an important determinant of income and therefore one's standard of living. Unemployment featured as a cause for concern in the 2001 BCM Quality Of Life survey, in which 58.7% of youth cited unemployment as a main reason for dissatisfaction with life in general. Another 67.2% indicated that unemployment was the most serious day-to-day problem being faced by youth.

Young people face great challenges associated with the HIV and AIDS pandemic as they are the more sexually active group. The findings of the Fort Hare Institute of Social and Economic Research: Youth at Risk Study 2006 (YaRS) indicate that 60% of the youth in Buffalo City were worried a lot about HIV and AIDS.

HIV and AIDS have been projected to undermine a number of development gains that have been made in South Africa. For example, average life expectancy in South Africa is projected to fall from about 60 to 40 years. It is projected that by 2010 there will be 2.3 million orphans who have lost either one or both parents to AIDS.

Young women are particularly susceptible and vulnerable due to their physiological disposition and other reasons such as abuse and exploitation. Even if they are not infected themselves, young people are often affected by HIV and AIDS as their parents and caregivers get sick and die, and siblings have to assume the parental role in the home.

The extent of child-headed households is currently not well document within BCM but statistics gleaned from the Department of Social Development indicate at least 1300 OVCs on their current BCM database.

BCM has entered into a successful partnership with the erstwhile Umsobomvu Youth Fund now the National Youth Development Agency which has culminated in 3 Youth Advisory Centres being established in King Williams Town, Mdantsane and the East London. These Centres offer information to youth on career guidance and entrepreneurial opportunities.

Further initiatives include the Youth Ward Forums and the over-arching Buffalo City Youth Forum. A Code of Conduct and Constitution for the BCM Youth Structures has been developed. The BC Youth Forum has a permanent seat on the IDP External Representative Forum.

Within regards to mainstreaming, BCM also has included youth in its preferential procurement scoring and as such, when scoring informal tenders, youth are scored to a maximum of 2/20 points for tenders below R200 000.

BCM has also institutionalised the Mayoral Bursary Fund which provides financial assistance to deserving youth in institutions of higher learning in order for them to pursue qualifications within the scarce skills of engineering, finance, information technology and agriculture. Fifteen bursaries will be awarded during the 2010 academic year.

## 2.6 People Living with Disabilities

The BCM **Disability Strategy and Policy** was launched in 2007. According to Census 2001, approximately 5% of Buffalo City's population is living with disabilities. It remains a challenge to obtain updated statistics in this regard.

In terms of the BCM Employment Equity Plan, Persons with Disability (PwDo) comprise 1% of a targeted 3%.

BCM has committed itself to engage with the PwD community including REHAB in order to increase the possibilities of recruiting PwD to BCM.

BCM as part of implementing its Disability Strategy and through its partnership with the Centre for Municipal Research and Advice (CMRA) launched a project to provide greater access for PwD to information, education, training and services related to HIV and AIDS. To this end, the East London Central Library has disability friendly access and information technology services. In addition to this, BCM is the first local authority to convert 3 of its Primary Health Care Clinics into disability friendly clinics with both structural access, lowered examination couches and access to sign language interpreters to facilitate communication between clients and staff. Over and above this, clinic staff were work shopped on knowledge and attitudes on issues related to disability.

BCM requires that all new public premises include suitable disability friendly toilets, ramps and parking. In addition, the municipality strives to provide suitable pavement access for the disabled with all new developments as well as in revamped properties.

As per the preferential procurement inputs regarding gender and youth, BCM scores informal tenders to a maximum of 2/20 points for disability in tenders below R200 000.

The BCM Ward Committees also have an individual representing the PwD community.

## 2.7 Older Persons

The **BCM Older Persons Strategy** was adopted during 2009. Approximately 8% of Buffalo City's population is 60 years and older (Census 2001). It is estimated that by 2025, the proportion of older South Africans will increase to 10, 5% and the number of older people to 5, 23 million. The growth in numbers is expected to occur in each five-year age group above 60, with substantial growth particularly in the number of older women.

These rapidly increasing numbers and proportions of older persons have implications for the planning of social and health services within BCM in particular and South Africa in general.

It is envisaged that with the 2009 election of Ward Committees, BCM will also have the voice of the Older Person represented in the Committees, thereby providing for the Older Persons issues to be included into the IDP and municipal planning processes. To date, the older person can benefit from the BCM Indigent and Rates Rebate Policies.

## **2.8 Mainstreaming Cross-Cutting Issues**

Cross-cutting issues impact on the sustainability of the human race and the environment. They require a multi-sectoral mainstreaming response and thus need to be integrated into BCM's entire core functions through both internal mainstreaming as an employer, and external mainstreaming as a service provider and income generator.

Mainstreaming refers to the process of viewing the cross-cutting issues through a developmental governance lens. It therefore requires all municipal directorates to firstly; determine how the cross-cutting issues are impacted on by their municipal services and secondly; how the cross-cutting issues impact on their municipal services. Thirdly, as to where the specific directorate has a comparative advantage in order to expand the positive impacts and eliminate or mitigate the negative impacts of its core function on the cross-cutting issues.

The following developmental mechanisms will be utilised to ensure that mainstreaming of cross-cutting occurs within all IDP clusters:

- **IDP and Budgeting Process Plan**

Throughout the BCM IDP Process Plan components and in addressing the National KPI's for local government, provision is made for public participation through various platforms namely; External Representative Forums, Ward Surveys, Public Consultations/ Imbizos, internal/ institutional participation mechanisms namely Cluster Meetings, Departmental Reviews, and Mayoral Strategic Workshops, thereby including the voices of the cross-cutting sector.

An official representing the cross-cutting issues will ensure that within each cluster's planning and budgeting, cross-cutting issues are considered.

- **Ward Committees**

Each of BCM's wards has a Ward Committee and within each of these 10 member Ward Committees' the issues of youth, persons with disability and gender are represented. From 2009 it is envisaged that there will be representation of the voices of HIV and AIDS and the older person.

- **Performance Management**

Greater emphasis will be placed on the cross-cutting issues being filtered into and reflected on the institutional and individual scorecards, performance contracts and Service Delivery Implementation Budget Plans in order that susceptibility and vulnerability are reduced as part of the municipality's core business. By holding individuals accountable for their individual scorecards in line with performance contracts and the institutional scorecard targets, each individual is required to think creatively and realistically on the cross-cutting issues and how these impact on municipal delivery mandates.

### **2.8.1 Some Practical Mainstreaming Examples to date**

A number of mainstreaming examples already exist within BCM. Within the Finance Directorate indigent grants and rates rebates address issues of poverty alleviation and facilitate access to basic services. The BCM Supply Chain Management Preference System for tenders under R200, 000.00 seeks to give preference to suppliers who favour women, youth, and disabled, local service providers in addition to their BEE status.

Another example is that of Community Services who have initiated a process to ensure that at least one Library and three Primary Health Care Clinics are disabled friendly so that they are accessible to persons with both physical and sensory disabilities.

Within the DESS the Community Development Workers (CDWs) have been work shopped and sensitized on the Special Programmes Focal Areas and how to take cognisance of these as part of the activities within communities. A pocket size resource toolkit listing various government and non-government agencies details and services has been developed for use by the CDWs as they interact with the communities in order that they can provide accurate information and assistance for communities to access goods and services.

## **3. Economic Cluster**

The economic cluster is a cross cutting cluster of the municipality. The Key Performance Areas of the cluster include programmatic activities of the department of Local Economic Development, Tourism and Rural Development and various service departments of the municipalities i.e. Engineering services, City Planning, Land Administration and Finance department. In so far as the department of Local Economic Development, Tourism and Rural Development is concerned, below are programmatic activities of the department

- Trade & Investment;
- Tourism;
- Small, Medium & Micro Enterprises (SMME's);
- Agriculture, Rural Development; and
- Markets

Local Economic Development is part of the local government Key Performance Areas and in response to this performance area BCM formulated an **Economic Development Strategy** which was approved by Council in 2008. Aims and objectives of the Economic Development strategy are aligned to the Provincial Growth Development Strategy (PGDS)

Aims		Objectives	
i)	Get the basics right and retain existing businesses	i)	Reduce number of households living below poverty line by 48% by 2014
ii)	Grow competitive business	ii)	Increase economic growth to average of 4.5-6% per year by 2014
iii)	Attract new investments and funding	iii)	Reduce unemployment to 20% by 2014
iv)	Share the benefits of growth	iv)	Investment recruitment annually in priority sectors between 2009-2014

The economic strategy provides highly level analysis of the economic situation of Buffalo City in a form of a (SWOT) Strength Weaknesses Opportunities and Threats.

Maximise Strengths	Develop Strategies that Address Weaknesses
<ul style="list-style-type: none"> <li>• High quality natural coastal environment</li> <li>• Industrial development zone</li> <li>• High quality general and tertiary education system</li> </ul>	<ul style="list-style-type: none"> <li>• Port infrastructure constraint</li> <li>• Low levels of labour force education, illiteracy</li> <li>• Over-reliance on manufacturing sector</li> </ul>
Creatively Respond to Opportunities	Proactively Address Threats
<ul style="list-style-type: none"> <li>• Global opportunities linked to exports, tourism, education and aquaculture</li> <li>• Adding value to regional initiatives in forestry, bio-fuels and agricultural sector</li> <li>• Expansion and public access to municipal telecommunications network</li> <li>• Appropriate development of beachfront</li> </ul>	<ul style="list-style-type: none"> <li>• Future competitiveness of automotive sector</li> <li>• Inadequate investment in Port of East London</li> </ul>

Furthermore the Economic Development Strategy identifies key growth sectors in the economy and gives rise for the development of various sector plans or strategies.

- Tourism Master plan
- Integrated and Rural Development Strategy

There is a challenge in providing a complete situational analysis of the economic sector due to the following limitations.

- Unavailability of economic data in region to highlight general performance of economy and analysis of economic trends on a quarterly basis.
- Secondly BCM does not have reliable economic data consolidated and monitored.

There is an attempt to have an updated economic situational analysis which forms part of the programmatic activities for 09/10 in the form of Economic Intelligence programme. Therefore, this report will only provide a synopsis in so far as implementation of Buffalo City Municipality initiatives in supporting the local economy. This would exclude information on

- Employment trends,
- Average annual growth,
- Key growth sector and sub sectors,
- Active economic population etc.

The other notable challenge is the unavailability of information on initiatives implemented by government institutions located within the municipality i.e. East London Industrial Development Zone, (ELIDZ), and Eastern Cape Development Corporation etc. However a council has resolved for the coordination of institutions involved in Local Economic Development and that work is in progress. Purpose of the Coordination is to have signed Memorandum of Understanding with clear,

- Roles and responsibilities
- Joint planning and alignment of plans
- Resource mobilisation
- Reporting mechanism
- Economic impact assessment.

### **3.1 BCM initiatives in Supporting the Local Economy**

For the 09/10 fiscal year Buffalo City is implementing various programmes in partnership with key stakeholder's i.e.

Partner	Programme
<ul style="list-style-type: none"> <li>Department of Economic Development and Environmental Affairs. (DEDEA)</li> </ul>	Review of the Tourism Master plan
<ul style="list-style-type: none"> <li>EUROPEAN UNION-THINA SINAKHO</li> </ul>	Inner City Regeneration
<ul style="list-style-type: none"> <li>Department of Tourism</li> </ul>	Kiwane Campsite and Tyolomnqa
<ul style="list-style-type: none"> <li>Department of Local Government and Traditional Affairs</li> </ul>	Mdantsane Skills Audit
<ul style="list-style-type: none"> <li>Internal BCM department (MURP, Land Admin, Dev Planning, Environmental Services etc).</li> </ul>	Mdantsane One Stop Shop, Environmental Impact Assessments and , Local Spatial Development Plans

Below is more detail on the programmatic activities underway

### 3.2 Trade and Investment Promotion

Trade and Investment is a strategic positioning and enhanced marketing of Buffalo City as an internationally competitive business and tourism destination in order to contribute towards the sustainable growth of tourism, trade and investment. Programmatic activities linked to Trade and Investment include.

- Buffalo City destination branding strategy
- Coordinated trade and investment marketing promotion strategy
- Financial incentives and Rebates investigation
- Red Tape Reduction
- Trade Promotion Support Service
- Investor Aftercare strategy

#### Red Tape-Reduction

Is a process by which the council want to increase the attractiveness of Buffalo City as a place to do business by ensuring efficient municipal property development and service delivery administrative procedures and regulations which do not unnecessarily impact on business establishment and operational costs, productivity and expansion

- The project has not commenced due to limited budget.
- External funding is being considered i.e. EU applications.
- Project Steering Committee has been established.
- Pilot project identified include the Turn around times for the approval of Building Plans, Land Application and Licences for businesses.

#### Business Retention Expansion (BRE)

Business Retention and Expansion is about retaining and assist the expansion of existing businesses, with an initial focus on large-scale employers and attract new business to invest in Buffalo City. This is inline with Regional Industrial Development Strategy. A draft strategy is has been developed and is yet to be consulted with stakeholders.

#### **Economic intelligence**

Economic intelligence is about the availability of economic information in coordinated and consolidated form. Economic intelligence assists in the planning, analysis of the economic trends over a particular time.

- The project budget is R1000.000
- Terms of Reference have been approved and currently tender (Appointment of service provider end-November 2009). Project duration 6 months (Jan-June 2009).
- Stakeholders (Internal and external) have been identified

#### **Trade Promotion Support Service**

Marketing and promotion of Buffalo City as Trade and Investment destination includes partaking in Trade and Investment Shows. Programmatic activates linked to the Trade Promotion Support Service.

- Invest BCM to the funding of R50.000
- Distributional of Buffalo City promotional material
- Partnership initiatives with the East London Industrial Development Zone.

### **3.3 Tourism**

BCM has a Special Purpose Vehicle (SPV) Tourism Buffalo City to drive the marketing of the city as tourism destination. However tourism development and promotion still remains line function of BCM-LED department. As indicated earlier on BCM experiences lack of economic intelligence inclusive of the tourism sector. This makes it difficult to analyse the industry trends from

- Tourist arrivals
- Tourist spend
- Market share (Provincial, national and international)
- Key growth sector and sub-sectors of tourism
- Product development and niche markets.

Programmatic activities implemented by BCM in support of the tourism sector.

#### **Review of the Tourism Master plan which is a sector plan.**

Over the years the Buffalo City Municipality has developed a number of tourism strategies and plans. Central to these is its Tourism Master Plan. The Tourism Master Plan was developed through a rigorous participatory process. The Tourism Master Plan contains the following:

- Tourism Development Plan
- Skills and Entrepreneurs Development Plan
- Environmental Management Proposals
- Socio Cultural Management Proposals
- Marketing Plan
- Institutional Framework
- Tourism Development Action Plan

This is a tourism sector plan, which is being reviewed master plan will provide detailed situational analysis of the tourism sector.

- Project is funded by DEDEA for an amount of R700. 000
- Service provider has been appointed and A Service Level Agreement has been signed.
- Planning meeting has been held
- Underway is the development of implementation plan, establishment of PSC.
- Project duration is 6 months (Nov-May 2010)

#### **Marketing initiatives include supporting of emerging tourism SMME's.**

Marketing of tourism emerging entrepreneurs is part of the National Tourism Growth Strategy. In support of the local tourism entrepreneurs Buffalo City is providing marketing platforms for the promotion of local products. This is participation in national and provincial tourism shows.

- Tourism INDABA
- Kayalam Trade Show.

Progress report has been tabled to the LED strategic committee for noting.

#### **Quality Assurance.**

It is a process of certifying the standard and quality of service and product.

Quality assurance is a requirement in the tourism industry to ensure compliance with level of service and grading of accommodation establishments.

Programmatic activities on quality assurance include capacity building programme.

- Project is funded by Buffalo City own funds
- Participants are local product owners.

#### **Tourism and Heritage Route Development.**

This is a partnership initiative between municipality and National Heritage Council to establish a tourism heritage route. This aims at product development and promotion of tourism.

- Project funded to the tune of R2, 5 million by Department of Economic Development and Environmental Affairs.
- Partnership project with National Heritage Council and first briefing with Heritage Council and BCM Staff and Councillors was held.
- Report has been forwarded to council for approval. (Appointment of political champion)
- Business plan is ready and outstanding is appointment of the service provider

#### **Buffalo City Summer Season Programme**

This is marketing initiative to promote Buffalo City as a tourist destination and attract visitors to the city. The summer season is an annual events drive programme.

- This is a year-end event and is funded to the tune of R1, 3 million.
- This is to attract more visitors to Buffalo City during the festive period.

#### **Rural Development Programme.**

A geographic boundary of Buffalo City Municipality covers both coastal and hinter land. National Government Growth Strategy includes Rural Development therefore Buffalo City

Municipality is rolling out various programmes to rural areas. Programmatic activities with focused on rural development are.

- Agriculture, which is a support to emerging farmers.
- Tourism project under this programme is the Upgrading of the Kiwane Campsite.
- Project is funded by BCM and Department of Tourism.
- Underway is the installation of engineering infrastructure

#### **Tourism centres.**

Information dissemination form part of strategic marketing of Buffalo City as tourism destination. Tourism Centres are strategic vehicles for the marketing and they perform the following tourism function.

- Distribution of tourism information to tourists.
- Coordination of tourism SMME support.

Two centres are based in Mdantsane and Dimbaza with Tourism Help Desk Officers.

### **3.4 SMALL, Medium and Micro Enterprises**

SMMEs have a major role to play in the South African economy in terms of employment creation, income generation and output growth. It is estimated that more than 12 million people in South Africa are actively involved in the SMME sector and account for approximately 60% of all employment in the economy and 40% of output. One of the municipality's goals is to facilitate economic development through the SMME Support in partnership with key stakeholders.

BCM has three SMME Support Centres (Mdantsane One Stop Shop, Business Place eQonce and the Duncan Village Business Hives) which provides SMME support programmes, aimed at growing and developing small businesses. The centres provide, amongst others, the following services:

- Business registration
- Business Plan preparation
- Tender advice and training
- Emerging contractor development programme
- Market linkages
- Enterprise development
- Information seminars

Access to finance and markets for SMME is one of the bottlenecks to SMME growth and development. The following are projects currently being implemented by BCM to facilitate access to finance.

- Business Unlimited Expo
- Cooperative Support Fund

#### **Capacity Building Programme.**

This is a training and mentorship intervention to improve the technical and knowledge capacity to local small businesses and improve their competitiveness. Due to market demand this programme biased towards certain sectors and aims at introducing new players in the economy. Below are interventions underway.

- Informal Sector Development Programme

- Emerging Contractor Development Programme
- Tender advice
- SMME Seminars

**Promoting job creation opportunities through the following projects:**

- Infrastructure development
- Duncan Village Business Support Centre

**Skills Development.**

This is to establish the level of skills available both in the formal and informal economy of Buffalo City so as to plan what are necessary or critical training. This is also to match skills demand by potential employers and skills supply. It is also a response mechanism to economic recession for the implementation of the Re-skilling of labour. This is targeted towards big manufacturing employers. Programmatic activities underway.

- Duncan Village Skills Audit
- Mdantsane Skills Audit

**Informal Sector Development.**

Buffalo City's economy has both the first and second. Informal Sector Development is targeted towards second economies which are hawkers and other street traders.

These programmes include provision of business skills training, registration of businesses, understanding of municipal by-laws and provision of trade stalls.

The following are projects aimed at achieving the above-mentioned goal.

- Construction of Hawker Stalls
- Capacity building and training.

**Cooperative Programme**

This is a support targeted towards the second economy specifically to the small businesses registered as Cooperatives. Programme provides both Non-Finance and Finance Support.

- Cooperative Support Fund (Financial support)
- Registration of Cooperative.

### 3.5 Agriculture

Agricultural development in Buffalo City is impeded by infrastructure backlogs, a weak local consumer market and high transportation costs to the major national markets.

Opportunities for agricultural development within Buffalo City include:

- Dairy
- Tunnel farming
- Essential oils
- Fat lamb production
- Strawberry production
- Timber production
- Hemp & Paprika production
- Macadamia nuts
- Agro- processing

The Department is currently working closely with the East London Industrial Development Zone in assisting emerging farmers to get access to the zone with regards to the agroprocessing and aquaculture sector. BCM and IDZ are also working closely in unlocking land parcels in the zone that have a potential for agricultural production such as hydroponics, aquaculture and other related agroprocessing activities. The IDZ is favoured for its close proximity to transport networks such as airport, harbour and road networks.

It is proposed that the IDZ could be of assistance in promoting access to foreign markets for some such initiatives. In terms of the domestic market, there are opportunities for emerging farmers to supply the retail sector, government institutions such as hospitals, schools and prisons. Emphasis, however, needs to be put on quality assurance to ensure emerging farmers meet the required standards and improve their productive capacity.

The IDZ has demarcated a Zone for agro processing and has currently housed Aquaculture (Abalone) and Dairy which is currently under construction. There is however potential for more investors for agro processing activities.

Tunnel Farming (Hydroponics) are practised along the coast mainly by white commercial farmers but there are a number of black emerging farmers who have acquired farms through the Department of Land Affairs programme that are currently involved in Tunnel Farming. As part of the Urban Agriculture Programme the municipality has initiated tunnel farming in Mdantsane as a pilot project with a long term objective of rolling out the programme to other areas within the BCM jurisdiction. It can be said that a number of permanent jobs have been created through the Hydroponics Project in Mdantsane (42 permanent). The challenge is rolling out the programme into other areas within the Buffalo City Municipality due to lack of funds. However, the department is working closely with the Industrial Development Corporation (IDC) to identify rural areas wherein the programme can be implemented and IDC will assist with the funding aspect.

Areas such as Mdantsane and Duncan Village are characterized by high un-employment. It is proposed that urban agriculture could assist in combating such unemployment and support food security. These and other such issues will be considered in the **Agricultural and Rural Development Strategy** currently being developed by BCM. The Draft Integrated Agriculture and Rural Development Strategy was adopted by Council in 2008. However, the department is currently proposing a review of the strategy as some of the programmes recommended in the strategy have been implemented. The Integrated Agriculture & Rural Development Strategy is in its third year and a number of initiatives proposed by the strategy have been implemented. This therefore means that the strategy needs to be reviewed. The challenge however, is lack of resources to review the strategy.

Through its rural development programme the department is supporting the Massive Food Production Programme initiated by the Department of Agriculture which mainly focuses on maize production at a larger scale.

Buffalo City Municipality has huge tracts of unused communal land which can be utilised to unlock rural economic development through nodal based agricultural development.

Macadamia Nuts project was started in the Ncera Area and is currently on 350 ha aiming for 1000 ha over a 10 year period.

The E.L. Fresh Produce Market caters largely for established businesses, however, BCM is investigating means of ensuring access for emerging farmers and is considering how to restructure and improve its competitiveness.

### **3.6 East London Fresh Produce Market**

The East London Fresh Produce Market is a municipal facility which is wholly run by the municipality. Its mandate is to provide the facilities for the storage and distribution of fresh produce. The market receives and sells the produce to the general public on behalf of the farmers who are the suppliers to the market. It is situated in Wilsonia.

The Market currently has five (5) Market Agencies. The introduction of PDI Agencies is still a major challenge. The main factor being unavailability of trading floor space. The Market is in the process of extending the sales hall. This project is in phases. The first phase may be completed in 2008/2009 financial year and will depend on the availability of funds. Once the extension of sales hall is complete, the market will engage in a process of attracting PDI agents.

Currently, one Market Agency offered 364 m<sup>2</sup> of his floor space to be occupied by an emerging PDI Agent. The space will be advertised soon.

The annual turnover is at an average of R230 million. The Market is supplied by about 850 Commercial Farmers of which 2% are Emerging Farmers. The traders at the Market place, 35% are from informal traders (hawkers).

The assessment of Internal Service Delivery Mechanisms in terms of Section 78 (1) of the Municipal Systems Act was commissioned and the report was presented late in 2007, which the recommendation for Buffalo City Municipality to proceed with Municipal Systems Act s78 (3) investigation into the provision of the Market service by way of an External Service Delivery Mechanism.

Other major challenges for the market includes aging of equipment , small back up generator, upgrade of cold rooms, poor ventilation in the Trading Hall (coastal humid) and poor lighting as well as insufficient closed loading bays for big trucks.

## **4. Finance & Institutional Cluster**

This cluster covers three local government key performance areas which are financial viability, municipal transformation and institutional development as well as good governance and public participation.

The following are the topics included within the Finance & Institutional Cluster:

- Finance;
- Human Resources;
- Communication and Development Corporation ;
- Customer Care;
- Intergovernmental Relations;

- Corporate Governance;
- Internal Audit, Risk Management and Fraud Mitigation
- Information Communication and Technology (ICT)
- Geographical Information Systems (GIS);
- Knowledge Management, Research and Policy;
- IDP, Budget Integration & Performance Management;
- Public Participation; and
- Mainstreaming, Coordination & monitoring Cross-Cutting Issues

## 4.1 Finance

### 4.1.1 Summarised Financial Statement

The Financial Statements listed below relate to the last 3 years of audited financial information viz. 2008/09, 2007/08 and 2006/07.

Table B.11: Income Statements for Respective Years: 1 July – 30 June

	2008/9 R m	2007/8 R m	2006/7 R m
<b>INCOME</b>			
Government grants	615	571	478
Assessment rates	363	325	294
Sale of electricity	610	466	429
Sale of water	181	173	152
Other service charges	524	480	390
<b>Total income</b>	<b>2293</b>	<b>2015</b>	<b>1743</b>
	2008/9 R m	2007/8 R m	2006/7 R m
<b>EXPENDITURE</b>			
Salaries	676	586	530
General expenses	703	629	543
Purchase of electricity	363	268	248
Purchase of water	103	91	72
Repairs and maintenance	117	80	84
Capital charges	306	182	147
Contributions	0	0	0
Amounts charged out	0	0	0
<b>Total expenditure</b>	<b>2268</b>	<b>1836</b>	<b>1624</b>
<b>SURPLUS / -DEFICIT</b>	<b>96</b>	<b>179</b>	<b>119</b>

(Source: Audited Financial Statements)

Table B.12: Balance Sheets as at 30 June

	2008/9 R m	2007/8 R m	2006/7 R m

	2008/9 R m	2007/8 R m	2006/7 R m
<b>CAPITAL EMPLOYED</b>			
Statutory funds and reserves	4972	248	257
Accumulated surplus / (-deficit)	7530	6126	1061
Long term liabilities	580	513	481
Other	405	280	283
<b>TOTAL</b>	<b>13487</b>	<b>7167</b>	<b>2082</b>
<b>EMPLOYMENT OF CAPITAL</b>			
Fixed assets	12767	6591	1530
Investments	201	6	35
Long term debtors / other assets	21		
<b>Current assets</b>	<b>1138</b>	<b>1047</b>	<b>1030</b>
Debtors	344	374	356
Cash and short term investments	692	609	631
Other current assets	102	64	43
<b>Current liabilities</b>	<b>640</b>	<b>477</b>	<b>513</b>
Creditors	301	269	197
Bank overdraft			
Other current liabilities	339	208	316
<b>TOTAL</b>	<b>13487</b>	<b>7167</b>	<b>2082</b>

(Source: Audited Financial Statements)

#### 4.1.2 Financial Analysis – Selected Financial Indicators

The selected trends and financial ratios relating to Buffalo City for the period under review are listed below. These provide a platform to analyze the current financial situation of the City. The trends and ratios have been divided into the following categories:

- Income and Expenditure
- Revenue management / liquidity
- Borrowing management

TABLE B.13: Income &amp; Expenditure

	2008/09 R m	2007/08 R m	2006/07 R m	2005/06 R m	2004/05 R m
<b>Total income</b>	2293	2,015	1,743	1,605	1,546
% Increase over previous year	14%	16%	9%	4%	31%
<b>Total expenditure</b>	2268	1,836	1,624	1,401	1,366
% Increase over previous year	24%	13%	16%	3%	17%
<b>Surplus / -Deficit</b>	96	179	119	204	180
<b>Budgeted expenditure</b>	2453	1876	1,647	1,456	1,537
% Increase / (Decrease) over previous year	31%	14%	13%	-5%	32%
<b>Salaries</b>	676	586	530	476	449.6
% Of income	29%	29%	30%	29.6%	29%
% Of expenditure	29.8%	31.9%	32.6%	33.9%	33%
% Increase over previous year	15%	11%	6%	6%	10%

	2008/09 R m	2007/08 R m	2006/07 R m	2005/06 R m	2004/05 R m
<b>Total income</b>	2293	2,015	1,743	1,605	1,546
<b>Number of employees</b>	4576	4230	4163	4315	4723
<i>% Increase / (Decrease) over previous year</i>	8%	2%	4%	9%	21%
<b>Repairs and maintenance</b>	117	80	84	71.5	72
<i>% Of expenditure</i>	5%	4%	5%	5%	5%
<i>% Increase / (Decrease) over previous year</i>	46%	-5%	17%	0%	41%
<b>Capital charges</b>	306	182	147	127	117
<i>% Of expenditure</i>	13%	10%	9%	9%	9%
<i>% Increase / (Decrease) over previous year</i>	68%	24%	16%	9%	-23%
<b>External interest</b>	62.2	69.7	46.3	56.2	57.4
<i>% Of expenditure</i>	3%	4%	3%	4%	4%
<i>% Increase / (Decrease) over previous year</i>	-11	51%	-18%	-2%	0.70%

- **Total Income versus Total Expenditure**

The net surplus for the period under review amounted to R96 million. Revenue is growing at a slightly lower rate when compared to expenditure growth in the past financial year. This is a direct indication of the lower collection rate that is experienced due to the current global economic climate.

Capital charges are in relation with depreciation as well as interest paid. Depreciation is increasing at a fairly steady rate and is in line with the increase in assets that are owned by the City.

- **Expenditure**

Repairs and maintenance remain relatively static at between 5% and 4%. Although this may be viewed in a positive light, because it represents a minor portion of total expenditure, indications from the Engineering departments are that this should be higher in the interests of infrastructure longevity.

The focus on human resource costs as a proportion of operating income has led to a drop from 31.9%. to 29.8% More precise budgeting has contributed to this.

- **Capital Expenditure and Funding**

The following table compares Buffalo City's actual capital expenditure, spanning the three years 2006/07 to 2008/09.

Capital spending has increased rapidly as compared in the previous year. The amount for housing excludes the amount that was spent on Operational Projects funded from Local Government and Housing.

Table B.14: Capital Expenditure

Capital Expenditure (Rm)	2008/09 Actual R m	2008/09 Budget R m	2007/08 Actual R m	2007/08 Budget R m	2006/07 Actual R m	2006/07 Budget R m
Housing	0.2	27.9	0	27.9	3.8	8.4
Electricity	78	101	49.6	48.7	34.9	38.0
Market	0.6	3.1	0.9	2.2	0.6	0.6
Water	47.6	76.4	47.0	29.5	27.0	34.4
Waste Management	53	95	61.2	47.0	171.7	126.0
Roads	72	121	69.3	47.0	28.8	42.4
Other	115	260	68.8	170.0	81.5	111.9
<b>Total Capital Expenditure</b>	<b>366.8</b>	<b>684.9</b>	<b>296.8</b>	<b>372.3</b>	<b>348.3</b>	<b>361.7</b>

- **Financial Profile**

BCM's cash generation remains strong, and investments have remained stable in the 2008/09 year. Operations have settled and tight cash controls have ensured that cash optimisation in spending occurs rather than a focus on cash generation.

An area needing close monitoring will be that of revenue collection so that it can be improved. This is critical to the financial sustainability of the City.

Following an increase in external interest paid of R62million; the debt exposure and debt to equity position have both however strengthened from 2007/08 to 2008/09.

Net assets remain strong and the high increase is mainly attributable to growth in reserves, this is a direct result of the revaluation of assets owned by BCM. The ability to meet short-term commitments, has remained, the key strength of the balance sheet, whilst debtors have slightly decreased.

Cash and cash investments increased from the 2007/08 financial period to the 2008/09 financial year due to prudent budgeting and cash-vetting before project spending takes place. Tight controls have been placed on monitoring projects funded externally. This means project spend only occurs when Buffalo City's Treasury is certain that cash is available and bridging finance for external public sector institutions is minimised.

Table B.15: Revenue Management and Liquidity

REVENUE MANAGEMENT	Jun-09	Jun-08	Jun-07	Jun-06	Jun-05
Annual debtors collection rate	93.8%	94.61%	93.54%	96%	91%
Net debtors to annual income	13.1%	17%	18.5%	18%	30%
Days debtors outstanding	47.8	65	68	87	70
LIQUIDITY	Jun-09	Jun-08	Jun-07	Jun-06	Jun-05
Current ratio	1.67	2.20	2.26	1.99	1.65
Liquid ratio	1.02	1.28	1.50	1.19	1.61

- **Revenue management**

The annual debtors collection ratio has decreased when compared to the previous financial year. This is due to the current global economic climate.

A positive note is that the net debtors to annual income has decreased, meaning that revenue streams are growing at a faster rate than the debtor's book. A revenue management feature that stands out, is the well-implemented credit control policy: the continued effort to manage debtors in a rehabilitation environment, rather than a command-and-control technique.

- **Financial Structure/Liquidity**

Financial gearing levels, displayed over the past four years, have improved, whilst the cash generation and liquidity exhibited strong increases over the past two years.

Structural improvements in the finances show that:

- The total debt to total income ratio has remained the same 28.4% for the period under review (2007/08: 28.7%). This in line with National Treasury targets (35%). Debt capacity remains a strong intangible asset of the municipality to weather future capital infrastructure expenditure shocks.
- An analysis of long-term debt maturity profile reveals no undue maturity concentrations, with the majority of long term outstanding debt spread fairly evenly between 2009/10 and 2014/15. Maturity dates of 2008/09 will require conservative operational budgets, whilst the municipality gears up for stringent debt, asset and cash management.
- Slowed capital expenditure, although not desirable, has proven to bring alleviation to the operational budget and true tariffs payable by ratepayers.

Table B.16: Borrowing Management

	2008/09	2007/08	2006/07	2006/07	2004/05
Total debt to total asset ratio	4.6%	7%	22.5%	22.3%	45.1%
Interest bearing debt / Total income	28.4%	23.10%	31.9%	26.1%	33%
Average Interest Paid on Debt	11.5%	11.90%	11.9%	12.5%	14.8%
Capital Charges to Operating Expenditure	13.5%	9.91%	9.3%	9.1%	13%

#### 4.1.3 Strengths & Opportunities

The key findings within the financial context can be summarized according to weaknesses, threats, strengths and opportunities.

The financial department has access to competent staff and financial expertise as well as a fully functional accounting system. Opportunities for the future lie in an increased tax base, improved debtor repayment levels, and the stimulation of an increasingly diversified commercial and industrial sector. Other opportunities that would benefit Buffalo City are increased domestic grant funding for infrastructure renewal, as well as prospects of foreign funding. Three finance reform initiatives namely, Budget Reform, GRAP Implementation and Asset Management have been identified and are currently in the process of being implemented. These initiatives as well as the introduction of the Municipal Finance Management Act (MFMA) will result in improved financial management and control.

## 4.2 Institutional

### 4.2.1 Organizational Structure of Buffalo City

The approved compliment of staff for BCM is 8086. The actual number of people employed is 4536.

BCM has restructured its top 2 levels i.e. from the Municipal Manager to Directors and is at present busy with phase 2 of the further organizational restructuring which involves posts below that of the Directors. This organogram will, when necessary, be amended to meet the operational and strategic requirements of BCM.

### 4.2.2 Powers and Functions

The powers and functions performed by local authorities in South Africa are defined primarily in sections 156 and 229 of the Constitution (Act 108 of 1996).

The Local Government Municipal Structures Act (117 of 1998), read together with the Local Government Municipal Structures Amendment Act (33 of 2000), divides the powers and functions, as set out in the Constitution, between District and Local Municipalities (section 84). The Act together with the Amendment Act, section 85(1), allows the MEC for local government to further adjust the division of certain of these functions between District and Local Municipalities, whilst section 84(3)(a) allows only the Minister for Local Government to authorise a Category B municipality to perform the following functions:

- portable water supply systems
- electricity
- domestic waste-water and sewage disposal systems
- municipal health services

Adjustments have been made by the MEC and the Minister, and in terms of these, BCM has the responsibility for all the functions detailed in the table below, except for 'municipal airports' and 'Municipal Health Services' which are the responsibility of the ADM.

**Table B.17: Powers and Functions of Municipalities: Section 156 of the Constitution**

o air pollution	o building regulations
o child care facilities	o electricity & gas reticulation
o fire fighting services	o local tourism
o municipal airports (ADM)	o municipal planning
o municipal health services (ADM)	o municipal public transport
o cleansing	o control of public nuisances
o storm-water management systems in built-up areas	o trading regulations
o billboards & public display of advertisements	o cemeteries, funeral parlours & crematoria
o fencing and fences	o licensing of dogs
o local sport facilities	o markets
o municipal abattoirs	o municipal parks and recreation
o municipal roads	o noise pollution
o pounds	o public places
o refuse removal	o refuse dumps and solid waste disposal
o street trading	o street lighting
o municipal public works relevant to their constitutional or	o licensing & control of undertakings that sell food

<ul style="list-style-type: none"> <li>o legal functions</li> <li>o water &amp; sanitation services limited to portable water supply systems &amp; domestic waste-water and sewage disposal systems</li> <li>o control of undertakings that sell liquor to the public</li> <li>o beaches &amp; amusement facilities</li> <li>o traffic and parking</li> </ul>	<ul style="list-style-type: none"> <li>o to the public</li> <li>o facilities for the accommodation, care &amp; burial of animals</li> <li>o pontoons, ferries, jetties, piers and harbours</li> <li>o local amenities</li> </ul>
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Whilst the responsibility for Municipal Health Services (MHS) (Environmental Health) now rests with ADM, this function continues to be undertaken by three different institutions, Buffalo City, Eastern Cape Province and ADM. ADM Council has adopted a resolution to opt for an internal mechanism for the delivery of MHS in its area of jurisdiction after commissioning a Section 78 assessment in terms of the Municipal Systems Act. ADM sources have indicated that it will assume full responsibility for MHS in July 2007, however there are legal and logistical challenges that need to be addressed first and it is therefore not clear as to whether the time frame will be met. Issues that need to be dealt with include fully involving authorities that are presently rendering Municipal Health Services in the District in the process as well as addressing the concerns of unions and staff. Matters of a practical nature such as procedures for the transferring of staff and assets as well as the establishment of suitable mechanisms for service delivery have yet to be finalized. It is not yet clear as to whether the move will compromise existing levels of service delivery available to the BCM community.

Health services falling outside the Municipal Health Service definition are assigned to Provincial and National Health Departments. BCM is, in accordance with a Service Level Agreement with Province, providing primary health care services within the Buffalo City Area. The Eastern Cape Department of Health has reversed its decision of decentralizing Primary Health Care services to District Municipalities in favour of Provincialising PHC services in all E.C. Provincial Districts except for the Nelson Mandela Metropolitan Municipality jurisdiction area.

Buffalo City is also, on behalf of Province, running some of the libraries within the municipal area. BCM undertakes the Disaster Management Function within its area. Disaster Management is a National and Provincial Competency, with legislation providing guidance on the task of Municipalities. According to the Systems Act and the Disaster Management Act, every Municipality is required to prepare Disaster Management Plans.

#### 4.2.3 Employment Equity Plan

The Employment Equity Act (55 of 1998) addresses the legacy of discrimination in relation to race, gender and disability. The Act is intended to ensure that workplaces are free of discrimination and that employers take active steps to promote employment equity.

Chapter 3 of the Act requires employers to take certain affirmative action measures to achieve employment equity. These are set out in an Employment Equity Plan.

An Employment Equity Plan is intended to achieve equity in the workplace, making the municipal workforce more representative and ensuring fair and equitable employment practices for all employees. It is further intended to make the administration of Buffalo City more broadly representative of the communities being served and to create an organisational culture that is non-discriminatory, values diversity and legitimises the input

of all employees. BCM has developed a 5 year Employment Equity Plan, which will expire in October 2011 and has made substantial progress with its implementation. Reasonable progress in terms of appointing persons from designated groups at top management level (0-1) has been achieved. Persons appointed at top management level (0-1) are all from designated group, this is 100% in terms of race. 28.6 % constitutes of females however there are still vacancies available. It should be noted that in the previous years it had not been easy to transform this top management level to what it is, due to various factors. Concerted efforts are now in place to attract more females at these levels. The improvement has also been noted by the Department of Labour during the DG Review that during the 2007 and 2008 recruitment for top management took place within the designated groups. The table below represent targets that were set in the Employment Equity Plan the current status of BCM.

### BUFFALO CITY MUNICIPALITY CURRENT STATUS ON IMPLEMENTATION OF EMPLOYMENT EQUITY PLAN – ALL DIRECTORATES

Table 18

	AM	CM	IM	WM	AF	CF	IF	WF
<b>OCCUPATIONAL LEVELS</b>								
<b>0-1 Target</b>	1	0	2	2	2	0	0	0
<b>0-1 Achievement</b>	4	1	0	0	2	0	0	0
<b>2-4 Target</b>	18	9	3	28	17	4	3	6
<b>2-4 Achievement</b>	19	2	2	20	11	0	2	1
<b>5-7 Target</b>	33	13	7	50	26	8	1	13
<b>5-7 Achievement</b>	62	13	5	55	48	6	2	14
<b>8-10 Target</b>	123	41	7	95	95	23	7	35
<b>8-10 Achievement</b>	255	111	23	182	249	52	8	102
<b>11-18 Target</b>	588	117	11	108	263	59	6	93
<b>11-18 Achievement</b>	577	90	9	63	323	66	10	56
<b>CURRENT STATUS</b>	1403	31	0	7	577	7	1	4

AM = African Male

CM = Coloured Male

IM = Indian Male

WM = White Male

AF = African Female

CM = Coloured Female

IM = Indian Female

WF = White Female

In addition to the plan, a workforce analysis is conducted on a yearly basis to assess employment policies, practices, procedures and the working environment, in order to identify barriers that could contribute to the under-representation of the designated groups and could adversely affect them. It also sought to identify practices or factors that could positively promote equity and diversity in the workplace and develop measures to remove the barriers.

The Skills Development Plan complements the Employment Equity Plan. BCM is committed to increasing the pool of qualified candidates from which it makes selections and assesses the capacities of new employees in order to provide them with appropriate training. This has been noted during the Director General Review as well that in professionally qualified and skilled level that skilled development in this level has been widely spread.

Skills Development Plan

The Skills Development Act of 1998 requires employers to plan and implement learning programmes enabling employees to acquire skills and qualifications that will enhance their performance, whilst also optimising the organisation's functioning.

BCM is committed to implementing its IDP and the key to this is ensuring that further learning programmes and skills development are informed by the Plan. BCM was acknowledged in the previous year for being the best local government workplace re skills development in the Eastern Cape. BCM also updates and submits the required Workplace Skills Plan every year regarding the development of its Councillors and staff.

#### **4.2.4 Employee Health and Well Being**

One of the key threats for BCM is HIV/Aids. In 2004, BCM undertook an employee HIV/Aids Prevalence Study. The results showed that HIV/Aids prevalence was 10.3% among the BCM workforce. BCM has also implemented an Employee Wellness Programme dealing with various aspects of employee wellness such as HIV/Aids, substance abuse etc. At this stage, BCM has further completed a well supported voluntary HIV testing, counselling and treatment campaign with its councillors and staff. The results indicate a drop in the prevalence rate from 10.3% in 2004 to 8.98% in 2007, demonstrating that the programme has had an impact.

One of the ways in which BCM supports the health and well-being of its employees is through the BCM Employee Wellness Programme. The Employee Wellness Programme has elements of an Employee Assistance Programme (including dealing with life skills empowerment, change management, substance abuse, disability and incapacity), a Safety, Health and Environment Programme and a HIV/AIDS Wellness Programme (including access to Voluntary Testing and Counselling, nutritional supplements and anti-retrovirals if needed), through the Siyakhana project, a partnership between BCM and Daimler Chrysler.

#### **4.2.5 Corporate Governance, Internal Audit, Risk Management and Fraud Mitigation**

##### **(a) Corporate Governance**

The importance of good governance is widely recognised internationally. Good corporate governance generates the goodwill necessary to enable sustainable value creation. With the introduction of the King III Report on Corporate Governance as well as increased attention paid to compliance issues, it is necessary that Buffalo City take active measures to ensure that all its activities comply with, and take account of all legislated provisions and best practice standards. King III requires in particular that attention be paid to both the increased operations of the audit Committee as well as those of the Internal Audit Unit. In the current economic environment, however, allocation of the required additional resources is not likely.

#### **(b) Fraud Mitigation**

While a draft Fraud Mitigation Strategy was developed, capacity to implement this strategy is currently not available. Until such time as capacity is made available, the final stages of the strategy, namely, a fraud hotline cannot be implemented.

#### **(c) Risk Management**

With regards to Risk Management, the institution is currently undergoing a major process together with National Treasury through the service level agreement between the two institutions. National Treasury is assisting with the Risk assessment and awareness, review of risk management and implementation plan to ensure its alignment with institutional framework, the establishment of the Risk Management committee and compilation of the terms of reference. The purpose of the risk assessment is to develop a proper risk register for the institution (BCM) hence making it better to monitor the risk appetite

#### **(d) Internal Audit**

Buffalo City Municipality has an established Internal Audit Unit, but this unit is restricted in its operations by a lack of staff. Investigations into the capacity needs of the Unit indicate a need for considerably more staff. In the current economic environment, however, allocation of the required resources is not likely. As a consequence, vital governance procedures are compromised. The change management processes embarked upon by the Municipality should be enhanced to deal with the underlying problems in this area of operations.

The Municipality has a functional Audit Committee in place. This Committee operates in accordance with an approved Audit Committee Charter. The Audit Committee reports annually in the Council's Annual Report.

### **4.3 Geographical Information Systems**

In 2002 the Buffalo City Municipality adopted a Geographical Information System (GIS) implementation strategy to establish a GIS unit on the municipal structure and to disseminate GIS through out the institution. Spatial information forms an integral part of municipal planning, development, decision making and service delivery. Without adequate and updated spatial information various components of the integrated development plan (IDP) would not be effectively implemented.

The IDP process does not only refer to integration across sectoral or disciplinary interests, it also pursues:

- The **spatial integration** of place of employment and place of residence;
- The integration of multiple **land uses**;
- Integration between adjacent **geographic** areas;
- The eradication of **spatial segregation**;
- The integration of **urban and rural** areas;
- The integration of **ethnic groups**;
- The social and economic integration of **different communities**
- The integration and **co-ordination** of institutional activities;
- The integration of **various developmental processes** such as planning, management, implementation, monitoring and review; and
- The integration of **development** information.

Therefore the geographical distribution of people, settlements, resources and services can be interpreted, managed and planned with adequate geographical information. GIS provides an integrated system of different types of spatial information and users, managers and decision makers can utilize the GIS as tools to analyse spatial information, report on spatial phenomena, query spatial information and to assist with strategic forward planning.

#### **Legislation applicable to Spatial Information:**

The use of spatial information and access to spatial information is regulated by the Spatial Data Infrastructure Act, No. 54 of 2003. This Act applies to organs of state which hold spatial information and to users of spatial information.

The South African Spatial Data Infrastructure is established as the national, technical, institutional and policy framework to facilitate the capture, management, maintenance, integration, distribution and use of spatial information.

The objectives of the Spatial Data Infrastructure Act are to:

- a) Facilitate the capture of spatial information through co-operation among organs of state;
- b) Promote effective management and maintenance of spatial information;
- c) Promote the use and sharing of spatial information in support of spatial planning, socio-economic development and related activities;
- d) Create an environment which facilitates co-ordination and co-operation among all stakeholders regarding access to spatial information
- e) Eliminate duplication in the capturing of spatial information;
- f) Promote universal access to such information; and
- g) Facilitate the protection of the copyright of the state in works relating to spatial information.

Buffalo City Municipality role in the distribution of spatial information and management of spatial information within its boundaries is therefore legislated.

#### **Current Status of GIS within the Municipality:**

The GIS unit role within the municipality is to implement approved strategies, provide adequate, current spatial information, safeguarding of spatial information, the distribution, sharing of spatial information and development of GIS skills. BCM users of GIS can access applications and spatial information through various methods depending on the type of data requirements:

- GISTEXT (Land Information Web based application)
- City Map (Intranet Map Services)
- ArcGIS Desktop (GIS specialists & Gis Technicians)

The core spatial datasets available on the BCM GIS is listed below:

- Aerial Photography (2001, 2006 & 2008)
- Cadastral Boundaries (Erven & Farms)
- Road Centrelines
- Clinics, Halls & Libraries
- Ward boundaries
- Settlements
- Suburbs
- Zoning
- Land Use

The GIS strategic policy is being reviewed during the 2008/2009 budget year to assess the status quo of GIS within BCM, spatial information available, IT capacity, determine GIS skills levels, understand the strengths, weakness, opportunities and threats within BCM, implementation plan, adoption of GIS Strategic Policy. This is on step of understanding the institution spatial capacity and the creation of a spatially aware institution.

#### **4.4 Information and Communication Technology**

Buffalo City Municipality – Information Communication Technology (ICT) division is responsible for providing Information, Communication and Technology support services to its internal and external clients.

The Municipality has gone through major initiatives with the intention of enhancing Information and Communication Technologies services that are delivered to support its delivery objectives.

These initiatives are the Information Communication Technology strategy programmes.

Information Communication Technology strategy program provided a solid Information Communication Technology infrastructure provisioning platform, however not much was achieved through this program on skills resources provisioning, process improvement, and management tools.

Buffalo City Municipality in 2003 engaged the services of the consortium of Deloitte and Touche and Nokusa Consulting and subsequently Dimension Data consultants to

undertake a project to develop and implement an Information Communication Technology Strategy for the Municipality. The objective was to confirm and understand the Information Communication Technology requirements of the departments within Buffalo City Municipality and prepare the Municipality to effectively deliver on its mandate of serving the Buffalo City Municipality communities and its stakeholders. The reports produced suggested the following approach :-

- A review of current situation results, where the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis results were captured and detailed.
- The Information Communication Technology division direction, focuses on the internal ICT division customers and training strategies required for resources and user training.
- Application and Technology direction, suggest the direction that Buffalo City Municipality can take to ensure system that perform optionally and reliable as well as recommendations to meet the growing needs.

**(a) Application Architecture**

Application architecture is a programmable software, designed a solution to specific environment to improve and automate the processes of the environment for and effective and efficient running of the operations.

Buffalo City Municipality is faced with problems of poor application functionality, lack of accurate information, serious integration problems, availability of accurate and timely information, and the existence of old and obsolete systems. The current billing system is inflexible and not reliable to serve the needs of the Buffalo City Municipality.

The recommended option is to implement an integrated Enterprise Resource Planning (ERP) System. This opportunity will give Buffalo City Municipality the ability to :-

- Review and improve core business process (such as billing, budgeting, costing, etc);
- Produce better and more flexible management reporting;
- Provides a good base and good foundation for future projects and initiatives, such as Activity based costing; Fleet Management; Asset Management etc;
- Migrate all historic data from previous administrations (King Williams Town and East London) into one repository;
- Centralize data from all applications (legacy);
- Provide users with an enhanced, user-friendly Graphic User Interface (GUI) or icons; and
- Takes advantage of technology enablers (e.g. Internet, etc.)

**(b) Technical Architecture**

The current Buffalo City Municipality environment has problems of insufficient, unreliable, inaccessible environment, poorly integrated and non-standardized infrastructure that is too expensive to maintain, and difficult to support.

The recommended option is to standardize and consolidate the current environment. Buffalo City Municipality needs to standardize on the server hardware, operating platform for the new applications, consolidate servers to few bigger servers and consolidate storage to external storage systems. This option would eliminate the deficiencies of the infrastructure maintenance and support, whilst increasing reliability, accessibility and capacity.

The standardization of servers and workstation make it easier for the Information Communication Technology division to support and maintain the environment, at the same time conforms to the security recommendations. The standardization of workstation and desktop software makes it easier for the users to access information and communicate with the organization.

The network redesign will enable better communication and access to applications and systems at Buffalo City Municipality. Network reliability is also an important aspect of the communication. Network redundancy and provision for Disaster Recovery is an important aspect of the redesign.

Storage consolidation provides access to a more scalable storage infrastructure, leverages on the backup and support operations. Consolidated storage is much cheaper to purchase and maintain than segregated storage. Users need more disk storage space to store their day-to-day work, email archive and eliminate the storage space as a bottleneck to better infrastructure services.

Better infrastructure is the core requirement for any new applications, critical for delivery of improved Information Communication Technology Services, importance for added services such as DRP and business continuity.

### **(c) Information Security**

Information is an asset, which like other important business assets, adds value to the organization and consequently needs to be suitably protected. Chief threats to adequately and sustainable information risk management, as identified in Buffalo City Municipality, are:-

- Lack of visible and formal senior management commitment to information security;
- Lack of Information Communication Technology Capacity (resources and skills) to cope with the additional responsibility of information security management;
- Policies, procedures and standards that are not endorsed by senior management and/or incomplete;
- No formal knowledge of criticality of information systems;
- Incident, contingency and disaster management processes that are not formally endorsed by senior management and/or incomplete.

### **(d) Short Term Activities**

- **Establish a Security Organization** – organizational arrangements for managing security.
- **Establish Accountability** – document management direction and commitment to security.
- **Address Urgent Security Needs** – implement recommendation by external security professionals and external, and internal auditors.

**(e) Medium Term Activities**

- **Defining the Policy Framework** – focus on areas of current concern to Buffalo City Municipality such as 3<sup>rd</sup> Party Access, Remote Working, Internet and E-mail Acceptable Use.
- **Link Security to Business Risks** – understand the risk to business operations associated with automated and interconnected systems. Risk analysis and practical mitigating control definition for information assets involving their owners.
- **Apply Policies to Business Systems** – apply the policy framework by defining standards base on the unique requirement, risk profiles and technology of the business systems.

**(f) Long Term Activities**

- **Raise Security Awareness** – all persons with access to Buffalo City Municipality's information assets must understand their personal information security responsibility.

**(g) Benefits to Buffalo City Municipality**

The implementation of continuous improvement of business processes will ensure efficient and effective Information Communication Technology service that will enable Buffalo City Municipality to deliver on its mandate of serving its communities and stakeholders with clear benefits that are as follows :-

- Clearly defined governance policy/procedures and framework will provide guideline to users and ensure compliance and accountability.
- Alignment between strategies, processes and applications will ensure reliability storage and access to information.
- Integration of information systems will support business processes to ensure reliability.
- The establishment of an Information Communication Technology Steering Committee with representation from each Directorate will enable department to express the own views and needs and contribute on Information Communication Technology business programmes that affect them and will also allow proper business planning and feedback.
- Establish a Shared Services Centre that will be responsible for the hosting of transversal Information Communication Technology products and services (i.e. Call Centre, GIS, Electronic Project Management System Electronic Job Card System, Databank, Management Information System Disaster Recovery Site, specific applications).

- A transformation process whereby senior managers in the different Directorates realizes the value of Information Communication Technology as a business enabler and that effective management is dependant on the availability and access to information.

#### 4.5 Knowledge Management, Research and Policy

The South African Local Government Association (SALGA) Knowledge Sharing programme emerged in 2001 with the aim of generating knowledge, facilitating knowledge sharing and managing knowledge within local government; identifying and documenting examples of local government's best practices; promoting and facilitating greater levels of peer learning between local government practitioners; building partnerships to maximise the experts and financial resources available to support the local government transformation process.

BCM realised the value of institutionalising the knowledge assets within the municipality, and established the Knowledge Management & Research Unit in 2005. BCM recognises the critical nature of creating and nurturing an environment conducive to sharing and managing knowledge in order for the intervention to become sustainable and to deliver on its objectives. Knowledge continues to be the most important element of the Buffalo City Municipality's day-to-day operations. BCM as a learning organisation needs to capture and bank the institutional memory (transformation and innovation); learn from its experience and best practices of others; as well as to encourage the establishment of informational networks and exchange.

The Unit's strategic objectives exist to support the use of knowledge to achieve key IDP objectives by:

- Ensuring the identification and selection of key, strategically aligned and operationally essential knowledge needs and drivers;
- Creating and nurture a knowledge sharing culture and environment;
- Developing and establishing knowledge habits and practices;
- Identifying and making easily accessible, all the relevant knowledge assets and experts;
- Optimising the use and application of existing technologies and ensuring an integrated systems thinking approach to future applications;
- Managing the journey of change required in practices, processes and behaviours
- Utilising proven project management methods and an integrated systems thinking approach
- Driving the implementation of the Knowledge Management initiatives; and
- Identifying, nurturing and developing innovation within the City in pursuit of better and improved service delivery.

In addition to the Knowledge Management function, the Unit is also responsible for coordinating the research needs of all Directorates and Departments, as well as coordinating policy development and review at BCM.

In this regard, the Knowledge Management and Research Unit is facilitating a partnership with Statistics South Africa aimed at the piloted rollout of the National Statistical System in BCM in 2010/11. Through this programme, BCM is to serve as the first Municipality in the

country to be included in the National Statistical System, which StatsSA has already implemented at national departments, including Home Affairs, and Education. This project is aimed at improving the quality of statistics produced and utilised at BCM, the transformation of administrative records produced by or for BCM departments into official statistics, through the application of the South African Statistical Qualifications Framework (SASQAF) and increasing the capacity of BCM employees to produce and utilise statistics for planning and monitoring purposes.

The Unit is also a participant in the Provincial Government Research Forum, aimed at collating, sharing and disseminating research produced by various provincial government departments and agencies, as well as the academic institutions located in the Eastern Cape province and facilitated by the Provincial Department of Social Development.

With respect to the policy function, the Unit continues to assist departments on an ongoing basis in the development and/or review of policies, as per departmental requests received.

The Unit also has multi-media functionality, through which various events, programmes and projects, as identified and requested by individual departments, are captured by means of digital camera, and transformed into DVD productions through the Unit's multimedia editing equipment.

#### **4.5.1 SWOT Analysis of Knowledge Management**

##### **Strength and Opportunities**

Opportunities are apparent in the increased leadership buy-in to the necessary knowledge sharing mindset in BCM, in the identification and utilisation of staff to champion knowledge management in their Directorates and Departments and to share experiences within BCM, in the ongoing practice of collecting, capturing and promoting knowledge assets, and in the identification and utilisation of Knowledge Management opportunities and innovative projects for the creation of action platforms for leveraging knowledge assets throughout BCM.

##### **Weaknesses & threats**

While some progress has been made at BCM, with regard to Knowledge Management, the lack of a comprehensive and coherent Knowledge Management Strategy and Framework at present and the lack of funding available for the rollout of this Strategy & Framework and for the necessary staffing requirements, after the development of the Knowledge Management Strategy and Framework by Service Providers during the 2009/2010 financial year, hamper the entrenchment of an organisational culture of sharing and learning, the coordinated and consistent generation, management and dissemination of knowledge, skills and capacity building and transfer, integration of ITC and electronic management systems and networks the capturing of institutional memory, and case studies of best practice, lessons learnt, weaknesses and innovative projects for learning, benchmarking and sharing purposes. Staffing and financial constraints are also preventing the optimal operation of the research and policy arms of the Unit.

#### 4.6 Communications and Development Corporation

As per Promotion of Access to Information Act, 2000 the Communications Unit is expected to foster a culture of transparency and accountability and to promote effective access to information. It is also expected to align itself with BCM key objectives.

Buffalo City Municipality has a comprehensive Communication Strategy to deliver on its mandate. This strategy was tabled before the Mayoral Committee on the 17 June 2009 and was endorsed by Council on the 30 June 2009. Now the Strategy is gradually being implemented.

The following are the highlights of the scope covered by the unit:

- Communications Strategy formulation.
- Brand Strategy framework
- Launch of BCM-Monday, an electronic newsletter
- Reconfiguration or revamp of internal and external newsletters
- Introduction of “Breaking News” template.
- Significant partnership with SABC Radio, nationally.
- Full member of District Communicators Forum (DCF)
- Initial stages of the formulation of Local Communicators Forum – LCF.

There are still challenges that are encountered by the unit which among others include:

- Budget for the full implementation of the strategy.
- Funding for the final draft of the brand-strategy including its implementation.

#### 4.7 Intergovernmental Relations

The role of the international relations unit is to manage and coordinate all sister city partnerships, international donor relations and other strategic international relations that will enhance the municipality’s integrated development plan.

Our goal is also to use the sister city programme to promote Buffalo City as a highly respected and dynamic tourism, trade and investment destination in the Eastern Cape, South Africa.

Through the sister city’s programme the unit will ensure that the municipality develops a global partnership for development and environmental sustainability.

##### (a) Status Quo within BCM

All Sister city partnerships are based on formal cooperation agreements that focus on the following areas of cooperation:

- Economic development and trade and investment promotion.
- Sport and youth development
- Social upliftment and development

- Environment protection
- Culture, arts and tourism
- Health
- Educational support, skills transfer and sharing of skills and models of good practice
- Promoting political, social and economic good will between Durban and international cities.
- Safety and security

The aims of the International Relations programme are:

- To facilitate information and knowledge sharing;
- To increase skills to improve productivity within the municipality;
- To address the challenges of an unequal society, to make this more inclusive and to encourage greater cohesion among citizens of the municipality;
- To build managerial and technical capacity to promote the city as an attractive location for investment and tourism;
- To develop project partnerships for mutual benefit;
- To address regional and global challenges that have local impact; and
- To contribute to global understanding, human rights, solidarity and peace.

#### **(b) Highlights of scope covered**

Buffalo City Municipality has made a significant footprint in international relations. Some of the more prominent current initiatives include twinning agreements with the Cities of Gävle (Sweden), Leiden (Netherlands) and Milwaukee (USA); partnerships with other international local government associations namely VNG (Netherlands) and ICLD (Sweden); and ongoing development assistance through donor agencies such as SIDA, EU, GTZ and KfW. In March 2009, a tripartite agreement was signed by Amathole District Municipality, Buffalo City and the City of Glasgow, Scotland.

Projects:

- Gävle, Sweden: Good Governance, Electricity and Housing.
- Leiden, Netherlands: HIV/Aids, Sanitation, Water and Solid Waste.
- Milwaukee, USA: Health and Culture
- Glasgow: Joint Marketing Bureau & Lighting Strategy

#### **(c) Challenges**

- Capacity for project implementation
- Counterfunding
- Supply chain challenges

### **4.8 Public Participation and Special Programmes**

Municipal Systems Act (No. 32 of 2000) provides for development of a culture for community participation as well as mechanisms, processes and procedures for community participation. Our BCM vision put across an emphasis on people-centred approach in

ensuring that people basic needs are achieved. This in essence locates the importance of community and stakeholder participation in the affairs of local governance. During the last financial year 09/10 BCM Public Participation has been severely challenged with regards to its mechanisms and platforms that are there for municipal and community interface. These platforms would include but not be limited to issues of functionality of ward committees and convening of ward public meetings. What has caused this current state of affairs has been a variety of factors i.e. national general elections, issues of non functional ward committees due to issues of migration and changes to ward Councillors resulting in disorganization of and non co-ordination of ward committee meetings. Total collapse of ward public meetings in areas where there were no ward Councillors. Key to the tasks of ward committees is to enhance participatory democracy in local government.

Whilst it is acknowledged that our public participation machinery has been negatively affected by a plethora of challenges to date public participation is engaged in the elections of new ward committees. A training / capacitation of new ward committee members will kick in once elections have been completed. A process is in motion towards a development of Public Participation Strategy whose focus will be to rally every stakeholder internal and external behind a framework for action towards working public participation mechanisms within Buffalo City Municipality. The strategy will also be a referral point for all service delivery directorates to ensure that ways are found to ensure mainstreaming and up scaling of Public Participation within their core business and financial envelopes.

#### 4.8.1 Mechanisms for Public Participation

- “Building a strong leadership, with clear vision, maximum participation by the community, the private sector and all stakeholders to meet the basic needs of all and build a solid foundation for growth and lasting prosperity” assume critical importance.
- **IDP Budget Rep Forum** – where all CM internal & external stakeholders sit together to set the scene for municipal development targets.
- **Ward Councillors** - act as a referral point for consultation with communities and stakeholders.
- **Ward Committees** – These are critical platforms or organs of peoples power our communities use to interface with their municipality.
- They are also instruments for communities to use in shaping their own destiny where they live.
- **IDP & Budget Public Hearings** – these are mechanisms designed to ensure that the views of the community finds a concrete expression within the Municipal development trajectory.
- **Mayoral Imbizo** – this is a platform the Executive Mayor uses to interact with communities to identify and respond to their pressing needs and by so doing enhance participatory democracy.
- **Intersectoral Forums** – these are structures that are there to lobby and advocate for inclusion of issues affecting youth, women, people with disabilities and HIV/AIDS matters in the municipal development blue print.
- **Community Support Centre** – they are positioned as one stop shop centres within BCM that are there for various services that affect different sectors.

- **State of the City Address** – the Executive Mayor outlines the programme for the year and how our communities can track municipal service delivery programmes.
- **Council Open Day** – This is a session organised through the Speaker of Council to present the final IDP going to Council.
- **Customer Relations Management** – to channel all concerns raised by communities to different service points of our municipality.
- **Community Development Workers** – whose key task is to improve service delivery, accessibility and to ensure that there's constant interaction between government and communities.

## 4.9 Performance Management System

On the 28 August 2007 Council approved Framework for Institutional Performance Management. The Framework contains an annual work plan with processes to be followed in developing and implementing Performance Management.

Below is a list of challenges that have resulted in slow progress in implementing PMS in Buffalo City.

- The lack of continuity in both political leadership (e.g. the Executive Mayor is ultimately responsible for the performance of the institution) and senior management (prolonged absence of a municipal manager and high turn over of senior management) has contributed significantly to the non-alignment and misunderstandings with regard to the objectives of performance management;
- In this regard roles and responsibilities are not clear especially as relates to the role of the Municipal Manager – as delegated by the Executive Mayor – and the mainstreaming of performance management way from the silo mentality that suggests that the implementation of PMS is the sole responsibility of the IDP Department to a broader understanding that performance management is a standard management line function;
- The misplaced notion the performance management is primarily about the payment of bonuses – this is arguably the single biggest factor that has hindered progress;

The acknowledgement of early warnings from office of the AG and BCM Manager: Internal Audit that the institution is heading for a qualification on performance in the FY10/11 unless there is a major intervention on performance management. Given the challenges stated above progress in the mainstreaming and cascading of the PMS can only take place through the implementation of a change management exercise in BCM.

The process of PMS review is underway. Workshops for the draft PMS framework will take place in March 2010 for BCM management and April 2010 for Councillors. The entire process is envisaged to be completed in June 2010.

## 4.10 Integrated Development Planning

Chapters 5 of the Municipal Systems Act 32 of 2000 stipulates what a municipality is required to do in relation to Integrated Development Planning. In terms of the Act an Integrated Development Plan, adopted by the council of a municipality, is the key strategic planning tool for the municipality and it therefore should guide and inform all planning and development within the municipality.

However, integrated development planning within BCM is faced with a number of institutional challenges which include the following:

- Thematic Cluster Working groups are still not able to fully function independently of the IDP Office.
- Institutional location of the IDP Office gives the unit limited authority to ensure co-operation and compliance by Directorates
- Lack of total alignment between the IDP and Budget. According to the Internal Auditor, the 2008/09 IDP was 60% aligned with the Budget.
- BCM will assume Metro status in 2011, amongst other things; this will entail an increase in the number of wards and Councillors. The 2010/11 and beyond annual IDP review has to take cognizance of this new development.
- There are also limitations within the institution in terms of fully comprehending the concept of integrated development planning, particularly the fact that it should inform and guide all planning, decisions and developments within the municipality.
- Crafting of smart cluster objectives and strategies as reflected in the IDP still remains one of the challenges.

Cognisant of the constraints the IDP Office is making concerted efforts to address the challenges outlined above. For instance the IDP template for the 2010/11 review has been reconfigured in order to ensure explicit alignment of the IDP and Budget, Going forward, the ultimate objective is to ensure that the IDP of the institution is credible and fully compliant in terms of alignment with the budget.

## 4.11 Finance and Institutional Cluster Weaknesses & Threats

### Challenges facing Buffalo City include:

- Achieving an unqualified audit report
- Successfully managing the implementation of job evaluation results
- implementing BCM's Employment Equity Plan;
- changing the organization's culture to a performance driven culture;
- attracting and retaining critical and technical skills;
- a serious infrastructure backlog (information, communication technology infrastructure and information systems applications);
- uncoordinated and disintegrated systems development
- outdated processes and systems ;
- Inadequate cooperation and internal communication.

## 4.12 Strengths & Opportunities

Buffalo City has competent human resources, a fully functional administrative infrastructure, established policies and procedures and access to specialist knowledge and external information.

This is now dated information – perhaps an indication of how the funds were allocated and with what outcome may be better.

Further opportunities for the positive development of Buffalo City can be seen in the:

- CDS process with one of its focus areas being good governance;
- present integrated IDP & Budget process;
- the skills development programmes;
- knowledge management–collecting, capturing & promoting knowledge assets;
- business process re-engineering;
- the development of a cohesive organisation;
- exploitation of information and communication technology advances (including a document management systems);
- optimal usage of information resources;
- National and International partnerships
- development of public-private partnerships; and
- the development of a more customer focused organisation (Incorporation of Batho Pele principles )
- Geographical information systems

## 5. Spatial & Infrastructure Cluster

The issues included within the Spatial & Infrastructure Cluster are:

- Spatial & Land Use;
- Housing;
- Transportation;
- Traffic Safety;
- Roads;
- Water & Sanitation;
- Electricity; and
- Fleet Management

Two of the focus areas of the CDS, which directly relate to this cluster, are a “well connected city in the region” and “building on a solid infrastructure foundation”.

The “well connected city” focuses on ensuring the accessibility of Buffalo City through key infrastructure such as the Port, regional road links, air, rail and broadband infrastructure.

Whilst “building on a solid infrastructure foundation”, focuses on addressing infrastructure needs within the municipal boundaries, with the key agenda being the re-capitalization of municipal infrastructure and dealing with, amongst other infrastructure issue,

- water and sanitation problems
- electricity backlogs
- road and storm water

Over the course of the next few months and in tandem with the ongoing development of the IDP these issues will be further explored.

## 5.1. Spatial

### 5.1.1 Spatial Development and Land Use Management

Buffalo City has historically been characterised by social segregation and spatial fragmentation, with consequent inefficiencies in the functioning of the built environment.

Buffalo City's **Spatial Development Framework (SDF)**, identifies and details potential ways of mitigating past inefficiencies and maximising opportunities. **Local Spatial Development Frameworks (LSDF)** support the SDF and provide a more detailed view of specific localities. LSDF's have been completed for the West Bank, Vincent/ Berea, Dimbaza/Mount Coke, Quenera, Integration of Bisho - KWT and Mount Ruth and are being developed for Duncan Village, Arnoldton and Bonza Bay.

There is increasing pressure to develop outside the "urban edge", on the urban fringe, in areas such as the Gonubie Valley and the West Bank. BCM is currently developing an **Urban Edge Framework**, which will provide clear guidance to prospective developers.

Significant potential exists for the re-development or 'urban renewal' of urban settlements such as Mdantsane, Duncan Village and Zwelitsha, as well as inner city areas such as Southernwood, Quigney and the CBD/Sleeper Site. Urban renewal has the potential to redress chronic problems in areas, allowing the Municipality to focus on the creation of renewed built environments.

Mdantsane is one of the national urban renewal nodes and it is expected that a significant amount of funding, from a variety of donor and government sources, will be channelled into the area in support of the goals of the **Mdantsane Urban Renewal Programme (MURP)**.

There is a great deal of movement in and out of Buffalo City. Significant movement also occurs within Buffalo City, between urban and rural settlements, as people search for opportunities. This is most evident in places such as Duncan Village where a high demand exists for informal residential accommodation, due to its proximity to places of employment in the city centre and West Bank. This has resulted in dense shack settlements developing in the area and a high density of dwellings within certain parts of Duncan Village.

### 5.1.2 Land Use Management

Draft Zoning Regulations for areas administered in terms of the Land Use Regulations Act 15 of 1987 (former Ciskei Areas) and Proclamation R 293 was approved by Council and has been submitted to the Provincial Government for final approval.

The new Buffalo City Zoning Scheme incorporating the Zoning Schemes for East London, King William's Town and the former Amathole District Municipality have been implemented and taken into use.

The Buffalo City Zoning Scheme will also be made applicable to Duncan Village, once the registration of underlying erven in Duncan village has been completed

### 5.1.3 Rural Spatial Development

The Land Reform and Settlement Plan (2005) prepared by the Amathole District Municipality identified land reform and settlement zones within Buffalo City municipal area. These zones are conceived as proposed areas of priority for land reform and/or spatial planning and livelihoods planning initiatives

The following areas have been identified in BCM:

- Spatial planning and formalisation of existing settlements located in the West Bank – Igoda area
- Densification and/or formalisation of existing settlements located in the Needs Camp Zone. Settlement planning has been completed but the state land ownership issues must still be issued
- Densification and/or formalisation of existing settlements located in the Mount Coke – Dimbaza Zone. The planning and formalisation of high priority settlements will be targeted in the forthcoming financial year
- Densification and/or formalisation of existing settlements located in the Ilitha – Phakamisa area. Settlement planning for these urban and rural settlements has been completed
- Densification and/or formalisation of existing settlements located in the Yellowwoods – Kei Road Zone. Settlement planning for these rural settlements has been completed.

### 5.2 Housing

- Buffalo City is a secondary City with the 7<sup>th</sup> largest population in South Africa. Population of approximately 800 000 people. Three urban cores exist, namely, East London, Mdantsane and King William's Town with about 280 rural villages. According to BCM's Housing Policy, in 2004, approximately 75, 000 households, in both the rural and urban areas of Buffalo City, do not have access to adequate shelter.
- The City is estimating an annual growth of 1% in the housing backlog. The number of informal dwellings within the urban settlements total to approximately 38 605 (7 972 backyard shacks and 30 633 freestanding shacks), which are located in 56 separate areas.
- Approximately 32 000 erven have been planned and identified for housing projects which will require major housing subsidy funding from the Department of Housing, Local Government and Traditional Affairs and MIG funding to address the infrastructure requirements
- Within the 10 year period the focus will also reflect on Duncan Village being approximately 21 000 housing units to address the densification and de-densification of the existing settlement. In terms of the Duncan Village Redevelopment Initiative the integrated housing strategy is underway which will reflect a housing roll out programme for the area with bulk / internal infrastructure funding requirements.
- Since the year 2000 approximately 8 000 units were built and handed over to beneficiaries.
- Currently a total of approximately 8 000 units were built and handed over to beneficiaries
- Currently a total of approximately 19 000 houses are being developed within the City which are at various stages of implementation and completion. These projects are being undertaken by Buffalo City Municipality as the Developer, Amathole District Municipality, the Provincial Housing Department and Social Housing Institutions.

The Municipality is embarking on the following key programmes to address the housing need of its citizens:

- a) **Establishment of a housing needs data base for the Municipality:** The data base will address the actual housing needs for the entire City taking into account all income bands. It will address the housing needs of communities residing in informal settlements, back yard shacks over crowding within formal houses, and those with special needs. The implementation process of the integrated single demand data base is currently being finalised with technical support from the Provincial and National Housing Department. This programme is to be launched shortly.
- b) **Preparation of a 10 year integrated sustainable human settlement plan** to address the housing need in terms of the demand data base by ensuring integrated development is taking place by offering different tenure options and housing typologies. The ten year integrated sustainable human settlement plan will take into account urban and rural areas in terms of housing developments. The plan will focus on the rural spatial development framework priorities when it comes to rural areas and on bulk infrastructure availability on the urban areas among other things.

The delivery of sustainable housing is integral to the City's vision; however there are many challenges to the delivery of housing including:

- Slow and complex land identification and development processes;
- Limited land in close proximity to the city centre;
- Land invasion and uncontrolled growth of informal settlements;
- Limited capacity of bulk services to meet the demands of new developments (roads, water, sewerage, electricity and storm water);
- Securing funds for the co-ordinated supply of social infrastructure such as schools, clinics, sports and recreational facilities and operational costs associated with managing the services;
- Variation between National and Provincial norms and standards.

### 5.3 Land Reform

The government land reform programme is made up of the following principal sub programmes: land redistribution, land restitution and land tenure reform.

Tenure redistribution makes it possible for poor and disadvantaged people to buy land with the help of a settlement/land acquisition grant. Land restitution entails restoring land or compensating victims for land rights lost due to past racially discriminatory laws passed since 19 June 1913.

Land tenure reform is the most complex area of land reform and it aims to bring all people occupying land under a unitary legally validated system of landholding. It will provide for secure forms of land tenure and help resolve tenure disputes and make awards to provide people with secure tenure.

### 5.3.1 Tenure Upgrading

Tenure reform must address difficult problems created in the past. Guiding principles of tenure reform must move towards rights and away from permits. It must also build a unitary non racial system of land rights for all South Africans. It should further allow people to choose the tenure system which is appropriate to their circumstances. Tenure must also be consistent with the Constitution's commitment to basic human rights and equality.

#### **Mdantsane Unit 2**

Mdantsane is 90% upgraded except for Unit 2. There is double registration at Unit 2, the legal department has been instructed to deal with the matter in respect of the following erven: 9762, 9770, 9776 and 9784 in Mdantsane Unit 2.

#### **Ilitha, Zwelitsha, Phakamisa and Dimbaza**

These areas have not yet been upgraded. All general plans and small scale diagrams have been ordered from the Surveyor – General, so as to enable the implementation of the upgrading process. A firm of attorneys has also been appointed to effect registration and transfers to the name of beneficiaries.

### 5.3.2 Land Redistribution

The purpose of the land redistribution programme is to provide the poor with access to land for residential and productive uses, in order to improve their income and quality of life.

It also aims to assist the poor, labour tenants, farm workers, women as well as emerging farmers. Redistributive land reform is largely based on willing-buyer, willing- seller arrangements.

Access to land will be achieved for a significant number of eligible beneficiaries, assisted by grants and services provided by government, a more equitable distribution of land and therefore contribute to national reconciliation and stability. It will also help in solving problems of landlessness and pave the way for an improvement in settlement conditions in urban and rural areas.

AREA	TOTAL TRANSFERS
AIRPORT PHASE 1	69
AMALINDA FOREST	11
BRAELYN EXT 10	27
CAMBRIDGE	1
NOMPUMELELO TOWNSHIP	85
MZAMOMHLE TOWNSHIP	121
MDANTSANE N.U. 18	211
REESTON PHASE 1 & 2	2600

CHRIS HANI	72
SIMANYENE	10
MDANTSANE UNIT P	96

TRANSFERS AND REGISTRATIONS: EXTENDED DISCOUNT BENEFIT SCHEME

PERCENTAGE OF HOUSING STOCK TRANSFERRED TO BENEFICIARIES AREA	TOTAL TRANSFERS
BREIDBACH	3
BRAELYN	4
BUFFALO FLATS	7
CAMBRIDGE	4
GINSBERG	2
GOMPO	1
MILNER ESTATE	21
PARKRIDGE	7
PARKSIDE	1
PEFFERVILLE	1
SCHORNVILLE	1
MDANTSANE	5

### 5.3.3 Land Restitution

The goal of the restitution policy is to restore land and provide other restitutionary remedies to people dispossessed by racially discriminatory legislation and policies, in such a way as to provide support to the vital process of reconciliation, reconstruction and development. Restitution is an integral part of the broader land reform programme and closely linked to the need for the redistribution of land tenure reform.

The Restitution of Land Rights Act 22 of 1994 and the Constitution provide a legal framework for the resolution of land claims against the state, where possible through negotiated settlements.

With regard to restitution of land rights we have three projects namely, East Bank, West Bank and Macleantown.

#### i) East Bank

City Planning has identified land for East Bank Restitution Project. The identified erven are 1829,1830,2388,2389 and portion of erven 1128, 2390, 2396 and 2413 Amalinda, East London.

**ii) West Bank**

West Bank Township has been registered and there are currently 124 informal dwellers who are settled on the West Restitution land but are willing to be relocated as soon as the alternative arrangement is provided.

**iii) Macleantown**

73 housing beneficiaries approved and 4 households outstanding. The general plan is in place and the township register has not yet been opened. There are a number of challenges which include the following:

- Roads constructed are not according to specifications
- There is no storm water drainage system in place
- Invasion of land by informal dwellers
- Review of commonage by laws
- Valuation disputes by farmers resulting in delay of the process

There is a multiplicity of land tenure forms and related land management and land planning legislation across Buffalo City. The complexity of land-related legislation, the overlapping layers of land tenure and informal land rights, hampers an integrated, sustainable approach to spatial development. This is a barrier to development and in some instances results in the lack of tenure security and the population movements evident in the Buffalo City area.

However, there remains much opportunity for rural development and land reform within Buffalo City. Planning has already been completed in some areas through the ADM's Land Reform & Settlement Plan and Buffalo City's LSDF. The implementation of these plans will increase tenure security and boost economic development and the livelihoods of the rural poor.

**5.3.4 Land and Property Management****i) Land Management**

Land Management Policy for Buffalo City Municipality was adopted by Council in 2007. The policy seeks to address the following key issues:

- Elimination of significant and high priority informal settlements by 2014
- Elimination of all informal settlements as appropriate serviced land housing becomes available as soon as possible
- Prevention of new informal settlements being allowed to develop
- Prevention of existing informal settlement being allowed to grow in an uncontrolled manner.

The policy therefore sets out a more structured approach in responding and addressing challenges relating to invasion and informal settlements.

**ii) Property Management**

In terms of the Municipal Finance Management Act municipalities are obliged to manage the assets under its control, section 78 of the Act specifically stipulates that senior management should take all reasonable steps within their respective areas of

responsibility to ensure, inter alia, “that assets of the municipality are managed effectively and maintained to the extent necessary to derive maximum benefits from these assets both in providing basic infrastructure and generating revenue.

An immovable capital assets management and maintenance information system is in place and this is a comprehensive system which incorporates collection of all data related to municipal owned properties, verification of new and existing data, quality control and skills transfer. It also incorporate all property valuations that have obtained through the General Valuations as well as all maintenance and expenditure carried out on each municipal property.

## **5.4 Transportation**

The fragmented nature of the built environment, particularly in the rural areas, impacts negatively on the mobility of Buffalo City residents. In this situation, the transportation network and public transport system becomes even more critical in enabling residents, especially the rural poor, to access higher order facilities, participate in social activities and to take advantage of economic opportunities. Over 70% of the population in Buffalo City are dependent on public transport and it is therefore imperative that high-density housing development and work opportunities are provided in close proximity to public transport routes, especially the railway system (as recommended in the spatial development framework plan). This will make the public transport system more accessible to a larger proportion of the population and reduce or eliminate the need for transfers, thereby reducing costs and travel times for commuters. The fragmented settlement pattern has obvious consequences for sustainability, requiring a more extensive and expensive transportation network and public transport system.

### **5.4.1 Public Transport**

According to the Buffalo City Quality of Life study conducted in 2007, the majority (72%) of BCM residents make use of public transport. Of all motorised trips made in Buffalo City public transport accounts for 62% compared with 38% by private vehicles, it is therefore an important means of travel for the majority of BCM citizens. Surveys carried out in 2002 indicate that of 300 000 trips made using public transport each day, 250 000 are made by taxi, 25 000 by scheduled conventional bus and 25 000 are made by passenger rail. This emphasises a need to develop a new public transport system to cater for the anticipated increased usage in public transport in line with National and Provincial transport policy to develop public transport usage.

Even though there is a high dependence on the public transportation system, the current system is not meeting the needs of the community adequately. It is unsustainable, unsafe, ineffective, not accessible and supply-driven. An improved public transport system is required. The Public Transport Plan was completed in 2006 and provides the long-term strategy and structure for developing an integrated public transport system for Buffalo City. The first phase of the Public Transport Plan focuses on the Mdantsane East London Development Corridor and in June 2007 a funding application was submitted to the Department of Transport for a Bus Rapid Transit System along the MELD corridor. The funding application was successful and the BRT programme is currently in the planning phase.

#### 5.4.2 Traffic Safety

Deficiencies in the road infrastructure, lack of facilities for pedestrians and cyclists, lack of traffic safety awareness, inconsiderate, aggressive driving habits all impact on traffic safety in Buffalo City. In BCM approximately 8 000 collisions, involving 1 299 casualties (fatal, severe and minor) were recorded during 2004.

A Traffic Safety Plan was developed in 2005, which details strategies to address traffic safety issues in Buffalo City. The objective of the Traffic Safety Plan is to reduce the number and severity of all accidents, in particular pedestrian, public transport users and learners. The following targets have been set for the next five years.

- 10 % reduction in fatalities per annum
- 5% reduction in fatalities and serious casualties per annum
- 5% reduction in all casualties per annum

A successful strategy requires the implementation of a combination of education, engineering and enforcement.

With regards to education, the implementation strategy is aimed at remedying the situation in and around schools. Educating children will involve their parents, who will also indirectly be subjected to the education process. Once children learn about traffic safety they will become aware of issues such as not driving under the influence of alcohol, the use of safety belts, and proper safe practices whether the mode be walk, car or public transport.

Concerning engineering, projects will also be aimed at starting in and around schools, as well as along high accident locations. Engineering projects will include the development of necessary information systems to enable effective safety planning and enforcement issues.

Law enforcement initiatives will be aimed at targeting high accident locations and developing focused enforcement campaigns that will be undertaken on a regular basis.

#### 5.4.3 Major Roads

The major roads network consists of approximately 1 230 km roads. National freeways and Provincial trunk and main roads increase the major roads length by about 250 km. 191 355 vehicles were registered within Buffalo City Municipality in 2004. This figure has increased relative to 2002 and 2003 by an annual increase of 8% per annum, considerably higher than the growth in population. If this trend were to continue to 2010, it may be expected that over 300 000 vehicles would be registered in Buffalo City by that year.

#### 5.4.4 Freight Transport

Buffalo City has a large and rapidly growing manufacturing sector, which relies on an efficient and reliable freight transport system. With the advent of the Industrial Development Zone, freight transport is likely to increase significantly in future. All sectors of the economy depend on the incoming and outgoing movements of goods by road, rail, sea and air. The current transport of heavy goods predominantly by road places a significant structural load on the road system, requiring a greater level of maintenance than would otherwise be required. Moreover, the limited capacity of Buffalo City and

Province to effectively apply enforcement to overloaded vehicles has a destructive impact on road pavements leading to premature failure. Overloaded vehicles, often in an inappropriate condition, also contribute significantly to the negative development in terms of traffic safety.

#### **5.4.5 Non-Motorised Transport**

A significant number of people who do not have the means to use private transport or public transport to get to work, schools and other activities resort to walking. Cycling is also an alternative that is significantly under-rated as a transport mode in Buffalo City. The ITP will include projects that provide facilities to encourage safe walking and cycling, and encourage their use as viable modes of transport.

Integration of pedestrian and bicycle into the transport system promote improved accessibility to public transport interchanges and bus stops, work, schools, shops etc. It promotes safer walking and bicycling and contributes to an environmentally sustainable transport system as a whole. Non-motorised transport is an inexpensive means to make short trips within the City. It also benefits personal good health and fitness.

Pedestrian and cycling facilities are an important component of the public transport system as public transport users usually commence and end their journeys with either walking or cycling.

Buffalo City has developed its strategic plans for the future development of each specific transport sub-system, namely, the public transport system (network and services), major road network, freight network, non-motorised transport network and provisions for special needs passengers. The policies, strategies and projects intended for implementation in future are described, programmed and priorities indicated in the ITP.

## **5.5 Infrastructure**

### **5.5.1 Road Network**

The road network is one of the key components of the transportation system. A large percentage of Buffalo City's road infrastructure is old, rapidly deteriorating and in some cases past its functional life.

Major rehabilitation is required to surface roads in the rural areas and in areas such as Mdantsane, where road infrastructure has had little or no maintenance for the past 25 years. In addition, a large proportion of the roads in these areas is gravel and will over time require surfacing. An amount of R600 million is required for upgrading of Mdantsane gravel roads to surfaced roads (surfacing of 250 kms).

Capital allocations are insufficient and only a small percentage of the road network is adequately maintained or upgraded on an annual basis.

BCM faces resource constraints for both the extension and maintenance of the road infrastructure. The annual increase in the maintenance budget has not kept pace with the escalation rates associated with this activity. Funding Backlog for maintenance of BCM roads is estimated at R270million, R40million must be spent annually so as to eliminate this backlog. For the next two financial years R75million is required for resurfacing/ overlay

of surfaced roads so as to avoid premature reconstruction and for the next five years R252million is required for carrying out roads rehabilitation (**BCM Pavement Management System**). The estimated replacement costs for 1 425 km of BCM surfaced road network is R1.5 billion. The estimated maintenance amount required for maintenance and reconstruction of in excess of 700km of BCM's gravel road network is estimated at R 400 million.

In financial years 2010/2011 it is proposed that all roads currently on the Pavement Management System in addition to new and upgraded roads be assessed in terms of condition and structure.

The Pavement Management system is the key tool to ensuring the most judicious use of the limited funding. It monitors road conditions and prioritises roads for rehabilitative treatments. Road inspections for the updating of the PMS are undertaken bi-annually year for surfaced roads and every five years for gravel roads.

**Bridge Management System (BMS)** has identified all the bridge structures, though at initial stages, the next step would be to undertake a detailed analysis to determine the necessary maintenance and rehabilitative measures. This process is projected to be undertaken during financial year 2010/2011, but its progress will be subject to availability of funding

**Storm water Management System (SMS)** is being implemented and funded jointly by BCM and Leiden. The Northern and Central regions of Buffalo City are currently at an advanced stage, and the remaining Eastern and Western regions are to be undertaken in the 2010/2011 financial year. The SMS will assist in mitigation of storm water challenges within Buffalo City Municipality. The appointment of the consulting consortium is to be extended from 3 years to the initially tendered period of 5 years in order to complete the study.

### 5.5.2 Water Services

Buffalo City has been designated as a Water Services Authority and has in place a **Water Services Development Plan**, which guides the Municipality in the delivery of water and sanitation services. Feeding into this WSDP are Master Plans for Water and Sanitation.

BCM has undertaken an assessment in terms of Section 78(1) of the Municipal Systems Act in order to determine the most appropriate and cost-effective mechanism to deliver water services. Council has resolved to form an internal business unit in terms of this Act. A financial consultant has been appointed and his report was submitted in November 2008. The financial ring-fencing exercise commenced in March 2008. Operational ring-fencing is underway and the proposed structure of the business unit is presently under review.

- **WATER SUPPLIES**

The Amatola Water Resource System supplies the urban and rural areas of Buffalo City. Water is sourced from the Bridle Drift (main source), Rooikrantz, Nahoon, Laing and Sandile Dams and the Peddie Scheme. The system is complex and is made up primarily of surface water resources, with the limited groundwater resources suitable for only a few localised schemes.

A **Feasibility Report on the Augmentation of Raw Water Resources** has been completed and BCM is now considering the most appropriate and cost effective means of implementing the proposals.

- **Water Demand Management**

The City has had a relatively large incidence of 'water loss' or non-revenue water. This occurs either through physical losses (leaks etc.), billing inaccuracies, users who are not on the database or illegal connections. The result is an unnecessary demand on water resources, wastage of water and loss of income.

**A COMPREHENSIVE WATER LOSS STUDY HAS BEEN UNDERTAKEN AND THE RECOMMENDATIONS EMANATING FROM THIS STUDY ARE BEING IMPLEMENTED, ACCORDING TO THE AVAILABLE RESOURCES.** Intervention in Mdantsane has proved to be very successful. Mid-block water mains have been replaced with mains in the road reserves and metering of consumers has been undertaken. A similar exercise is underway in Gompo where excessive night flows in the Sewer Conveyance network were of great concern as they were contributing to the over flow of the Second Creek pump station. Sewer night flows in both areas have decreased significantly and further reduction will be evident as the projects proceed. Intervention on indigent properties is to start soon and a public education programme will be implemented as well. An amount of R10 million has been provided to commence effective water loss intervention targeting Duncan Village, Scenery Park and Dimbaza for the initial intervention programme

- **Bulk Water & Sewerage Systems**

BCM's bulk water is purchased from Amatola Water (32%) with the remainder coming from the Umzoniana Treatment Works and a small amount from the KWT Treatment Works. The cost of the water from the Umzoniana Treatment Works is R0,60/ kl whilst the cost from Amatola Water is R3,48/ kl, hence BCM must continue to optimise its usage from the Umzoniana Water Treatment Works. Feasibility studies into the Umzoniana Treatment Works and water systems have been undertaken and refurbishment / augmentation/ renewals are underway. It is envisaged that up to 20% of the Umzoniana Water Treatment Works capacity (24 Mℓ/day) will be saved at the end of the project.

Sewerage systems in the City are well beyond their design lives, are in poor condition and are operating at capacity. The effect of this situation is that expansion of the city and the housing programme, is now severely constrained and the environment is under threat from sewage spills and leakages. Significant funding is required to refurbish and upgrade this bulk infrastructure within the next five years.

To alleviate current constraints within the system, application has been made to DBSA for R64 million. Proposed projects include Phase 1 of the Regional Waste Water Treatment Scheme for King Williams Town, Bhisho, Breidbach, partial diversion of flow from the Central Waste Water Treatment Works to Reeston (WWTW), refurbishment of the Pontoon Road sewer tunnel and refurbishment to the Eastern Beach sewers. The contract has been awarded for the upgrade of Gonubie (WWTW) to the value of R48 million. It is estimated the contract will be completed in 18 months. Other projects underway include Phase 1C Bufferstrip bulk sanitation to the value of R18 million.

It is estimated that the cost of deferred maintenance for water and sanitation services is R750,000,000:

Table B.18: Estimated Deferred Maintenance

Service	Estimated deferred maintenance
Water	200,000,000
Wastewater	550,000,000
<b>Total:</b>	<b>750,000,000</b>

- **Water & Sanitation Backlog**

The latest information from the Water and Sanitation Master Plan Studies are as follows:

Table B.19: Community Survey 2007: Household Access to Basic Services

	Water (access to piped water in dwelling/ yard or within 200m)	Sanitation (flush toilet, septic tank, chemical toilet, VIP)
<b>No of Households</b>	204 151	139 523
<b>% of Household</b>	98%	67%

The water backlogs for greenfields work amounts to R26,26 million and that of remedial work to R35,04 million. The backlog areas include Needs Camp, Ncera, Mount Coke, Potsdam and some Rural areas in the King Williams Town District. Needs Camp, Ncera and Mount Coke are being addressed by a three year MIG Project which is already underway. The other areas are awaiting funding from MIG but some in-roads have been made by addressing supplies to areas handed over by DWAF.

The key findings of the Rural Sanitation Master Plan investigations in terms of rural basic sanitation backlogs are summarized as follows:

*Outside urban edge (i.e. rural)*

• Greenfields	:	51 192
• Remedial / refurbishment	:	<u>885</u>
Sub total		52 077 households

*Inside urban edge but rural of nature (i.e. peri-urban)*

• Greenfields	:	20 637
• Remedial / refurbishment	:	<u>1 162</u>
• Sub total		21 799 households

Total 73 876 households

• Funding required to address the backlog:	<b>R456 785 175</b>
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Given the extent of the backlogs and the requirement to eradicate these sanitation backlogs by 2011, expenditures of ±R100 million per annum will be required. Applications have been submitted for MIG funding to address these backlogs within the national timeframe.

### 5.5.3 Electricity

The electricity department has a backlog of R480 Million in replacement upgrading and deferred maintenance.

Over the 2008/2009 financial year the following has been achieved. A number of projects have commenced and have progressed well and other projects have been successfully completed.

**(a) REESTON SUBSTATION**

The Reeston area is being developed to provide housing for approximately 12 000 house holds. This area did not have electrical network available and the network in close proximity is overloaded. Therefore a new substation was required to ensure a stable supply to this area. Funding has been received from the Department of Minerals and Energy to provide the substation.

The project commenced in 2007 and has been completed.

The second stage of this project is the installation of the out going feeders. The out going feeders are the main source that will provide electrical supply to the new houses being built within the Reeston area and for the upgrade of the supply to BPRS which is the main water supply to BCM. A contractor is on site and work on the line is progressing well.

This project is estimated to be completed by the end of June 2009. This project has been completed with only minor snag items that need to be corrected.

**(b) QUEENSPARK ZOO SUBSTATION**

The Queenspark Zoo substation has become of necessity due to the high increase in both RDP houses, commercial connections and other housing developments. This supply will stabilize supply in areas such as Duncan Village, Buffalo Flats, Parkside and will ensure the necessary capacity for the Second Creek RDP housing development, while also providing relief in the city centre.

The Department of Minerals and Energy are providing the funding for this project. A contractor has been appointed sight hand over has taken place and a number of major material items have been ordered.

Before any major work can commence the EIA has to be completed this is progressing well and a successful outcome is expected soon

**(c) RDP ELECTRICAL CONNECTIONS**

A contractor has been appointed in 2008/9 to install 1200 Electrical connections within the Reeston area. This work has commenced with the bulk infrastructure being installed at present.

The work is well underway and all service connection are estimated to be completed by 30 July 2009. Due to delays caused by material delivery and weather the program has been adjusted to the end of September 2009.

**(d) NETWORK ENHANCMENT**

The Electricity Department has received R51 million on the capital budget for the 2008/2009 Financial. The electricity infrastructure requires a capital replacement refurbishment and upgrading program estimated at R 490 million to ensure that the network is in a stable condition.

The DBSA Funded projects are listed below:

- Upgrading of Substations and Switch Houses. This project entails the replacement of old obsolete switchgear. The switchgear has been ordered and most of the switchgear will be delivered by end June 2009, due to long lead periods. The switchgear has been received. The second phase of the projects is the building of the new substation building required. A contractor has been appointed and will commence with the project in the 2009/2010 financial year.
- Installation of New Feeder Cables .These projects are well underway and will be completed by the end of June 2009. Most of these projects have been initiated in this quarter as the department was waiting for the delivery of cable. The upgrading of the cables required by this project have been completed.
- Upgrading of Net work Protection. This is an ongoing project that will provide the network with a well maintained and upgraded protection system.
- Transformer for Queens Park Sub Station. This item has been ordered and has a delivery period of 52 weeks. It is an essential part of the Queens Park Zoo Substation project.

**(e) STREET LIGHTING**

Over the past three months, through the Mayoral Imbizo, funded projects are being carried out in a number of areas without street lighting, inadequate lighting or major street light maintenance. These areas are listed below.

1. Gompo 2<sup>ND</sup> Phase
2. Dimbaza
3. Duncan Village
4. Mdantsane
5. Ginsburg
6. Scenery Park
7. Fynbos

Most of the above projects have been successfully completed.

**(f) DUNCAN VILLAGE**

The Electricity Department received R10 million to strengthen the electrical network within Duncan Village due to the constant overloading of the system by illegal connections.

The following work is being undertaken to strengthen the network:

- i. The removal of the majority of the overhead transformers,
- ii. Upgrading of the medium voltage incoming feeders,
- iii. Installation of five 500kVA mini substations
- iv. Using the 500kVA mini substations, Duncan Village can be electrical sectionalised therefore theoretically smaller areas of Duncan Village would be effected by outages.
- v. Removal of overhead line in various areas to be replaced by underground cable,
- vi. Upgrading of the low voltage network.

The project as defined above has been completed successfully. It has improved the situation in Duncan Village with fewer consumers being effected by outages but has not resolved the problem overall.

#### **5.5.4 Fleet Management**

A **Fleet Management Policy** has been developed and is being “workshop-ed” with Departments to assist with addressing of problems relating to inefficient use of Municipal vehicles, vehicle abuse and record keeping.

In order to address the problem of inadequate maintenance and the general poor condition of the fleet, whose efficiency is critical to effective service delivery, an amount of R90 million was secured to replace old vehicles between 2006 and 2009. An amount of R 45 million was spent in 2006/07 to replace 186 units of Fleet. The balance will be spent on 2007/08 and 2008/09.

## **6. Social and Environmental Cluster**

The areas included within the Social Cluster are:

- Primary Health Care;
- Municipal Health or Environmental Health;
- Cemeteries and Crematoria;
- Community Facilities and Services;
- Safety & Security;
- Disaster Management;
- Natural Environment;
- Coastal & Marine;
- Water, Soil & Air Pollution; and
- Solid Waste Management.

Key concerns for all the areas within the Social Cluster are, shortages of staff, shortages of adequate facilities, equipment, poor information systems, insufficient funding and fragmented services.

## 6.1 Primary Health Care and Municipal Health Services

Primary Health Care (PHC) and Municipal Health Services (MHS) have historically been fragmented provided by three different institutions within the BCM jurisdiction area, i.e. BCM, ADM and Eastern Cape Department of Health (ECDOH).

The National Health Act, Act 61 of 2003 (NHA) now clearly defines powers and functions in relation to provision of Health Services. Municipal Health Services (Environmental Health) are a Competency of Category A (Metropolitan) Municipalities and Category C (District) Municipalities. Municipal Health Services are defined as water quality monitoring, food control, waste management, health surveillance of premises, surveillance and prevention of communicable disease (excluding immunizations), vector control, and environmental pollution control, disposal of the dead and chemical safety. This excludes port health, malaria control and control of hazardous substances.

Category B Municipalities are therefore not expected to render Municipal Health Services unless they enter into a service level agreement with a Category C Municipality and have the capacity to render such services. The provision of health services, falling outside the above Municipal Health Service definition, is assigned to Provincial and National Health Departments. Specifically Primary Health Care (PHC), traditionally provided by clinics, now falls under the competency of Provincial Departments of Health.

BCM now provides the abovementioned functions on an agency basis through a Service Level Agreement signed with Province for PHC services in which BCM is expected to also co-fund whilst the function of MHS has been wholly funded by ADM since the 2005/06 financial year.

Challenges faced by PHC are as follows:

- Staff shortages as a result of under funding by Province
- Inadequate clinic rooms as a result of extending services from treating only minor ailments to providing a comprehensive service including managing chronic ailments and Voluntary Counsel Testing (VCT) in all BCM clinics
- Inadequate budget for drugs
- Security concerns and threats to clinic staff
- High level of stress and low staff morale
- High staff turnovers especially professional nurses
- Threat of Provincialisation
- No funding of Capital projects by Province

Challenges faced by MHS are as follows:

- Metropolitan municipality status would imply that BCM must provide MHS to the entire municipal jurisdiction areas in 2011
- No funding of Capital projects by ADM
- Inability to extend a comprehensive MHS function as defined in the NHA due to lack of funded posts to fill in specialised functions like Environmental Pollution and Vector Control.

Initiatives to deal with the challenges include the establishment of Community Health Committees, roll-out of Health Campaigns and the extension of mobile clinic services.

A critical issue for the health sector remains the HIV/AIDS pandemic. BCM clinics and personnel assist, according to the available resources, with VCT (Voluntary Counselling and Testing), Prevention, Home Based Care, Nutritional Support, PMTCT (Prevention of Mother to Child Transmission). Patients are referred to accredited sites for Anti-retroviral treatment and training is provided to communities on HIV/AIDS issues. BCM also participates in the HIV/AIDS inter-sectoral fora and the Amathole District Aids Council.

It remains important for the health sector to be fully capacitated and resourced in order to provide comprehensive prevention, treatment and support to those infected and affected by HIV/AIDS.

## **6.2 Community Facilities and Services**

The huge inequalities and fragmentation of South Africa's past apartheid cities and towns still prevail in Buffalo City despite the progressive legislation in the country.

The poor are still isolated from facilities and services. A concerted effort to demonstrate the principles of equity, integration and sustainable development is still critical. To this effect a programme has to be designed which will focus on the provision of community facilities and services in the poorest areas of Buffalo City in order to improve the accessibility and quality of these services and improve the life of these communities.

Previously disadvantaged areas in Buffalo City were politically and administratively separated from cities and towns. This resulted in insufficient capital investment in these areas. One of the ways in which the resultant legacy could be addressed is by ensuring that communities in these areas are not only consulted in development projects in their areas but also participate in the design, investment and implementation of projects that seek to address their identified needs.

People living in the previously disadvantaged areas in Buffalo City are disadvantaged by an environment that ignores their socio-economic circumstances and that there are poor linkages to other areas where higher order facilities and services might be effectively obtained. To address this problem Buffalo City must ensure that all citizens have access to at least a minimum level of service. Accessibility is not only about making services available but also about making services easy and convenient to use.

With regard to amenities, much work has been done to turn around the situation and yet much still needs to be done. Buffalo City Municipality strives to provide world class services to all its residents and visitors through well managed, developed and sustainable amenities services. In order to achieve this, the municipality is to embark on various strategies and programmes which will include upgrading of the relevant infrastructure, capacitation of its personnel and strengthen its maintenance of the facilities. Central to this strategy is to maximize access to all these facilities by all who wish to enjoy them.

In view of the above, development in Buffalo City has to address this backlog with its central mandate to develop service delivery capacity to meet the basic needs of communities.

A shortage of financial and human resources remains a serious challenge in the provision of community facilities and services.

### **6.3 Crematoria and Cemeteries**

The Aids pandemic is posing challenges to all municipalities in South Africa. The mortality rate in Buffalo City has reached unprecedented levels. The life span of victims especially in the poor population groups is very low as they cannot afford healthy food, medicines and stress-free lifestyle that is necessary to keep their immune system in good condition. This has put a very serious pressure on Buffalo City's existing cemetery facilities.

In urban and peri-urban areas, Buffalo City is rapidly running out of grave sites and is under tremendous strain to develop new sites. Suitable land within 12km of residential areas is a challenge to get and this poses a problem with regards to accessibility of cemeteries. In order to sustain the existing cemeteries new cemeteries By-laws were promulgated which permit the burial of more than one body in a grave.

Poverty is also a problem facing cemetery providers. There is an observable increase in the number of pauper burials in Buffalo City because poor families deliberately do not come to claim their deceased from government mortuaries whilst some opt to make use of council indigent policy.

Council is in the process of upgrading the existing crematorium in Cambridge, East London. A serious education drive needs to be implemented in order to change the cultural beliefs regarding alternative burial methods.

A new cemetery environment has still to be established which would align cemetery design, planning and development with the Buffalo City strategic goals and objectives. Aspects to be looked at include:

- a) Cemeteries that meet sustainable, technical and environmental criteria are needed in order to contribute to a sustainable Buffalo City.
- b) Cemeteries accommodating Buffalo City's diverse cultural requirements, their functioning as significant public spaces as well as places ensuring that needs are provided for all in order to reflect a dignified city.
- c) Building civil society and private sector partnerships in cemetery development and management.
- d) Giving special attention to the indigent, respecting the needs of bereavement at burial, protecting cemeteries as public property and ensuring safe working conditions for employees working in cemeteries.
- e) An effort has to be made to ensure that the Cemetery Division is performance oriented to provide service excellence and to be customer focused.

### **6.4 Traffic and Law Enforcement Services**

Crime remains a critical issue for BCM, in terms of its impact on the quality of life of residents and on economic growth. The Quality of Life Survey carried out in Buffalo City in 2007 states that about 40% of the people surveyed thought that the crime situation had become worse. One in 10 people said they had been robbed or were victims of attempted robbery, while 1 in 12 said they had suffered burglaries. People living in informal settlements were more likely to fall into this category than those living in other areas.

The primary function of the Traffic Departments and Buffalo City Law Enforcement is the enforcement of traffic laws and Municipal by-laws. However, by virtue of the officers' appointment as Peace Officers, they are actively involved in law enforcement (which is the function of the South African Police Services).

As in the rest of the Republic of South Africa, law enforcement in Buffalo City is extremely fragmented with various law enforcement agencies operating, to a large extent, within their own functional areas. There is some cooperation at operational levels, although it is affected by different operational procedures, non-compatible equipment and command structures.

Whilst some progress has been made with the extension of services and facilities, BCM traffic and law enforcement remain primarily focused in the urban areas. The shortage of personnel, facilities and equipment hamper the extension of services. BCM also provides Fire and Emergency Rescue Services.

### **6.5 Fire & Rescue Services**

BCM provides a Fire and Rescue Service which in South Africa is a constitutional obligation placed on Municipalities. The services rendered consist of fire suppression, rescues, paramedical, car accidents, hazardous substance incidents etc. At major incidents the Fire and Rescue Service becomes part of a multi-agency operation. The Fire and Rescue Service in BCM is the first respondent to all types of disasters. BCM Fire and Rescue Service is the seventh largest in the country and cover one of the biggest topographical areas. We also respond to more than 3000 incidents a year in categories of Residential, Institutional, Commercial, Industrial, Transport and Miscellaneous. The structure of BCM Fire and Rescue Service is as follows: Administration, Fire Suppression, Fire Safety, Public Awareness and Training. These services are mainly located within the urban areas, resulting in considerable time delays when responding to emergencies in the rural areas. Again, the shortage of personnel and equipment is hampering the extension of services to all areas of the municipality. Further challenges exist in obtaining land in rural areas for the establishment of Fire Stations.

### **6.6 Disaster Management**

Disasters occur as a result of a complex interrelationship of underlying causes, dynamic pressures, unsafe conditions and trigger-events, and often result in widespread human, economic and environmental losses.

Disaster management services for Buffalo City include risk and vulnerability assessments, prevention and mitigation, preparedness, response and relief, and recovery, rehabilitation and reconstruction.

The Disaster Management Act placed the primary responsibility for Disaster Management with metropolitan and district municipalities.

Buffalo City needs to ensure that they are prepared for this function by 2011 when metropolitan status is attained.

The question of division of powers and functions, between Amathole District Municipality and Buffalo City Municipality in relation to Disaster Management is hampering the functioning of the Disaster Management in Buffalo City.

Buffalo City Disaster Management has limited staff, minimal equipment and limited funds. This situation limits the impact of the service, with Disaster Management tending to focus where the demand is the greatest

On the whole, BCM tends to be reactive rather than proactive and thus, the Municipality is working towards establishing disaster management as an integrated multi-level, multi-sectoral function.

The Disaster Management Act requires all Municipal departments and entities to conduct disaster risk assessments for their respective areas of responsibility and to prepare prevention, mitigation, response and recovery plans.

Buffalo City is positioning itself as a sports destination and is attracting a number of international and national events. These events demand a very high level of safety.

The full extent of the role that Buffalo City will play in the 2010 Soccer World Cup is unknown. Safety will also be a key issue at all world cup activities.

The opportunities and activities being undertaken to make this goal a reality include:

- formulation of a **Buffalo City Disaster Management Framework Plan**;
- empowerment of ward councillors & committees with respect to disaster management in their areas;
- alignment of BCM sector plans with the Buffalo City Disaster Management Framework Plan;
- There is a need to establish structures and mechanisms for the joint planning and safe management of events in the city;
- building partnerships with organisations having similar goals and objectives;
- sourcing additional funding from a variety of sources.

## 7. Environment

Approaching environmental management issues in BCM raises various challenges, such as:

- Communicating responses to a population from diverse socio-economic backgrounds and from different language and cultural backgrounds
- Instilling the necessity for environmental management in impoverished population groups who are more preoccupied with survival
- The wide range of issues given the geographical diversity and extent of BCM.

Buffalo City comprises a large area of over 6,000 km<sup>2</sup>. The area is geographically and environmentally diverse with a wide range of land forms, vegetation-types, climatic conditions, etc. Similarly, the nature of human activities, socio-economic conditions and levels of development vary considerably. It therefore follows that the approach to environmental management in BCM is diverse, where issues range from pollution resulting from urban related activities to management of rural communal commonage areas.

The response to environmental issues in BCM raises various challenges, such as:

- Communicating responses to a population from diverse socio-economic backgrounds and from different language and cultural backgrounds
- Instilling the necessity for environmental management in impoverished population groups who are more preoccupied with day-to-day survival

- The wide range of issues given the geographical diversity and extent of BCM.

Figure 1 depicts diagrammatically the broad geographical and developmental components of BCM.

- Coastal environment (both rural and urban)
- Various urban areas (East London, Mdantsane, King William's Town, Bhisho, etc)
- Privately owned rural agricultural areas in the Mclean Town area
- Communal land in the west (e.g. Tsholomnqa)
- Indigenous afro-montaine and plantation forests (e.g. in the Pirie area)

Implementing an environmental management plan in BCM therefore has to be pragmatic and realistic given the:

- Socio-political and economic context
- The availability of resources
- Geographical diversity and extent

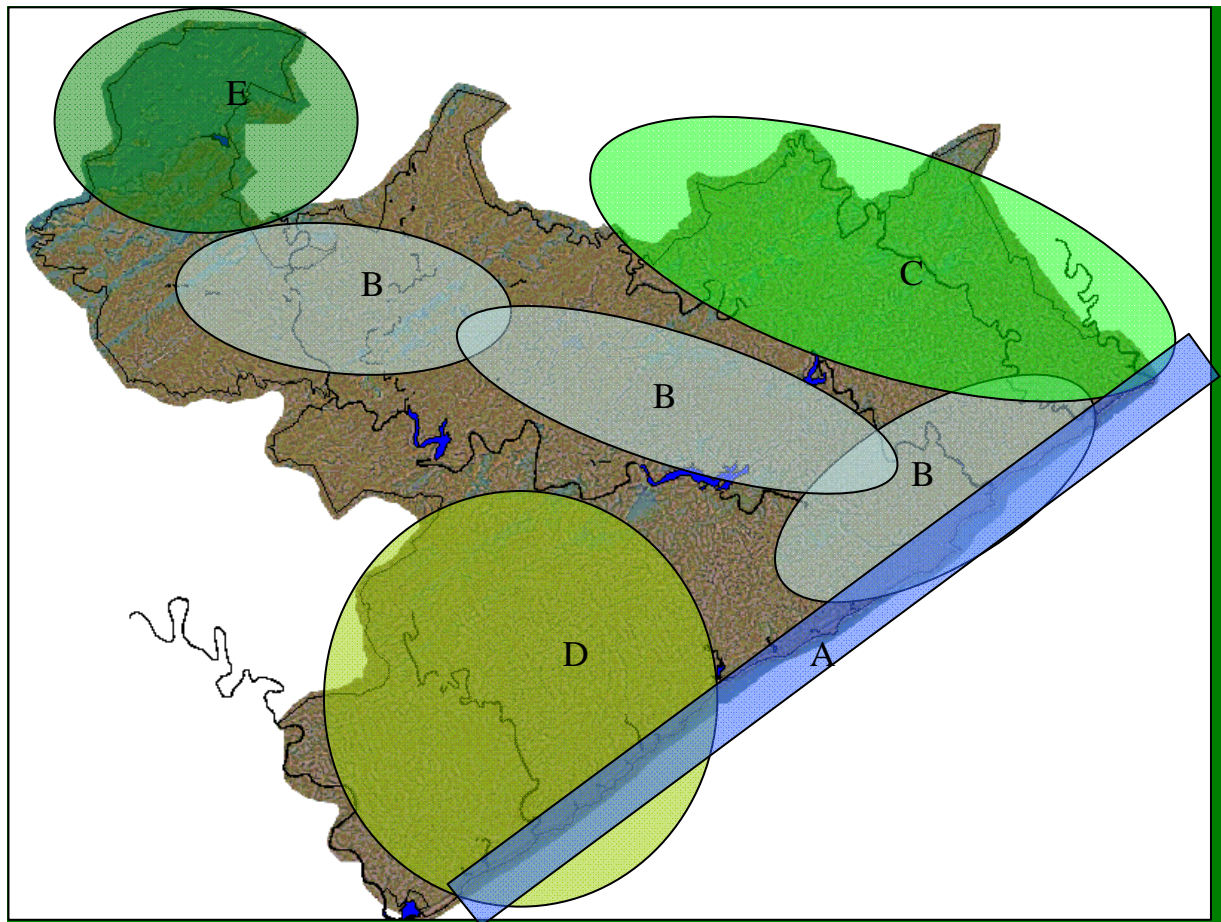


Figure 1: Diagrammatical view of the broad developmental components of BCM.: A - Coastal environment; B - Various urban areas; C - Privately owned rural agricultural areas in the Mclean Town area; D - Communal land in the west; E - Indigenous afro-montaine and plantation forests.

### BCM'S RESPONSIBILITIES TOWARD THE ENVIRONMENT

BCM has a significant obligation to ensure that ensure that the environment over which it has jurisdiction is managed in a sustainable manner, both in terms of its own activities and

the activities of its citizens. BCM's environmental responsibilities are underpinned by the following national legislation and policies:

- The Bill of Rights, contained within section 24 of the Constitution, which states that everyone has the right to an environment that is not harmful to his or her wellbeing and the right to an environment protected for current and future generations.
- Section 7 of the Constitution, which states that the objectives of local government include the promotion of a safe and healthy environment.
- Section 2 of the NEMA, which lays down principles that organs of state must take into account when making decisions affecting the environment. The underlying principle of NEMA is that development must be socially, environmentally and economically sustainable and that environmental management must address human needs. This section of the act sets out the considerations that must be taken into account to enable sustainable development, including the need to protect ecosystems, the "polluter-pays" principle, the precautionary principle, the preventative principle, waste minimisation and public participation.
- Section 23 of NEMA, which states that the general objective of environmental management is to identify, predict and evaluate actual and potential impacts on the environment, socioeconomic conditions, cultural heritage and their associated risks and consequences. This section also provides for the identification of alternative options for the mitigation of activities with a view to minimising negative impacts, maximizing benefits and promoting compliance with the principles of environmental management.
- Section 28 of NEMA, which imposes duty of care, placing a positive obligation on any person or operation that has caused, is causing or is likely to cause damage to the environment to take reasonable steps to prevent such damage. NEMA outlines the steps to be taken in this duty of care and who may be liable for breach of this duty.
- Section 32 of NEMA, which states that residents can take legal action against the local government to secure their environmental rights.
- Section 16(b) of NEMA, which compels municipalities to adhere to relevant environmental implementation and management plans and the principles (contained in Section 2 of the Act) when environmental policies are formulated or programmes, plans, IDPs or land development objectives are established.
- The Municipal Systems Act, 2000 (Act 32 of 2000), which recognises that it is the duty of the local government to strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner and that they must promote a safe and healthy environment within the municipal area.
- The National Health Act, 2003 (Act 61 of 2003), which details responsibilities in terms of municipal health services, including environmental pollution control.
- The National Health Act, which states that every local authority is required to take all necessary, reasonable and practical measures to maintain a hygienic and clean district at all times and to prevent the occurrence of any nuisance or unhygienic condition.
- The 1998 White Paper on Local Government, which concludes that environmental sustainability, is an integral component of an IDP.

## **7.1 Natural Environment**

BCM has numerous unique and sensitive environments, many of which are pristine and of conservation importance. BCM is therefore committed to promoting conservation, thus leading to a healthy and a sustainable environment consistent with the national policy and legislative imperatives. These include the coastal areas (rocky shores, beaches, dunes systems, coastal forests and estuaries), fresh water resources (rivers, streams and ground water), inland forests and thicket biomes.

Buffalo City has 68 km of coastline which is an important natural asset, which includes 10 estuaries, conservancies, National Heritage Sites, rocky shores and 14 sandy beaches. Certain areas are near pristine, while other areas along the coast are currently over-utilised. The coastline has tremendous potential for the development of tourism, subsistence fishing, recreation and conservation.

While rich in natural, cultural and historical resources, BCM is also faced with a number of challenges, such as redressing past inequity and apartheid legacies, the need for housing, pollution by industries and communities, unemployment and poor service delivery. The growing needs of the increasing population in Buffalo City have also resulted in a growing demand for development. BCM recognises that, although development must be economically and socially acceptable, it is imperative that the development challenges facing BCM be addressed in an environmentally sustainable manner.

There are many pressures on the biophysical environment in Buffalo City. These include (but are not limited to):

- increased development pressure, especially along the coastline, estuaries & rivers;
- proliferation of informal settlements;
- poor sanitation, especially informal housing
- poor operational state of certain wastewater treatment infrastructure;
- unpermitted and non compliant waste sites;
- lack of proper waste minimization facilities;
- illegal industrial effluent discharges and other illegal dumping;
- poor storm water management;
- overgrazing on commonage and communal land.

The pressures described above have a serious impact on the state and quality of Buffalo City's natural environment. This results in:

- polluted water resources, including coastal waters, estuaries, rivers & groundwater;
- polluted air;
- damage to the landscape and loss of biodiversity in sensitive coastal areas, natural forests and other important ecosystems (thicket);
- increased invasion by alien plant species;
- erosion, particularly in the peri-urban and rural areas;
- loss of urban open space.

Buffalo City has an obligation and responsibility to manage the natural environment, as detailed in the respective legislation and policy.

## **7.2 Institutional**

In response to the legislation, Buffalo City has set up an Integrated Environmental & Sustainable Development Unit within the IDP, PMS, IEMP & SD Department in the City Managers office. This Unit has an overarching strategic responsibility for the protection and management of the natural environment in Buffalo City. The Unit is strongly supported by the following BCM departments:

- Integrated Environmental Development;
- Environmental Health;
- Amenities (including Marine Services);

- Development Planning
- Land Administration;
- Solid Waste Management Services;
- Water and Scientific Services; and
- Disaster Management
- Other Provincial and National Departments (DWAF – Coast Care, DEDEA – Eastern Cape Parks Board)

### 7.3 Strategic Planning

Buffalo City has completed the following strategic plans:

- **Integrated Waste Management Plan;**
- **State of the Environment Report**
- **State of the Coastal Zone Report**
- **State of Sanitation Report**
- **Integrated Environmental Management Plan (IEMP)**
- **Integrated Coastal Zone Management Plan (ICZMP)**
- **Sanitation Policy & Strategy**
- **Municipal Open Space System**

These strategic plans provide guidance and determine how Buffalo City fulfils its responsibility with respect to the management and protection of the natural environment.

Buffalo City has also undertaken the following IDP air quality action plans:

- Created a dedicated atmospheric pollution control/air quality management unit within the organisational structure;
- Secured capital budget allocations of R 2 000 000-00 to establish two state of the art air monitoring stations measuring criteria pollutants and commenced with a passive air sampling programme;
- Appointed two environmental pollution officers with mandated functions related to air quality management;
- Engaged partnerships with Department of Environmental Affairs and Tourism, Department of Environmental Affairs and Development Planning, Amatole District Council, Nelson Mandela Bay Metropolitan Council, National Association of Clean Air and other interested and affected parties;
- Established an electronic data base, emission inventory which consists of industrial points, traffic line and urban area sources.

Action Plans implemented from the Integrated Waste Management Plan

- On Staffing - Capacity of the Department improving (General Manager, 2 Programme manager (Operations and landfills) appointed)
- On Environmental Compliance – Two permits have been issued to three waste handling facilities of BCM (viz. Beacon Bay Garden Transfer Station, Oriental Plaza Buy back Center and Gonubie Buy Back Center)
- Waste Minimisation – Beacon Bay Garden Transfer Station has been commissioned whilst the Oriental Plaza Buy back center is under construction
- Rehabilitation of closed and illegal disposal site – A gas extraction project has been commissioned at Second Creek and this will assist to eliminate the gas affecting the communities in the vicinity of the site.
- Closure of 2<sup>nd</sup> Creek is in process.

## 8. Community Needs

In terms of Section 16, Subsection 1(a) of the Local Government Municipal Systems Act, 2000, a Municipality must encourage and create conditions for the local community to participate in the affairs of the Municipality, including in the preparation, implementation and review of its Integrated Development Plan.

In compliance with this provision BCM extensively consults its communities with the aim of obtaining their needs and key issues which should inform the integrated development plan and municipal budget. Over the past financial years various community consultation exercises were undertaken, these included Mayoral Imbizos, IDP/ Public hearings, IDP/Budget/PMS External Representative Forums and Ward Surveys. It is through these public engagements that community needs and issues were identified and analysed in order to inform BCM's development priorities. Emanating from the analysis of community needs and issues, the section below outlines development priority issues as well as specific wards that are mostly affected by such issues. Detailed ward needs are contained in the attached annexure E.

NO.	PRIORITY ISSUE	SPECIFICATION/ WARDS	CAUSAL FACTOR	EFFECTS	RELATED POTENTIAL
1	<p><b>Roads and transport:</b> inadequate, inefficient and unsafe transport system, especially public transport &amp; non motorised transport</p> <p>Poor quality of roads and inadequate storm water drainage</p>	<p>Wards: 1,2,6,7,11,12,13,14,15,16,17, 18, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 35, 37, 38, 41, 43, 44 &amp; 45</p>	<ul style="list-style-type: none"> <li>• Limited taxi or bus stops</li> <li>• No traffic culming measures in place in busy areas</li> <li>• Some roads are not tarred and others are not maintained</li> </ul>	<ul style="list-style-type: none"> <li>• High rate of motor vehicle accidents</li> <li>• Lack of accessibility to socio-economic activities such as cemeteries and markets</li> <li>• Overflow during flooding</li> <li>• Roads easily eroded due to over flooding and poor quality of roads network</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of traffic culming measures to reduce motor vehicle accidents</li> <li>• Construction of pedestrian crossings</li> <li>• Marking of taxi or bus stops</li> <li>• Road maintenance programme</li> <li>• Construction of roads</li> </ul>
2	<p><b>Electricity</b> infrastructure is in a deteriorated state and there is backlog in electrical connections for low-income households and street lights for low income</p>	<p>Wards: 1, 6, 7, 11, 12, 14, 15, 17, 18, 21, 23, 24, 26, 27, 29, 30, 31, 33, 35, 36, 38, 41, 44 &amp; 45</p>	<ul style="list-style-type: none"> <li>• Non maintenance of street lights</li> <li>• Illegal connections</li> <li>• New connections taking longer</li> <li>• No high mast lights installed in other areas</li> </ul>	<ul style="list-style-type: none"> <li>• High rate of deaths due to illegal connections</li> <li>• High rate of crime in dark areas</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity maintenance programme</li> <li>• Fast track new connections</li> <li>• Replacement of high mast lights with hydro masts</li> <li>• Awareness campaigns on dangers of illegal</li> </ul>

NO.	PRIORITY ISSUE	SPECIFICATION/ WARDS	CAUSAL FACTOR	EFFECTS	RELATED POTENTIAL
	settlements				connections <ul style="list-style-type: none"> <li>• Develop mechanisms to curb illegal connections</li> </ul>
3	<b>Water and Sanitation Services</b>	Wards: 1, 2, 3, 11, 12, 14, 15, 16, 18, 19, 21, 22, 23, 25, 28, 32, 33, 35, 37, 38, 41, 44 & 45	<ul style="list-style-type: none"> <li>• Lack of toilets</li> <li>• Leaking water pipes</li> <li>• Old sewerage pipes</li> <li>• No toilets in some squatter camps</li> </ul>	<ul style="list-style-type: none"> <li>• Spread of communicable diseases</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of public toilets</li> <li>• Implement water and sanitation maintenance plan</li> <li>• Purchasing of water tanks where there is no access to water</li> </ul>
4	Insufficient and inappropriate <b>Housing</b> provision	Wards: 1, 6, 11, 12, 15, 17, 18, 21, 24, 25, 27, 29, 30, 31, 33, 41, 43 & 45	<ul style="list-style-type: none"> <li>• No progress in terms of provision of houses for people in informal settlements</li> <li>• Very poor quality of houses</li> <li>• Houses are not user friendly for</li> </ul>	<ul style="list-style-type: none"> <li>• Mushrooming of squatter camps which can result to uncontrolled fires and huge loss of human life</li> <li>• Health risk due to poorly constructed houses</li> <li>• Non adherence to regulations that cater for physically</li> </ul>	<ul style="list-style-type: none"> <li>• Fast track provision of houses</li> <li>• Reduce red tape in acquiring land</li> </ul>

NO.	PRIORITY ISSUE	SPECIFICATION/ WARDS	CAUSAL FACTOR	EFFECTS	RELATED POTENTIAL
			physically challenged <ul style="list-style-type: none"> <li>• No provision of land to relocate people</li> </ul>	challenged	
5	Negative environmental and Health impact due to unsustainable Solid Waste Management	Wards: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12,13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27, 28, 29,30, 34, 36, 38, 39 & 42	<ul style="list-style-type: none"> <li>• Non removal of refuse in urban centres</li> <li>• There is too much illegal dumping</li> <li>• Bush clearing and grass cutting not done in some areas</li> </ul>	<ul style="list-style-type: none"> <li>• Exposure to diseases</li> <li>• Negative impact on tourism</li> <li>• Increase in crime</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Waste Management Plan</li> <li>• Implementation of Refuse Removal Turnaround strategy</li> <li>• Monitoring of personnel</li> </ul>

# SECTION C

## KEY ISSUES & OBJECTIVES: IDP 2010/11

### 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*

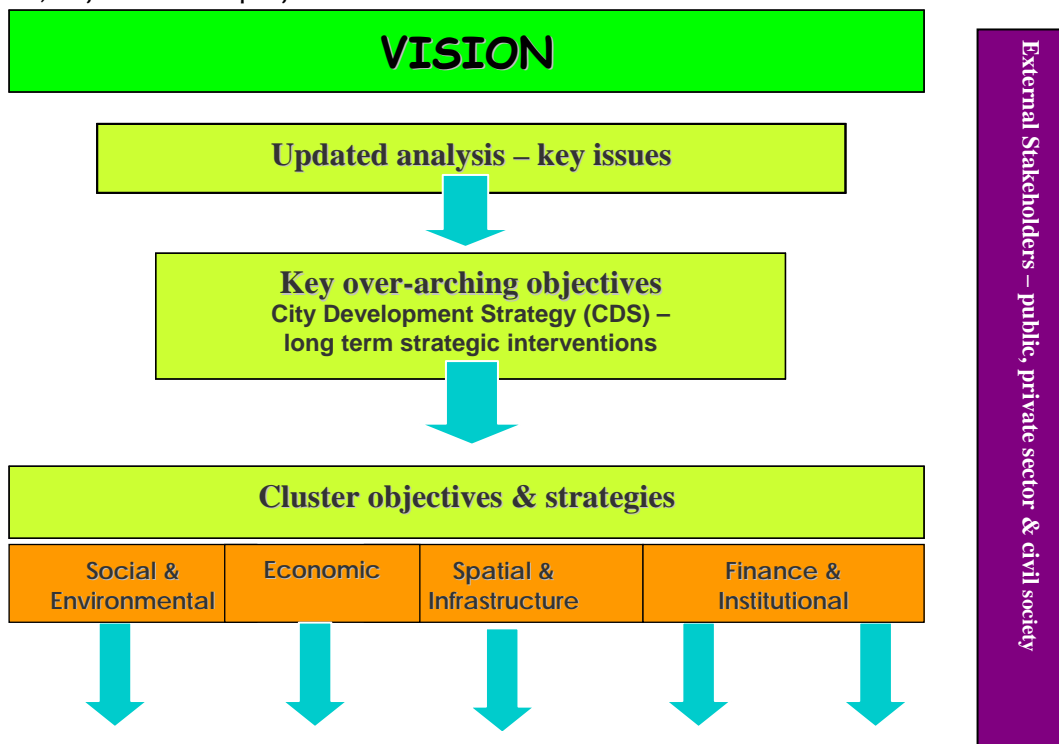
*where the basic needs of all are met*

*in a safe, healthy and sustainable environment*

### 2. BCM’s key objectives: response to key issues

#### 2.1 Hierarchy of Objectives

In an effort to realise the institutional vision, BCM has developed a hierarchy of objectives. The objectives are a means of responding to key issues confronting the municipality and they are in line with national and provincial goals. 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 projects.



Programmes & Projects linked to budget

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>	<b>BCM1</b> 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>	<b>BCM2</b> 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>	<b>BCM3</b> 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>	<b>BCM4</b> 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 &amp; electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities and an enriching environment.</i>	<b>BCM5</b> 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>	<b>BCM6</b> 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.
* <b>Mandate:</b> 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'.

The City Development Strategy has to constantly remain dynamic in order to always be relevant and responsive to prevailing conditions. To this effect, CDS is currently undergoing a review process which is aimed at ensuring that it is still in line with the long term vision of the municipality. However, the CDS in its current form still continues to influence the strategic intent and direction of the IDP.

## 3. IDP 2010/11: Key Issues

### 3.1 Long-term Development Strategy

Lack of a clear 20-30 year long-term development strategy was highlighted in previous years. 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.

### 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*

<b>Electricity:</b>	195,000,000
<b>Water:</b>	190,198,000
<b>Wastewater (Sewerage):</b>	230,000,000
<b>Roads:</b>	
Entire Network	373,000,000
<b>Buildings:</b>	
Office Accommodation	12,000,000
Depots	12,000,000
City Hall	16,000,000
<b>Vehicles:</b>	
Replacement	25,000,000
<b>Development Planning Transport</b>	
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
<b>Community Services</b>	
Amenities	2,200,000
Arts & Culture	2,450,000
Integrated Environmental Development	2,500,000
<b>TOTAL</b>	<b>R1,345,448,000</b>

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 September 2007 and the issues raised at previous public consultations 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 Millenium Development goal 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%. 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. Further 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 widespread 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. In view of these challenges BCM will strive to create decent work and sustainable livelihoods.

### 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 the 2007 Community Survey 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 (Community Survey 2007)

	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	204 151	139 523	154 877	147 487
% of Household	98%	67%	74%	70%

In terms of housing, Community Survey 2007 estimated that 74% of households had formal shelter. BCM estimates that the total housing backlog, for low-income households, currently stands at about 70 000 units. The challenge of housing as well as the provision of basic services to all residents of BCM has been confirmed in the ward survey conducted in 2007 and at previous public consultations.

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 has been confirmed by the recent IDP/Budget public hearings where one of the priority issues was ‘roads and transport’, highlighting the need for mobility in order to access services and opportunities. Other priority issues are housing and land, water and sanitation, electricity and waste management.

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 km<sup>2</sup>. 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.

## 4. Informants of the IDP 2010/11

The key issues and objectives for IDP 2010/11 emanate from the review of new data, sector strategies and plans, previous public consultation and were distilled during the deliberations of the :

- Institutional Strategic Planning Session held from 29 November – 1 December 2009 at Fish River Sun
- IDP, Budget and Performance Management External Representative Forum meetings held on 30 September 2009 and 4 March 2010.
- IDP/Budget/PMS Workshops
- IDP Technical Working Group Meetings

Key issues and objectives of the IDP 2010/11 have been 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**

- 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**

- 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.

# SECTION D

## IDP CLUSTER OBJECTIVES, STRATEGIES, INDICATORS & TARGETS

### 1. Cluster Objectives, Strategies, Indicators & Targets

This section sets out the revised Cluster Issues, Objectives and Strategies for BCM for the period 2010/2011 – 2012/2013. These revisions have been informed by the strategic direction set out in Section C.

Achievement of these objectives will contribute towards the attainment of the six overarching key objectives and towards realising BCM's long-term vision.

The Priority Issues, Objectives and Strategies are arranged in terms of the four IDP Thematic Clusters, namely:

- 1.1 Institutional & Finance Cluster
- 1.2 Economic Development Cluster
- 1.3 Social and Environmental Cluster
- 1.4 Infrastructure & Spatial Cluster

Reviewed Objectives, Strategies, Indicators and Targets are detailed in section that follows:

## IDP 2010/11 CLUSTER OBJECTIVES, STRATEGIES, INDICATORS & TARGETS

### INSTITTUTIONAL AND FINANCE CLUSTER

#### KEY PERFORMANCE AREA 1: FINANCIAL VIABILITY

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Assets	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue – enabling BCM to deliver its mandate	I&F 1 Review of the GRAP compliant asset register	Updated GRAP compliant asset register	2008/2009 compliant GRAP compliant asset register	100%	100%	100%	Manager: Assets and Risk
		I&F 2 Account for asset transactions within the annual financial statements in terms of the applicable accounting standards	Updated accounting policy for assets included in the Annual Financial Statements	2008/2009 Accounting Policy	100%	100%	100%	Manager: Assets and Risk Management
			Annual Financial Statements signed by Accounting Officer	Annual Financial as at 30 June 2009	100%	100%	100%	Manager: Assets and Risk Management
Budget and Treasury`	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue – enabling BCM to	I&F 3 To be compliant with National Treasury reporting requirements	Financial sustainability and viability	Submission of National Treasury Reports	100%	100%	100%	Manager: Budget and Treasury
		I&F 4 Safeguarding of	Cost coverage (number of months	2:1	>2:1	>2:1	>2:1	Manager: Budget and Treasury

**KEY PERFORMANCE AREA 1: FINANCIAL VIABILITY**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	deliver its mandate	municipal investments and cash flows	available funds to cover fixed operation expenses)					
			Current ratio (Ratio of current assets to current liabilities)	1.5:1	2:1	>2:1	>2:1	Manager: Budget and Treasury
			Liquid ratio (Ratio of current Assets to Current Liabilities)	0.9:1	1:1	1.5:1	>1.5:1	Manager: Budget and Treasury
		I&F 5 Managing long term borrowings	Increase in the % of total debt to assets	5.5%	<10%	<10%	<10%	Manager: Budget and Treasury
			Increase in the % of total debt to revenue	32.5%	40%	43%	45%	Manager: Budget and Treasury
			Increase in the % of capital charges to operating expenditure	14%	<16%	<20%	<20%	Manager: Budget and Treasury
			Percentage of interest paid to operating expenditure	3.8%	<5%	<7%	<20%	Manager: Budget and Treasury
		Revenue Management	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue – enabling BCM to deliver its mandate	I&F 6 Sustained implementation of credit and debt collection policies	Reduce turnover rate – unpaid rates and service charges as a % of budgeted rates and service charges income	Turnover rate – 25 %	Turnover rate 24%	Turnover rate – 23%
Increase debt collection ratio	93%				93.5%	94%	95%	Manager: Revenue Management

**KEY PERFORMANCE AREA 1: FINANCIAL VIABILITY**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
			Reduction of the debtors book	R500m as at 30 June 2009	R450m	R425m	R400m	Manager: Revenue Management
		I&F 7 Increase in the General Valuation Troll	% increase in the General Valuation Roll	MPRA, 2009 valuation roll	5%	5%	20%	Manager Revenue Management
Supply Chain Management	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue – enabling BCM to deliver its mandate	I&F 8 Review and implement Supply Chain Management Policies and Procedures	Reduction in turn around time for formal tenders	4 months	3 months	2 months	2 months	Manager: SCM
			Reduction in turn around time for informal tenders	6-8 weeks	2 weeks	2 weeks	2 weeks	Manger Supply Chain Management

**KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Human Resources	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 9 Implementing a skills development programme	1.25 % of staff budget expended on staff skills development	1.25%	1.25%	1.25%	1.25%	Manager: Human Resources
			Number of staff trained	1431 staff members	1600 staff members	1800 staff members	2000 staff members	Manager: Human Resources
			Development of training needs analysis through consultation	Partial needs analysis	100% needs analysis for all Cllrs and staff	100% needs analysis for all Cllrs and staff	100% needs analysis for all Cllrs and staff	Manager: Human Resources
		I&F 10 Implementing an effective disciplinary and grievance management programme	Number of trained line Managers and shop stewards	55 Managers and Shoptewards trained	200 Managers and Shopstewards trained	300 Managers and Shopstewards trained	350 Managers and Shopstewards trained	Manager Human Resources
			Decrease in time taken to handle grievances	60 days	30 days	15 days	15 days	Manager Human Resources
			Increase in umber of finalized disciplinary cases within 3 months	50% In 3 months	75% In 3 months	100% In 3 months	100% In 3 months	Manager Human Resources
		I&F 11 Implementing a Talent Management Strategy	Implement Scarce Skills Allowance (subject to availability of funds)	Nil	50%	50%	50%	Manager Human Resources
		I&F 12 Review and maintain organisational	Reviewed organogram in preparation for metro in 2011	Existing approved Organogram	100% by June 2011	100%	100%	Manager Human Resources

**KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
		structure towards Metro readiness						
			Increase the number of people with disabilities employed by BCM by 3 per annum	33	36	39	42	Office Manager : Corporate Services
			Increase the number of appointments of women at Senior Management Level (1-4) by 5 per annum	23	28	33	38	Office Manager : Corporate Services
Communication	BCM 1 Local, Provincial and National Stakeholders support and work together to achieve the vision for Buffalo City	I&F 14 Implement BCM's Communication Strategy	% progress in implementation of Communication Strategy	50%	100%	100%	100%	Manager: Communications
Development Corporation and International Relations	BCM 1 Local, Provincial and National Stakeholders support and work together to achieve the vision for Buffalo City	I&F 15 Roll out of International Relations Framework	Number of International partnership meetings held with existing partners, namely: Gavle-Sweden, Leiden-Netherlands, Milwaukee-Glasgow/ADM	2 meetings per year per partnership	2 meetings per year per partnership	2 meetings per year per partnership	2 meetings per year per partnership	Manager: Development Corporation and International Relations

**KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
			Number of new partnerships established or old partnerships resuscitated	1 per year	1 per year	1 per year	1 per year	Manager: Development Corporation and International Relations
Intergovernmental Relations (IGR)	BCM 1 Local, Provincial and National Stakeholders support and work together to achieve the vision for Buffalo City	I&F 16 Adopt the IGR policy for BCM	2 workshops on the IGR policy	0	40% of Councillors and Directorates trained on policy	80% of Councillors and Directorates trained on policy	100% of Councillors and Directorates trained on policy	GM: Communication and Development Corporation
			% implementation of IGR policy	Nil	40% implementation of IGR policy	70% implementation of IGR policy	100% implementation of IGR policy	GM: Communication and Development Corporation
Council	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 17 Review section 14 PAIA procedure manual	Reviewed manual	Approved procedure	100%	100%	100%	Manager: Organisational Support
		I&F 18 % implementation of Electronic Documents Management system (EDMS)	(a) An upgraded EDMS software, (b) Implementation of an effective file plan; (c) Implement change management programme; (d) % of trained users	Existing EDMS	50%	75%	100%	Manager: ICT and Organisational Support
		I&F 19 Report with schedule of	Number of meetings sitting	116	118	120	120	Manager: Council Support

**KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
		meetings for Council and Committees						
Improve Governance processes in Council meetings	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 20 Review By-Law on Rules of Order at Council Meetings	Review rules of order By-Law document	Promulgated By-Law on rules and orders	100%	100%	100%	Manager: Council Support
			Number of Council and Mayoral Committee resolutions taken	358	368	378	388	Manager Council Support
		I&F 21 Develop policy on closure of Council Meetings and marking of confidential items	Draft policy document and % of trained Councillors and officials	Draft policy document	100% training	100% training	100% training	Manager: Organisational Support
Integrated Information Management System	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 22 Develop and Integrated Information System	Integrated ICT strategy	Existing ICT strategy	30% revised ICT strategy	70% revised ICT strategy	100% revised ICT strategy	Manager: ICT
			Integrated Strategy on Governance, policies and procedures	75% various draft ICT policies and procedures	75%	100%	100%	Manager: ICT
			Integrated Enterprise Planning System	Fragmented applications and Technical Architecture	20%	50%	100%	Manager: ICT
			Number of standard/consolidated servers and storage	Existing infrastructure	20%	50%	100%	Manager: ICT

**KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
			systems					
			Integrated ICT Disaster Recovery Plan	Fragmented applications and Technical Architecture	30%	85%	100%	Manager: ICT
Integrated Information Management System	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 22 Develop and Integrated Information System	ICT infrastructural capacity (Radio Network)	Upgraded radio network	85%	80%	100%	Manager: ICT
			ICT infrastructural capacity (Telecommunication network)	New PABX	90%	95%	100%	Manager: ICT
			Management of Technology layer	Nil	10%	70%	100%	Manager: ICT
Geographic Information System	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 23 Implementation of adopted GIS strategic policy throughout the institution	Feasibility study to extend GIS to external community	GIISTEXT and city map (intranet)	Feasibility report	Implementation completed	Distribution on the intranet	Co-ordinator GIS
			Number of GIS need based projects implemented	0	2	2	2	Co-ordinator GIS
Customer Care	BCM 3 BCM is capacitated and structured to enable efficient, effective and	I&F 24 Improve Customer Care	% progress in upgrading Customer Service Centres	Nil	50%	100%	100%	Manager: Revenue Management

**KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	sustainable service delivery							
Knowledge Management	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 25 Capacitate Councillors and officials on knowledge Management	% of Cllrs and officials capacitated	10%	100% basic training conducted	100% intermediate training conducted	100% advanced training conducted	Manager: Knowledge Management, Research and Policy Development
			% development of a Change Management Strategy	0	35%	70%	100%	Manager: Knowledge Management, Research and Policy Development
		Number of case studies documented	1	2	2	2	Manager: Knowledge Management, Research and Policy Development	

**KEY PERFORMANCE AREA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Democratic Local Government	BCM 1 Local, Provincial and National stakeholders support and work together to achieve the vision for Buffalo City	I&F 26 Conduct training of new Ward Committees	Number of training sessions conducted	450 trained ward committees	At least 2 training sessions conducted	2	2	Manager: Public Participation
		I&F 27 Mainstreaming and upscaling	Number of Directorates assisted with Public	1	3	5	8	Manager: Public Participation

**KEY PERFORMANCE AREA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	Public participation	Participation processes					
		I&F 28 Development of a credible IDP towards 2011/2012	Number of external representative forum meetings held	3	4	4	4	Manager: IDP
Disability, Gender and Special Interest Groups (Youth & children, Older persons, HIV/Aids)	BCM 1 Local, Provincial and National stakeholders support and work together to achieve the vision for Buffalo City	I&F 29 Mainstream Special Programmes Focal Areas into all IDP clusters	Number of IDP clusters taking cognisance of at least two Special programmes focal areas within their narrative and implementation plans	1	2	4	4	Manager: Special Programmes
		I&F 30 Capacitate BCM to institutionalise mainstreaming	Number of formal special programmes focal areas mainstreaming training sessions for Councillors and officials conducted	0	2	2	2	Manager: Special Programmes
	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable							

**KEY PERFORMANCE AREA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	service delivery							
Audit and Risk Management	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 31 Roll out of workshops designed to inform all stakeholders of the role of the Internal Audit and the services which may be provided by the Internal Audit Unit	Number of workshops conducted	0	4	4	4	Manager: Internal Audit
Performance Management	BCM 3 BCM is capacitated and structured to enable efficient, effective and sustainable service delivery	I&F 32 Roll out of PMS framework	HRD interventions linked to PMS	Nil	Capacitation of staff to execute IDP	Integration of organisational objectives with individual performance requirements	Policies and procedures are reviewed ongoing to enhance implementation	Manager: PMS
Integrated Development Planning	BCM 3 BCM is capacitated and structured to enable efficient, effective and	I&F 33 Development of a credible IDP towards 2011/2012	% progress in alignment of the IDP and Budget	60%	100%	100%	100%	Manager: IDP and Budget Integration

**KEY PERFORMANCE AREA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	sustainable service delivery							

**ECONOMIC DEVELOPMENT CLUSTER**

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Economic Development	BCM 4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased income an equality	ED 1 Facilitate sustainable economic growth within BCM	Number of employment opportunities created through economic development initiatives	100	120	150	170	GM: Local Economic Development
			Number of infrastructure programmes implemented	2	4	6	7	GM: Local Economic Development
			Number of capacity building initiatives	6	8	10	12	GM: Local Economic Development
Development and promotion of	BCM 4 BCM creates an	ED 2 To partner with	Number of marketing initiatives undertaken	4	6	8	10	Manager: Tourism

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
tourism	enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased income an equality	Tourism Buffalo City to market the city as a tourist destination	Number of tourism related events hosted	2	3	4	5	Manager: Tourism
		ED 3 To facilitate and support tourism development	No. of emerging establishments supported to receive the tourism grading status	0.5	10	15	20	Manager: Tourism
Growth and Development of Small, Medium & Micro Enterprises	BCM 4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased income	ED 4 Facilitate growth and development of SMME's and Co-operatives in BCM	No of outreach programmes undertaken	2	3	4	5	Manager: SMME
			No of SMME's and Co-operatives supported	100	20	50	80	Manager: SMME

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	an equality							
Agriculture	BCM 4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased income and equality	ED 5 Facilitate sustainable growth and development of urban and rural agriculture contributing to increased income and equality	Number of initiatives implemented through agricultural strategy	4	4	5	6	Manager: Agriculture and Rural Development
Trade and investment	BCM 4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment	ED 6 Create an enabling and conducive environment for business retention, expansion and attraction	Number of programs aimed at attracting and retaining businesses in BCM	3	4	4	4	Manager: Trade and Investment
			Number of businesses attracted to BCM	3	5	7	9	Manager: Trade and Investment

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	opportunities and contributing to increased income an equality							
Transformation of the Municipal Market	BCM 4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased income an equality	ED 7 Facilitate participation of Previously Disadvantaged Individuals Market Agencies (PDI's)	Number of PDI's market agents participating	Nil	1	1	1	Manager: Municipal Market
			Square metres of trading space allocated for PDI's	20150 square metres	2175 square metres	0	0	Manager: Municipal Market

**SOCIAL AND ENVIRONMENTAL CLUSTER**

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Health Services	BCM 6 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	S&E 1 Monitor and Control of Food Establishments, Daycare Centres & Accommodation Establishments	Number of formal Food Establishments complying with R918	780	821	862	903	Manager: Health Services
			Number of Daycare Centres complying with Environmental Health By-Laws	160	183	206	229	Manager: Health Services
			Number of Accommodation Establishments complying with Environmental Health By-Laws	97	101	105	109	Manager: Health Services
		S&E 2 Monitoring and Control of Dead	Number of Funeral Undertakers complying with R237	28	30	32	34	Manager: Health Services

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
		S&E 3 Monitoring and Control of Vectors	Number of public bait areas remedied for the proliferation of vectors	250	300	350	400	Manager: Health Services
Primary Health Care	BCM 6 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	S&E 4 Monitoring and improvement of Key National Key primary Health Care indicators in all BCM clinics	Improvement of TB Smear Rate	50%	60%	70%	85%	Manager: Primary Health Care
			Improvement of TB Cure rate	50%	60%	70%	85%	Manager: Primary Health Care
			Maintain Immunization Coverage Rate	90%	90%	90%	90%	Manager: Primary Health Care
			Improve HIV testing rate in women	85%	90%	90%	90%	Manager: Primary Health Care
			Maintain medicine availability in BCM clinics	90% (246 pharmaceutical stock items on the essential drugs)	90%	90%	90%	Manager: Primary Health Care
			Improve male condom distribution rate in clinics	10	11	11	11	Manager: Primary Health Care

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Community Facilities	BCM 6 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	S&E 5 Address deferred maintenance of halls	Expenditure of CRR capital budget for maintenance of halls	R4 500 000	R2 500 000	0	0	Manager: Amenities
		S&E 6 To increase the provision of sport and recreational facilities	Number of upgraded sport and recreation facilities.	Existing 54 sport and recreational facilities	9 sport and recreation facilities upgraded or built	9 sport and recreation facilities upgraded or built	8 sport and recreation facilities upgraded or built	Manager: Amenities
		S&E 7 To create an integrated world class beachfront hub that will position BCM as one of the leading destinations for sport, recreation and entertainment	An integrated beachfront hub with a variety of amenities	Existing beachfront with fragmented various amenities located in a dispersed manner	Appointment of a consultant to conduct feasibility study	Implementatio n of phase 1	Implementatio n of phase 2	Manager: Amenities
		S&E 8 Establishment of fully equipped children play grounds	Number of community parks established	2	4	4	0	Manager: Amenities

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Cemeteries	BCM 6 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	S&E 9 Beautification and enhancement of cemeteries	Number of cemeteries beautified	0	3 (Ginsberg, Mdantsane & East London)	3 (KWT, Mdantsane & East London)	0	Manager: Amenities
		S&E 10 Develop new cemeteries	Feasibility study completed and adopted by Council	Nil	Feasibility study conducted	3 new cemeteries developed	3 new cemeteries developed	Manager: Amenities
			Number of cemeteries fences	10	15	15	15	Manager: Amenities
Solid Waste Management	BCM 6 BCM has a safe, healthy and sustainable environment protected for the benefit of present and future generations through securing ecologically	S&E 11 Improve on waste collection according to National Standards	Number of households with access to basic levels of Solid Waste Removal	Database of serviced households aw per the billing system ( 118 384 houses)	R11 481 000	R12 227 b000	R13 022 000	Manager: Solid Waste
			Reduction in number of illegal	167	50	0	0	Manager: Solid Waste

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	sustainable development and use of natural resources, whilst promoting justifiable social and economic development		dumps					
			Increase in the number of drop off points	31	Construction of 16 additional drop off points	Construction of 20 drop off points	0	Manager: Solid Waste
Environmental Services	BCM 6 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	S&E 12 Review Integrated Environmental Management Plan (IEMP), Coastal Zone Management Plan (CZMP) and Environmental By-Laws	% progress made towards review	Existing IEMP and CZMP	50%	75%	100%	Manager: Environmental Services
	development and use of natural resources, whilst promoting justifiable social and economic development	S&E 13 Develop a Climate Change Strategy	% progress towards development of a Climate Change Strategy	Draft Climate Change Strategy	50%	75%	100%	Manager: Environmental Services

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
		S&E 14 Implementation of the IEMP, Municipal Open Space Strategy, Biodiversity Protection & Conservation Strategy	% progress on implementation	Number of action plans in IEMP	30%	60%	100%	Manager: Environmental Services
Traffic Safety	BCM 6 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	S&E 15 Provide a safe traffic environment	Number of citations issued	Number of patrols 2008/2009	3600	3600	3600	Manager: Traffic Services
Crime Prevention	BCM 6	S&E 16	Law enforcement	No of patrols	1092	1092	1092	Manager: Public Safety

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	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	Reduction and prevention of crime incidents in BCM	statistics	2008/2009				
Fire and Rescue Services	BCM 6 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,	S&E 17 To comply with SANS 1009	Level of preparedness & service delivery capabilities	1 vehicle per station and 3 members per station	2 vehicles and 3 members per station	3 vehicles and 3 members per station	3 vehicles per station & 4 members per station	Manager: Fire and Rescue
			% compliance with SANS 1009	50% compliance	55 % compliance	60% compliance	65% compliance	Manager: Fire and Rescue
			Increase in attendance time to incidents	60% compliance	64% compliance	68% compliance	72% compliance	Manager: Fire and Rescue Services

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	whilst promoting justifiable social and economic development		Reduction in downtime of vehicles	9 days per vehicle	7 days per vehicle	6 days per vehicle	5 days per vehicle	Manager: Fire and Rescue Services
Disaster Management	BCM 6 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	S&E 18 Approval of a BCM Disaster Management Policy Framework & Implementation Strategy	Council minutes approving the BCM Disaster Management Policy Framework & Implementation Plan	Disaster Management Framework	Approval of Policy Framework and Implementation Plan	Implementation of the Disaster Management Policy Framework	-	Manager: Disaster Management
Water, Air, Noise Pollution	BCM 6 BCM has a safe, healthy and sustainable	S&E 20 Develop Air quality Management Plan	% progress towards development of Air Quality	Nil	100%	0	0	Manager: Environmental Services

**KEY PERFORMANCE AREA 4: SOCIO-ECONOMIC DEVELOPMENT**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	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		Management Plan					

**INFRASTRUCTURE AND SPATIAL CLUSTER**

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Electricity	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents	I&S 1 A safe sufficient, functioning and well maintained electricity infrastructure	% of budget spent	90%	92%	95%	95%	Manager: Electricity

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	network						
		I&S 2 All low income settlements are electrified	Number of households in low income settlements electrified	1000	1500	2000	2000	Manager: Electricity
Roads and stormwater	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 3 Upgrade roads, stormwater systems & associated structure to surface standards	Kilometres of roads, stormwater systems upgraded to surfaced standards	50km	70km	80km	100km	Manager: Roads
		I&S 4 Maintain & rehabilitate roads, stormwater systems & associated structures	Kilometres of roads (surfaced and gravel) maintained & rehabilitated annually	600km	800km	1000km	1000km`	Manager: Roads
Sanitation backlog	BCM 5 BCM is well structured, efficient and supports sustainable human	I&S 5 Provision of at least basic sanitation	Number of households with access to the minimum basic	126098	129098	133098	139098	Manager: Sanitation Services

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	services in a sustainable form in order to improve on the health and hygiene of the rural	standard of sanitation provision					
Water backlog	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 6 Provision of basic portable water services in a sustainable form in order to improve on the health and hygiene of the rural families	Number of households with access to the minimum basic standard of water provision	222803	223003	223303	223603	Manager: Water Services
Water Services Planning	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social,	I&S 7 Development of a Water Services Development Plan (WSDP) that is aligned to the IDP and which	% review of the WSDP internally every year	Council approved	100%	100%	100%	Manager: Water Services

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	developmental environmental, cultural and psychological needs (live, work and play)	encompasses all strategies and projects of the Department						
Project implementation	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 8 Implementation of civil infrastructure projects to BCM specifications	Expenditure of external grand funding (MIG)	95%	100%	100%	100%	Manager: Project Management Unit
Projects work opportunities and training	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs	I&S 9 Fast track EPWP learnership and mentorship programme	Number of EPWP Learnership contractors engaged by the municipality	10	20	30	40	Manager: Project Management Unit
		I&S 10 Undertake projects using labour intensive options where possible	Number of mandays of labour created through Expanded Public Works	90000	120000	150000	170000	Manager: Project Management Unit

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
	(live, work and play)		Programme and other projects					
Transportation	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 11 Implement the Integrated Transport Plan (ITP)	% progress in implementation of the ITP	Integrated Transport Plan	Design Phase	Construction Phase	Fully implemented	Manager: Transport
			% progress on BRT Stations built	0	0	20%	20%	
Fleet Management	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 12 Systematic maintenance & upgrading of municipal fleet in accordance with BCM Policy Guidelines	% decrease in vehicle downtime against normal working hours	40%	30%	28%	26%	Manager: Fleet Management

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
City Planning	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 13 Develop institutional Spatial Development Framework	Improved coverage of key development areas with Spatial Plans that provide guidance to investors and officials	80%	85%	90%	95%	Manager: City Planning
Housing	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 14 Provision of formal housing to those on the housing needs demand base with basic level of services	Number of formal housing units with basic level of services	2500	4000	4500	5000	Manager: Housing
			Provision of housing units to those with special needs	5	7	10	12	Manager: Housing

**KEY PERFORMANCE AREA 5: BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

PRIORITY ISSUE	BCM OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGETS			INDICATOR CUSTODIAN
					2010/2011	2011/2012	2012/2013	
Mdantsane Urban Renewal Programme (MURP) and Duncan Village Re-development Initiative (DVRI)	BCM 5 BCM is well structured, efficient and supports sustainable human settlements, thus enabling residents their physical, social, developmental environmental, cultural and psychological needs (live, work and play)	I&S 15 Ensure co-ordination leading to effective and efficient service delivery within the MURP and DVRI	Number of partnerships and commitments secured	2	4	5	6	Manager: MURP Manager: DVRI
			Progress in mainstreaming MURP and DVRI within the municipality	DVRI – Localised Spatial Development Framework; MURP situational analysis	Council approved Township Regeneration Strategy (TRS), MURP and DVRI	TRS implemented	TRS implemented	Manager: MURP Manager: DVRI

# SECTION E

## BUDGET, PROGRAMMES & PROJECTS

### 1. The Capital Budget

The reviewed objectives and strategies formed the basis for the identification and selection of projects within each of the clusters.

At the strategic workshop in November 2006, it was recommended that with respect to the allocation between clusters, the project prioritisation tool utilized last year, be used again as a guide for the allocation of resources over which BCM has decision-making authority (EFF & CRR). It was, however, emphasized that this proposed allocation was only a guide and that cluster allocations would be increased or decreased depending on the strength of the proposed projects.

In terms of this approach, the capital budget, over which BCM has decision-making authority, is first divided between the various IDP themes according to priority weights. Thereafter, the available funding, within each IDP theme, is allocated according to four categories of expenditure. The result of this exercise is contained in the table E.1 below:

Table E.1: IDP Cluster Allocations

IDP Theme	IDP Priority Split%	Productive %	Remedial %	Basic needs %	Crisis %	Total %
<b>Social</b>	30	60	30	0	10	<b>100</b>
<b>Environmental</b>	12	20	80	0	0	<b>100</b>
<b>Economic</b>	3	100	0	0	0	<b>100</b>
<b>Spatial &amp; Infrastructure</b>	50	10	85	0	5	<b>100</b>
<b>Finance &amp; Institutional</b>	5	80	20	0	0	<b>100</b>
<b>Total</b>	<b>100</b>	<b>54</b>	<b>43</b>	<b>0</b>	<b>3</b>	<b>100</b>

According to this prioritisation framework, it is proposed that most capital funding, over which BCM has decision-making authority (EFF & CRR), go to the Spatial and Infrastructure IDP theme. Within this IDP theme, it is proposed that most of the funding (85%) be earmarked for remedial projects. In total, it is proposed that 54% of the municipality's resources be utilized for productive investment (growing the economy and increasing the income for the city) and, in order to begin addressing the maintenance backlog, 43% is proposed for remedial investment. Importantly, this framework proposes that basic needs are not funded from municipal resources as the majority of grant funding is directed at basic needs.

In addition to the above, greater consideration needs to be given to the extent to which projects are aligned to the strategic objectives. It was proposed therefore that projects be further classified according to categories:

- **strategy leaders:** the need to allocate dedicated resources to top priority initiatives;
- **strategy followers:** recognition that a large amount of existing projects needs to be aligned to serve strategic priorities;
- **operational requirements:** acceptance that allocating resources to retain operational capability is a core requirement of service delivery;
- **community needs:** space has to be created to meet smaller scale community needs oriented projects.

Further to the above, projects need to be evaluated in terms of the principles of the NSDP and BCM's **Spatial Development Framework** (see Section G).

The outcomes of this resource allocation process are detailed in the capital budget, with the **full list of projects for each Clusters listed in Annexure A.**

## 2. The Operating Budget

With respect to the operating budget, the issues remain the same as last year and include; levels of staff funding, disinvestments from trading services, expenditure on non-core functions, pressure to make provision for bad debt and maintenance expenditure.

In seeking solutions to these problems it is again proposed that:

- departments look at more efficient utilization of their budgets;
- service delivery strategies be reviewed;
- agency agreements be addressed with the Eastern Cape Province;
- debt collection be improved;
- alternative development funding options be explored;

Greater detail on the Capital Budget, Operating Budget and Financial Strategies is captured within the Financial Plan (Section F).

## 3. Capital & Expenditure Budget per Cluster

Detailed below is a summary of the capital and operational expenditure and income for each of the Clusters, extending from 2007/08 and up to the 2011/12 Budget:

**Table E.2: Finance & Institutional Cluster: Capital & Operating Expenditure Budget**

CATEGORY	2008/09 ORIGINAL BUDGET R, 000	2009/10 ORIGINAL BUDGET R, 000	2010/11 ORIGINAL BUDGET R, 000	2011/12 ORIGINAL BUDGET R, 000	2012/13 ORIGINAL BUDGET R, 000
Capital Expenditure	199 660	49 620	35 720	72 683	66 405
Operating Expenditure	515 867	552 872	681 333	828 349	964 264
Income	(858 606)	(1 007 117)	(1 142 665)	(1 262 624)	(1 366 590)

**Table E.3: Economic Cluster: Capital & Operating Expenditure Budget**

CATEGORY	2008/09 ORIGINAL BUDGET R, 000	2009/10 ORIGINAL BUDGET R, 000	2010/11 ORIGINAL BUDGET R, 000	2011/12 ORIGINAL BUDGET R, 000	2012/13 ORIGINAL BUDGET R, 000
Capital Expenditure	13 990	25 571	12 450	7 950	5 000
Operating Expenditure	26 575	53 345	41 896	45 191	34 943
Income	(23 899)	(38 602)	(26 063)	(29 122)	(18 653)

**Table E.4: Spatial & Infrastructure Cluster: Capital & Operating Expenditure Budget**

CATEGORY	2008/09 ORIGINAL BUDGET R, 000	2009/10 ORIGINAL BUDGET R, 000	2010/11 ORIGINAL BUDGET R, 000	2011/12 ORIGINAL BUDGET R, 000	2012/13 ORIGINAL BUDGET R, 000
Capital Expenditure	550 507	773 596	378 644	850 154	1 131,359
Operating Expenditure	1 761 354	2 332 950	2 373 211	2 763 613	3 120 825
Income	(1 686 867)	(2 056 294)	(2 086 081)	(2 499 093)	(2 879 053)

**Table E.5: Social Cluster: Capital & Operating Expenditure Budget**

CATEGORY	2008/09 ORIGINAL BUDGET R, 000	2009/10 ORIGINAL BUDGET R, 000	2010/11 ORIGINAL BUDGET R, 000	2011/12 ORIGINAL BUDGET R, 000	2012/13 ORIGINAL BUDGET R, 000
Capital Expenditure	56 470	106 715	53 298	91 594	21 100
Operating Expenditure	305 318	360 583	392 071	421 172	452 431
Income	(146 282)	(169 380)	(188 468)	(207 600)	(228 435)

**Table E.6: Environment Cluster: Capital & Operating Expenditure Budget**

	2008/09 ORIGINAL	2009/10 ORIGINAL	2010/11 ORIGINAL	2011/12 ORIGINAL	2012/13 ORIGINAL
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7.	Growth and Incomes	Focusing on improving the ability of the Municipality to facilitate and attract development-enhancing investment and local economic growth. The priority is to improve the ability of the majority of residents to earn their own incomes by creating a facilitative environment for sustainable job creation. This is the most critical of all seven programmes and is central to the success of the Revitalisation Plan as a whole and the sustainable development of Buffalo City.
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However, the Restructuring Grant has been phased out as the four year funding period has now come to an end. Currently BCM is completing restructuring grant projects that were rolled over from the previous financial year.

#### 4.2 Mdantsane Urban Renewal Programme (MURP)

Mdantsane has been identified as one of the National Urban Renewal Nodes. In 2005 BCM, with the assistance of the European Commission, prepared a Strategic Development Plan to guide the rollout of the Urban Renewal Programme in Mdantsane. This Strategic Plan identified six key result areas and supporting objectives and strategies. These result areas are aligned with the IDP key objectives and the supporting objectives are congruent with and integrated into BCM’s IDP Cluster objectives.

The six result areas are detailed in table E.8 below:

**Table E.8: Six Result Areas of the Strategic Plan**

Focus	Result Areas
Local Economic Development (LED)	<b>Result 1: Improve Local Economic Development</b> Mdantsane supports its residents through providing jobs & economic opportunities.
Spatial or Built Form, Municipal Services (and infrastructure), Environment & Housing	<b>Result 2: Habitable Human Settlement</b> Mdantsane is a habitable living environment: an area where people live, work and play.
Social Cluster	<b>Result 3: Improved Social Development</b> Residents are provided with increased access to social services, a socially and culturally inclusive environment and where vulnerable groups (women, children, the youth, the disabled and the aged) experience increased physical and social security and opportunities.
All Sectors	<b>Result 4: Improved Public Participation</b> Residents increasingly participate in decision-making & project implementation.
Institutional & Contractual Response	<b>Result 5: Improved strategy led programming, project implementation, co-ordination and service delivery to Mdantsane</b> Strategic planning, decision-making and prioritisation are strengthened and improved to provide efficient, effective, innovative & sustainable development.
	<b>Result 6: Improved Municipal Institution relating to Financial Management, Audit, Procurement, Project Management and Integrated Planning</b> Strengthening of the institutions that house, and are responsible for delivery of the MURP.

The European Commission’s (EC) ‘Support to Urban Renewal in the Eastern Cape Programme’ aims to improve the quality of life of marginalised people in urban areas of the Eastern Cape by providing support through the Sector Policy Support Programme (SPSP). The Mdantsane Urban Renewal Programme, will receive dedicated funding for an amount of €14.25 million (±R114m over 5 years) from the EC to implement the above-mentioned six result areas. The six result areas will guide the way in which these funds are utilised.

Four strategic Development Plans are developed for the first three result areas i.e.:

- Spatial or built form [*Result 2: Habitable Human Settlement*]
- Municipal services, housing and environment [*Result 2: Habitable Human Settlement*]
- Social Development [*Result 3: Improved Social Development*]
- Economic Development [*Result 1: Improve Local Economic Development*]

The Institutional Business Plan deals with the second three result areas [Result areas 4, 5 and 6], which focus on performance, output and outcome indicators required to monitor the results of the programme which are linked to the disbursement of funds.

The German Support of the Urban Renewal programme in BCM forms part of a bilateral cooperation agreement concluded in March 2004 between Germany and South Africa to jointly implement the 'Strengthening Local Governance' (SLGP). The SLGP seeks to ensure that "Municipal development is supported within and across spheres and sectors of government, whilst reflecting a balanced stakeholder inclusivity" and specifically its focus is on supporting the integrated development of urbanising municipalities through the National Urban Renewal Programme (customizing lessons from the national sphere into BCM, the host of MURP).

KfW, the German Bank for Reconstruction and Development is envisaged to co-finance MURP with €5 million (± R35m) with particular emphasis on the prevention of violence and social conflict. A pre-assessment study commissioned by KfW was completed in January 2005. This pre-feasibility includes a socio-economic analysis, a needs analysis substantiated by 'Peace and Conflict Impact Analysis' (including 'conflict mapping' and 'do no harm' analysis) as well as development of a specified and concrete proposal for the institutional arrangement of the final programme. Implementation of the programme will commence in February 2007.

In addition to the German-South African Financial Cooperation, GTZ has offered support towards a project on crime prevention and youth. The project aims at training young people as Community Peace Workers, enabling them to recognize existing or potential conflict situations in their respective communities and to mediate and negotiate between all parties. This project is regarded as a completion of the above project and will be undertaken in close cooperation with KfW and its appointed consultants.

The Swedish International Development Agency (SIDA) has supported Buffalo City through a framework support programme in urban development. The programme will continue until the end of December 2006 and support system improvements in urban development. Specifically to the MURP, is funding of ± R2,3m towards the construction of a Community Support Centre.

#### 4.3 Provincial Growth and Development Plan (PGDP)

Buffalo City is obviously a key contributor to the achievement of the PGDP targets, particularly the economic targets and those targets linked to BCM's powers and functions. The IDP cluster objectives, strategies, projects and programmes, where applicable, are aligned to these targets.

**Table E.9: PGDP Targets for Growth & Development in the Eastern Cape: 2004-2014**

- 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.

# SECTION F

## FINANCIAL PLAN

### 1. Introduction

One of the key issues identified for the sustainability of BCM is 'expanding its revenue in relations to its costs and its financial viability, whilst implementing its mandate'. The responsive key objective is 'effective, efficient, coordinated financial management and increased revenue – enabling BCM to deliver its mandate'. The plans and strategies detailed in this chapter contribute to the achievement of this objective.

### 2. Capital & Operating Budget Estimates

The five-year financial plan includes an Operating Budget (Table F.1) and the Capital Investment Programme per source of funding (Table F.2), for the five years ending June 2013.

#### 2.1 Budget Assumptions

The selected key assumptions relating to this budget are as follows:

- Government grants for years 2010/2011 to 2012/2013 are as per the Division of Revenue Act.
- The inflation rate has been estimated at 5.7% per annum.
- Growth in the salary and wage bill has been provided for in the budget at 8.5% p.a., growth in the remaining expense items in general range from 0% - 11% p.a.
- Increases for the purchase of electricity and water have been estimated at 24.8% and 8.8% p.a.
- Provision has been made for tariff increases relating to services at an average rate of 12.67% p.a.
- Provision for rates tariff increases is 10%.
- The amount for Contributions expense included in the budget relates largely to the provision for off-set depreciation and to a lesser degree for leave.
- The budget is based on current service levels and does not make provision for major expansion of services into the rural areas.

## 2.2 Operating Budget Estimates

Table F.1 details the Operating Budget estimates for the five years starting 1 July 2009 and ending June 2014.

TABLE F.1: OPERATING BUDGET: 1 JULY 2009 TO 30 JUNE 2014

	2009/2010 BUDGET	2010/2011 BUDGET	2011/2012 BUDGET	2012/2013 BUDGET	2013/2014 BUDGET
<b>Revenue Per Source</b>					
Assessment Rates	441,763,527	485,939,880	534,533,868	587,987,254	646,785,980
Refuse Charges	137,842,579	153,005,263	169,835,842	188,517,784	207,369,563
Sewerage Charges	146,597,011	162,722,682	180,622,177	200,490,617	220,539,678
Trade Effluent	8,463,474	9,394,456	10,427,846	11,574,909	12,732,400
Water Charges	202,854,696	225,168,713	249,937,271	277,430,371	305,173,408
Electricity Charges	810,214,976	988,462,271	1,205,923,970	1,471,227,244	1,618,349,968
Fire Levy	31,613,716	35,091,225	38,951,259	43,235,898	47,559,488
Grants and Subsidies	454,851,575	566,547,777	649,103,581	718,427,484	790,270,232
Operating Project Grants	229,972,400	110,302,050	222,774,736	229,321,000	252,253,100
Fines	8,743,849	9,705,672	10,773,296	11,958,359	13,154,195
Housing Rentals	7,867,683	8,733,128	9,693,772	10,760,087	11,836,096
Other Rentals	2,600,993	2,887,102	3,204,683	3,557,199	3,912,919
Income Foregone	(15,773,180)	(17,508,230)	(19,434,135)	(21,571,890)	(23,729,079)
Other	200,283,274	208,802,083	226,588,926	246,589,718	271,248,690
<b>Total Direct Operating Income</b>	<b>2,667,896,573</b>	<b>2,949,254,071</b>	<b>3,492,937,093</b>	<b>3,979,506,034</b>	<b>4,377,456,637</b>
<b>Expenditure Per Category</b>					
Salaries, Wages & Allowances	803,932,897	882,205,956	976,563,736	1,058,223,399	1,164,045,738
Remuneration of Councillors	23,200,203	25,300,220	27,620,742	29,987,772	32,986,549
General Expenses	632,086,188	683,515,105	731,446,445	783,155,272	861,470,799
Operating Projects	229,972,400	110,302,050	222,774,736	229,321,000	252,253,100
Bulk Electricity Purchases	476,599,576	594,796,271	748,253,709	942,051,419	1,036,256,561
Bulk Water Purchases	109,879,414	119,768,561	130,547,732	142,297,028	156,526,730
Repairs & Maintenance	183,114,809	234,390,464	267,868,683	307,225,064	337,947,570
Depreciation	273,516,007	390,127,053	502,111,077	626,916,541	689,608,195
Interest on External Loans	69,037,328	74,005,026	68,518,148	63,545,239	69,899,763
<b>Total Direct Operating Expenditure</b>	<b>2,801,338,822</b>	<b>3,114,410,707</b>	<b>3,675,705,008</b>	<b>4,182,722,733</b>	<b>4,600,995,006</b>
Internal Charges	717,350,597	753,218,127	790,879,033	830,422,985	913,465,283
<b>Total Operating Expenditure</b>	<b>3,518,689,419</b>	<b>3,867,628,834</b>	<b>4,466,584,041</b>	<b>5,013,145,718</b>	<b>5,514,460,289</b>
Internal Recoveries	(717,350,597)	(753,218,127)	(790,879,033)	(830,422,985)	(913,465,283)
<b>Sub-Total</b>	<b>2,801,338,822</b>	<b>3,114,410,707</b>	<b>3,675,705,008</b>	<b>4,182,722,733</b>	<b>4,600,995,006</b>
Contribution to Leave Reserve Fund	(148,882,812)	(165,259,921)	(183,438,513)	(203,616,749)	(223,978,424)
<b>Total Operating Expenditure</b>	<b>2,652,456,010</b>	<b>2,949,150,786</b>	<b>3,492,266,495</b>	<b>3,979,105,984</b>	<b>4,377,016,582</b>
<b>(Surplus) / Deficit</b>	<b>15,440,563</b>	<b>103,285</b>	<b>670,598</b>	<b>400,050</b>	<b>440,055</b>

## 2.3 Capital Budget Estimates

Table F.2 details the estimated Capital Investment Programme for the five years starting July 2008 and ending 30 June 2013. The Capital Investment Programme remains subject to the availability of funding.

TABLE F.2: CAPITAL INVESTMENT PROGRAMME: 1 JULY 2008 TO 30 JUNE 2013

	2008/09 Budget R millions	2009/10 Budget R millions	2010/11 Budget R millions	2011/12 Budget R millions	2012/13 Budget R Millions
<b>OWN FUNDS</b>					
DBSA Loan	308	206	0	0	0
Capital Replacement Reserve	137	159	171	298	168
<b>TOTAL</b>	<b>195</b>	<b>365</b>	<b>171</b>	<b>298</b>	<b>168</b>
<b>SPECIFIED GRANT FUNDS</b>					
Buffalo City Metropolitan Transport	16	2	0	0	0
Department of Sports Recreation Arts & Culture	50	50	0	0	0
Department of Science & Technology	4	4	0	0	0
Department of Land Affairs	3	3	0	0	0
Disaster Management Fund	0	3	0	0	0
Electricity Demand Side Management	0	0	4	8	0
European Commission	53	80			
Municipal Electricity Provider	35	35	20	25	20
Local Govt Housing	28	122	10	53	22
Leiden Platform	0	4	3	0	0
Municipal Infrastructure Grant	202	292	190	220	279
Neighbourhood Development Partnership Grant	42	16	10	18	35
Public	8	2	1	1	0
Public Transport Infrastructure & Systems Grant	9	37	71	400	700
Restructuring Grant	7	0	0	0	0
<b>TOTAL</b>	<b>707</b>	<b>650</b>	<b>309</b>	<b>725</b>	<b>1056</b>
<b>TOTAL ALL FUNDING SOURCES</b>	<b>902</b>	<b>1015</b>	<b>480</b>	<b>1022</b>	<b>1223</b>

Figure F.1, below, details the proposed percentage allocation of “Own Funds” (EFF & CRR), to the IDP Clusters.

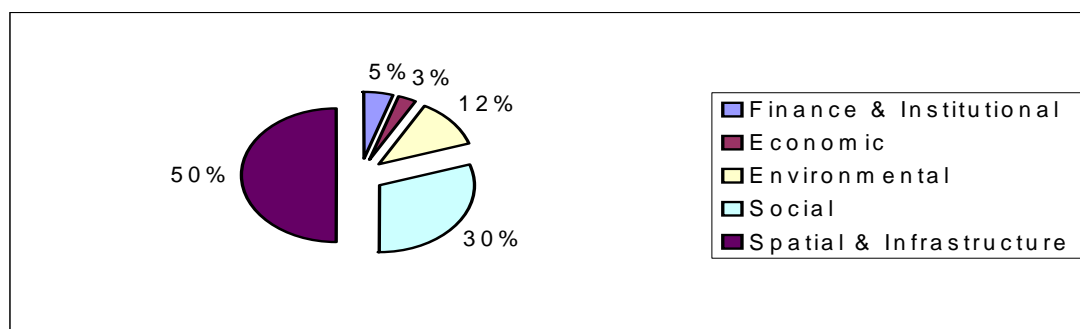


TABLE F.3: CAPITAL INVESTMENT PROGRAMME PER CLUSTER : 1 JULY 2008 TO 30 JUNE 2013

	2008/09 Budget R m	2009/10 Budget R m	2010/11 Budget R m	2011/12 Budget R m	2012/13 Budget R m
Economic	14	26	12	8	5
Environment	81	60	0	0	0
Finance & Institutional	200	50	36	73	66
Social	56	106	53	92	21
Spatial & Infrastructure	551	773	379	850	1131
<b>Total</b>	<b>902</b>	<b>1015</b>	<b>480</b>	<b>1023</b>	<b>1223</b>

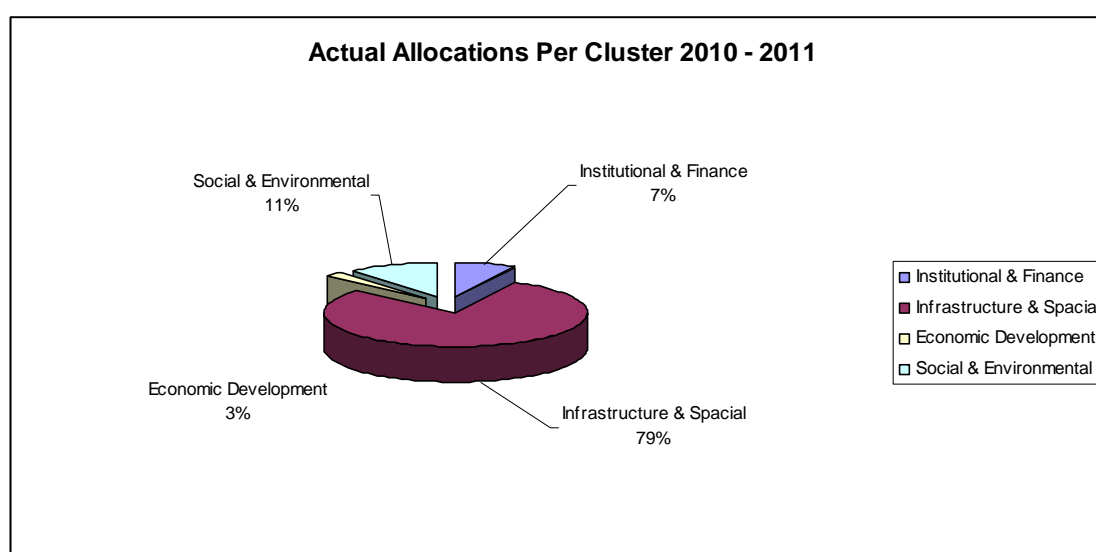
Table F.4 details the consolidated (both Specified Grant Funds and Own Funds) percentage allocation to each of the Clusters.

TABLE F.4: CAPITAL INVESTMENT PROGRAMME PER CLUSTER (% ALLOCATION): 1 JULY 2008 TO 30 JUNE 2013

Cluster	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13
Economic	2%	3%	3%	1%	0%
Environment	9%	6%	0%	0%	0%
Finance & Institutional	22%	5%	7%	7%	5%
Social	6%	10%	11%	9%	2%
Spatial & Infrastructure	61%	76%	79%	83%	92%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The actual IDP allocations, after project selection, for the Capital Investment Programme for 2010/2011 is detailed in Figure F.2, below.

FIGURE F.2: Actual IDP Allocations for Capital Investment Programme 2010/11



## 2.4 Debt Management Framework

Table F.5 details the Debt Management Framework.

TABLE F.5: DEBT MANAGEMENT FRAMEWORK: 1 JULY 2008 TO 30 JUNE 2013

	2008/09 (R Mill)	2009/10 (R Mill)	2010/11 (R Mill)	2011/12 (R Mill)	2012/13 (R Mill)
<b>OPENING BALANCE</b>	699 147	665 656	628 893	589 715	542 247
Less Capital repayments for the year	22 491	36 763	39 178	47 468	50 419
<b>CLOSING BALANCE</b>	665 656	628 893	589 715	542 247	491 828

## 3. Financial Strategy

It must be noted that not all municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a municipality. A municipality can be categorised into either:

- \* Developed – maintenance
- \* Developing – growing

Buffalo City can be categorised as a developing – growing municipality. Such municipalities require significant additional resources and funding to conduct the growth that is expected of them. In contrast, already developed – maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

With the demands for growth, come risks that need to be managed. Wherever possible, the City will set benchmarks appropriate for a developing – growing municipality and strive to achieve these benchmarks within the medium-term.

As mentioned at the beginning of this chapter, the priority from the financial perspective is the viability and sustainability of the City. The financial plan and related strategies will need to address a number of key areas in order to achieve this goal. The areas, which have been identified, are detailed below.

### 3.1 The Financial Framework

#### 3.1.1 Revenue Adequacy and Certainty

It is essential that the City has access to adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of certainty with regard to source, amount and timing of revenue. The Division of Revenue Act has laid out the level of funding from National Government that will be received for the 2008/09 to 2010/2011 financial years.

It is important to track the respective sources of revenue received by the City as they can be quite different and can vary substantially depending upon the phase that the municipality is in. Knowledge of the sources of funds will illustrate the City's position more accurately, its ability to secure loans relative to its income streams and its borrowing capacity.

#### i. Cash / Liquidity Position

Cash and cash management is vital for the short- and long-term survival and good management of any organisation. The appropriate benchmarks which can assist in assessing the financial health of the City are:

The current ratio, which expresses the current assets as a proportion to current liabilities. "Current" refers to those assets which could be converted into cash within 12 months and those liabilities which will be settled within 12 months. A current ratio in excess of 2:1 is considered to be healthy. The City currently stands at a ratio of 2.27:1 and is seen as desirable in the medium term.

Debtors' collection measurements, which have a great impact on the liquidity of the City. Currently the City takes on average 80 days to recover its debts, while the annual debts collection rate is 94.75%. The City will attempt to reduce the day's debts outstanding to less than 60 days in the medium term and will strive to increase the annual debts collection rate by 2% per annum, until it exceeds the desired level of 97%.

#### **ii. Sustainability**

The City needs to ensure that its budget is balanced (income covers expenditure). As there are limits on revenue, it is necessary to ensure that services are provided at levels that are affordable, and that the full costs of service delivery are recovered. However, to ensure that households, which are too poor to pay for even a proportion of service costs, at least have access to basic services, there is a need for subsidisation of these households.

#### **iii. Effective and Efficient Use of Resources**

In an environment of limited resources, it is essential that the City make maximum use of the resources at its disposal by using them in an effective and efficient manner. Efficiency in operations and investment will increase poor people's access to basic services.

#### **iv. Accountability, Transparency and Good Governance**

The City is accountable to the people who provide the resources, for what they do with the resources. The budgeting process and other financial decisions should be open to public scrutiny and participation. In addition, the accounting and financial reporting procedures must minimise opportunities for corruption. It is also essential that accurate financial information is produced within acceptable time-frames.

#### **v. Equity and Redistribution**

The City must treat people fairly and justly when it comes to the provision of services. In the same way the City should be treated equitably by national and provincial government when it comes to inter-governmental transfers. The 'equitable share' from national government will be used primarily for targeted subsidies to poorer households. In addition, the City will continue to cross-subsidise between high- and low-income consumers within a specific service (e.g. electricity) or between services.

#### **vi. Development and Investment**

In order to deal effectively with backlogs in services, there is a need for the City to maximise its investment in municipal infrastructure (see Table F.2). In restructuring the financial systems of the City, the underlying policies should encourage the maximum degree of private sector investment.

### **vii. Macro-economic Investment**

As the City plays a significant role in the area, it is essential that it operates efficiently within the national macro-economic framework. The City's financial and developmental activities should therefore support national fiscal policy.

### **viii. Borrowing**

The strong capital market in South Africa (banks and other lending institutions like DBSA, INCA etc.) provides an additional instrument to access financial resources. However, it is clear that the City cannot borrow to balance its budget and pay for overspending.

Safeguards need to be put in place to ensure that the City borrows in a responsible way. In order to have access to this market, the City will need to have accurate and appropriate financial accounting and reporting systems.

The manner in which the City manages debt or takes on new debt to finance activities will have a significant impact on the solvency and long-term viability of the council. The current "capital charges" as a percentage of income is 9.4%. The City aims at a desired level of 15% over the medium term.

## **3.2 Strategies and Programmes**

With the above framework as a background, strategies and programmes have been identified and form part of the financial plan to achieve the desired objective – the financial viability and sustainability of the City. Time frames have been set for each of the projects that have been identified.

### **3.2.1 Revenue Raising Strategies and Programmes**

The following are some of the more significant programmes that have been identified:

- **The review and implementation of a Credit Control & Debt Collection Policy**  
This policy and the relevant procedures detail all areas of credit control, collection of amounts billed to customers, procedures for non-payment etc.
- **The review and implementation of an Indigent Policy**  
This policy defines the qualification criteria for an indigent, the level of free basic services enjoyed by indigent households, penalties for abuse etc.
- **The development and implementation of a Uniform Tariff Policy**  
This policy will ensure that fair tariffs are charged in a uniform manner throughout the Buffalo City area.
- **The development and implementation of a Property Rates & Valuation Policy**  
This will ensure that a fair rates policy and an updated valuation roll is applied to the entire Buffalo City area and will aim to ensure that all properties are included in the City's records. Furthermore the policy will ensure that valuations are systematically carried out on a regular basis for all properties.
- **The development and implementation of a Customer Incentive Scheme**

This scheme will detail the incentives and prizes that will be made available to encourage customers to pay their accounts promptly.

- **Project Consolidate – Free Basic Services, Billing Systems and Municipal Services Debt**

This project aims to enhance the delivery of Free Basic Services to poor households, and assist BCM in developing innovative, reliable and integrated billing systems that would allow for improved delivery of services and an effective and efficient billing system for the debtors/consumers of the municipality.

- **The review and implementation of an Improved Payment Strategy**

This strategy aims at implementing innovative cost effective processes to encourage consumers to pay their accounts in full on time each month, including increasing the methods of payment and implementing on-line pre-payment systems.

- **Negotiate fully-funded agency agreements with Province and the District**

### 3.2.2 Asset Management Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- **The implementation of an integrated asset management system.**

This programme will involve the investigation, identification and implementation of a suitable integrated asset management system. It will also include the capture of all assets onto this system, the maintenance of this system and the production of a complete asset register in terms of GAMAP/GRAP/GAAP requirements.

- **The implementation of the fixed asset infrastructure roadmap i.e. action plan.**

This plan will involve a status quo assessment of current infrastructure assets, the implementation of individual action plans within the roadmap and the development of individual infrastructure asset registers. This project is contingent on the various Directorates maintaining their respective infrastructure asset registers and supplying all the necessary information to the Asset Management Section to enable the necessary infrastructure asset information to be included in the asset register in terms of GAMAP/GRAP/GAAP requirements.

- **The review and update of asset and risk insurance procedures and the renewal of the insurance portfolio.**

This programme will involve the identification of risks in conjunction with insurers and all Directorates and the review and update of the asset and risk insurance procedure manual. It will also include the review of the existing insurance portfolio and the renewal of the insurance policy as per the renewal terms.

### 3.2.3 Financial Management Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- **The review of the computerised accounting system**

- **Integration of all computerised systems and acquisition of hardware and software required**

The integration of computerised systems and acquisition of the required hardware and software within the Buffalo City area to ensure that information is accurate,

relevant and prompt, which in turn will facilitate the smooth running and effective management of the City.

- **Development of a GRAP compliant MTREF budget**
- **Develop and implement budget and community consultation processes**
- **Develop and implement a uniform budget reporting framework**
- **Review of Post GRAP implementation issues and implement GAAP standards**
- **Review and update asset and accounting policies and procedures**
- **Training and development of financial and other staff**

The aim of this project will be to constantly ensure that the Financial (and other) staff receive the training they require to ensure a cost-effective and efficient service to the City.

- **Enhance budgetary controls and timeliness of financial data**

The improvement of the Budget Office with respect to producing financial information and monitoring/reporting on budget variances. Some of the more significant measures of acceptable performance in this area will be: Financial bottom line matched to forecasts to a 10% variance level Receipt of unqualified audit reports Monthly financial statements produced within 10 days of month-end etc.

### 3.2.4 Capital Financing Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- **The development and implementation of a debt capacity policy**  
This policy will ensure that any borrowings taken by the City will be done in a responsible manner and that the repayment and servicing of such debt will be affordable.
- **The development and implementation of a policy for accessing finance (including donor finance)**

### 3.2.5 Operational Financing Strategies and Programmes

The following programme has been identified:

- **Investigation of service delivery options and public/private partnerships** This refers to the ongoing investigation into how the City can service the community in the most efficient and effective manner, including an investigation of public/private partnerships for service delivery.

## 4. Financial Management Policies

### 4.1 General Financial Philosophy

The financial policy of the BCM is to provide a sound financial base and the resources necessary to sustain a satisfactory level of municipal services for the citizens of BCM.

It is the goal of the City to achieve a strong financial position with the ability to:

- withstand local and regional economic impacts;
- adjust efficiently to the community's changing service requirements;
- effectively maintain, improve and expand the City's infrastructure;

- manage the City's budget and cash flow to the maximum benefit of the community;
- prudently plan, coordinate and implement responsible and sustainable community development and growth;
- provide a high level of fire and other protective services to assure public health and safety.

BCM's financial policies shall address the following fiscal goals: -

- keep the City in a fiscally sound position in both the long and short term;
- maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- Apply credit control policies which maximize collection while providing relief for the indigent;
- Credit control policies that recognize the basic policy of customer care and convenience;
- operate utilities in a responsive and fiscally sound manner;
- maintain existing infrastructure and capital assets;
- provide a framework for the prudent use of debt financing;
- direct the City's financial resources toward meeting the goals of the City's IDP.

#### **4.2 Operating Budget Policies**

The annual budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department.

The City Manager shall incorporate the BCM's priorities in the formulation of the preliminary and final budget proposal.

The budget will be subject to monthly control and be reported to Council with recommendations of action to be taken to achieve the budget's goal. The budget will be subject to a mid-term review, which will result in a Revised Budget.

Adequate maintenance and replacement of the City's capital plant and equipment will be provided for in the annual budget.

The budget shall balance recurring operating expenses to recurring operating revenues.

The budget will have Revenue plans based on realistically expected income and expenditure figures. Plans will be included to achieve maximum revenue collection percentages.

#### **4.3 Capital Infrastructure Investment Policies**

The City will establish and implement a comprehensive five-year Capital Investment Plan (CIP). This plan will be updated annually.

An annual Capital Investment Budget will be developed and adopted by the Buffalo City Municipality as part of the annual budget. The City will make all capital improvements in accordance with the CIP.

Unexpended capital project budgets shall not be carried forward to future fiscal years unless the Project Expenditure is committed or funded from grant funding.

Routine capital needs will be financed from current revenues as opposed to the issuance of long-term debt.

The City will maintain all assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

#### **4.4 Revenue Policies**

The City will estimate annual revenues through a conservative, objective and analytical process based on realistically expected income.

The City will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges.

The City will implement a new valuation system based on market values of all properties within its boundary as well as periodically review the cost of activities supported by user fees to determine the impact of inflation and other cost increases. Fees will be adjusted where appropriate to reflect these increases.

The City will set fees and user charges at a level that fully supports the total direct and indirect costs of operations. Tariffs will be set to reflect the Development and Social Policies of the City.

The City will continue to identify and pursue grants and appropriations from Province, Central Government and other agencies that are consistent with the City's goals and strategic plan.

The City will follow an aggressive policy of collecting revenues.

#### **4.5 Credit Control Policies and Procedures**

Buffalo City Council approved a Credit Control and Debt Collection Policy on 2 May 2007.

The Principles supported in this Policy are:

- The administrative integrity of the municipality must be maintained at all times.
- This Policy must have the full support of all Councillors.
- Councillors must have full knowledge of the implementation and enforcement of the Policy.
- The Executive Mayor oversees & monitors the implementation and enforcement of this Policy.
- The Municipal Manager implements and enforces this Policy.
- The Municipal Manager may delegate the implementation and enforcement of this Policy to the Chief Financial Officer.
- Consumers must be informed of the contents of this Policy.
- Consumers must apply for services from Council by the completion of the prescribed application form.
- Consumers must receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- Consumers must pay their accounts regularly by the due date.
- Consumers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- Consumers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.

- Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt is collected.

The Policy document covers:

- Supervisory Authority
- Application for the Provision of Municipal services
- Deposits and Guarantees
- Accounts and Billing
- Metering of municipal services
- Payments of accounts
- Interest on arrear debt
- Enquiries and appeals
- Debt collection
- Arrangement to pay arrear debt
- Indigent debtors
- Municipal staff – payment of arrears
- Administration orders – payment of arrears
- Write-off of irrecoverable debt
- Provision for bad debt
- Certificates required for tenders
- Theft & fraud
- Reporting on performance management
- Income collection target
- Application of the policy

#### **4.6 Indigent Scheme**

The Indigent Assistance Scheme was approved on 2 May 2007 and it forms part of the Credit Control Policy.

This Scheme identifies the conditions that must be satisfied to be regarded as an indigent and the process to follow to apply for indigent status.

The form of subsidy is identified, as is the process of auditing indigent applications. In addition, procedures, which will be followed in the event of a death of an indigent and a false indigent application is covered.

Finally treatment of debt of a customer on becoming an indigent and interest on arrear charges are addressed.

#### **4.7 Investment Policies**

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2) and the draft municipal investment regulations: “Each Municipal Council and Governing body shall adopt by resolution an investment policy regarding the investment of its money not immediately required.

Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The portfolio shall remain sufficiently liquid to enable the City to meet daily cash flow demands and conform to all state and local requirements governing the investment of public funds. The preservation of principal is the foremost objective of the investment program.

The City will continue the current cash management and investment practices, which are designed to emphasize safety of capital first, sufficient liquidity to meet obligations second, and the highest possible yield third.

Investment shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. The standard of prudence to be used by the Investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall Investment portfolio. Investment officials are required to:

- a) adhere to written procedures and policy guidelines.
- b) exercise due diligence.
- c) prepare all reports timeously.
- d) exercise strict compliance with all legislation.

The City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than two years from the date of issue. The City’s financial information system will provide adequate information concerning cash position and investment performance.

The City will not invest more than 30% of available funds with a single institution.

The Minister of Finance may identify by regulation in terms of Section 168 of the MFMA instruments or investments other than those referred to below in which Municipality may invest:

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- Investments with the Public Investment Commissioners as contemplated by the Public Investment Commissions Act, 1984 (Act No. 5 of 1984);
- Listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- Deposits with the corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984);
- Banker’s acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
- Municipal Bonds issued by a Municipality;
- Guaranteed endowment policies with the intention of establishing a sinking fund; and
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)

#### **4.8 Debt Management Policies**

- The City shall issue debt only when necessary to meet a public need and when funding for such projects is not available from current revenues, reserves or other sources.
- Long-term borrowing will be used to finance capital improvements as approved in the City’s CIP.
- Capital projects financed through the issuance of debt shall be financed for a period not to exceed the expected useful life of the project.
- The City will not incur debt to finance current operations.
- Lease-purchase obligations, capital outlay notes or other debt instruments may be used as a medium-term method of borrowing for the financing of vehicles, computers, other specialized types of equipment, or other capital improvements.

### 4.9 Ratio Analysis/Benchmarks

Table F.6 gives details of commonly used financial ratios/benchmarks. The information in the Table is the actual position for the 2005/06 financial year, the projected situation for the 2006/07 financial year and the targeted position by the end of the 2008/09 financial year.

**TABLE F.6: Ratio Analysis / Financial Benchmarks for the 2005/06 & 2006/07 financial years and the targeted position for the 2007/08 financial year.**

<b>FINANCIAL BENCHMARKS</b>	<b>BASIS OF CALCULATION</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
<b><u>Borrowing Management</u></b>					
Debt to revenue	Total debt / Annual income	34.95%	35.0%	35.0%	35.0%
Capital charges to operating expenditure	Interest & principal paid / Operating expenditure	4.3%	16.0%	16.0%	16.0%
<b><u>Revenue Management</u></b>					
Annual debtors collection rate (payment level %)	Last 12 months receipts / Last 12 months billing	96.05%	97.0%	97.0%	97.0%
Outstanding debtors to revenue	Outstanding debtors (net)/ Ann rev (total inc)	17.8%	18.0%	18.0%	18.0%
<b><u>Efficiency</u></b>					
Personnel costs to operating expenditure	Personnel costs / Operating expenditure	33.0%	30.0%	30.0%	30.0%
<b><u>Creditors Management</u></b>					
Creditors days	Outstanding creditors / Credit purchases x 365	30	30	30	30

### 4.10 Asset Management Policies

The objective of the asset management policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment (PPE), which are fixed assets of BCM.

A summary of the Principles supported in this policy are:

A fixed asset shall mean an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond 12 months.

- The fixed asset register shall comply with the requirements of Generally Recognized Accounting Practice (GRAP) and any other accounting requirements, which may be prescribed.
- Fixed assets are classified under the following headings:
  - Land
  - Infrastructure Assets
  - Community Assets
  - Heritage Assets
  - Investment Properties
  - Other Assets
- Every Head of Department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

- PPE is stated at cost less accumulated depreciation, or fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.
- Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which are capitalized.
- Assets are capitalized according to capitalization criteria and all expenditure below a capitalization threshold of R10 000 is expensed when incurred.
- Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets.
- Heritage assets, which are defined, as culturally significant resources, are not depreciated as they are regarded as having an infinite life. In general Land is also not depreciated for the same reason. The only exception to the policy is that cemetery land and landfill sites are depreciated.
- Incomplete construction work is stated at historic cost.
- The carrying amount of an item or a group of identical items of PPE will be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount will be reduced to the recoverable amount. The amount of the reduction will be recognized as an expense immediately, unless it reverses a previous revaluation, in which case it will be charged to the revaluation non-distributable reserve.
- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the statement of financial performance.

**4.11 Asset Management Information**

To ensure that assets are adequately maintained, a programme for the planned maintenance and replacement of all fixed and moveable assets is essential.

The magnitude of deferred maintenance due to past and present lack of funding can be judged by the following estimated amounts.

**TABLE F.7: Deferred Maintenance**

<b>Electricity:</b>	195,000,000
<b>Water:</b>	190,198,000
<b>Wastewater (Sewerage):</b>	230,000,000
<b>Roads:</b>	
Entire Network	373,000,000
<b>Buildings:</b>	
Office Accommodation	12,000,000
Depots	12,000,000
City Hall	16,000,000
<b>Vehicles:</b>	
Replacement	25,000,000
<b>Development Planning Transport</b>	

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
<b>Community Services</b>	
Amenities	2,200,000
Arts & Culture	2,450,000
Integrated Environmental Development	2,500,000
<b>TOTAL</b>	<b>R1,345,448,000</b>

#### 4.12 Accounting Policies

A summary of the principal accounting policies adopted in the preparation of the annual financial statements is as follows:

1. Basis of presentation - the annual financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value. The annual financial statements are prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003).
2. Basis of consolidation - the consolidated annual financial statements incorporate the financial statements of Buffalo City Municipality and municipal entities controlled by Buffalo City Municipality.
3. Presentation currency - the annual financial statements are presented in South African Rand.
4. Going concern assumption - the annual financial statements are prepared on a going concern basis.
5. Compensation for occupational injuries and diseases (COID) - this fund has been established in accordance with the Compensation for Occupational Injuries and Diseases Act No 130 of 1993.
6. Reserves – the economic entity creates and maintains the following reserves in terms of specific requirements:
  - Capital replacement reserve
  - Capitalization reserve
  - Government grant reserve
  - Donations and public contributions reserve
  - Self insurance reserve
  - Revaluation reserve
7. Property, plant and equipment (PPE) - is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings. The accounting policies for PPE include the following:
  - Depreciation of property, plant and equipment
  - Disposal of property, plant and equipment
  - Incomplete construction work
  - Impairment losses
  - Revaluation of land and buildings
8. Investments - the accounting policies for investments include the following:
  - Financial instruments
  - Investment in associate
  - Investment in municipal entities
9. Inventories - consist of consumables, raw materials, work in progress and finished goods which are valued at the lower of cost or net realizable value. The basis of determining cost is the first-in-first-out method.
10. Accounts receivable - are carried at anticipated realizable value.
11. Trade creditors - are stated at their nominal value.
12. Revenue recognition - the accounting policies for revenue include the following:
  - Revenue from rates

- Service charges
  - Fines
  - Rentals
  - Approved tariff of charges
  - Interest on investments
  - Sale of goods
  - Interest on outstanding debtors
  - Donations and contributions
  - Recovery of unauthorised, irregular, fruitless and wasteful expenditure
13. Conditional grants and receipts - are recognized as revenue to the extent that Buffalo City Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.
  14. Provisions – are recognized when the Economic entity has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
  15. Cash and cash equivalents - includes cash on hand and cash with registered banking institutions.
  16. Unauthorised expenditure - is expenditure that has not been budgeted for.
  17. Irregular expenditure - is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies.
  18. Fruitless and wasteful expenditure - is expenditure that was made in vain and would have been avoided had reasonable care been exercised.
  19. Foreign currency transactions - are initially accounted for at the rate of exchange ruling on the date of the transaction.
  20. Comparative information - the accounting policies for comparative information include the following:
    - Current year comparatives
    - Prior year comparatives
  21. Leases - are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic entity.
  22. Value added tax - Buffalo City Municipality accounts for Value Added Tax on the payment basis.
  23. Grants in aid - Buffalo City Municipality transfers money to individuals, institutions and organizations.
  24. Unutilized conditional grants - are reflected on the Statement of Financial Position as a Creditor - Unutilized Conditional Grants.
  25. Intangible assets - are initially recorded at their cost price and are subsequently amortized over their expected useful lives.

#### **4.13 Supply Chain Management System Policy**

Section 111 of the Local Government Municipal Finance Management Act (MFMA) requires municipalities to develop and implement a supply chain management policy. The principle objective of the legislation has been to comply with Section 217 of the Constitution, which among other things states that when contracting for goods and services the system must be fair, equitable, transparent, competitive and cost effective.

Supply Chain Management (SCM) generally refers to the management of activities along the supply chain including the supplier, manufacturer, wholesaler, retailer and consumer

The MFMA and its relevant regulations also identify processes/mechanisms which must be included in a SCM Policy.

The supply chain management system is applicable for the –

- Procurement by Buffalo City Municipality (and any municipal entity of Buffalo City) of all goods and services or works;
- Selection of contractors to provide assistance in the provision of municipal services;
- Selection of external mechanisms for the provision of municipal services in circumstances contemplated in section 83 of the Local Government: Municipal Systems Act;
- Disposal of assets or goods no longer required;
- Letting or sale of Municipal property.

BCM approved its Supply Chain Management System Policy in August 2005.

# SECTION G

## SPATIAL DEVELOPMENT FRAMEWORK

### 1. Introduction

The **Spatial Development Framework (SDF)** for Buffalo City has been compiled to support the development vision, and sectoral objectives and strategies identified in the BCM's Integrated Development Plan (IDP).

In terms of Section 26(e) of the Municipal Systems Act (Act No. 32 of 2000), the SDF is a legally required component of the Municipality's IDP. Whilst the full SDF document is available as a 'stand alone' report, this section serves to focus on the key elements contained in that report, which identify the desired spatial form of Buffalo City.

Once approved by the Municipal Council, the Buffalo City SDF has the status of a statutory plan, serving to *guide and inform all decisions on spatial development and land use management* in the area to which it applies.

However, it is critical to understand that the SDF is not a comprehensive, blueprint plan. Rather, in line with a new, more flexible conception of spatial planning and its interrelationship with other (spatial and non-spatial) development processes prevailing in South Africa now, the Framework is *indicative* in nature and not, in the final instance, prescriptive.

Following the direction of the *White Paper on Wise Land Use: Spatial Planning and Land Use Management* (Department of Land Affairs, 2001), **the SDF is intended to:**

- Function as a strategic, indicative and flexible *forward planning tool*, to guide decisions on land development;
- Develop a set of policies and principles, and an approach to the management of spatial development in the Buffalo City area, which is clear enough to guide decision-makers in dealing with land development applications (i.e. it will serve to inform the formulation of a new Land Use Management System);
- Provide a clear and logical framework for spatial development by providing an indication of where the public sector would, in the first instance, support certain forms of development and where state investment is likely to be targeted in the short – medium term;
- Based on this, to provide a clear spatial logic that would facilitate private sector decisions on investment in the built environment;
- Facilitate the social, economic and environmental sustainability of the area; and
- In the rural context, provide a framework for dealing with key issues such as natural resource management, land reform, sub-division of rural land and the conservation of prime and unique agricultural land.

## 2. Key Informants of the Spatial Development Framework

For the purposes of the Buffalo City SDF, the key legislative and policy elements of this new approach to spatial planning are derived from: -

- The Municipal Systems Act (Act 32 of 2000);
- The Development Facilitation Act (Act 67 of 1995);
- The White Paper on Wise Land Use: Spatial Planning and Land Use Management (March 2001); and
- The Draft Land Use Management Bill (July, 2002).

The above laws and policy documents provide the foundations for establishing the parameters of a SDF. As such, these are the principle informants on matters of policy for the BCM and, in the case of the enacted laws, the Municipality is legally obliged to apply their provisions when engaging in spatial planning and land use management.

In addition, the SDF is materially informed by the outcomes of completed and ongoing Sector Planning processes within the BCM and the ADM.

## 3. Spatial Development Scenario

After evaluating a number of alternative strategies, the BCM's IDP has adopted a broad spatial development scenario identified as **Building on Urban and Rural Strengths**. For the purposes of this SDF, this overall concept is accepted and endorsed as a strategic direction provided by the Municipal Council.

In this regard, the Buffalo City IDP 2002 notes that:

- In essence, the [approach of Building on Urban and Rural Strengths] acknowledges that the urban areas of greater East London/Mdantsane and King William's Town/Bhisho and environs are likely to be focal points for significant economic growth and development within Buffalo City over an extended period of time.
- However, it is accepted that there is a dependency amongst a significant proportion of the residents of Buffalo City on access to peri-urban and/or rural land for basic livelihood (i.e. survival or subsistence) purposes, and that this is likely to continue to be so, at least in the medium term (10 years).
- Therefore, it is concluded that it is most rational and economically effective to focus higher order development investment (in infrastructure, housing and a diversity of economic enterprises) in the urban core areas.
- However, a proportion of the resources of the BCM must also be targeted in areas of opportunity and areas of need in fringe rural and peri-urban areas, in order to upgrade existing settlements and create or facilitate new development opportunities in these areas.

In response to the above Scenario, the SDF for Buffalo City is based on the **Objectives and Strategies** for the management and direction of spatial development and land use management in the area, which are set out below.

#### 4. Spatial Development Objectives & Strategies

The following issues, objectives strategies were identified in the IDP (Review 2005-2006):

Priority Spatial Development Issue	Objective	Strategy
Spatial fragmentation & complex land administration	I&S 1 A well structured, efficient & sustainable city which has corrected historically distorted spatial development patterns.	i) Consolidate and integrate spatial development by developing land in proximity to public transport facilities & existing services. ii) Develop & implement the land acquisition and disposal policy. iii) Improve inter-governmental relations to expedite land transfer.
Rapid unmanaged urbanization & urban sprawl	I&S 2 Adequate land & services for urbanizing (existing & new) communities encouraging higher density settlements in appropriate locations.	i) Limit & manage urban sprawl by supporting development in close proximity to transport & urban services. ii) Support & Implement the Land Reform & Settlement Plan. iii) Develop & implement a Land Surveying Programme. iv) Monitor the development of informal settlements using aerial photography. v) Develop & implement a tenure upgrading programme. vi) Develop & implement a Land Management Policy.
Low economic growth	I&S 3 Development Planning supports development & economic growth in the city.	i) Continuously update and correct the cadastral layer (accurate data). ii) Land administration supports development through facilitating land release. iii) Compilation of forward planning policy. iv) Efficient processing of development applications. v) Provide land-surveying services to internal & external customers.
Uncoordinated spatial development	I&S 4 Sustainable and spatially coordinated development.	i) Support spatial co-ordination through the sector integration task team. ii) Proactively manage land use in accordance with the appropriate levels of service (LOS) to achieve sustainability in urban, peri-urban & rural areas.
Management of municipal properties and land	I&S 5 Efficient, productive and sustainable management of municipal properties and land.	i) Develop systems & procedures to ensure the improved use and management of properties. ii) Develop & implement a comprehensive maintenance programme for municipal buildings. iii) Improve the accessibility of Municipal buildings and structural environment (disabled).
Inadequate control of the built environment	I&S 6 A safe aesthetic built environment, compliant with legislation & regulations.	i) Implementation of a comprehensive building control function in compliance with National Building Regulations. ii) Extend building control function to areas currently not served. iii) Implementation of a comprehensive commercial advertising signage control function.

#### 5. Proposed Spatial Structure of Buffalo City

This section highlights the basic **Spatial Structuring Elements** identified in Buffalo City. These elements are used to manage and guide development into certain patterns or arrangements, which will lead to a better and more efficient city in future.

## 5.1 Conceptual Approach to Spatial Elements

From a conceptual point of view, the urban portion of Buffalo City extends in a linear form along the main watershed between East London and King Williams Town, with the historical settlements and urban nodes using the main roads and railway line as the main transport route to the surrounding area.

This urban form can be simply described as 'beads on a string' and, in order to enhance the operational effectiveness of this built form, it is envisaged that future development should be directed in such a way that the various settlements or nodes (beads) along the main rail and road transport routes (or string) be allowed to develop in intensity (i.e. density and variety or mix of land uses).

This is intended to create areas where the density of development and the increased variety of opportunities at points of good access to the majority of residents would improve both the overall functioning of the built environment in Buffalo City, as well as offer better social and economic opportunities for the residents.

More specifically, it is suggested that within areas of high need and/or development potential, the integration of modes of transportation, particularly public transportation modes, should be undertaken to create points of high accessibility for a greater number of people. Of particular importance in the longer term is maximising the potential of historical investments in rail infrastructure.

There are also signs that use of this mode is increasing, and this should be vigorously encouraged. In this context, the main railway stations represent points of particular potential. Creating high density, mixed-use nodes, which provide intensive local markets, and thus, a climate in which small business can flourish around them, should reinforce these high accessibility points. The components of these nodes are discussed below.

For the purposes of the Buffalo City SDF, then, the central development concept is one of 'beads on a string', with the string comprising a linear system of integrated movement modes and the beads being the intensive mixed-use nodes, around multi-modal transportation terminals. An alternative (or more technical) description of the concept would be to focus on the concepts of nodes (beads) and corridors (string).

Using the basic concept of nodes and corridors as a fundamental planning tool, the conceptual framework is extended to incorporate the following key aspects: -

**At each Node, it is desirable to integrate a number of physical elements, including: -**

**Public transportation terminals:** An important theme running through the concepts is the integration of different modes of transportation, particularly public transportation. The existing rail system, although badly under-utilised at present, represents a major potential asset. A conscious attempt should be made to activate this potential by significantly increasing housing densities around stations and by integrating stations with taxi and bus terminals. The success of the plan, however, is not dependent on the utilisation of the train system.

**Public facilities:** Wherever un-served demand for public services exists, the nodes should become the focus of social facilities and services such as schools, clinics, community halls, sports fields, pension payout points, libraries and so on.

**The public spatial environment:** At all nodes, careful attention is given to this. There are two main reasons for this. The first is that the quality of the public spatial environment has a profound impact on private investor confidence. The second is that the public spaces have a direct economic role, in that they provide viable opportunities for informal trade, at very low overheads. If properly managed, this kind of activity can add to the vibrancy and attractive power of the node.

**Housing:** The nodes provide opportunities for high-density housing, where households, who wish to do so, trade off space for much greater convenience and lower costs. The nodes also offer entrepreneurs economic opportunities through the provision of rental accommodation and lodging.

**Manufacture and Retail:** Develop opportunities for smaller and larger forms of manufacture and trade, both formal and informal.

There can be no doubt that an efficient transport system is fundamental for the successful development of the City. The greater the integration between development and the road, rail and modes of transport, the more opportunities there will be for economic development. This implies a need to develop intense and higher density settlements with mixed uses along the main transport routes; inner city medium density residential environments surrounding the East London and King William's Town CBD's and medium density residential development not more than 120 metres from bus/taxi routes and near stations.

As a refinement of this model, the MELD plan completed in 1999 also conceptualised 'Public Transport suburbs' situated within 500 metres of public transport and railway stations, giving way to vehicle priority suburbs further away from the main transport routes.

The rural areas, which contain agricultural/residential mixed uses, would be located in suitable areas where water soils and topography could sustain 'urban agricultural environments'. It is further proposed that market garden living environments be supported where commercial scale agriculture could be sustained.

Such a conceptual framework would enable a close relationship to develop between urban and rural settlements. There is a danger that urban sprawl could erode valuable agricultural land if it continues unchecked. Accordingly, it is believed essential that increased densities close to transport and economic centres are a vital strategy.

New investment in housing, commercial buildings, industrial sites and recreation facilities should be used to increase the intensity of land use within the confines of the existing urban area and thereby raise living densities, improve public transport viability and increase economic activity.

Investment in public facilities can also be used as development facilitators through the development of intensive mixed use nodes and creation of 'community bundles' containing public facilities, community services and sports infrastructure. Through this conceptual framework of integrating development closely with efficient transport systems, an improved environment is expected for the future city. In order to achieve such a future vision, certain key spatial structuring elements need to be used in all development decision making to direct growth and ensure the city starts to re-direct development into a framework which is more appropriate and desirable.

## 5.2 Spatial Structuring Elements in Buffalo City

Recognising the need to plan for efficient transport access, maximise use of resources and achieve sustainability; there is a need to focus limited public resources in areas of opportunity and create maximum impact. This in essence is the Compact City Model and it espouses the need for Structuring Elements/Concepts. These structuring elements are clustered into six main components: -

1. Nodes
2. Corridors
3. Urban Edge
4. Open Space System (OSS)
5. Densification/Residential Intensification
6. Mixed Uses

### 5.2.1 Definitions

1. **Nodes** – comprising existing and proposed nodal points in the city where mixed uses and high intensity transport, business and residential activities can or do take place. There are two main types of Nodes applicable in BCM:
  - **Metropolitan or Primary Nodes** – these are nodes that are of such significance in terms of scale, location, impact, diversity and agglomeration of function (facilities, services and economic activities), that they impact on the metropolitan region as a whole (or have potential to do so in the context of the SDF).
  - **Local Nodes** – these are modal interchanges and lower-order intersections within a corridor or activity street where a range of lower-level activities and services, aimed at local needs, tends to locate.
2. **Corridors** – described variously as follows: -
  - **Activity Corridors**, which are described as bands of high-density urban development up to 800 metres wide along a public transportation route. Typically, activity corridors link areas of greater intensity of land use, which are commonly called nodes. Activity corridors are generally considered the highest order of corridor. In Buffalo City, two activity corridors have been identified: -
    - **The Mdantsane – East London Corridor (MELD)**
    - **The Rail Corridor** associated with the passenger rail link from Mdantsane to East London CBD.
  - **Activity Spines**, which are defined as the central road or railway line within an activity corridor that links major or minor nodes.
  - **Activity Street**, which is usually defined as a local street that is located within the sphere of influence of an activity corridor and reinforces it. To be classified as an activity street, vehicle and pedestrian access to a mix of land uses is a priority.
  - **Mobility Routes**, which are defined as roads with limited access that principally, carry traffic between major nodes. An example of a mobility route would be the N2 linking East London to King William’s Town.
3. **The Urban Edge** - is a demarcated line and interrelated policy that serves to manage, direct and limit urban expansion. Certain types of urban development outside the continuous development of the urban core area should only be allowed:
  - Within small towns and rural nodes, and
  - Where the natural environment and agriculture are not compromised.

The urban edge forms the boundary between urban development and the valuable natural and agricultural hinterland and serves to contain the lateral growth of the urban areas.

4. **The Open Space System** - is a rationalised network of interconnected open space aimed at:
- Complementing the built fabric by providing the urban environment with variety, character, a sense of visual relief, open space enjoyment, recreation and general amenity, and
  - Protecting biodiversity in urban areas, and providing animal and plant species with habitats.

The Open Space System identified in the Municipal area, comprises of designated Protected Areas, areas identified for protection, environmentally sensitive areas (conservancy areas etc.) and sensitive areas associated with water courses and major river systems.

5. **Densification/Residential Intensification** – is the process whereby residential densities (the number of dwellings per hectare) are increased in a planned and meaningful manner within the existing boundaries of a specific area.
6. **Mixed Uses** – Mixed-Use development is the horizontal and vertical integration of suitable and compatible residential and non-residential land uses within the same area or on the same parcel of land. It is aimed at facilitating a wide range of residential types within close proximity to employment, educational, social and recreational opportunities.

The proposed structuring elements of the city are described below:-

**5.2.2 Development Nodes**

Nodes are generally described as areas of mixed-use development, usually having a high intensity of activities involving retail, traffic, office, industry and residential land uses. These are the places where most interaction takes place between people and organisations, enabling most efficient transactions and exchange of goods and services. Nodes are usually located at nodal interchanges to provide maximum access and usually act as catalysts for new growth and development.

The following classes of node have been identified and/or are proposed:

NODE TYPE	AREA/DESCRIPTION OF LOCALITY
<b>PRIMARY NODES:</b>	
<b>Central Business Districts (CBDs)</b>	1. East London 2. King William’s Town 3. Mdantsane 4. Dimbaza
<b>Major Mixed Land Use Nodes (Potential)</b>	1. Mount Ruth Station 2. Arnoldton Station
<b>LOCAL NODES:</b>	
<b>Minor Mixed Land Use Nodes (Existing)</b>	1. Meisieshalt 2. Bonza Bay Road (Sparg’s Centre) 3. Ndende (Duncan Village) 4. Golden Highway (Mdantsane) 5. Berlin town centre 6. Zwelitsha town centre

<b>Minor Mixed Land Use Nodes (Potential)</b>	<ol style="list-style-type: none"> <li>1. Quenera</li> <li>2. Brakfontein</li> <li>3. Chester Road</li> <li>4. Cove Ridge</li> <li>5. Nahoon Valley</li> <li>6. Mdantsane Station</li> <li>7. Mtsofso Station</li> <li>8. Needs Camp</li> <li>9. Zone CC (Mdantsane)</li> <li>10. Fort Jackson Station</li> <li>11. Ndevana</li> <li>12. Phakamisa Junction</li> </ol>
<b>Administrative Node</b>	<ol style="list-style-type: none"> <li>1. Bhisho</li> </ol>
<b>Commercial Nodes</b>	<ol style="list-style-type: none"> <li>1. Vincent Park</li> <li>2. Beacon Bay Retail Park/The Hub</li> </ol>
<b>Industrial Node</b>	<ol style="list-style-type: none"> <li>1. East London IDZ</li> </ol>
<b>Coastal Nodes</b>	<ol style="list-style-type: none"> <li>1. Kidd’s Beach</li> <li>2. Sunrise-on-Sea</li> </ol>
<b>Rural Service Centre (Existing)</b>	<ol style="list-style-type: none"> <li>1. Crossways</li> <li>2. St Luke’s (Newlands)</li> <li>3. Kidd’s Beach Interchange</li> <li>4. Thorn Park</li> </ol>
<b>Rural Service Centre (Potential)</b>	<ol style="list-style-type: none"> <li>1. Khwetyana Intersection (Newlands)Thornpark</li> <li>2. Kuni Village</li> <li>3. Upper eJojweni Village (Tyolomnqa)</li> <li>4. Drayini Village (Yellowwoods)</li> </ol>

Specific preferred land use outcomes and associated land use management guidelines are outlined in the various Local Spatial Development Frameworks (LSDF) approved by council and which now form part of the SDF. Please refer to the City Planning Division to find out if there is a LSDF for your area before proceeding with any development.

**5.2.3 Development Corridors**

(Refer to Plan No. 5: Structuring Elements – Nodes & Corridors)

As per the definition outlined above, the following corridors are identified within Buffalo City: -

<b>CORRIDOR TYPE</b>	<b>AREA/DESCRIPTION OF LOCALITY</b>
<b>Activity Corridors</b>	<ol style="list-style-type: none"> <li>1. Mdantsane – EL Development Corridor</li> <li>2. Railway Corridor</li> </ol>
<b>Activity Streets</b>	<ol style="list-style-type: none"> <li>1. Devereux Avenue (Vincent)</li> <li>2. Lukin Road/Pearce Street (Berea)</li> <li>3. Old Transkei Road (Stirling/Nahoon)</li> <li>4. Gonubie Main Road</li> <li>5. KWT to Bhisho link (Maitland Road)</li> </ol>
<b>Mobility Routes</b>	<ol style="list-style-type: none"> <li>1. N2 (East London / KWT &amp; EL/Umtata)</li> <li>2. N6 (East London / interior)</li> <li>3. R72 Coastal Road (EL/Port Alfred)</li> <li>4. Mount Coke Road ([346] EL to KWT)</li> <li>5. DR02909 linking Ilitha to Zwelitsha via</li> </ol>

<p><b>Proposed Mobility Routes</b></p>	<p>Phakamisa &amp; Ndevana</p> <ol style="list-style-type: none"> <li>1. Quenera Road linking Beacon Bay Retail Park to Gonubie</li> <li>2. N2 Bypass (realigned) from Amalinda Interchange through Haven Hills and across Buffalo River to link into R72</li> <li>3. Mdantsane Access Road south to Mount Coke Road (346) via Reeston Phase 3</li> <li>4. Route from Mdantsane Zone CC via Potsdam Village across Buffalo River to Needs Camp and 346</li> </ol>
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Specific preferred land use outcomes and associated planning and aesthetic concerns at the above localities are outlined in Section G below. These form part of the Land Use Management Guidelines of the Spatial Development Framework.

**5.2.4 Open Space System/Environmental Network**

The environmental conservation and management areas in the city comprise all afforested areas, coastal reserves, nature reserves, estuaries and river flood plains, steep slopes in excess of 1 in 6 gradient and fragile ecosystems.

These areas are further defined in the Buffalo City Integrated Environmental Management Plan and Coastal Zone Management Plan.

**Plan 6** depicts the Open Space System/Environmental Network in a conceptual manner including those areas of Buffalo City where main environmental management areas are situated.

The main areas comprise the Amathole forest inland from KWT, the Nature Reserves (Umtiza, Fort Pato, Gonubie and Amalinda), the coastal belt and the main river valleys throughout the city.

A network of open space within the city is envisaged to ultimately achieve linkages between river valleys, parks and forests. These would embrace the Nahoon Valley Conservancy (which is proposed as a future Metropolitan Park) and the proposed Nahoon/Blind River Nature Reserve along the beachfront as well as the Cove Rock Conservancy.

A key proposal of the SDF is the extension of the Umtiza and Fort Pato reserves along the northern side of the Mount Coke Road (346), between the road and the Buffalo River. The primary motivation for this proposal is to establish a conservancy network that is home to a number of endangered species and other conservation-worthy plants and animals.

Finally, a key structuring element is the definition of an extended conservancy network along the northern borders of Buffalo City by the **Sub-Tropical Thicket Ecosystem Planning (STEP) Programme**. This area is defined as one that contains systems of natural pathways for conservation-worthy plants and animals that ensure these species survival. As such, this area should be protected from high-impact land uses.

### 5.2.5 The Urban Edge

As part of the effort to consolidate the urban areas and achieve a more compact city, the Spatial Development Framework proposes that an Urban Edge be defined beyond which it is envisaged that lower density rural development will be favoured). As is illustrated, the Urban Edge encompasses the existing urban components of Buffalo City and their immediate hinterlands.

The Urban Edge defines the zone within which the municipality will endeavour to *upgrade levels of infrastructure over a period of time and according to available resources, to support higher densities of residential, industrial, and commercial development.*

Beyond the Urban Edge, it is envisaged that rural communities will enjoy lower density environments with basic infrastructure and social facilities.

The delineation of an Urban Edge is vital for the achievement of development principles regarding the containment of urban sprawl, the intensification of development and the integration of urban areas.

The Urban Edge is used to:

- contain urban sprawl
- protect significant environments and resources
- re-orientate Growth Expectations
- densify built environments
- restructure growth patterns
- rationalise service delivery areas

Council has approved the Urban Edge Policy Framework to which reference must now be made with respect development outside of the Urban Edge. In addition to that Council has also approved the North Eastern Urban Edge Study.

### 5.2.6 Densification and Erf Sizes

Densification supports the Urban Edge with the achievement of a more compact city by encouraging the intensification of residential land uses in areas within the Urban Edge and thereby limiting Urban Sprawl. Densification can be achieved by:

- Allowing the development of smaller residential erven (access to these smaller erven by using 'panhandles' and Right of Way servitudes, needs to be carefully considered).
- Encouraging higher densities in 'low cost' housing developments.
- Encouraging the development of flats and townhouses (cluster housing).
- Discouraging the subdivision of agricultural land (outside of the Urban Edge) by setting a minimum subdivision size of 10ha. This will encourage densification within the Urban Edge and protect valuable agricultural land.
- Encouraging the development of 'Social Housing' in appropriate locations within the Urban Edge.
- Supporting the range of generic settlement models proposed in the ADM in the Land Reform & Settlement Plan E.3.6.1 Settlement Models and Prototypical Levels of Services

Notwithstanding the principle of limiting residential development outside of the Urban Edge, rural settlement upgrading and land reform is supported by Settlement Models and Prototypical Levels of Services.

The principal informant in guiding the definitions of different levels of service (LOS) for the purposes of defining the Urban Edge is the work approved by the Amatole District Municipality in the Land Reform & Settlement Plan (2003).

The intention of defining the different settlement models would be the establishment of a range of options that the BCM could endorse and make available to prospective beneficiaries of a land development process.

It is acknowledged at the outset that the range of settlement models is more easily contemplated in a 'Greenfields' situation such as in those areas where freehold tenure/commercial farming is the norm. However, the models are not only for new developments, but can be used to broadly identify and categorise existing settlements in order to shape planning and support interventions in these areas.

### 5.2.7 Mixed Uses

Depending on the land-use mix and the location of development, it may not always be desirable to have a mix of uses on one land parcel. The issue of mixed-use needs to be viewed at two scales:

- *Macro-scale* (i.e. within a local authority) - residential developments closer to work opportunities and business activities closer to residential areas should be encouraged, thereby achieving a better land-use mix over time.
- *Micro-scale* (i.e. on a single parcel of land) – strategies can be adopted to create a mix of land-use to create diverse, interesting and opportunity rich environments. Each case should be viewed on its merits; bearing in mind that overall a greater mix of activities is desirable.

The ideal of having mixed-use development is not a blanket philosophy. There may well be areas in which it remains desirable to limit business activities.

## 6. Special Development Areas

In order to give focus to the organisational activities of the BCM as it strives to achieve its developmental goals, several specific areas (or geographic localities) have been identified as **Special Development Areas**: - areas where the Municipality would need to prioritise its spending and resources to enhance and promote integrated development outcomes. These are proposed as: -

The **Central Business Districts** of East London, KWT, Mdantsane and Dimbaza.

**Urban Renewal Areas** identified as Mdantsane (an existing Urban Renewal Area identified as a Presidential Priority Project area and funded from various sources on that basis) and proposed 'Inner City Urban Renewal Areas': Duncan Village, Southernwood and Quigney.

**Development Corridors** identified as major transportation routes along which development could be encouraged, either as a band of development along a corridor or as nodal development. The two development corridors proposed for further action in Buffalo City are the MELD Corridor, for which a planning framework has already been completed, and the (related) Rail Corridor between Mdantsane and EL.

**The West Bank Mixed Land Use Cluster**, which is associated principally with the ELIDZ, but which is comprised of numerous existing and potential developments, including the EL Harbour, the Daimler Chrysler Manufacturing Plant and areas identified for industrial development, mixed land use, and public-funded housing.

**Rural Development Areas** where the focus would be on development planning for livelihoods support and agricultural development. These areas are seen as key target areas for land reform, principally for land redistribution, land tenure reform and land reform for agricultural development. The principal target areas are associated with land

that fell within or on the fringes of the former Ciskei, and land that is presently under pressure for settlement. The main component areas include: -

- Yellowwoods / Kei Road
- Newlands
- Needs Camp
- Chalumna
- Ncera Tribal Trust Area
- Dimbaza hinterland

## **7. Spatial Planning & Land Use Programmes**

In order to give effect to the SDF, three spatial development programmes and related priority projects are identified. It should be noted that the Priority Projects identified within the Programmes are not prioritised for completion in the time frame under review but extend beyond that.

The three spatial development programmes are noted as: -

- The Urban and Rural Forward Planning Programme;
- The Settlement Planning Programme;
- Land Use Management

### **7.1 The Urban and Rural Forward Planning Programme: 2010 - 2013**

This programme addresses the ongoing need for the BCM to be pro-active in spatial planning matters to ensure a secure and facilitative environment within which development can occur. The need for forward planning is acknowledged in the Development Facilitation Act (Act No. 67 of 1995) as well as the White Paper on Wise Land Use: Spatial Planning and Land Use Management and the related Land Use Management Bill (2001).

In essence, the SDF defines the notion of forward planning, in that it is the overall indicative plan applicable to a given municipal area. However, it is necessary for forward planning to be applied at different levels of detail in order to guide and inform current and future land developments and land uses at different scales. To this end BCM has developed and is developing more detailed or Local SDF's, to apply to certain precincts within the overall municipal area, where this is deemed necessary or desirable within the overall framework.

In accordance with the above understanding, the following have been identified as **priority Urban and Rural Forward Planning projects**, to give effect to the directions established in this SDF.

<b>Projects</b>	<b>Total Budget</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Gonubie Main Road LSDF	500,000	310,000		
Kwelera LSDF	500,000	300,000		
KWT LSDF	900,000	727,000		
Mdantsane LSDF	800,000	468,000		
Southernwood/Belgravia LSDF	500,000		500,000	
SDF Review & Implementation	800,000	<b>400,000</b>	<b>400,000</b>	
Vincent Berea LSDF Review	500,000			

Settlers Way LSDF	500,000			500,000
Amalinda Main Road LSDF	500,000			500,000
<b>Sub Total</b>	<b>5,500,000</b>	<b>2,205,000</b>	<b>900,000</b>	<b>1,000,000</b>

**7.2 The Settlement Planning Programme: 2010 - 2013**

This Programme focuses on the design of settlements for human habitation and includes the following: -

- Implementation, management, monitoring and evaluation of in-house and consultant project teams for a wide variety of Settlement Planning projects and interventions;
- Planning for municipal ‘Greenfield’ developments (i.e. the design and layout of new settlements);
- Planning for municipal ‘Brownfield’ developments (i.e. the re-design and subdivision and/or consolidation of existing settlements or developed areas);
- Planning for and upgrading of in-situ settlements of existing less formal and informal urban, peri-urban and rural settlements; and
- A wide range of feasibility studies that enable successful and comprehensive Settlement Planning projects.

The following have been prioritised as **Settlement Planning Branch projects**: -

<b>Projects</b>	<b>Total Budget</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Amalinda Nature Reserve Feasibility Study	230,000	230,000	0	0
Mzamomhle Feasibility Study	400,000	400,000	0	0
BCM Informal Settlement Study	300,000	300,000	0	0
DV : C-section Township Establishment	50,000	0	50,000	0
DV : D-Hostel & DV Proper Township Establishment	380,000	300,000	80,000	0
Braelynn Ext 10 North Township Establishment	680,000	500,000	180,000	0
Mdantsane Infill Areas Phase 11	500,000	500,000	0	0
<b>Sub Total</b>	<b>2,540,000</b>	<b>2,230,000</b>	<b>310,000</b>	<b>0</b>

**7.3 Land Use Management**

Land Use Management addresses the ongoing need for the BCM to engage in land use management within the terms of reference of the new, normative planning system promoted by National government in recent policy and legislation.

Key activities here include establishing a sound knowledge base to provide clear direction on land use and potential areas for land development and land use changes, but principally, the formulation of a new, integrated and unitary Land Use Management Scheme, which would have a binding effect on land development and land use management in the different settings of the urban and rural environments in Buffalo City.

# SECTION H

## OPERATIONAL FRAMEWORK & STRATEGIES

### 1. Introduction

BCM was established in terms of the Provincial Gazette Extraordinary 28 February, Notice 22 of 2000 (with a number of subsequent amendments). The 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 so as to ensure its effectiveness for delivery on its developmental mandate as outlined in the Constitution and Buffalo City's IDP.

This work is not a static, once-off process, but a continuous process of evaluation and re-orientation to ensure that the organisation remains relevant to the changing situation and the developmental objectives outlined in the IDP.

### 2. Buffalo City Municipality: Political Structure

The section 12 notice published by the M.E.C. for Local Government & Housing determined that Buffalo City Council, in terms of section 9(d) of the Municipal Structures Act 1998, would have an Executive Mayoral System combined with a Ward Participatory System.

The Executive Mayor has a ten-member Executive Mayoral Committee, a Speaker and eighty-nine elected councillors. Forty-four Councillors were elected in terms of the system of proportional representation and forty-five Councillors represent wards.

#### 2.1 Ward Committees

Local Government elections were held on 1 March 2006, which established new ward boundaries and ushered in new ward councillors. Ward Committees have been established, in terms of sections 72-78, of the Municipal Structures Act, for the 45 wards. However, their term of office has since come to an end and the process to elect new Ward Committees is still on hold.

Ward committees are chaired by the ward councillors and consist of ten elected members. Ward committees are consultative community structures, whose purposes are to broaden participation in the democratic process of Council and to assist the Ward Councillor with organising consultation, disseminating information and encouraging participation from residents in the ward.

#### 2.2 Standing Committees

In terms of sections 79 & 80 of the Municipal Structures Act (117 of 1998) and Section 160 of the Constitution, Standing Committees have been established to assist the Executive Mayor. In 2002, the Council sought to align the political and administrative structures of Buffalo City. It achieved this through aligning the Standing Committees with the new organisational structures and creating both Operational and Strategic Standing Committees.

The purpose of the Strategic Committees is to deal with issues of a cross-cutting nature that are seen as having particular strategic importance for the municipality. Previous

Standing Committees were thus dissolved and the following Operational and Strategic Committees were created:

**Operational Standing Committees:**

- Corporate Services Standing Committee
- Development Planning Standing Committee
- Engineering Services and Infrastructure Standing Committee
- Finance Standing Committee
- Social Services Standing Committee

*STRATEGIC STANDING COMMITTEES*

- IDP, Budget Policy, Performance Management and Integrated Environmental Management Committee
- Special Programmes Committee
- Economic Development & Tourism Committee

These Standing Committees are chaired by Mayoral Committee members and have members from all political parties. The Operational Committees are limited to a maximum of 14 members and the Strategic Committees to a maximum of 7 members.

**3. Buffalo City Municipality: Administrative Structure**

The Buffalo City Municipality implements its Integrated Development Plan through its administrative structures headed by the Municipal Manager with the following Directorates:

- Municipal Manager’s Office
- Directorate: Executive Support Services
- Directorate: Corporate Services
- Directorate: Planning & Economic Development
- Directorate: Engineering Services
- Directorate: Community Services
- Directorate: Health & Public Safety
- Directorate: Financial Services
- Directorate: Chief Operating Officer



*FIGURE H.1: BUFFALO CITY MUNICIPALITY: ADMINISTRATIVE STRUCTURE*

The Municipality has an organogram with 9642 posts. However, only 4908 of these are funded positions.

BCM has developed organizational design principles, which are incorporated into an **Organization Design Policy**. This serves as the framework for all future changes to the

organisational structure. The key to these design principles is ensuring the allocation and alignment of resources in terms of the IDP objectives.

### 3.1 Directorate: Executive Support Services

The Directorate of Executive Support Services consists of the following Departments, namely:

- Public Participation & Special Programmes
- IDP, Budget Integration, Performance Management & GIS
- Development Cooperation & Communications
- Executive Support Services
- Manager: Office of the Speaker
- Knowledge Management & Research
- Office of the Chief Whip

Figure H.2 details the organogram of the Directorate of Executive Support Services up to Management level.



FIGURE H.2: EXECUTIVE SUPPORT SERVICES

### 3.2 Directorate: Corporate Services

The Directorate of Corporate Services consists of the following Departments, namely:

- Human Resources
- Organisational Support
- Internal Audit, Compliance & Governance

Figure H.3 details the organogram of the Directorate of Corporate Service up to management level.



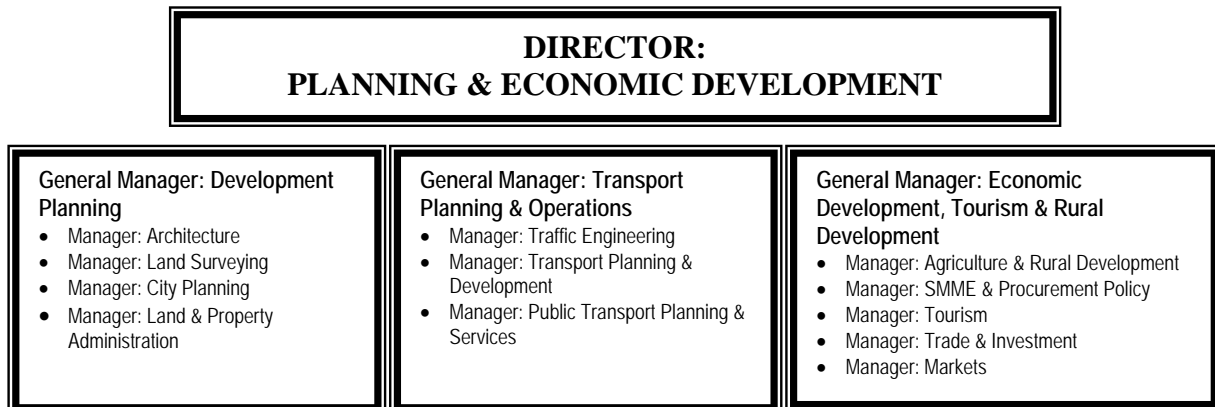
Figure H.3: Corporate Services

**3.3 Directorate: Planning & Economic Development**

The Directorate of Planning & Economic Development consists of the following Departments, namely:

- Development Planning
- Transport Planning & Operations
- Economic Development, Tourism & Rural Development

Figure H.4 details the organogram of the Directorate of Development Planning & Economic Development up to management level.



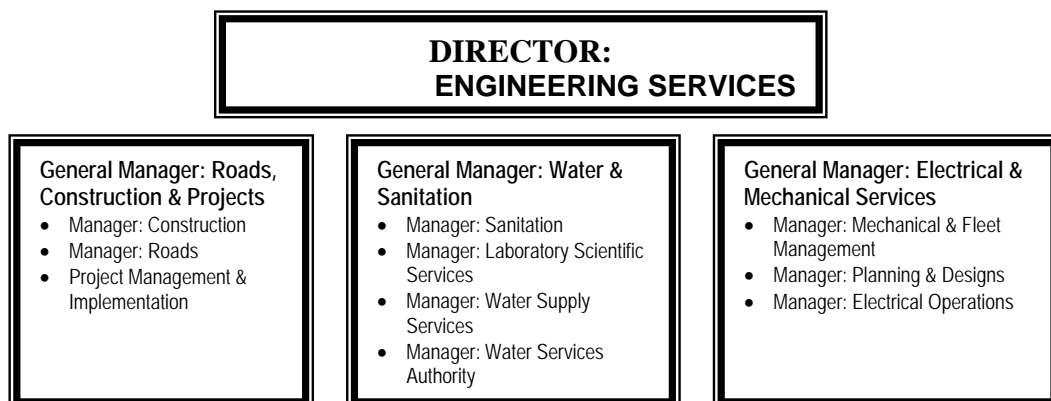
*FIGURE H.4: PLANNING & ECONOMIC DEVELOPMENT*

**3.4 Directorate: Engineering Services**

The Directorate Engineering Services consists of the following Departments, namely:

- Water & Sanitation
- Roads, Construction & Projects
- Electrical & Mechanical Services

Figure H.5 details the organogram of the Directorate of Engineering Services up to management level.



*FIGURE H.5: ENGINEERING SERVICES*

**3.5 Directorate: Community Services**

The Directorate Community Services has the following Departments, namely:

- Solid Waste Management
- Amenities, Arts & Culture & Environmental Services
- IEMP & Sustainable Development

Figure H.6 details the organogram of the Directorate of Community Services up to management level.



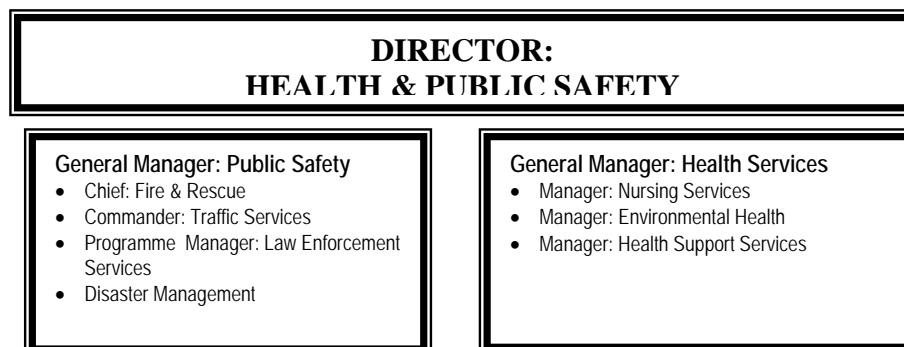
*FIGURE H.6: COMMUNITY SERVICES*

**3.6 Directorate: Health & Public Safety**

The Directorate Health & Public Safety has the following Departments, namely:

- Public Safety
- Health Services

Figure H.7 details the organogram of the Directorate of Health & Public Safety up to management level.



*FIGURE H.6: HEALTH & PUBLIC SAFETY*

**3.7 Directorate: Financial Services**

The Directorate Financial Services consists of the following departments, namely:

- Asset & Risk Management
- Revenue Management
- Budget & Treasury
- Supply Chain Management

Figure H.8 details the organogram of the Directorate of Financial Services up to management level.



*Figure H.8: Financial Services*

**3.8 Directorate: Office of the Chief Operating Officer**

The Directorate: Office of the Chief Operating Officer consists of the following departments, namely:

- Housing
- Special Projects
- Urban Renewal

Figure H.9 details the organogram of the Directorate: Office of the Chief Operating Officer up to management level.



*Figure H.8: Office of the Chief Operating Officer*

## 4. Integration & Coordination: Political & Administrative

The political and administrative structures work closely together to achieve the objectives of the Municipality as set out in the IDP. Strategies used to ensure alignment between the political and administrative arms of the Municipality include: the structuring of the Standing Committees linked to the Directorates, the placement of Mayoral Portfolio Committee Members within the offices of the relevant Directorates and Departments and through the workings of the IDP Cluster Working Groups and the IDP/Budget & Performance Management Representative Forum.

To implement the IDP, it is critical that all the Directorates and Departments co-ordinate and work together. This co-ordination is an on-going process that takes place through formal and informal means. Some of the formal structures include the Cluster Working Groups, the IDP, Budget and Performance Management Technical Steering Committee, the Municipal Manager's & Directors' Meeting, the General Managers' Forum and integrated project working groups.

### 4.1 IDP Cluster Working Groups

As noted above, the IDP was developed and has been reviewed using Thematic Integrated Working Groups or Clusters. The themes of these working groups or clusters include:

- Social & Environmental
- Spatial & Infrastructure
- Finance & Institutional
- Economic Development

These clusters are small strategic and operational teams led by directors or relevant key officials and Mayoral Committee members. Each of these teams is composed of representatives from all Directorates, officials who are involved in the direct management and implementation of issues linked to themes and all BCM Councillors.

The role of these Clusters is to ensure inter-directorate coordination, cooperation and strategic thinking with regard to the development and review of the IDP, Budget and Performance Management System.

The *Spatial Development Framework* highlights the need for integration and co-ordination in implementation. The *SDF* emphasises spatial integration.

The integrated cluster working groups should be utilised for this purpose, with clusters meeting on a quarterly basis to ensure continued co-ordination during implementation, to assess progress with IDP implementation, budget expenditure and to agree on any adjustments to the cluster budget.

An IDP/Budget and Performance Management Technical Working Group is in place and one of the key objectives of this Committee is to ensure integration and co-ordination.

### 4.2 Municipal Manager and Directors' Committee Meeting

The Municipal Manager meets with the Directors and Strategic Advisors on a monthly basis to discuss and make decisions on issues of strategic and operational importance, thereby contributing towards inter-directorate co-ordination.

#### **4.3 Integrated Project Working Groups**

Many of the IDP projects are implemented by inter-departmental project steering committees thus ensuring integration, not only in the planning phase, but also during implementation.

# SECTION I

## Framework for the Performance Management System

### 1. Introduction

#### 1.1 Strategic Objectives of a Performance Management System

Many of South Africa's municipalities, including Buffalo City, continue to endure the legacy of under-development, poverty, infrastructure backlogs and inequitable access to basic services. In response to these, Government is putting in place various mechanisms and measures to fight poverty and unemployment.

In the local government context, a comprehensive and elaborate system of monitoring performance of municipalities has been legislated. This system is intended to continuously monitor the performance of municipalities in fulfilling their developmental mandate. Central to this is the development of key performance indicators as instruments to assess performance. These indicators help to translate complex socio-economic development challenges into quantifiable and measurable outputs. They are therefore crucial if a proper assessment is to be done of the impact of government in improving the quality of life for all.

In this regard, the Municipal Planning and Performance Management Regulations (2001) stipulate 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, organized and managed, including determining the roles of the different role players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Buffalo City Municipality (BCM) believes that the principles of performance management should:

- Drive change and improve the performance of the organisation;
- Focus the organisation's work on its priorities
- Measure the organisation's overall performance against set objectives;
- Align strategic objectives and priorities with individual work plans;
- Identify success as well as failure; and
- Identify good practice and learning from others' successes.

#### 1.2 Policies and Legislative Framework for Performance Management

The framework for Performance Management is informed by the following policy and legislation on performance management:

- The Constitution of the RSA, 1996 ( Act 108 of 1996)
- The Batho Pele White Paper (1998)
- The White Paper on Local Government (1998)
- The Municipal Systems Act, 2000 ( Act 32 of 2000)
- Municipal Planning and Performance Management Regulations 2001(No 796, 24 August 2001)
- Regulations for Municipal Managers and Managers reporting directly to Municipal Managers, 1 August 2006
- The Local Government : Municipal Structures Act, 1998 (Act 117 of 1998)

- The Municipal Financial Management Act , 2003 (Act 66 of 2003)

In accordance to the legislative requirements and good business practices, the BCM developed and implemented a performance management system. The main objectives of the system are to guide and manage the performance of the municipality (as an organisation) and employees (as individuals) throughout the City

### **1.2.1 The Municipal Systems Act, No. 32 of 2000,**

States that a Municipality must:

1. Develop a Performance Management System.
2. Set targets, monitor and review performance based on indicators linked to their Integrated Development Plan (IDP).
3. Publish an Annual Report on performance for the Councillors, staff, the public and other spheres of Government.
4. Conduct an internal audit of performance before tabling the report.
5. Have their annual performance report audited by the Auditor-General.
6. Involve the community in setting indicators and targets and reviewing municipal performance.

### **1.2.2 The Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 7(2)**

Require that the Municipality, in developing its Performance Management System, must ensure that the system:

1. Complies with all the requirements set out in the Municipal Systems Act;
2. Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
3. Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
4. Clarifies the processes of implementing the system within the framework of the Integrated Development Planning process;
5. Determines the frequency of reporting and the lines of accountability for performance;
6. Relates to the Municipality's Employee Performance Management processes.

Furthermore, Section 43 of the Systems Act authorises the Minister to prescribe general KPIs that every municipality must report on. Regulation 5(1) mentions the following general KPIs:

1. The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.
2. The percentage of households earning less than R1100-00 per month with access to free basic services.
3. The percentage of the Municipality's capital budget actually spent on capital projects in terms of the IDP.
4. The number of local jobs created through the Municipality's local, economic development initiatives, including capital projects.
5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a Municipality's approved employment equity plan.
6. The percentage of a Municipality's budget actually spent on implementing its workplace skills plan.
7. Financial viability with respect to debt coverage; outstanding debtors in relation to revenue and cost coverage.

The objective of institutionalising a Performance Management System (PMS), beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the Municipality's IDP. In doing so, it should fulfil the following functions:

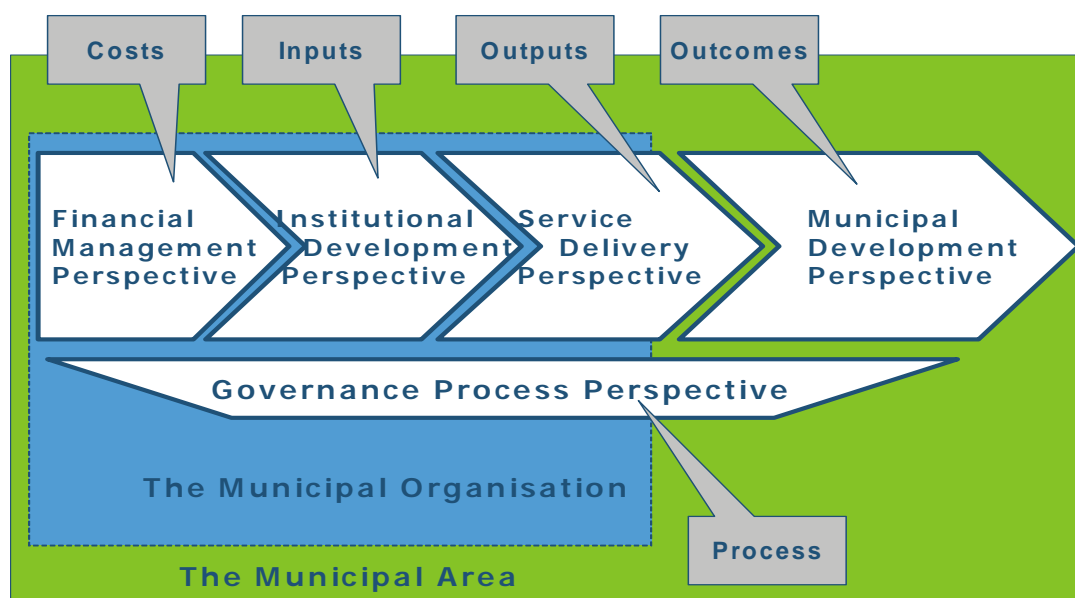
- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes
- Creating a culture of best practice, share learning among Municipalities
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of a Local Government system

### 1.2.3 The Municipal Financial Management Act

It is also important to note that the Municipal Finance Management Act (MFMA) contains various important provisions related to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with service delivery targets and performance indicators. Whilst considering and approving the annual budget the Municipality must also set measurable performance targets for each revenue source and vote.

## 2. The Municipal Scorecard

A number of performance models are available and any of them could be applied by the Buffalo City Municipality. Some of the available models include the Municipal Scorecard, Balanced Scorecard and the Key Performance Area Model. However, the Municipality has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into five (5) perspectives as depicted in figure 1.1. below e.g. costs, inputs, outputs, outcomes and process.



Source : Palmer Development Group (2006)

Figure 1.1: Municipal Scorecard

### **2.1. The Municipal Development Perspective**

In this perspective, the municipality will assess whether the desired development impact in the municipal area is being achieved. It incorporates social, environmental and economic development aspects. This perspective will constitute the development of priorities for the municipal area and indicators that tell us whether the desired development outcomes are being achieved. It is expected that the development priorities and indicators, will often lie within the shared accountability of the municipality, other spheres of government and civil society. The measurement of developmental outcomes in the municipal area will be useful in informing whether policies and strategies are attaining the desired development impact.

### **2.2. The Service Delivery Perspective**

This perspective will assess performance with respect to the delivery of services and products. This relates to the output of the municipality or municipalities.

### **2.3. The Institutional Development Perspective**

This perspective will assess performance with respect to the management of municipal resources:

- Human Resources
- Information
- Organizational Infrastructure
- Asset management

This relates to the inputs of the municipality or municipalities.

### **2.4. The Financial Management Perspective**

The perspective will assess performance with respect to financial management and viability, including:

- Financial viability indicators
- Operating income vs. Operating expenditure performance
- Financing infrastructure investment vs. capital expenditure performance
- Financial management performance.

### **2.5. Governance Process Perspective**

This perspective will assess performance with respect to engagements and relationships with its stakeholders in the process of governance. This perspective will include, amongst others:

- Public participation, including the functionality and impact of ward committees
- Functionality and impact of municipal governance structure (council structures including the offices of the speaker, and portfolio committees/clusters and executive)
- Access to information
- Intergovernmental relations

This relates to the governance processes of the municipality.

### **The Process of Managing Organisational Performance**

The process of performance management is central to modern notions of management i.e. it is inseparable from the things that a manager must do. It is important that performance management is mainstreamed in a municipality as an approach to daily management.

Performance management cycle is illustrated on figure 1.2. below:

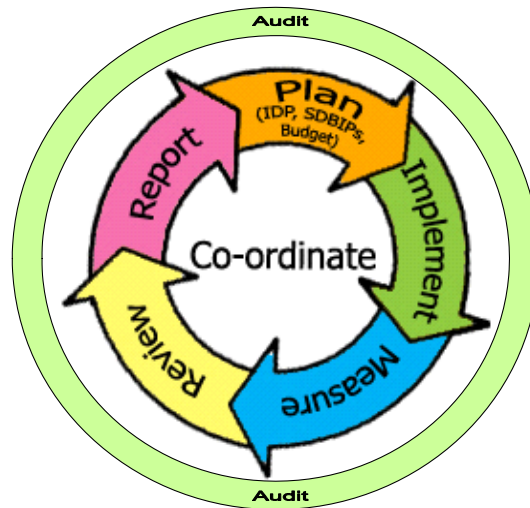


Figure 1.2

It is important to note that the Municipal Scorecard model assumes the following cause-and-effect hypothesis based on an open-systems theory by which inputs are used through process to develop or deliver, in this case products and services which eventually would benefit the community as a whole. This cause and effect relationship is depicted schematically in Figure 1.3.

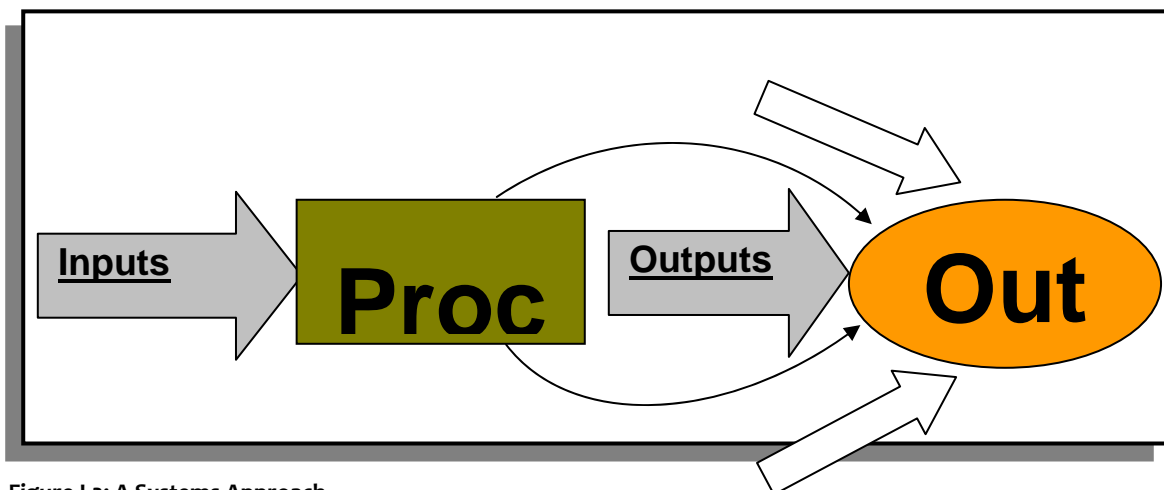


Figure 1.3: A Systems Approach

### 3. THE CAUSAL EFFECT

The value-add of a framework is that it gives guidance to the integrating process of performance objectives and indicators at the different levels within an institution. A major issue of resistance to performance management within municipalities is usually the argument of individual control, by implication the individual is hesitant to commit to certain indicators as he or she has little control over the outcome or ultimate achievement

of a relevant performance objective and indicator. The MS model is one of the few models which accommodate this area of contention as it allows for the clear demarcation of accountability.

It should be clear from the above that the senior employee is accountable for all three levels which feed into the outcomes to be achieved and which should be under the control of the municipality. The Municipal and/or Institutional Scorecard should therefore have a healthy balance of indicators clustered into the different categories of inputs, process, outputs and outcomes. The emphasis should be placed on outputs because these indicators directly reflect the results of the indicators achieved through input and process.

#### **4. Scorecards**

A Scorecard is a logical and visually powerful method of representing performance management information, at both the Organizational/Institutional (Municipal and Directorate) and Individual (Manager and Employee) levels.

##### **Scorecards must be:**

1. **Tightly aligned to the strategic planning and IDP processes.**
2. **Directly relevant to the notion of developmental local government.**
3. **A balanced view of performance based on inputs, outputs, outcomes and process.**
4. **A simple portrayal of municipal performance, where inter-relations can be mapped.**

**There are two levels of scorecards for BCM, i.e. the Institutional and Individual Scorecards.**

##### **4.1 Institutional Scorecard**

Buffalo City Municipality adopted a Framework for Institutional Performance that contains an Annual Work plan which is meant to ensure the integration of Performance Management System activities with general management processes that provides for reporting to the Municipal Council bi-annually.

##### **BCM Institutional Scorecard reflects 6 strategic priorities; namely:**

<b>KEY ISSUES</b>	<b>BCM KEY OBJECTIVES</b>
<i>Buffalo City lacks a clearly defined long-term development strategy, which negatively impacts on the ability of BCM &amp; Buffalo City stakeholders to work towards the achievement of Buffalo City's vision.</i>	<b>BCM1</b> 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>	<b>BCM2</b> 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>	<b>BCM3</b> 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>	<b>BCM4</b> 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 &amp; electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities &amp; an enriching environment.</i>	<b>BCM5</b> 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)

*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.*

**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.

At institutional level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives.

The measures set for the Municipality at institutional level is captured in an **institutional scorecard** structured in terms of the preferred performance management model of the Municipality. The measures at operational level are to be captured in the SDBIP of the Municipality and the SDBIPs of the various Departments in the Municipality. BCM's performance management data is also informed by the five (5) Key Performance Areas (KPA) which were identified by DPLG namely:

- Municipal Transformation & Organisational Development
- Infrastructure Development and Service Delivery
- Local Economic Development
- Municipal Financial Viability & Management
- Good Governance & Public Participation

The performance of both organisation and individual is measured against these key performance areas.

## 4.2 Individual Scorecards

### 4.2.1. Individual Performance Management System (IPMS)

Individual or staff Performance Management deals with *performance on the level of the individual employee*. BCM has identified four (4) phases of performance management process, which are; planning, coaching, reviewing and rewarding phase. Individual performance targets are formulated during business planning process referred to in section 8.2. Measuring staff performance provides Council and management with appropriate information on the behaviour of staff and outcomes in the workplace. Coaching is an ongoing process; it assists to identify performance gaps and interventions that will empower employees to be able to achieve planned objectives. Reviewing staff performance at regular intervals will provide the Council and management with appropriate information on performance gaps or excellence.

By cascading performance measures from strategic to operational level, both the IDP and the SDBIP, forms the link to individual performance management. This ensures that performance management at the various levels relate to one another which is a requirement of the Municipal Planning and Performance Regulations and the MFMA. The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget (circular 13 of the MFMA). The SDBIP in essence becomes the

main operational tool to translate and manage the performance objectives as formulated in the IDP.

This process is illustrated by the diagram below and as described in circular 13.

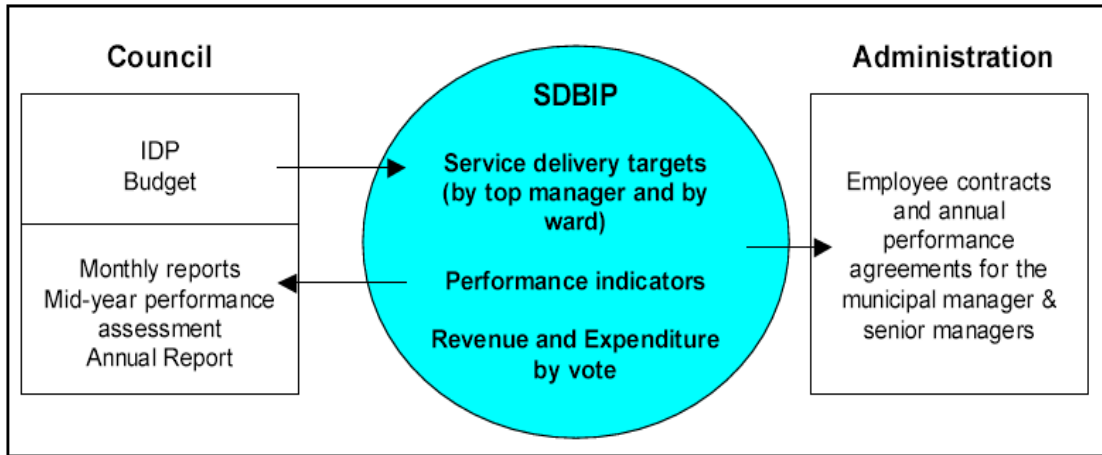


Figure I.4: SDBIP as a Management Tool