

INTEGRATED DEVELOPMENT PLAN REVIEW OF BUFFALO CITY METROPOLITAN MUNICIPALITY



EXECUTIVE SUMMARY



A City Hard at Work

BUFFALOCITYMETROPOLITANMUNICIPALITY

Unity in Action. A City Hard at Work.



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Foreword by the Executive Mayor

The Council of Buffalo City Metro is presenting yet another review of its Integrated Development Plan (IDP 2016 – 2021). We are presenting an IDP that is more integrated to our long-term vision, the Metro Growth and Development Strategy (MGDS), Vision 2030 which tasks us to build a well-governed, spatially transformed, green, well-connect and productive city. The full integration of the MGDS and the IDP will lead to the desired levels of policy certainty in our Metro which is a key ingredient for increased investment and economic growth.

This is an IDP review for our fourth financial year as the current term of council as we assumed office in August 2016, just after the start of the 2016/17 financial year. This is why most of the projects that we intended to do are coming into fruition. The IDP assists us to better structure these implementation efforts for a city-wide impact. Whilst focusing on ensuring that each ward priority is delivered, the strategy assists us to integrate so that development in our city is not varied and its impact scattered.

We believe that doing this is what continues to make the people of our city to have confidence in democracy as a critical vehicle for improving their lives. This is evidenced by their participation in the general elections which took place on the 08th of May in 2019. Our commitment is to ensure that this is not in vain and we will do this by continuing to improve our governance and administration so that we make our municipality to be an even better instrument in the service of all the citizens of Buffalo City and broadly the Eastern Cape.

The priorities contained in our IDP will assist us to eradicate the fractured urbanity that currently prevails in our city. Government's Integrated Urban Development Framework guides us to address this challenge by aligning and integrating our investments in the transportation and related infrastructure, human settlements, social and economic infrastructure networks.

Our Metro is one of the two Metros in the Eastern Cape and one of the areas with relative industrial activity. This and other pull factors of urban life, has led to a rapid rise of urbanisation in our metro. Whilst our population growth rate is far lower than other metros, the socio-economic circumstances of the people that our city attracts creates a strain on our resources. We are thus resolved to make this Buffalo City liveable to all its inhabitants with no discrimination based on race, class or gender.

Another reality that cannot be escaped in our city is the fact that we are surrounded by small, rural and significantly underdeveloped municipalities. We can have demarcations between us and municipalities of Nkonkobe, Great Kei and Amahlathi but many of our people stay and commute across these

boundaries. Our city continues to be the urban hub for these towns and their development will directly increase our economic fortunes. This is why we have decided to also prioritise strategic linkages with these municipalities, and this is our attempt of approaching development as a continuum which does not have tolerance for the rural-urban divide.

We want to report that ever since our inauguration of this current council, we have ensured that we are in constant contact with the citizens of our metro so that their views find expression in our programmes. Our intention is to ensure that the thinking of the people that we serve is streamlined in the development planning of the municipality.

We have always ensured that we engage our communities through the IDP and Budget consultations and this document we are presenting today is a full product of such engagements. This IDP is what we committed ourselves to do, together with the citizens of the metro. The Mayoral Imbizo programme is another platform that we use to update our people on certain priorities and ask them to point us to our blind spots.

Immediately after the council was constituted in August 2016, we established proper delegation of functions within the executive and appointed 10 Portfolio Committees with their heads. We further established a Mayoral Committee which meets monthly to consider the work of the various committees. Towards the end of 2018, we did a mid-term reconfiguration of the Mayoral Committee all within the spirit of reviewing and improving our functionality and ensuring that our municipality delivers with speed.

We can report that the municipality has a well-functioning audit committee and that risk management has been institutionalised across the organisation. Whilst we faced regression in the audit outcome for the 2017/18 financial year, we can report that an audit improvement plan has been adopted by the top management with the sole aim of addressing all the findings of the Auditor General. This will place us on a path towards an unqualified audit.

We have developed other methods of broadening the capacity of the municipality by supporting the Buffalo City Metro Development Agency and getting the services of Government Technical Advisory Centre (GTAC). The Government Technical Advisory Centre (GTAC) partnership is proving very helpful and we are on course in our process of institutionalising the Metro Growth and Development Strategy (MGDS). The Development Agency is operating as a principal economic development institution of the municipality and it is given the responsibility of planning and implementing major development projects in the municipality.

In order for us to fulfil our mandate of improving the lives of our people we have decided to ensure that 70 percent of our total capital budget is allocated to infrastructure development. The capital budget for the next financial year is projected to be R1,73 billion. This will be spent on the upgrade and provision of water, building of roads and the servicing and upgrading of our electricity network. The provision of integrated human settlements has also been prioritised and we will continue with our gradual rollout of electricity to informal settlements.

We have placed even more emphasis on our Waste Management, with particular focus being on refuse collection and the eradication of illegal dumps. To create the necessary efficiency, the Council of our City is in the process of establishing a dedicated Solid Waste Management Directorate by splitting the Municipal Services Directorate. We believe that this increases the focus on solid waste management and ensure that dedicated budget allocations and expenditure by this important function are easily monitored. This reviewed IDP is thus a progress report on ongoing programmes of the City which are aimed at changing its face for the better.

A City Hard at Work



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Cllr Xola Pakati

Executive Mayor of BCMM

Overview by the City Manager

As we enter the next phase of urban development, cities as engines of the South African economy are required to adopt sustainable strategies to undermine poverty, inequality and unemployment. The Buffalo City Metropolitan Municipality (BCMM) is no exception, and hence it adopted the Municipal Growth and Development Strategy (MGDS) as its blue print for development.

When embarking on this journey of developing a long-term 15-year vision (towards 2030) for the development of the area, BCMM considered and managed those complexities associated with the hierarchy and relationships between the different planning instruments. It is within this context that the first five-year IDP (2016/2021) had been reviewed for the third time (for 2019/2020) during this cycle.

Much of the burden of success of the MGDS programmes, against the background of the overall municipal planning framework, rests on the City's Built Environment Performance Plan (BEPP), which directs the infrastructure and spatial investment decisions that are critical for the realisation of growth and development within BCMM. BEPP provides the needed implementation framework on how to make the MGDS priority areas a reality. The MGDS and BEPP as development tools, have provided the necessary direction during the determination of the City's 2016- 2021 Integrated Development Plan (IDP) and its subsequent reviews.

The Impetus provided by these instruments directed the City to give content and meaning to the strategic mandate shared by both the MGDS and IDP through the following Strategic Outcomes:

- **An innovative and productive city:** with rapid and inclusive economic growth, and falling unemployment
- **A green city:** environmentally sustainable with optimal benefits from our natural assets. A clean and healthy city of subtropical gardens.
- **A connected city:** high-quality (and competitively priced) connections to ICT, electricity and transport networks (inside the city and to the outside world).
- **A spatially transformed city:** the spatial divisions and fragmentation of the apartheid past are progressively overcome, and township economies have become more productive.

Our intention to ensure that we can consistently observe strategic and realistic alignment throughout the MGDS, IDP, Budget and Service Delivery and Budget Implementation Plan motivated the creation of 47 Key Focus Areas (KFAs) during the IDP Review for 2019/2020. These KFAs have been carefully selected to align with the 5 Strategic Outcomes originating from the MGDS and is also meant to ensure that the core functions of the metro receive the necessary scrutiny during all levels of planning, implementation, monitoring and evaluation.

BCMM, through the annual review process, will direct the Integrated Development Plan and Medium-Term Revenue and Expenditure Framework towards choices that will protect and enable economic growth. Particular care was taken that appropriate revenue enhancement strategies are employed to reduce the overall dependence on intergovernmental transfers.

Encouraging foreign and direct investment with renewed vigor and focus, will be attended to as a priority, particularly in the first IDP term of the duration of our MGDS. We understand all too clearly that the performance (growth or decline) of the local economy has a direct effect on the ability of the municipality to generate sufficient revenue to support its development objectives.

The 2019/2020 IDP Review process is an outcome of an intensive and detailed series of engagements with our communities through the following key participatory democracy instruments:

- Mayoral Imbizos (held during October 2018);
- Ward Committee engagements and activities (held throughout the 2018/2019 financial year);
- IDP Representative Forum meetings (held in August 2018 and February 2019);
- Traditional Leaders Consultation (held on 10 May 2019);
- IDP/Budget Roadshow engagements (held on 14 to 29 April 2019); and
- Council Open Day (held on 16 May 2019)

Through these engagements we were able to gather input from the different stakeholders regarding the type of development programmes which will be implemented by the city during the 2019/2020 IDP Process. These are framed in accordance with the following service delivery areas, namely:

- Electricity delivery
- Water for household use
- Sewage and sanitation
- Refuse removal
- Fire fighting services

- Decisions around land use
- Municipal roads infrastructure
- Municipal public transport
- Street trading
- Parks and recreational areas
- Amenities
- Sports Facilities
- Halls
- Beaches
- Cemeteries and crematoria
- Houses
- Unemployment and Skills Development

We understand that the road ahead will be far from easy and that our challenges as a city, such as climate change, secure, sustainable and competitive energy, demographic change, social polarisation, and human and economic development are very complex. Yet, we look forward to advancing the development discourse of our city through these service delivery areas. As we enter the next phase of the City's Growth and Development discourse of BCMM we remain humbled by the support and commitment of our local, regional, national and international partners our parties, residents, ratepayers and communities. With you by our side, we will remain a City Hard at Work!



A SIHLAHLA
CITY MANAGER

1 INTRODUCTION

Section 34 of the South African Local Government Municipal Systems Act 32 of 2000 makes provision that

“a municipal council—

(a) must review its integrated development plan—

- (i) annually in accordance with an assessment of its performance measurements in terms of section 4, and*
 - (ii) to the extent that changing circumstances so demand; and*
- (b) may amend its integrated development plan in accordance with a prescribed process.*

In compliance to the above legislative prescript, Buffalo City Metropolitan Municipality (BCMM) has conducted its 2019/20 IDP Review, which is the third review of the BCMM's 2016-2021 IDP Cycle.

This document, therefore, sets out the outcomes of the planning process towards the development of the 2019/20 Integrated Development Plan Review. It describes the following:

- The process followed to develop Buffalo City's IDP;
- The key considerations or informants of the IDP;
- The objectives, strategies, key performance indicators and targets that have been developed and aligned to the long-term Metro Growth and Development Strategy adopted by Council.

THE PROCESS FOLLOWED

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its integrated development plan.

The Buffalo City Metropolitan Municipality (BCMM) Council adopted its 5-year IDP for its term of office in May 2016. This 2019/20 revised IDP indicates the changes to the adopted IDP and has been reviewed in accordance with Section 34 of the Municipal Systems Act to:

- Ensure its relevance as the municipality's strategic plan;
- Inform other components of the municipal business process including institutional and financial planning and budgeting; and
- Inform the cyclical inter-governmental planning and budgeting cycle.

For the IDP to remain relevant the municipality must assess implementation performance and the achievement of its targets and strategic objectives. In the light of this assessment the IDP is reviewed to reflect the impact of successes as well as corrective measures to address problems. The IDP is also reviewed in the light of changing internal and external circumstances that impact on the priority issues, outcomes and outputs of the IDP.

In compliance with the legislative requirements Buffalo City Metropolitan Municipality undertook the following activities in line with the IDP/Budget/PMS Process Plan towards the 2019/20 financial year:

No.	Activity	Date	Purpose
1.	External Stakeholders Needs and Priorities	08 August 2018	To solicit external stakeholders needs and priorities through an advertisement placed in the local newspaper.
2.	External Representative Forum Meeting	12 August 2018	Presentation of the IDP/Budget Process Plan and to provide feedback on previous financial year's performance to external stakeholders.
3.	IDP Councillors Workshop	17 August 2018	Outlining the IDP/Budget Review process in order to ensure common understanding and full participation in the process.
4.	Council adopts 2019/20 IDP/Budget/PMS process plan	29 August 2018	Adoption of IDP/Budget Process Plan.
5.	Ward Needs and Priorities	01 October – 21 November 2018	To request Ward Councillors to submit the top 5 needs and priorities of each ward.
6.	Mayoral Imbizo Programme	09-12 Oct 2018	<ul style="list-style-type: none"> Executive Mayor interaction with communities and capturing of needs and priorities To provide feedback on issues raised during the last public consultation process To share planned capital and operating expenditure earmarked for their respective areas To highlight key achievements of the Metro.
7.	Executive Mayoral Lekgotla	01 November 2018	To present and review: <ul style="list-style-type: none"> Strategic objectives for service delivery and development Outline broad capital budget allocations for the 2018/19 – 20/21 MTREF period.
8.	Councillors Session	09 November 2018	To: <ul style="list-style-type: none"> Provide feedback from the Executive Mayoral Lekgotla; Determine Strategic Priorities of the Institution for 2019-2021; Consider reviewed BCMM Policies; Review the BCMM Organisational structure; and Consider BCMM's delegations framework
9.	Technical Planning Session	14-15 February 2019	To consider: <ul style="list-style-type: none"> Mid-year adjustment budget and service delivery targets; Draft Integrated Development Plan and MTREF Budget.

No.	Activity	Date	Purpose
10.	Councillors workshop	15-16 March 2019	Confirmation of draft IDP 2019-20 and MTREF Budget.
11.	IDP Workstream Meetings	Ongoing	To confirm draft projects and programmes for 2019/20.
12.	National Treasury Mid-Year Budget and Performance Assessment Visit	11 February 2016	To conduct a mid-year assessment of the municipality in preparation for the adjustment budget in terms of section of MFMA.
13.	External Representative Forum Meeting	14 March 2019	<ul style="list-style-type: none"> To present draft IDP 2019 - 2021 and MTREF Budget. To report on 2018/19 SDBIP Mid-year Performance
14.	Council Meeting	27 March 2019	To adopt draft IDP 2019-2021 and MTREF Budget.
15.	Councillors' Briefing Session on IDP / Budget Roadshows	11 April 2019	To brief Councillors on the preparations made for roadshow meetings and consult them on the draft responses to the Ward Priorities
16.	IDP / Budget Roadshows throughout BCMM	14 – 29 April 2019	To present the draft revised IDP and MTREF and invite public comment
17.	Municipal Budget and Benchmark Engagement by National Treasury	6 May 2019	Assessment of the BCMM 2019/2022 MTREF
18.	IDP/Budget Roadshows (Business Community and Traditional Leaders)	23 April and 10 May 2019	<p>To present the draft revised IDP and MTREF and invite comment</p> <p>* Business Roundtable was postponed due to poor attendance.</p>
19.	Council Workshop on the Final IDP/Budget for Final Adoption	15 May 2019	<p>The objectives of the workshop were to:</p> <ul style="list-style-type: none"> Inform Council of the key issues raised by communities during the IDP and Budget Roadshow held between 14 and 29 April 2019; Reflect on the progress made thus far on the implementation of the Five-year Integrated Development Plan; Provide a snapshot of the proposed plans to address the key issues raised by communities through budgetary commitments and monitoring the progress thereof through the identification and monitoring of key performance indicators and targets in the IDP; and Interrogate the Tabled MTREF Budget before its formal submission to Council for approval.
20.	Council Open Day	16 May 2019	<ul style="list-style-type: none"> To present matters raised by community members during IDP/Budget roadshow ward meetings that were convened throughout the City from 14 – 29 April 2019; To report on the Planning Process followed to REVIEW the Five-year IDP for 2019/2020 and DEVELOP the 2019/2022 MTREF; and To present the final draft MTREF
21.	Council Meeting	29 May 2019	<ul style="list-style-type: none"> Approval and Adoption of the 2019/20 IDP and MTREF 2019/2022 Review Approval of BEPP

Table 1: IDP Review Process Followed



STRATEGIC AGENDA

BCMM Vision Statement

Buffalo City Metropolitan municipality is guided by the following long-term vision:

“Buffalo City: well-governed, connected, green and innovative.”

- We are a city that re-invented itself from a divided and fragmented past.
- We are a successful, prosperous and dynamic modern city: enterprising, green, connected, spatially integrated and well-governed.
- We are proud of our beautiful coastal city, capital of the Eastern Cape Province, home of a globally competitive auto industry with excellent educational and medical facilities.

Mission Statement

Buffalo City Metropolitan Municipality is a city that:

- Promotes a culture of good governance;
- Provides effective and efficient municipal services;
- Invests in the development and retention of human capital to service the City and its community;
- Promotes social and equitable economic development;
- Ensures municipal sustainability and financial viability;
- Creates a safe and healthy environment; and
- Places Batho Pele at the centre of Service Delivery.

Core Values

We are a city that espouses the following values:

- Good governance
- Fairness and equity
- Recognition of human capital
- Professionalism
- Service excellence
- Respect for cultural diversity
- Innovation
- Unity of purpose
- Ubuntu
- Financial Self-sufficiency

Strategic Outcomes

Buffalo City Metropolitan Municipality strives to realise the following 5 strategic outcomes by the year 2030:

- Strategic Outcome 1:** An innovative and productive city: with rapid and inclusive economic growth, and a decline in unemployment
- Strategic Outcome 2:** A green city: environmentally sustainable with optimal benefits from our natural assets. A clean and healthy city of subtropical gardens.
- Strategic Outcome 3:** A connected city: high-quality (and competitively priced) connections to ICT, electricity and transport networks (inside the city and to the outside world).
- Strategic Outcome 4:** A spatially transformed city: progressively overcome apartheid spatial divisions and fragmentation with township economies becoming more productive.
- Strategic Outcome 5:** A well-governed city: a smart and responsive municipality (working with other levels of government) that plans and efficiently delivers high quality services and cost-effective infrastructure, without maladministration and political disruptions.

Council 10 Point Plan (2016-2021)

The following 10 priorities (10 Point Plan) will help Council to translate their electoral mandate into the organisational structure of the City and in the IDP. These priorities provide strategic guidance on the focused projects, programmes and key initiatives that need to be undertaken in order to give effect to the electoral mandate to which Council committed at the start of their term.

10 POINT PLAN	SUB-AREA
Economic Development	<ul style="list-style-type: none"> ▪ SMME Support; Youth Job Creation Programmes; ▪ Investment Promotion ▪ Support Existing Tourism: Infrastructure, Project Packaging & Marketing
Agriculture & Rural Development	<ul style="list-style-type: none"> ▪ Fencing; Dipping Tanks; Rural Nodes Development
Infrastructure	<ul style="list-style-type: none"> ▪ Bulk Infrastructure; Economic Infrastructure

10 POINT PLAN	SUB-AREA
	<ul style="list-style-type: none"> Road Maintenance & Upgrade; Civic Centre Development
Waste Economy	<ul style="list-style-type: none"> Recycling; Integrated Waste Management
Land	<ul style="list-style-type: none"> Land Audit; Land Policy; By Law Enforcement
Safety	<ul style="list-style-type: none"> CCTV Cameras; Metro Police; Disaster Control Centre
Housing	<ul style="list-style-type: none"> Accreditation; Beneficiary Administration; Electrification; Title Deeds
ICT	<ul style="list-style-type: none"> Smart City; Smart Metering
Institutional Service Delivery & Operating Model	<ul style="list-style-type: none"> Monitoring and Evaluation
Operations & Maintenance of Revenue Generating Assets	<ul style="list-style-type: none"> Enterprise Resource Planning (Asset Management and Procurement System)

Table 2: Council 10 Point Plan

Strategic Alignment Matrix

The Strategic Framework expressed in this IDP is the primary informant of the BCMM Five-year Performance Scorecard, Multi-year Budget, Annual Service Delivery and Budget Implementation Plan and Performance Agreements of Senior Managers. The setting of key performance indicators and targets against which the performance of the municipality and its senior management and leadership are measured derive its mandate from this IDP.

The introduction of Key Focus Areas (KFAs) form part of the 2019/2020 IDP Review and is informed by the need to create more functional synchrony between the strategic imperatives captured in the IDP and the core competencies of the municipality. One of the benefits of the inclusion of KFAs in the IDP is that it certainly improves accountability, since KFAs can be assigned to specific officials and be accentuated in their performance agreements to champion.

The BCMM Strategic Framework comprises of the following elements:

STRATEGIC OUTCOMES	STRATEGIC OBJECTIVE	TEN POINT PLAN	KEY FOCUS AREA
STRATEGIC OUTCOME 1 (SO1): An innovative and Productive City	To enhance the Quality of Life of the BCMM community <i>with rapid and inclusive economic growth and falling unemployment</i>	TPP 1: ECONOMIC DEVELOPMENT	KFA 1: Enterprise Development
		TPP 1: ECONOMIC DEVELOPMENT	KFA 2: Trade and Investment Promotion
		TPP 10: INSTITUTIONAL	KFA 3: Innovation and Knowledge Management
		TPP 1: ECONOMIC DEVELOPMENT	KFA 4: Tourism & Marketing
		TPP 1: ECONOMIC DEVELOPMENT	KFA 5: Job Readiness & Training (External)
		TPP 2: AGRICULTURE / RURAL DEVELOPMENT	KFA 6: Rural Development & Agrarian Reform
		TPP 1: ECONOMIC DEVELOPMENT	KFA 7: Arts, Culture and Heritage Resource Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 8: Sport Development (Programmes)
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 9: Sport and Recreation Facilities
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 10: Libraries and Halls
		TPP 5: SAFETY	KFA 11: Emergency and Disaster Management
		TPP 5: SAFETY	KFA 12: Traffic Management
STRATEGIC OUTCOME 2 (SO2): A green city	To promote an environmental sustainable city <i>with optimal benefits from our natural assets.</i>	TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 13: Environmental Management and Climate Change
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 14: Air quality
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 15: Parks and Open Spaces
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 16: Vegetation Control and Biodiversity
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 17: Municipal and Environmental Health
		TPP 8: WASTE ECONOMY	KFA 18: Solid Waste Management
STRATEGIC OUTCOME 3 (SO3): A connected city	To maintain a world class logistics network	TPP 3: INFRASTRUCTURE	KFA 19: Roads and Storm water Infrastructure
		TPP 9: ICT	KFA 20: ICT
		TPP 3: INFRASTRUCTURE	KFA 21: Transport Planning and Operations
		TPP 3: INFRASTRUCTURE	KFA 22: Energy Supply Efficiency
STRATEGIC OUTCOME 4 (SO4): A Spatially Transformed city	To develop and maintain world class infrastructure and utilities	TPP 3: INFRASTRUCTURE	KFA 23: Water and waste water
		TPP 7: LAND	KFA 24: Spatial and Urban Planning
		TPP 6: HOUSING	KFA 25: Sustainable Human Settlements
		TPP 6: HOUSING	KFA 26: Built Environment Management
		TPP 3: INFRASTRUCTURE	KFA 27: Urban, Rural and Township Regeneration
		TPP 3: INFRASTRUCTURE	KFA 28: Property Management and Land Use

STRATEGIC OUTCOMES	STRATEGIC OBJECTIVE	TEN POINT PLAN	KEY FOCUS AREA
STRATEGIC OUTCOME 5 (SO5): A well-governed city	Promote sound financial and administrative capabilities	TPP 7: LAND	KFA 29: Cemeteries and Crematoria
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 30: Governance Structures
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 31: Risk Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 32: Stakeholder Participation & Customer Relations
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 33: Policies and By-Laws
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 34: Intergovernmental Relations (IGR) and International Relations (IR)
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 35: Communications (Internal and External)
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 36: Corporate Marketing (Branding)
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 37: Revenue Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 38: Expenditure and Supply Chain Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 39: Budget and Treasury
		TPP 4: O&M	KFA 40: Corporate Asset Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 41: Human Capital and Skills Development
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 42: Gender, Elderly, Youth and Disabled (Vulnerable Groups)
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 43: Performance Management and Monitoring and Evaluation
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 44: Fleet Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 45: Employee Performance Management
		TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 46: Human Resources Management
TPP 10: INSTITUTIONAL SERVICE DELIVERY & OM	KFA 47: Internal Audit		

Table 3: Strategic Alignment Matrix

ALIGNMENT WITH NATIONAL AND PROVINCIAL STRATEGIC IMPERATIVES

Buffalo City Metropolitan Municipality has made an effort to ensure horizontal alignment with provincial and national plans when developing the long-term Metro Growth and Development Strategy and the Integrated Development Plan. Alignment can be demonstrated as follows:

BCMM Strategic Outcomes	12 National Outcomes	Provincial Development Plan (EC Vision 2030)	National Development Plan	Sustainable Development Goals	National 10 Point Plan
An Innovative and Productive City	<ul style="list-style-type: none"> Decent employment through inclusive economic growth. A skilled and capable workforce to support inclusive growth. An efficient, competitive and responsive economic infrastructure network. 	<ul style="list-style-type: none"> A growing, inclusive and equitable economy. Vibrant and equitably enabled communities. 	<ul style="list-style-type: none"> Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030. Total employment should rise from 13 million to 24 million. 	<ul style="list-style-type: none"> Ensure access to affordable, reliable, sustainable economic growth, full and productive employment and decent work for all. 	<ul style="list-style-type: none"> Unlocking the potential of SMMEs, cooperatives, township and rural enterprises. Operation Phakisa aimed growing the ocean economy and other sectors. Encouraging private sector investment.
A Green City	<ul style="list-style-type: none"> Protection and enhancement of environmental assets and natural resources. 	<ul style="list-style-type: none"> A growing, inclusive and equitable economy. 	<ul style="list-style-type: none"> Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025. By 2030, an economy-wide carbon price should be entrenched. 	<ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts. 	<ul style="list-style-type: none"> Resolving the energy challenge. Revitalizing agriculture and the agro-processing value chain.
A Well-Governed City	<ul style="list-style-type: none"> Improve the quality of basic education. 	<ul style="list-style-type: none"> An educated, empowered, and innovative citizenry. 	<ul style="list-style-type: none"> All children should have at least two years of pre-school education. This implies about 2 million places. 	<ul style="list-style-type: none"> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 	<ul style="list-style-type: none"> N/A

BCMM Strategic Outcomes	12 National Outcomes	Provincial Development Plan (EC Vision 2030)	National Development Plan	Sustainable Development Goals	National 10 Point Plan
			<ul style="list-style-type: none"> About 80% of schools and learners achieve 50% and above in literacy, mathematics and science in grades 3, 6, 9. At least 80% of students should complete 12 years of schooling. 		
A Well-Governed City	<ul style="list-style-type: none"> A development-orientated public service and inclusive citizenship. 	<ul style="list-style-type: none"> An educated, empowered and innovative citizenry. 	<ul style="list-style-type: none"> A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor. 	<ul style="list-style-type: none"> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 	<ul style="list-style-type: none"> Moderating workplace conflict.
A Spatially Transformed City	<ul style="list-style-type: none"> Improve health and life expectancy. 	<ul style="list-style-type: none"> A healthy population. 	<ul style="list-style-type: none"> By 2030, life expectancy should reach at least 70 for both men and women Infant mortality rate should decline from 43 to 20 per 1000 live births and the under-five mortality rate should be less than 30 per 1000, from 104 today. 	<ul style="list-style-type: none"> Ensure healthy lives and promote well-being for all at all ages 	<ul style="list-style-type: none"> N/A

BCMM Strategic Outcomes	12 National Outcomes	Provincial Development Plan (EC Vision 2030)	National Development Plan	Sustainable Development Goals	National 10 Point Plan
A Spatially Transformed City	<ul style="list-style-type: none"> Sustainable human settlements and improved quality of household life. 	<ul style="list-style-type: none"> Vibrant and equitably enabled communities (Universal access to social infrastructure). 	<ul style="list-style-type: none"> The proportion of people with access to electricity should rise from 70% in 2010 to 95% by 2030, with no grid options available for the rest. Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry. 	<ul style="list-style-type: none"> Ensure availability and sustainable management of water and sanitation for all. 	<ul style="list-style-type: none"> State reform and boosting the role of state owned companies, ICT infrastructure or broadband roll out, water, sanitation and transport infrastructure.

Table 4: Alignment of Strategic Imperatives

3 BCMM IDP RATINGS

Section 31 of the Local Government Municipal Systems Act stipulates that the MEC for Local Government in the province may, subject to any other law regulating provincial supervision of local government, assist municipalities with the planning, drafting, adoption and review of its integrated development plans. All municipalities within the province must annually submit their IDPs for assessment by the Provincial Department of Co-operative Governance and Traditional Affairs (EC-COGTA) to promote the crafting of credible IDPs.

The overall findings on the Final IDP 2018/19 of the Buffalo City Metropolitan Municipality can be summarized as follows:

- The municipality has tabled, adopted and submitted its 2018/19 Reviewed Integrated Development Plan for assessment which the EC-COGTA has undertaken during the week of 18-22 February 2019;
- The municipality has conformed to the Council approved process plan; and
- The municipality has conformed to the core components of an IDP as prescribed by section 26 of the Municipal Systems Act (MSA).

An objective overall rating per Key Performance Area, ranging from low, medium to high as illustrated below, was assigned:

Score / Rating	Performance Description	Action Required
Low	Poor	Immediate and intensive intervention
Medium	Satisfactory	Minimum support required
High	Good	Benchmarking

The comparative ratings with the recent 2018/19 IDP assessment ratings for BCMM are shown as follows:



KPA	Rating 2017/2022 IDP	Rating 2018/2019 Revised IDP
Spatial Planning, Land, Human Settlement and Environmental Management	HIGH	HIGH
Basic Service Delivery	MEDIUM	MEDIUM
Financial Planning and Budgets	HIGH	HIGH
Local Economic Development	HIGH	HIGH
Good Governance & Public Participation	HIGH	HIGH
Institutional Arrangements	MEDIUM	MEDIUM
Overall Rating	HIGH	HIGH

Overall, the MEC for Co-operative Governance and Traditional Affairs (EC-COGTA) stated that BCMM has scored an overall **HIGH** rating.

4

SITUATIONAL ANALYSIS

BUFFALO CITY METROPOLITAN MUNICIPALITY PROFILE

DEMOGRAPHICS	
 POPULATION 859 000	 HOUSEHOLDS 251 000






EDUCATION			
		MATRIC ONLY 154 000 MATRIC CERTIFICATE / DIPLOMA 45,500 MATRIC BACHELORS DEGREE 29,500 MATRIC POSTGRAD DEGREE 12,100	
HUMAN DEVELOPMENT INDEX (HDI)			POVERTY
BCMM	EASTERN CAPE	NATIONAL	2007 66,24 % 2017 58,18 %  <p>The percentage of people living in poverty has decreased from 66.24% in 2007 to 58.18% in 2017, which indicates a decrease of 8.05 percentage points.</p>
0.668	0.604	0.659	
GINI CO-EFFICIENT			
BCMM	EASTERN CAPE	NATIONAL	
0.64	0.619	0.629	
HEALTH			
HIV/AIDS 110 000 In 2016, 110 000 people in the Buffalo City Metropolitan Municipality were infected with HIV. This reflects an increase at an average annual rate of 2.53% since 2006, and in 2016 represented 12.97% of the metropolitan municipality's total population.			
CRIME			
CRIME 2006/2007 2016/2017 118.28 		170.32 For the period 2006/2007 to 2016/2017 overall crime has decreased at an average annual rate of 3.58% within the Buffalo City Metropolitan Municipality. Violent crime decreased by 3.78% since 2006/2007, while property crimes decreased by 2.50% between the 2006/2007 and 2016/2017 financial years.	
ECONOMY			
BCMM GDP 2017 CONTRIBUTION TO EASTERN CAPE GDP 2017 CONTRIBUTION TO NATIONAL GDP 2017		R 69.7 Billion 19.85% 1.50% 	

Table 5: BCMM Profile Infographic

Approach to analysing the KFAs

During the situational analysis of each Key Focus Area a number of factors were taken into consideration, e.g. the needs expressed by communities and stakeholders during the IDP/Budget Roadshow, IDP Representative Forum and Mayoral Imbizo, political perspectives through the Mayoral and Council Lekgotlas and technical perspectives through a series of internal planning meetings and a Top Management Strategic Session.

SITUATIONAL ANALYSIS PER KEY FOCUS AREA

The functional competencies of a municipality are inter alia contained in Schedules 4B and 5B of the Constitution of the RSA. The most prominent (and applicable) functions form part of the situational analysis. These functions, together with the Five Strategic Outcomes to which they are individually linked, provide a fundamental point of departure for determining the Key Focus Areas of the Municipality.

The 47 Key Focus Areas of the Metro were analysed to identify the CURRENT STATUS of each KFA and rated according to a subjective rating system.

What follows in the next table is an analysis of the overall performance per Strategic Outcome:




OVERALL PERFORMANCE: PER STRATEGIC OUTCOME			
Strategic outcome	1 – good performance / implementation	2 – average performance or policy in place with average implementation	3 – poor performance or no policy in place or policy in place but poor / no implementation
COLOUR CODE			
SO 1: An innovative and productive city	32	7	0
SO 2: A green city	1	22	1
SO 3: A connected city	7	8	0
SO 4: A spatially transformed city	6	10	0
SO 5: A well-governed city	67	104	2
Total	114	174	3

Table 6: Overall Performance: Per Strategic Outcome

The analysis of Strategic Outcome 1: An innovative and productive city, suggests that the City is performing quite well with 32 of the 39 findings on the current state being rated as good performance and 7 as average performance. This indicates that 82.05% of the 39 assessments have been rated as good performance/implementation and 7.95% as average performance/implementation.

5

SPATIAL DEVELOPMENT FRAMEWORK

INTRODUCTION

The Buffalo City Municipality compiled its 1st Generation **Spatial Development Framework** (SDF) in 2003 to support the development vision, objectives and strategies identified in the Buffalo City Municipality's Integrated Development Plan (IDP). This was subsequently reviewed in 2005.

In terms of Section 26(e) of the Municipal Systems Act (Act No. 32 of 2000), the Spatial Development Framework is a legally required component of the Municipality's IDP and, furthermore, has the status of a Statutory Plan. As such, the SDF serves to guide and inform all decisions made by the Municipal Council on spatial development and land use management in the area to which it applies.

In 2011, the Municipality was upgraded to a Category A Metropolitan Municipality and, having successfully pursued a series of more detailed Local SDFs over the period 2004 to 2012 to add detail and direction to the original 2003 SDF, it resolved to undertake a comprehensive review of the Buffalo City SDF in 2012/2013. The Review that was undertaken was a 10-year review and was designed to update the existing SDF and align it with the latest legal and policy directives of the state as well as incorporate the findings of the Local SDFs completed, to date. The BCMM SDF was approved by Council in December 2013. In addition, BCMM is currently involved in a process of reviewing its SDF which was adopted in 2013 and with the development of the Settlers Way Local Spatial Development Framework (LSDF).

THE FUNCTION OF THE BUFFALO CITY SPATIAL DEVELOPMENT FRAMEWORK

Following the direction of the White Paper on Wise Land Use: Spatial Planning and Land Use Management (Department of Land Affairs, 2001), the revised SDF is intended to: -

- *Be the spatial image of the IDP*
- *Be a strategic, indicative and flexible forward planning tool, to guide decisions on land development*
- *Develop a set of policies and principles and an approach for the management of spatial development*
- *Must be clear enough to guide decision-makers in dealing with land development applications*
- *Provide a clear and logical framework for spatial development by:*
- *Providing an indication of where the public sector would support certain forms of development and where state investment is likely to be targeted in the short to medium term*
- *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*

- *In the rural context provide a framework for dealing with key issues such as:*
 - *natural resource management;*
 - *land reform;*
 - *subdivision of rural land; and*
 - *the conservation of prime and unique agricultural land*

THE SPATIAL DEVELOPMENT FRAMEWORK AND THE IDP

The Buffalo City Spatial Development Framework forms a component of the Municipality's Integrated Development Plan (IDP). In essence, the Spatial Development Framework is "the picture" of the IDP – that is, it illustrates the form and extent of development that the Buffalo City Municipality wishes to promote, within the strategic approach adopted by the IDP.

The SDF Review is guided and informed by the overall Development Vision contained in the IDP and aims to propose how best to use available land for development in a way that is both practical and sustainable (i.e. will not use up land or resources that are necessary for the future wellbeing of the Buffalo City Metropolitan area).

6

FINANCIAL PLAN

INTRODUCTION

The City has a healthy financial position, and this is confirmed by the low gearing ratio coupled with “A” Long Term Rating (Global Credit Rating) thus allowing the City to obtain additional long-term borrowings.

The consolidated budget for the 2019/20 MTREF period is R8.88 billion (2019/20), R9.63 billion (2020/21) and R10.34 billion (2021/22) with the table below summarising the consolidated overview of the 2019/20 MTREF Budget.

OPERATING AND CAPITAL BUDGET EXPENDITURE	2018/2019	2018/2019	2018/2020	2019/2020	2020/2021	2021/2022
	ADOPTED	MID-YEAR	THIRD	FINAL	FINAL	FINAL
	BUDGET YR1	ADJ BUDGET	ADJ BUDGET	BUDGET	BUDGET	BUDGET
Total Revenue	(6 517 222 263)	(6 550 819 170)	(6 564 019 170)	(7 143 008 464)	(7 698 310 411)	(8 288 817 399)
Total Operating Expenditure Excluding Operating Projects	6 200 209 520	6 210 848 646	6 210 848 646	6 729 149 445	7 246 732 482	7 765 233 621
Operating Projects	313 088 277	336 012 798	349 212 798	412 948 389	449 119 371	520 352 948
Total Operating Expenditure Including Operating Projects	6 513 297 797	6 546 861 444	6 560 061 444	7 142 097 834	7 695 851 853	8 285 586 569
<u>(Surplus) / Deficit</u>	(3 924 466)	(3 957 726)	(3 957 726)	(910 630)	(2 458 558)	(3 230 830)
<u>Total Capital Expenditure</u>	1 753 141 990	1 912 299 994	2 099 099 994	1 737 412 866	1 936 159 755	2 054 858 792
Total Opex and Capex Budget	8 266 439 787	8 459 161 438	8 659 161 438	8 879 510 700	9 632 011 608	10 340 445 361

Table 7: Consolidated Overview of the 2019/20 MTREF Budget

The City's operating revenue has increased by 8% whilst the operating expenditure increase is also 8% from 2018/19 revised budget to the 2019/2020 budget. The operating revenue increase is mainly attributable to tariff increase. The operating expenditure increase is mainly attributable to employee costs, which has taken into account implementation of job evaluation and absorption of temporary employees and the approved annual inflationary increase.

REVENUE & EXPENDITURE STRATEGY

The municipality's revenue strategy is built around the following key components:

- i. Efficient revenue management, which aims to ensure not less than 92.5% annual collection rate over the medium term for property rates and other key service charges.
- ii. Achievement of full cost recovery of specific user charges especially in relation to trading services.
- iii. The City is striving to ensure that all its trading services are financially self-sustainable.
- iv. Implementation of an automated billing system as opposed to a manual meter reading process.
- v. Creating a conducive environment to attract potential investors.
- vi. Review of the Spatial Development Framework to allow for human capital resources to be closer to economic and job opportunities.

The municipality's expenditure strategy is built around the following key components:

- i. Ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Framework to ensure maximum return to the municipality.
- ii. Re-prioritisation of expenditure to ensure any inefficiencies are eliminated in an effort to contain costs:
- iii. Funding allocation made for depreciation renewal and upgrading of existing assets.
- iv. Funding of own funded operating projects is depressed, encouraging in-house implementation of projects through normal operating budget.
- v. The capital expenditure of the municipality is guided by community priorities as contained in the IDP. The asset management plans are also informing the asset renewal

programme that is funded through capital budget. The City is also striving to have a good balance between social and economic infrastructure investment. The table below reflects the Capital Budget for services for the 2019/20 MTREF period. This information is also presented in figure 1 below.

- vi. The Business Plans and Procurement Plans for all the projects that will be implemented in the MTREF are available.

SERVICE	2019/2020 FINAL CAPITAL BUDGET	2020/2021 FINAL CAPITAL BUDGET	2021/2022 FINAL CAPITAL BUDGET
AMENITIES	42 832 762	52 650 000	73 950 000
ELECTRICITY	102 000 000	82 000 000	82 000 000
HUMAN SETTLEMENTS	252 281 590	355 210 530	299 173 000
LED	96 187 799	136 300 000	166 000 000
OTHER	12 000 000	7 000 000	7 000 000
PUBLIC SAFETY	22 650 000	28 780 000	30 000 000
HEALTH	1 200 000	500 000	7 000 000
ROADS	294 844 372	355 770 000	403 823 545
SPATIAL PLANNING	18 182 100	6 700 000	0
SUPPORT SERVICES	200 214 387	127 860 200	110 195 240
TRANSPORT PLANNING	288 669 041	326 146 000	398 399 000
WASTE MANANGEMENT	115 088 696	63 922 727	57 548 340
WASTE WATER	207 762 118	241 582 408	222 642 428
WATER	83 500 000	151 737 890	197 127 239
TOTAL CAPITAL BUDGET PER SERVICE	1 737 412 865	1 936 159 755	2 054 858 792

Table 8: 2019/20 - 2021/2022 Capital Budget Per Service

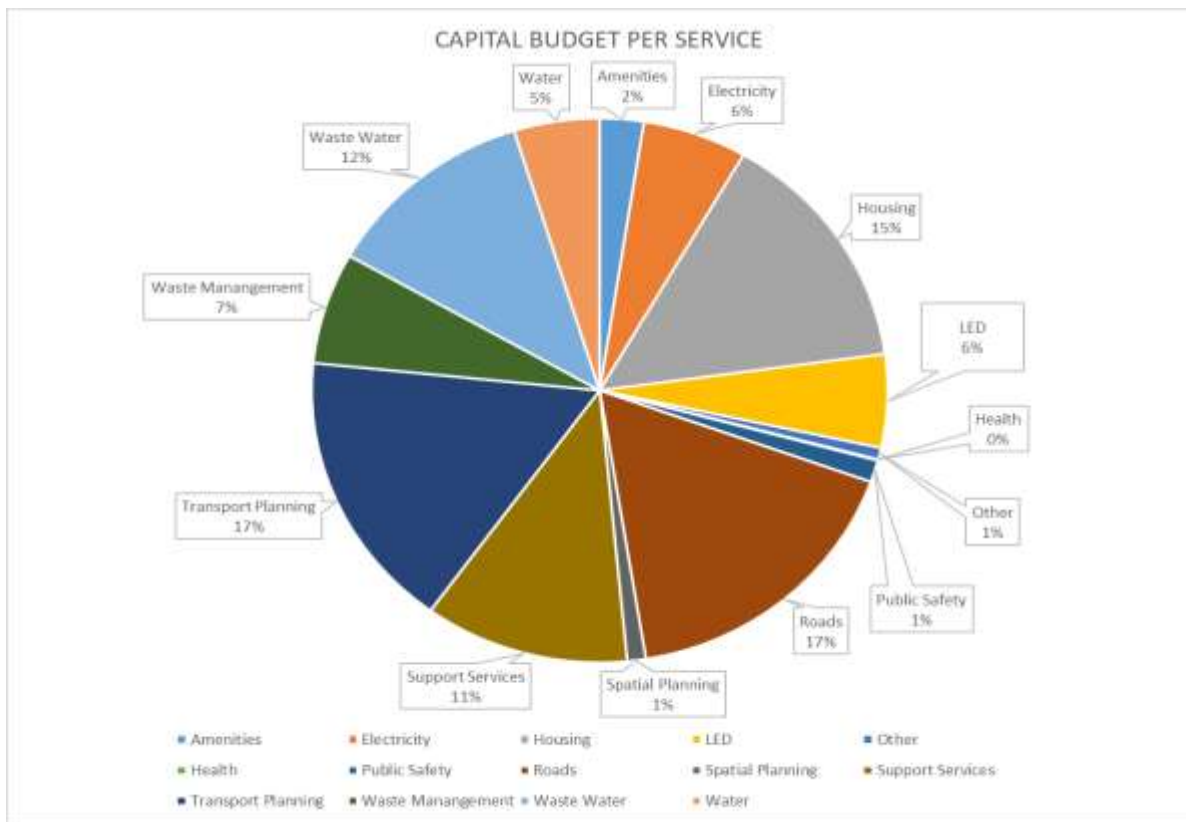


Figure 1: 2019/20 Capital Budget Per Service

A major portion of the capital budget in the 2019/20 MTREF period has been allocated to the infrastructure services (Roads and Storm Water: 17%, Transport Planning: 17%, Human Settlements: 15% and Waste Water: 12%). Although these services are not all revenue generating the budget expenditure is in terms of the City’s socio-economic development mandate. They are also crucial in unlocking the economic growth of the City. There is however a drive to channel more funding towards economic infrastructure in order to stimulate economic growth in the Metro.

A strategic decision has been taken to acquire borrowings, these funds would be utilized on assets that are expected to generate a return. However, the City continues to be cautious in accessing these borrowing facilities in an effort to ensure that they are kept at affordable level due to insufficient operating surpluses allowing for capital repayments. Projects need to be assessed in terms of additional revenue that can be generated for the City in order to determine the potential ability of the institution to repay the loan.

SUMMARY OF RATES AND SERVICE CHARGE TARIFF IMPLICATIONS TO 2019/20 MTREF BUDGET

Table 9: Average Tariff increases for 2018/19 to 2021/22

Description	2018/2019	2019/2020	2020/2021	2021/2022
Rates	0.00%	9.00%	8.00%	5.40%
Refuse	9.20%	9.35%	8.00%	5.40%
Sewerage	8.80%	9.40%	8.00%	5.40%
Electricity	6.84%	13.07%	8.39%	8.39%
Water	9.00%	9.40%	8.00%	9.85%
Fire Levy	9.00%	9.30%	7.90%	5.40%
Sundry Income	9.00%	9.30%	7.90%	5.40%

OVERALL SUMMARY OF YEAR-ON-YEAR INCREASES

On average, tariff associated revenue are expected to increase year on year in 2019/20 by approximately 9%. The City strives to project increases that are not above the CPI, the proposed increases are however slightly above CPI due to a combination of increases in input costs associated with providing the service as well as an ongoing attempt to ensure each service produces revenue sufficient to cover the costs of providing the service.

There is an ongoing focus area in the MTREF budget to ensure that work-in-progress which is detailed in the Annual Financial Statements reaches completion stage and is implemented in various areas to improve service delivery. The impact of this which needs to be considered is that once implemented these projects will require additional operating budget through maintenance budget as well as depreciation funding to allow for the estimated useful life to be achieved and to allow for the replacement of the infrastructure assets in the future.

The ongoing expansion of the City through budget infrastructure spending without the corresponding economic growth is placing additional pressure on the BCMM local consumer to fund the replacement of the assets which is impacting on the operational budget through the increasing depreciation charge. Furthermore, there is an additional impact of the increasing consumer debt book.

RATES

The rates tariffs are projected to increase by 9% in the 2019/20 financial year, tariffs increase of 8% and 5.4% in 2020/21 and 2021/22 respectively have been planned.

Electricity

In terms of the guidelines provided by the National Energy Regulator of South Africa (NERSA), they have published that they expect the cost of bulk electricity purchases to municipality to increase by 15.63% in 2019/20 financial year. Following due consideration being given to the NERSA guidelines a decision has been made to increase electricity tariffs by 13.07% in 2019/20 (in line with the NERSA consultation paper that was published on the 29th March 2019). There continues to be ongoing concern with electricity in that:

- i. The diminishing gross profit generated by electricity over the prior financial years is a concern. This is associated with illegal connections and material distribution losses. The City is however working on reducing these losses and the electrification of informal settlements is one of the efforts that is being undertaken.
- ii. The ongoing high increases in electricity that have been experienced in the past few years has resulted in decrease in demand as some consumers have moved to alternative sources of energy.

The following corrective action is being undertaken to minimize the above concerns:

- i. An allocation of capital funding amounting to R266 million over the MTREF period (2019/20: R102 million, 2020/21: R82 million and 2021/22: R82 million) has been allocated to the electricity service department for electricity infrastructure investment. This includes an amount of R208 million from own funds specifically for the replacement

- and refurbishment of existing infrastructure within the urban core that has been provided in the MTREF (2019/20: R64 million, 2020/21: R72 million and 2021/22: R72 million).
- ii. The City has embarked on a programme to electrify informal dwellings and has budgeted R38 million over the 2019/20 MTREF period. This is intended to reduce the risk of illegal connections.
 - iii. The revenue protection unit is in place and it continuously identifies and rectifies the disconnection and reconnection of illegal electricity connections across the City, amongst its activities.

Water

Water tariffs have been increased by 9.4% in the 2019/20 financial year. In line with guidance which was received from National Treasury regarding each service delivery being able to generate revenue that is at least equal to the cost of the service, an analysis was undertaken to determine what tariff requirements would be needed to achieve a break-even position. The affordability of consumers' needs to further be taken into consideration in order to limit a significant annual impact. This analysis suggests an impact of 9.4% in 2019/20 financial year, 8% in 2020/21 and 9.85% in 2021/22 financial year will reduce the deficit being experienced in water. It needs to further be recognised that the institution purchases untreated water from the Amatola Water Board. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

There continues to be ongoing concern with water in that:

- i. Water losses continue to be high. The reason for this is because of ageing infrastructure, areas of flat-rated charges, indigent consumers using water in excess of that allowed for in the indigent policy.
- ii. An analysis of the Amatola Water Board costs suggests the majority are salary related which the Municipality is funding in duplicate through direct costs of individuals employed by the City and then through the tariff paid to Amatola water board.
- iii. The fact that BCMM is having a high number of rural areas is having a negative impact to the water service as no revenue is generated on water supplied to rural areas.

The following corrective action is being undertaken to minimize the above concerns:

- i. A total capital budget allocation of R432.37 million has been made over the MTREF period (2019/20: R83.5 million; 2020/21: R151.74 million and 2021/22: R197.13 million) to expand the Municipality's water infrastructure, to augment water treatment capacity and to eradicate backlogs in access to potable water supply.
- ii. This includes an amount of R90.5 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF.
- iii. As part of the above programme the City will replace standpipes and non-metered areas with new meters. This will reduce the risk of water losses.
- iv. It also includes an amount of R80.86 million that is allocated for Umzonyana Dam upgrade which is meant to reduce the level procuring expensive water from Amatola Water.
- v. The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques.
- vi. Consider managing our own water resources to allow for adequate future supply planning as well as reducing costs by eliminating duplicated functions.

Sanitation

The proposed sanitation tariff increase is 9.4% in the 2019/20 financial year; 8% and 5.4% in the outer years respectively. There continues to be ongoing concern surrounding the ageing sanitation infrastructure and the impact this has on the operational budget through increasing maintenance costs as well as ensuring the financial sustainability of the service in line with guidance provided by National Treasury.

The impact of the ageing infrastructure is expected to have additional impact on the amount of maintenance expenditure required. It should further be noted that the input costs associated with salaries are expected to increase by 6.7% in line with CPI plus 1.5% as per National Treasury Circular 94. A total capital budget allocation of R671.98 million has been allocated to the City's sanitation programme over the MTREF period (2019/20: R207.76 million; 2020/21: R241.58

million and 2021/22: R222.64 million). This includes an allocation of capital budget amounting to R105.34 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF period (2019/20: R49.33 million, 2020/21: R29.23 million and 2021/22: R26.78 million). It also includes a loan funding of R435.8 million (2019/20: R69.58 million, 2020/21: R189.35 million and 2021/22: R176.87 million) for the Sanitation Tunnel Project that will unlock development in the Amalinda junction, Wilsonia and Reeston areas.

It should be noted that the expansion of the City through continued investment in new infrastructure for future demand places additional pressure on the existing customer base in order to allow for the replacement of the infrastructure in the future. It is therefore imperative that expansion needs to be adequately planned to allow for maximum connection of new customers and allow for the reduced impacts on tariffs in the long run.

In summary, the tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

Refuse

The proposed Solid Waste tariff increase is 9.35% in the 2019/20 financial year, slightly decreases to 8% in 2020/21 and it further decreases to 5.4% in 2021/22 financial year. The Solid Waste tariffs are levied to recover amongst other costs of services provided directly to customers and include refuse collection fees, disposal fees, weighbridge fees and other ad hoc services. In an attempt to improve the refuse collection service, capital budget allocation of R236.56 million over the MTREF has been allocated to the solid waste department to improve waste management and refuse collection (2019/20: R115.09 million; 2020/21: R63.92 million and 2021/22: R57.55 million). The above include own funding of R72 million that has been allocated over the MTREF period for the Refurbishment of Existing Waste Cells and Construction of additional new ones in an effort to improve environmental compliance and waste management in the City's Landfill sites.

SUMMARY OF FINANCIAL POSITION, MEDIUM TERM REVENUE AND EXPENDITURE STRATEGY

Cash & Cash Equivalents

BCMM is projecting a favourable cash position, which is projected to be R1.65 billion at 30 June 2020 and is projected to be R1.8 billion at 30 June 2021 (2022: R1.99 billion).

Cost Coverage

The projected cost coverage, including conditional grants is projected to be 3.4 months at 30 June 2020 and is projected to be around 4 months over the MTREF period. This is above the norm of maintaining a cost coverage that is between 1 to 3 months.

Debt Impairment

Debt Impairment is budgeted at 7.5% over the 2019/20 MTREF period. The projected debt impairment amounts to R372.83 million in 2019/20. The debt impairment percentage is projected to remain at 7.5% for the two outer years which amount to R403 million in 2020/21 and R432 million in 2021/22. This is based on the average projected collection rate of 92.5% over the MTREF period.

Borrowings

In the 2019/20 MTREF budget, it is projected that the Sanitation Tunnel project will be funded from borrowings amounting R435.8 million (2019/20: R69.58 million; 2020/21: R189.35 million and 2021/22: R176.87 million). The institution continues its focus on improving the financing mix of the capital investment programme. In this regard an in-depth analysis is being undertaken to determine what kind of project can be funded through borrowings and what would be the Return on Investment. The Capital cost (Capital charges to operating expenditure) is projected at 1.4% in 2019/20 and in 2020/21 and at 1.6% for 2021/22, the City has not exceeded the National Treasury Guidance Norm for Capital Cost which is between 6 to 8%. The Debt (Total Borrowings) as a percentage of revenue is projected at 36% in 2019/20, 37% in 2020/21 and 39% in 2021/22, the National Treasury Guidance Norm of 45% has not been surpassed. The City is considering additional projects that would contribute towards increasing its revenue base which it can fund through borrowings.

Asset Management

The institution has assessed its infrastructure asset categories and has noted with concern a continuing trend suggesting an infrastructure asset base showing a declining remaining useful life. The institution therefore needs to focus the resources into replacing existing infrastructure in order to increase the average remaining useful life of asset categories and, in so doing, improve efficiencies in the system. It is by taking this strategy into consideration that additional resources will be focused on replacing infrastructure in areas by applying a focused approach. This approach focuses funding into areas that have an economic benefit for the City or in areas that have the oldest infrastructure assets in most need of replacement. This approach is expected to yield benefits through reduced water and electricity losses.



COMMUNITY AND STAKEHOLDER ISSUES / PRIORITIES RAISED

WARD PRIORITIES

Ward Priorities are considered a very significant barometer for gauging how well BCMM integrates and responds to concerns and needs shared by residents during the IDP and Budget Roadshows convened by the municipality as part of the participatory democracy outreach agenda.

The following table reflects the priorities as refined with the assistance of Ward Councillors and Ward Committees with as much detail as is practicable for summative inclusion in the IDP document and the most recent responses reported to communities throughout the IDP and Budget Roadshow held during 14 and 29 April 2019 to consult communities on the Draft IDP and MTREF:

SUMMARY - KEY ISSUES RAISED BY STAKEHOLDER AND RESIDENTS: 14 – 29 APRIL 2019

Whilst still experiencing a barrage of challenges, BCMM has made satisfactory progress with implementing the five-year IDP and are planning on accelerating the pace of service delivery.

The following table will present a summary of the key issues raised by communities during the recent IDP and Budget Roadshow and a snapshot of achievements made in respect of key services rendered by the municipality:

No.	SERVICE DELIVERY FUNCTIONS	BCMM COMMITMENT	
		KEY PERFORMANCE INDICATOR	2019/20 TARGET
1	Electricity delivery	Number of informal dwellings provided with a basic electricity service (RDP)	1600
		Number of new high mast lights installed	12
		Electricity Losses	Equal to or less than 18%
Progressing with addressing backlogs in Electricity: <ul style="list-style-type: none"> ▪ Access to electricity in terms of formal housing sits at 100%. ▪ Only houses that are under construction or have recently been completed do not have electricity. ▪ The electricity department is rolling out electrification based on fund allocation of: <ul style="list-style-type: none"> - 300 RDP houses in Pakamisa South - 250 informal dwellings in Kanana ▪ 10 x new high mast lights have been installed crime prone areas and areas with insufficient lighting such as Sweetwaters. 			
2	Water for household use	Water connections metered as a percentage of total connections	91%

No.	SERVICE DELIVERY FUNCTIONS	BCMM COMMITMENT	
		KEY PERFORMANCE INDICATOR	2019/20 TARGET
		Percentage of Complaints/Callouts responded to within 24 hours (water).	Responded to 95% of water outages and burst pipes complaints/ queries within 24 hours. (exclude completion of repairs)
3	Sewage and sanitation	Number of new sewer connections meeting minimum standards	945
		Number of ablution facilities constructed (seats)	66 (Seats)
		Percentage of Complaints/Callouts responded to within 24 hours (sanitation/wastewater).	Responded to 95% sewer overflows within 24 hours. (Only covers inspection and identification of required repairs as well as issuing job cards).
		% of households with access to basic level of sanitation	94%
		Number of new water connections meeting minimum standards	450
Progressing with addressing backlogs in Sanitation: <ul style="list-style-type: none"> The total rural sanitation backlog adopted by the City in 2006 was 81 334 households. This figure has since been reduced to a minimum of 19 924 households in 2018/19, which translates to 8% backlog including new demarcation. An additional 3300 new VIPs are currently under construction, expected to be completed by end of the financial year. A budget of R155 million has been allocated in the 2019/20 MTREF to address sanitation backlogs. 			
4	Refuse removal	Percentage of known informal settlements receiving integrated waste handling services	100% (156)
		Number of waste management facilities upgraded	1
Progressing with addressing backlogs in Refuse Removal: <ul style="list-style-type: none"> The City in 2017/18 procured twenty (20) new refuse removal compactors / trucks. New compactors / trucks will enable the extension of basic refuse removal to more qualifying households. This will be implemented from 01 July 2019. In the 2018/19 financial year, the City is in a process of procuring additional eleven (11) new refuse removal Compactor Trucks. This will enable us to increase the coverage to 100% Households. Also, in 2018/19 financial year, the City is in a process of procuring and distribution of Skip Containers and Skip Loaders to cover most of informal and rural areas. 			
5	Fire fighting services	Percentage compliance with the required attendance time for structural firefighting incidents	75% of calls within attendance times as per SANS 10090:2003 8min - high risk areas, 10 min - moderate risk areas, 13 min - low risk areas 23 min - rural areas

No.	SERVICE DELIVERY FUNCTIONS	BCMM COMMITMENT	
		KEY PERFORMANCE INDICATOR	2019/20 TARGET
6	Decisions around land use	Average Number of days taken to process building plan applications for approval (<500m2)	25 Days
		Average Number of days taken to process building plan applications for approval (>500m2)	55 Days
7	Municipal roads infrastructure	Percentage of unsurfaced road graded	4.135% (55km)
		Number of pedestrian bridges constructed	3 (Ward 16 and Ward 14)
		Number of speed humps constructed	32
		Number of bridges rehabilitated	3
8	Municipal public transport	Number of public transport facilities rehabilitated	2
<p>Progressing with addressing backlogs in Roads and Storm water:</p> <p><u>Roads Network status:</u></p> <ul style="list-style-type: none"> The roads network consists of 1,600km of surfaced roads with a total replacement value of R6.58 billion. The unpaved network is 1,300km of gravel roads. It is generally accepted to have between 5% and 10% of the roads network in a Poor to Very Poor condition at any given ti Currently 40% of the Surfaced roads network, and 31% of the Gravel roads network is in a poor to Very Poor condition. That equates to a backlog of 480Km of Surfaced roads and 273Km of Gravel roads. Annually, an average of 80km of gravel roads is replaced and 25kms of surface roads is also replaced A formal assessment is being undertaken as part of the Master Plan. An amount of R306.5 million is budgeted in 2019/20 MTREF for funding the roads and storm-water capital infrastructure. The Roads, Transport and Storm-water Master Plan was completed in August 2018. 			
9	Street trading	Number of infrastructure projects for informal traders implemented	4)
10	Parks and recreational areas	Number of Community Parks Upgraded	10(Coastal, Midland, Inland)
11	Sports Facilities	Number of sports facilities upgraded	10
	Halls	Number of community halls upgraded	2
	Beaches	Number of beach facilities upgraded	4
12	Cemeteries and crematoria	Number of cemeteries upgraded	14
13	Houses	Number of subsidised housing units complete	600
14		Number of formal site service	1350
<p>Progressing with addressing backlogs in Human Settlements:</p> <ul style="list-style-type: none"> The metro has got ±154 informal settlements. 			

No.	SERVICE DELIVERY FUNCTIONS	BCMM COMMITMENT	
		KEY PERFORMANCE INDICATOR	2019/20 TARGET
	<ul style="list-style-type: none"> ▪ Population within informal settlements is 155 080, excluding backyard dwellings. ▪ 32 informal settlements form part of NUSP1, which has council approval. ▪ 21 informal settlements which form part of NUSP 2, undergoing Council approval processes. ▪ For 2019/20 R163m (MTREF) has been set aside for informal settlements upgrade Projects. ▪ + 47 thousand housing units' backlogs. ▪ +- 350 emergency housing backlog (disaster). ▪ BCMM is accredited as a level 1 housing developer. ▪ BCMM has set aside R908 million and R609 million in 2019/20 MTREF to human settlements services backlog (USDG) and top structures (HSDG) so as to address Human Settlements backlogs. 		
15	Unemployment and Skills Development	Number of interventions implemented to support SMME's and Cooperatives	10
		Number of jobs created through Expanded Public Works Programme (EPWP)	5630
		Number of job opportunities created through Municipal Projects and partnerships	1300
Highlights for 2018/19: <ul style="list-style-type: none"> ▪ As part of lobbying for infrastructure investment into the City, BCMM signed a MoU with Transnet National Ports Authority (TNPA) and EL IDZ. ▪ Revitalization of Dimbaza Industrial Area has commenced in earnest with a R66m investment from the DTI, DEDEAT and BCMM. More investment is expected from other provincial stakeholders. ▪ In terms of addressing the critical skills shortage, BCMM partnered with Services SETA to provide Bursaries to cover up to R65 000 for University and up to R35 000 for TVET Students for close to 200 students. ▪ The partnership with Services SETA has also seen the upgrading of part of the Sekunjalo Skills Training Centre in Mount Coke. 			

PROJECTS BY PROVINCIAL GOVERNMENT

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